

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**

**FORT BEND COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MAY 31, 2019**



**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**

**FORT BEND COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MAY 31, 2019**



## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8-11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	13-14
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	15
NOTES TO THE FINANCIAL STATEMENTS	16-28
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	30
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	32-34
GENERAL FUND EXPENDITURES	35
INVESTMENTS	36
TAXES LEVIED AND RECEIVABLE	37-38
LONG-TERM DEBT SERVICE REQUIREMENTS	39-42
CHANGES IN LONG-TERM BOND DEBT	43-44
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	45-48
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	49-50



# **McCALL GIBSON SWEDLUND BARFOOT PLLC**

*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

9600 Great Hills Trail  
Suite 150W  
Austin, Texas 78759  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Cinco Municipal Utility District No. 8  
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Cinco Municipal Utility District No. 8 (the "District"), as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.





## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

August 27, 2019



**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MAY 31, 2019**

Management’s discussion and analysis of Cinco Municipal Utility District No. 8’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended May 31, 2019. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes the District’s assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District’s net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has two governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MAY 31, 2019**

**FUND FINANCIAL STATEMENTS (Continued)**

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explains the differences between the two presentations and assists in understanding the differences between these two perspectives.

**NOTES TO THE FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$2,650,259 as of May 31, 2019. A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MAY 31, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	\$ 6,168,429	\$ 6,115,875	\$ 52,554
Capital Assets (Net of Accumulated Depreciation)	<u>3,947,278</u>	<u>4,102,498</u>	<u>(155,220)</u>
Total Assets	<u>\$ 10,115,707</u>	<u>\$ 10,218,373</u>	<u>\$ (102,666)</u>
Bonds Payable	\$ 7,108,266	\$ 7,603,507	\$ 495,241
Other Liabilities	<u>357,182</u>	<u>349,882</u>	<u>(7,300)</u>
Total Liabilities	<u>\$ 7,465,448</u>	<u>\$ 7,953,389</u>	<u>\$ 487,941</u>
Net Position:			
Net Investment in Capital Assets	\$ (3,160,988)	\$ (3,501,009)	\$ 340,021
Restricted	1,371,464	1,484,678	(113,214)
Unrestricted	<u>4,439,783</u>	<u>4,281,315</u>	<u>158,468</u>
Total Net Position	<u>\$ 2,650,259</u>	<u>\$ 2,264,984</u>	<u>\$ 385,275</u>

The following table provides a summary of the District's operations for the years ended May 31, 2019, and May 31, 2018.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,062,945	\$ 1,786,139	\$ 276,806
Charges for Services	1,229,277	953,057	276,220
Other Revenues	<u>309,992</u>	<u>174,365</u>	<u>135,627</u>
Total Revenues	<u>\$ 3,602,214</u>	<u>\$ 2,913,561</u>	<u>\$ 688,653</u>
Expenses for Services	<u>3,216,939</u>	<u>4,995,035</u>	<u>1,778,096</u>
Change in Net Position	\$ 385,275	\$ (2,081,474)	\$ 2,466,749
Net Position, Beginning of Year	<u>2,264,984</u>	<u>4,346,458</u>	<u>(2,081,474)</u>
Net Position, End of Year	<u>\$ 2,650,259</u>	<u>\$ 2,264,984</u>	<u>\$ 385,275</u>

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MAY 31, 2019**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of May 31, 2019, were \$3,465,240, an increase of \$108,594 from the prior year.

The General Fund fund balance increased by \$233,847, primarily due to property tax and service revenues exceeding the service operations costs.

The Debt Service Fund fund balance decreased by \$125,253, primarily due to the structure of the District's outstanding debt.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors amended the budget during the current fiscal year with adjustments to property tax revenues and contracted service costs. Actual revenues were \$399,039 more than budgeted primarily due to higher than anticipated service revenues, water authority fees, investment revenues and FEMA reimbursements. Actual expenditures were \$29,062 less than budgeted primarily due to lower than anticipated repairs and maintenance costs offset by higher than anticipated professional fees.

**CAPITAL ASSETS**

Capital assets as of May 31, 2019, total \$3,947,278 (net of accumulated depreciation) and include water, wastewater, and drainage facilities.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Construction in Progress	\$ 44,282	\$ 44,282	\$
Capital Assets, Net of Accumulated Depreciation:			
Water System	550,695	573,500	(22,805)
Wastewater System	1,439,045	1,502,501	(63,456)
Drainage System	1,913,256	1,982,215	(68,959)
<b>Total Net Capital Assets</b>	<b>\$ 3,947,278</b>	<b>\$ 4,102,498</b>	<b>\$ (155,220)</b>

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MAY 31, 2019**

**LONG-TERM DEBT ACTIVITY**

As of May 31, 2019, the District had total bond debt payable of \$7,120,000. The changes in the debt position of the District during the fiscal year ended May 31, 2019, are summarized as follows:

Bond Debt Payable, June 1, 2018	\$ 7,575,000
Less: Bond Principal Paid	<u>455,000</u>
Bond Debt Payable, May 31, 2019	<u>\$ 7,120,000</u>

The District has an underlying rating of A-. The District's Series 2010 Bonds have an insured rating of AA by virtue of bond insurance issued by Assured Guaranty Corp. The District's Series 2011 and Series 2012 Refunding Bonds have insured ratings of AA by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The above ratings reflect changes, if any, during the past fiscal year.

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Cinco Municipal Utility District No. 8, c/o Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas 77046.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MAY 31, 2019**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 128,905	\$ 154,112
Investments	1,764,980	1,296,586
Receivables:		
Property Taxes	30,235	46,737
Penalty and Interest on Delinquent Taxes		
Service Accounts	78,214	
Other	228	
Due from Other Governmental Entity	138,600	
Due from Other Funds	73,174	
Prepaid Costs	17,340	
Water Authority Capital Contributions		
Wastewater Treatment Plant Operating Advance	171,219	
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 2,402,895</b>	<b>\$ 1,497,435</b>

The accompanying notes to the financial  
statements are an integral part of this report.



<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 283,017	\$	\$ 283,017
3,061,566		3,061,566
76,972		76,972
	20,462	20,462
78,214		78,214
228		228
138,600		138,600
73,174	(73,174)	
17,340	24,757	42,097
	2,296,054	2,296,054
171,219		171,219
	44,282	44,282
	<u>3,902,996</u>	<u>3,902,996</u>
<u>\$ 3,900,330</u>	<u>\$ 6,215,377</u>	<u>\$ 10,115,707</u>

The accompanying notes to the financial statements are an integral part of this report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MAY 31, 2019**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 230,748	\$
Accrued Interest Payable		
Due to Other Funds		73,174
Due to Taxpayers		1,021
Security Deposits	53,175	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 283,923</b>	<b>\$ 74,195</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 30,235	\$ 46,737
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 17,340	\$
Operating Advance	171,219	
Restricted for Debt Service		1,376,503
Unassigned	1,900,178	
<b>TOTAL FUND BALANCES</b>	<b>\$ 2,088,737</b>	<b>\$ 1,376,503</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,402,895</b>	<b>\$ 1,497,435</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

The accompanying notes to the financial  
statements are an integral part of this report.

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 230,748	\$	\$ 230,748
	72,238	72,238
73,174	(73,174)	
1,021		1,021
53,175		53,175
	470,000	470,000
	<u>6,638,266</u>	<u>6,638,266</u>
<u>\$ 358,118</u>	<u>\$ 7,107,330</u>	<u>\$ 7,465,448</u>
<u>\$ 76,972</u>	<u>\$ (76,972)</u>	<u>\$ - 0 -</u>
\$ 17,340	\$ (17,340)	\$
171,219	(171,219)	
1,376,503	(1,376,503)	
<u>1,900,178</u>	<u>(1,900,178)</u>	
<u>\$ 3,465,240</u>	<u>\$ (3,465,240)</u>	<u>\$ - 0 -</u>
<u>\$ 3,900,330</u>		
	\$ (3,160,988)	\$ (3,160,988)
	1,371,464	1,371,464
	<u>4,439,783</u>	<u>4,439,783</u>
	<u>\$ 2,650,259</u>	<u>\$ 2,650,259</u>

The accompanying notes to the financial statements are an integral part of this report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**MAY 31, 2019**

Total Fund Balances - Governmental Funds	\$	3,465,240
--	----	-----------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital contributions to the North Fort Bend Water Authority are not current financial resources and, therefore, are not reported as assets in the governmental funds.		2,296,054
--	--	-----------

Prepaid bond insurance is amortized over the term of the bonds.		24,757
---	--	--------

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		3,947,278
--	--	-----------

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the District.		97,434
--	--	--------

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (72,238)			
Bonds Payable	<u>(7,108,266)</u>		<u>(7,180,504)</u>	

Total Net Position - Governmental Activities	\$	<u>2,650,259</u>
--	----	------------------

The accompanying notes to the financial statements are an integral part of this report.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MAY 31, 2019**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 930,630	\$ 1,112,045
Water Service	589,390	
Wastewater Service	153,473	
Water Authority Fees	452,994	
Penalty and Interest	15,874	14,431
Water Authority Credits	206,484	
Miscellaneous Revenues	167,198	17,320
	<u>\$ 2,516,043</u>	<u>\$ 1,143,796</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 260,216	\$ 12,495
Contracted Services	346,570	31,914
Water and Wastewater Capacity Reservations	938,477	
Repairs and Maintenance	645,061	
Depreciation		
Other	82,802	9,325
Capital Outlay	9,070	
Debt Service:		
Bond Principal		455,000
Bond Interest		296,100
District's Share of Cinco Municipal Utility District No. 1's Bond Debt Requirement		464,215
	<u>\$ 2,282,196</u>	<u>\$ 1,269,049</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 233,847</b>	<b>\$ (125,253)</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JUNE 1, 2018</b>	<u>1,854,890</u>	<u>1,501,756</u>
<b>FUND BALANCES/NET POSITION - MAY 31, 2019</b>	<u>\$ 2,088,737</u>	<u>\$ 1,376,503</u>

The accompanying notes to the financial  
statements are an integral part of this report.

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 2,042,675	\$ 20,270	\$ 2,062,945
589,390		589,390
153,473		153,473
452,994		452,994
30,305	3,115	33,420
206,484	(81,010)	125,474
184,518		184,518
\$ 3,659,839	\$ (57,625)	\$ 3,602,214
\$ 272,711	\$	\$ 272,711
378,484		378,484
938,477		938,477
645,061		645,061
	164,290	164,290
92,127		92,127
9,070	(9,070)	
455,000	(455,000)	
296,100	(34,526)	261,574
464,215		464,215
\$ 3,551,245	\$ (334,306)	\$ 3,216,939
\$ 108,594	\$ (108,594)	\$
	385,275	385,275
3,356,646	(1,091,662)	2,264,984
\$ 3,465,240	\$ (814,981)	\$ 2,650,259

The accompanying notes to the financial statements are an integral part of this report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MAY 31, 2019**

Net Change in Fund Balances - Governmental Funds	\$ 108,594
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	20,270
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	3,115
Governmental funds report return of principal for capital contributions to the water authority as revenue. In the Statement of Net Position, the return of principal reduces long-term assets.	(81,010)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(164,290)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	9,070
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	455,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	<u>34,526</u>
Change in Net Position - Governmental Activities	<u>\$ 385,275</u>

The accompanying notes to the financial statements are an integral part of this report.



**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**NOTE 1. CREATION OF DISTRICT**

Cinco Municipal Utility District No. 8 (the “District”) was created on May 24, 1985, under provision of an Act of the 69<sup>th</sup> Texas Legislature, Regular Session, 1985, and Article XVI, Section 59, Texas Constitution. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate, and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling and parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on January 26, 1990, and the first bonds were sold on December 19, 1996.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

The District and other surrounding water districts have contracted with Cinco Municipal Utility District No. 1 (the “Master District”) for the financing, operation, and maintenance of regional water and wastewater facilities. These facilities are under the oversight of the Master District’s Board of Directors and financial activity of the Master District has been included in the financial statements of the District as a note disclosure. See Note 8. Copies of the financial statements for the Master District may be obtained from Cinco Municipal Utility District No. 1’s attorney.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”). The GASB Codification set forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of net assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide statements. The fund statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental Funds

The District has two governmental funds and considers these to be major funds.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in the governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of May 31, 2019, the Debt Service Fund owed the General Fund \$73,174 for maintenance tax collections.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets (Continued)

Capital asset additions, improvements, and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Water System	10-45
Wastewater System	10-45
Drainage System	10-45

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was amended during the current fiscal year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable:* amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted:* amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

*Committed:* amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District does not have any assigned fund balances.

*Unassigned:* all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**NOTE 3. LONG-TERM DEBT**

	Series 2010	Series 2011 Refunding	Series 2012 Refunding
Amount Outstanding – May 31, 2019	\$ 1,700,000	\$ 1,790,000	\$ 3,630,000
Interest Rates	4.00% - 4.60%	3.00% - 4.375%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2019/2030	September 1, 2019/2029	September 1, 2019/2029
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2017 (1)	September 1, 2018 (1)	September 1, 2019 (1)

(1) Or any date thereafter, in whole or in part at a price of par plus accrued interest on the date fixed for redemption. Series 2010 term bonds maturing September 1, 2025, and September 1, 2030, are subject to mandatory redemption beginning September 1, 2021, and September 1, 2026, respectively. Series 2011 term bonds maturing September 1, 2029, are subject to mandatory redemption beginning September 1, 2028.

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2019:

	June 1, 2018	Additions	Retirements	May 31, 2019
Bonds Payable	\$ 7,575,000	\$	\$ 455,000	\$ 7,120,000
Unamortized Discounts	(68,625)		(5,741)	(62,884)
Unamortized Premiums	97,132		45,982	51,150
Bonds Payable, Net	<u>\$ 7,603,507</u>	<u>\$ -0-</u>	<u>\$ 495,241</u>	<u>\$ 7,108,266</u>
		Amount Due Within One Year		\$ 470,000
		Amount Due After One Year		<u>6,638,266</u>
		Bonds Payable, Net		<u>\$ 7,108,266</u>

As of May 31, 2019, the District had authorized but unissued tax bonds in the amount of \$5,035,000 and available refunding bonds authorization of \$11,012,500.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**NOTE 3. LONG-TERM DEBT (Continued)**

As of May 31, 2019, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 470,000	\$ 281,575	\$ 751,575
2021	485,000	264,856	749,856
2022	505,000	245,600	750,600
2023	525,000	225,344	750,344
2024	550,000	204,150	754,150
2025-2029	3,105,000	659,101	3,764,101
2030-2031	1,480,000	68,017	1,548,017
	<u>\$ 7,120,000</u>	<u>\$ 1,948,643</u>	<u>\$ 9,068,643</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended May 31, 2019, the District levied an ad valorem debt service tax rate of \$0.35 per \$100 of assessed valuation, which resulted in a tax levy of \$752,212 on the adjusted taxable valuation of \$214,917,748 for the 2018 tax year. The Bond Resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Notes 7 and 8 for the maintenance tax and contract tax provisions, respectively. The District's tax calendar is as follows:

- Levy Date - October 1 or as soon thereafter as practicable.
- Lien Date - January 1.
- Due Date - Due upon receipt but not later than January 31.
- Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

**NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

The Bond Resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District’s deposits was \$283,017 and the bank balance was \$318,822. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2019, as listed below:

	Cash
GENERAL FUND	\$ 128,905
DEBT SERVICE FUND	154,112
TOTAL DEPOSITS	\$ 283,017

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors.



**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of May 31, 2019, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$1,764,980	\$1,764,980
<u>DEBT SERVICE FUND</u>		
TexPool	<u>1,296,586</u>	<u>1,296,586</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$3,061,566</u></b>	<b><u>\$3,061,566</u></b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2019, the District's investment in TexPool was rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended May 31, 2019 is as follows:

	June 1, 2018	Increases	Decreases	May 31, 2019
<b>Capital Assets Not Being Depreciated</b>				
Construction in Progress	\$ 44,282	\$ - 0 -	\$ - 0 -	\$ 44,282
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 1,026,225	\$	\$	\$ 1,026,225
Wastewater System	2,467,739			2,467,739
Drainage System	3,498,067	9,070		3,507,137
<b>Total Capital Assets Subject to Depreciation</b>	<b>\$ 6,992,031</b>	<b>\$ 9,070</b>	<b>\$ - 0 -</b>	<b>\$ 7,001,101</b>
<b>Accumulated Depreciation</b>				
Water System	\$ 452,725	\$ 22,805	\$	\$ 475,530
Wastewater System	965,238	63,456		1,028,694
Drainage System	1,515,852	78,029		1,593,881
<b>Total Accumulated Depreciation</b>	<b>\$ 2,933,815</b>	<b>\$ 164,290</b>	<b>\$ - 0 -</b>	<b>\$ 3,098,105</b>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 4,058,216</b>	<b>\$ (155,220)</b>	<b>\$ - 0 -</b>	<b>\$ 3,902,996</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 4,102,498</b>	<b>\$ (155,220)</b>	<b>\$ - 0 -</b>	<b>\$ 3,947,278</b>

**NOTE 7. MAINTENANCE TAX**

On August 11, 1990, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the fiscal year ended May 31, 2019, the District levied a maintenance tax rate of \$0.44 per \$100 of assessed valuation, which resulted in a tax levy of \$945,638 on the adjusted taxable valuation of \$214,917,748 for the 2018 tax year.

**NOTE 8. REGIONAL FACILITIES**

The District and other surrounding water districts have contracted with Cinco Municipal Utility District No. 1 (the "Master District") for the construction and operation of Regional Waste Collection, Treatment, and Disposal Facilities and Regional Water Supply and Delivery Facilities. The contract was dated August 30, 1990 and has a term of 40 years. This contract was subsequently amended to limit the Master District's bond authorization to \$20,000,000 without prior written approval of the participants. Under the terms of the contract, the Master District provides water supply and distribution of same and sewage collection and treatment services. The Master District is the owner of all facilities constructed and acquired under this contract.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**NOTE 8. REGIONAL FACILITIES (Continued)**

The Master District issued contract revenue bonds sufficient to complete acquisition and construction of the regional facilities. During the year ended May 31, 2019, the District paid its pro rata share of the debt service requirements on these contract revenue bonds in the amount of \$464,215. The debt service requirements on all outstanding Contract Revenue Bonds as of September 30, 2018, (the most recently completed audit of the Master District) are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 4,955,000	\$ 2,835,098	\$ 7,790,098
2020	5,110,000	1,958,466	7,068,466
2021	5,095,000	1,803,681	6,898,681
2022	4,710,000	1,660,763	6,370,763
2023	4,625,000	1,521,299	6,146,299
2024-2028	8,795,000	6,290,335	15,085,335
2029-2033	5,375,000	5,234,370	10,609,370
2034-2038	15,075,000	3,310,828	18,385,828
2039-2041	9,025,000	551,700	9,576,700
	<u>\$ 62,765,000</u>	<u>\$ 25,166,540</u>	<u>\$ 87,931,540</u>

The following summary financial data of the Master District is presented for the fiscal year ending September 30, 2018 (the most recently completed audit of the Master District).

	<u>Enterprise Fund</u>
Total Assets	\$ 84,208,061
Deferred Outflows of Resources	661,648
Total Liabilities	<u>65,485,364</u>
Total Net Position	<u>\$ 19,384,345</u>
Total Operating Revenues	\$ 17,913,717
Total Operating Expenses	<u>14,374,857</u>
Operating Income	\$ 3,538,860
Non-Operating Revenues (Expenses)	<u>(1,672,309)</u>
Change in Net Position	\$ 1,866,551
Net Position – October 1, 2017	<u>17,517,794</u>
Net Position – September 30, 2018	<u>\$ 19,384,345</u>

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**NOTE 8. REGIONAL FACILITIES (Continued)**

On August 11, 1990, voters within the District approved the levy and collection of a contract tax on all taxable property within the District in an amount sufficient to make all payments due and payable under this contract. During the fiscal year ended May 31, 2019, the District levied an ad valorem contract tax rate of \$0.17 per \$100 of assessed valuation. This resulted in a tax levy of \$365,360 on the adjusted taxable valuation of \$214,917,748 for the 2018 tax year. During the current fiscal year, contract tax revenue of \$365,791 was collected for the 2018 and prior levies.

The Master District is responsible for operating and maintaining the facilities and charges each participant a monthly operations fee based on the number of residential equivalent single-family connections reserved for the District. As of the fiscal year-end, the District is being billed \$28.00 per month per connection plus a surface water fee of \$3.83 per 1,000 gallons. The Master District maintains a reserve for operations and maintenance equal to three months of budgeted costs. For the current fiscal year, the District recorded a total of \$938,477 as its share of operating costs and the District's operating reserve with the Master District totaled \$171,219.

The Master District is located within the boundaries of the North Fort Bend Water Authority (the "Authority"). The Authority was created for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Authority is responsible for overseeing that its participants comply with subsidence district pumpage requirements. The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. The participants in the regional facilities pay the Authority pumpage fees on a monthly basis through Master District billings to each participant.

In accordance with a Resolution Authorizing Capital Advance and Reimbursement Procedure, on July 23, 2008, the District paid \$1,847,771 to the Authority on January 29, 2010. The District was given a credit of \$13,905 which brings their reimbursable total to \$1,861,676.

In accordance with a Resolution Authorizing Capital Advance and Reimbursement Procedure, the District paid its advance of \$990,496 on July 30, 2012. The District was given a credit of \$7,627 which brings their reimbursable total to \$998,123.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**NOTE 8. REGIONAL FACILITIES (Continued)**

Total credits received in the current fiscal year included the return of principal of \$81,010 leaving capital contributions receivable of \$2,296,054. As of May 31, 2019, the future credits to be received are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 85,250	\$ 115,030	\$ 200,280
2021	89,713	110,567	200,280
2022	94,411	105,869	200,280
2023	99,356	100,924	200,280
2024	104,562	95,718	200,280
2025-2029	611,006	390,394	1,001,400
2030-2034	789,040	212,360	1,001,400
2035-2038	422,716	28,333	451,049
	<u>\$ 2,296,054</u>	<u>\$ 1,159,195</u>	<u>\$ 3,455,249</u>

**NOTE 9. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile, boiler and machinery, errors and omissions, law enforcement and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**

**REQUIRED SUPPLEMENTARY INFORMATION**

**MAY 31, 2019**





**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED MAY 31, 2019**

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Property Taxes	\$ 351,300	\$ 937,420	\$ 930,630	\$ (6,790)
Water Service	414,800	414,800	589,390	174,590
Wastewater Service	160,300	160,300	153,473	(6,827)
Water Authority Fees	360,000	360,000	452,994	92,994
Penalty and Interest	23,000	23,000	15,874	(7,126)
FEMA Reimbursements/Miscellaneous Revenues	<u>15,000</u>	<u>15,000</u>	<u>167,198</u>	<u>152,198</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,324,400</u>	<u>\$ 1,910,520</u>	<u>\$ 2,309,559</u>	<u>\$ 399,039</u>
<b>EXPENDITURES</b>				
Services Operations:				
Professional Fees	\$ 158,000	\$ 158,000	\$ 260,216	\$ (102,216)
Contracted Services	337,000	361,630	346,570	15,060
Water and Wastewater Capacity Reservations	735,976	735,976	731,993	3,983
Repairs and Maintenance/Capital Outlay	741,818	741,818	654,131	87,687
Other	<u>107,350</u>	<u>107,350</u>	<u>82,802</u>	<u>24,548</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,080,144</u>	<u>\$ 2,104,774</u>	<u>\$ 2,075,712</u>	<u>\$ 29,062</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (755,744)	\$ (194,254)	\$ 233,847	\$ 428,101
<b>FUND BALANCE - JUNE 1, 2018</b>	<u>1,854,890</u>	<u>1,854,890</u>	<u>1,854,890</u>	<u>                    </u>
<b>FUND BALANCE - MAY 31, 2019</b>	<u>\$ 1,099,146</u>	<u>\$ 1,660,636</u>	<u>\$ 2,088,737</u>	<u>\$ 428,101</u>

See accompanying independent auditor's report.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE  
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**MAY 31, 2019**



**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MAY 31, 2019**

**1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:**

<u>  X  </u>	Retail Water	_____	Wholesale Water	<u>  X  </u>	Drainage
<u>  X  </u>	Retail Wastewater	_____	Wholesale Wastewater	_____	Irrigation
_____	Parks/Recreation	_____	Fire Protection	<u>  X  </u>	Security
<u>  X  </u>	Solid Waste/Garbage	_____	Flood Control	_____	Roads
<u>  X  </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
_____	Other (specify): _____				

**2. RETAIL SERVICE PROVIDERS**

**a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):**

Based on the rate order approved October 24, 2017.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 30.00	10,000	N	\$ 2.50 \$ 5.00 \$ 10.00	10,000 to 20,000 20,001 to 30,000 30,001 and up
WASTEWATER:	\$1.75 per 1,000 gallons		Y		
SURCHARGE:					
Solid Waste/Garbage	Included in above rates				
Regional Water Authority Fees	\$3.65 per 1,000 gallons plus 10%				

District employs winter averaging for wastewater usage? 
  X              
 Yes                      No

Total monthly charges per 10,000 gallons usage: Water: \$30.00 Wastewater: \$17.50 Surcharge: \$40.15

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MAY 31, 2019**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ <sup>3</sup> / <sub>4</sub> "	966	953	x 1.0	953
1"	42	40	x 2.5	100
1½"	10	10	x 5.0	50
2"	27	27	x 8.0	216
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"	2	2	x 80.0	160
10"			x 115.0	
Total Water Connections	<u>1,047</u>	<u>1,032</u>		<u>1,479</u>
Total Wastewater Connections	<u>1,015</u>	<u>1,001</u>	x 1.0	<u>1,001</u>

**3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)**

Gallons billed to customers:	130,639,000	Water Accountability Ratio: 100% (Gallons billed /Gallons purchased)
Gallons purchased:	130,639,000	From: Cinco Municipal Utility District No. 1

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MAY 31, 2019**

**4. STANDBY FEES** (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees?                      Yes         No

Does the District have Operation and Maintenance standby fees?    Yes         No

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes                       No

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely                       Partly                       Not at all

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely                       Partly                       Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes                       No

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED MAY 31, 2019**

PROFESSIONAL FEES:	
Auditing	\$ 14,750
Engineering	32,815
Legal	<u>212,651</u>
TOTAL PROFESSIONAL FEES	<u>\$ 260,216</u>
PURCHASED SERVICES FOR RESALE:	
Water and Wastewater Capacity Reservations	<u>\$ 938,477</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 10,360
Operations and Billing	41,050
Solid Waste Disposal	196,488
Security	<u>98,672</u>
TOTAL CONTRACTED SERVICES	<u>\$ 346,570</u>
REPAIRS AND MAINTENANCE	<u>\$ 645,061</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 20,669
Election Costs	5,719
Insurance	6,039
Office Supplies and Postage	19,359
Travel and Meetings	7,907
Other	<u>12,032</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 71,725</u>
CAPITAL OUTLAY	<u>\$ 9,070</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 2,965
Permit/Inspection Fees	4,745
Regulatory Assessment	<u>3,367</u>
TOTAL OTHER EXPENDITURES	<u>\$ 11,077</u>
TOTAL EXPENDITURES	<u>\$ 2,282,196</u>

See accompanying independent auditor's report.



**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**INVESTMENTS**  
**MAY 31, 2019**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 1,764,980	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0006	Varies	Daily	\$ 1,076,843	\$
TexPool	XXXX0001	Varies	Daily	219,743	
TOTAL DEBT SERVICE FUND				<u>\$ 1,296,586</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 3,061,566</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED MAY 31, 2019**

	Maintenance Taxes		Contract Taxes		Debt Service Taxes
TAXES RECEIVABLE -					
JUNE 1, 2018	\$ 15,314		\$ 17,582		\$ 23,806
Adjustments to Beginning					
Balance	<u>(87)</u>	\$ 15,227	<u>(83)</u>	\$ 17,499	<u>(95)</u> \$ 23,711
Original 2018 Tax Levy	\$ 944,968		\$ 365,101		\$ 751,679
Adjustments to 2018 Tax Levy	<u>670</u>	<u>945,638</u>	<u>259</u>	<u>365,360</u>	<u>533</u> <u>752,212</u>
TOTAL TO BE					
ACCOUNTED FOR		\$ 960,865		\$ 382,859	\$ 775,923
TAX COLLECTIONS:					
Prior Years	\$ 8,415		\$ 9,481		\$ 12,674
Current Year	<u>922,215</u>	<u>930,630</u>	<u>356,310</u>	<u>365,791</u>	<u>733,580</u> <u>746,254</u>
TAXES RECEIVABLE -					
MAY 31, 2019		<u>\$ 30,235</u>		<u>\$ 17,068</u>	<u>\$ 29,669</u>
TAXES RECEIVABLE BY					
YEAR:					
2018		\$ 23,423		\$ 9,050	\$ 18,632
2017		1,307		1,470	1,960
2016		487		547	760
2015		487		608	852
2014		548		483	494
2013		604		460	491
2012		367		461	715
2011		368		462	755
2010		368		472	764
2009 & prior		<u>2,276</u>		<u>3,055</u>	<u>4,246</u>
TOTAL		<u>\$ 30,235</u>		<u>\$ 17,068</u>	<u>\$ 29,669</u>

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED MAY 31, 2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PROPERTY VALUATIONS:				
Land	\$ 69,421,600	\$ 53,683,620	\$ 53,683,880	\$ 51,610,380
Improvements	157,146,179	263,385,320	248,416,480	231,396,700
Personal Property	4,585,170	4,347,632	3,430,260	3,287,910
Exemptions	<u>(16,235,201)</u>	<u>(12,923,372)</u>	<u>(10,793,553)</u>	<u>(7,728,431)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 214,917,748</u>	<u>\$ 308,493,200</u>	<u>\$ 294,737,067</u>	<u>\$ 278,566,559</u>
TAX RATES PER \$100 VALUATION:				
Contract	\$ 0.17	\$ 0.18	\$ 0.18	\$ 0.20
Debt Service	0.35	0.24	0.25	0.28
Maintenance	<u>0.44</u>	<u>0.16</u>	<u>0.16</u>	<u>0.16</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.96</u>	<u>\$ 0.58</u>	<u>\$ 0.59</u>	<u>\$ 0.64</u>
ADJUSTED TAX LEVY*	<u>\$ 2,063,210</u>	<u>\$ 1,789,260</u>	<u>\$ 1,738,949</u>	<u>\$ 1,782,827</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>97.52 %</u>	<u>99.74 %</u>	<u>99.90 %</u>	<u>99.89 %</u>

\* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$0.50 per \$100 of assessed valuation approved by voters on August 11, 1990.

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2019**

S E R I E S - 2 0 1 0				
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2020	\$ 65,000	\$ 74,720	\$	139,720
2021	65,000	72,120		137,120
2022	75,000	69,226		144,226
2023	75,000	66,039		141,039
2024	80,000	62,745		142,745
2025	80,000	59,345		139,345
2026	90,000	55,733		145,733
2027	90,000	51,750		141,750
2028	95,000	47,495		142,495
2029	100,000	43,010		143,010
2030	110,000	38,180		148,180
2031	775,000	17,825		792,825
	\$ 1,700,000	\$ 658,188	\$	2,358,188

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2019**

S E R I E S - 2 0 1 1 R E F U N D I N G

Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2020	\$ 90,000	\$ 69,530	\$ 159,530
2021	95,000	66,636	161,636
2022	90,000	63,574	153,574
2023	100,000	60,305	160,305
2024	200,000	54,805	254,805
2025	210,000	46,855	256,855
2026	220,000	38,145	258,145
2027	230,000	28,805	258,805
2028	245,000	18,769	263,769
2029	250,000	8,094	258,094
2030	60,000	1,312	61,312
2031			
	<u>\$ 1,790,000</u>	<u>\$ 456,830</u>	<u>\$ 2,246,830</u>

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2019**

SERIES - 2012 REFUNDING

Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2020	\$ 315,000	\$ 137,325	\$ 452,325
2021	325,000	126,100	451,100
2022	340,000	112,800	452,800
2023	350,000	99,000	449,000
2024	270,000	86,600	356,600
2025	280,000	75,600	355,600
2026	285,000	64,300	349,300
2027	295,000	52,700	347,700
2028	310,000	40,600	350,600
2029	325,000	27,900	352,900
2030	535,000	10,700	545,700
2031			
	<u>\$ 3,630,000</u>	<u>\$ 833,625</u>	<u>\$ 4,463,625</u>

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2019**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	\$ 470,000	\$ 281,575	\$ 751,575
2021	485,000	264,856	749,856
2022	505,000	245,600	750,600
2023	525,000	225,344	750,344
2024	550,000	204,150	754,150
2025	570,000	181,800	751,800
2026	595,000	158,178	753,178
2027	615,000	133,255	748,255
2028	650,000	106,864	756,864
2029	675,000	79,004	754,004
2030	705,000	50,192	755,192
2031	775,000	17,825	792,825
	<u>\$ 7,120,000</u>	<u>\$ 1,948,643</u>	<u>\$ 9,068,643</u>

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED MAY 31, 2019**

Description	Original Bonds Issued	Bonds Outstanding June 1, 2018
Cinco Municipal Utility District No. 8 Unlimited Tax Bonds - Series 2010	\$ 2,100,000	\$ 1,765,000
Cinco Municipal Utility District No. 8 Unlimited Tax Refunding Bonds - Series 2011	2,300,000	1,880,000
Cinco Municipal Utility District No. 8 Unlimited Tax Refunding Bonds - Series 2012	<u>4,905,000</u>	<u>3,930,000</u>
TOTAL	<u>\$ 9,305,000</u>	<u>\$ 7,575,000</u>

Bond Authority:	<u>Tax Bonds*</u>
Amount Authorized by Voters	\$ 16,500,000
Amount Issued	<u>11,465,000</u>
Remaining to be Issued	<u>\$ 5,035,000</u>
Debt Service Fund cash and investment balances as of May 31, 2019:	<u>\$ 1,450,698</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 755,720</u>

See Note 3 for interest rates, interest payment dates and maturity dates.

\* The District also has authorized but unissued refunding bonds of \$11,012,500.

See accompanying independent auditor's report.



<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding May 31, 2019</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 65,000	\$ 77,320	\$ 1,700,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	90,000	72,230	1,790,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	<u>300,000</u>	<u>146,550</u>	<u>3,630,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 455,000</u>	<u>\$ 296,100</u>	<u>\$ 7,120,000</u>	

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2019	2018	2017
<b>REVENUES</b>			
Property Taxes	\$ 930,630	\$ 492,865	\$ 471,779
Water Service	589,390	395,757	496,976
Wastewater Service	153,473	145,956	185,840
Water Authority Fees	452,994	364,591	450,744
Penalty and Interest	15,874	11,146	19,766
Tap Connection and Inspection Fees		23,635	34,900
Water Authority Credits	206,484	206,484	206,484
FEMA Reimbursements/Miscellaneous Revenues	167,198	37,874	20,068
<b>TOTAL REVENUES</b>	<b>\$ 2,516,043</b>	<b>\$ 1,678,308</b>	<b>\$ 1,886,557</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 260,216	\$ 95,596	\$ 81,500
Contracted Services	346,570	326,876	318,444
Water and Wastewater Capacity Reservations	938,477	811,611	808,209
Repairs and Maintenance	645,061	2,651,153	291,236
Other	82,802	94,472	97,449
Capital Outlay	9,070	279,115	
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,282,196</b>	<b>\$ 4,258,823</b>	<b>\$ 1,596,838</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 233,847</b>	<b>\$ (2,580,515)</b>	<b>\$ 289,719</b>
<b>BEGINNING FUND BALANCE</b>	<b>1,854,890</b>	<b>4,435,405</b>	<b>4,145,686</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 2,088,737</b>	<b>\$ 1,854,890</b>	<b>\$ 4,435,405</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2016</u>	<u>2015</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 442,395	\$ 632,167	37.1 %	29.3 %	25.1 %	24.8 %	34.2 %
486,665	471,253	23.4	23.6	26.3	27.3	25.4
164,388	179,659	6.1	8.7	9.9	9.2	9.7
411,997	347,163	18.0	21.7	23.9	23.1	18.7
21,405	12,609	0.6	0.7	1.0	1.2	0.7
43,435			1.4	1.8	2.4	
206,484	206,484	8.2	12.3	10.9	11.6	11.1
7,473	3,384	6.6	2.3	1.1	0.4	0.2
<u>\$ 1,784,242</u>	<u>\$ 1,852,719</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 88,112	\$ 99,926	10.3 %	5.7 %	4.3 %	4.9 %	5.4 %
320,224	300,546	13.8	19.5	16.9	17.9	16.2
808,168	713,081	37.3	48.4	42.8	45.3	38.5
217,570	190,398	25.6	158.0	15.4	12.2	10.3
100,998	68,685	3.3	5.6	5.2	5.7	3.7
71,722		0.4	16.6		4.0	
<u>\$ 1,606,794</u>	<u>\$ 1,372,636</u>	<u>90.7 %</u>	<u>253.8 %</u>	<u>84.6 %</u>	<u>90.0 %</u>	<u>74.1 %</u>
\$ 177,448	\$ 480,083	9.3 %	(153.8) %	15.4 %	10.0 %	25.9 %
<u>3,968,238</u>	<u>3,488,155</u>					
<u>\$ 4,145,686</u>	<u>\$ 3,968,238</u>					

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2019	2018	2017
<b>REVENUES</b>			
Property Taxes	\$ 1,112,045	\$ 1,294,997	\$ 1,269,366
Penalty and Interest	14,431	20,121	10,447
Miscellaneous Revenues	<u>17,320</u>	<u>6,989</u>	<u>3,610</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,143,796</u>	<u>\$ 1,322,107</u>	<u>\$ 1,283,423</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 52,234	\$ 48,708	\$ 51,621
Debt Service Principal	455,000	435,000	425,000
Debt Service Interest and Fees	297,600	311,825	324,850
District's Share of Cinco Municipal Utility District No. 1's Bond Debt Requirement	<u>464,215</u>	<u>536,049</u>	<u>544,967</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,269,049</u>	<u>\$ 1,331,582</u>	<u>\$ 1,346,438</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (125,253)	\$ (9,475)	\$ (63,015)
<b>BEGINNING FUND BALANCE</b>	<u>1,501,756</u>	<u>1,511,231</u>	<u>1,574,246</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 1,376,503</u>	<u>\$ 1,501,756</u>	<u>\$ 1,511,231</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>1,032</u>	<u>1,029</u>	<u>1,037</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>1,001</u>	<u>997</u>	<u>1,007</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2016</u>	<u>2015</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,322,056	\$ 1,127,905	97.2 %	98.0 %	98.9 %	99.3 %	97.4 %
6,129	8,862	1.3	1.5	0.8	0.5	0.8
2,279	20,294	1.5	0.5	0.3	0.2	1.8
<u>\$ 1,330,464</u>	<u>\$ 1,157,061</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 39,830	\$ 36,117	4.7 %	3.8 %	4.1 %	3.1 %	3.1 %
415,000	145,000	39.8	32.9	33.1	31.2	12.5
337,934	345,550	26.0	23.6	25.3	25.4	29.9
560,244	534,035	40.6	40.5	42.5	42.1	46.2
<u>\$ 1,353,008</u>	<u>\$ 1,060,702</u>	<u>111.1 %</u>	<u>100.8 %</u>	<u>105.0 %</u>	<u>101.8 %</u>	<u>91.7 %</u>
\$ (22,544)	\$ 96,359	<u>(11.1) %</u>	<u>(0.8) %</u>	<u>(5.0) %</u>	<u>(1.8) %</u>	<u>8.3 %</u>
<u>1,596,790</u>	<u>1,500,431</u>					
<u>\$ 1,574,246</u>	<u>\$ 1,596,790</u>					
<u>1,032</u>	<u>1,033</u>					
<u>1,002</u>	<u>1,003</u>					

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**MAY 31, 2019**

District Mailing Address - Cinco Municipal Utility District No. 8  
c/o Coats Rose, P.C.  
9 Greenway Plaza, Suite 1000  
Houston, Texas 77046

District Telephone Number - (713) 651-0111

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of office for the year ended <u>May 31, 2019</u>	Expense reimbursements for the year ended <u>May 31, 2019</u>	<u>Title</u>
Douglas Brewer	05/2019 05/2023 (Elected)	\$ 6,450	\$ 2,770	President
Daniel P. Coyer	05/2017 05/2021 (Elected)	\$ 4,200	\$ 879	Vice President
Dano Lozano	05/2019 05/2023 (Elected)	\$ 2,550	\$ 2,752	Assistant Vice President/ Assistant Secretary
Mark A. Baird	05/2019 05/2023 (Elected)	\$ 2,550	\$ 266	Secretary/ Treasurer/ Investment Officer
Steven C. Haas	05/2017 05/2021 (Elected)	\$ 3,450	\$ 119	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054):  
May 28, 2019.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on July 22, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**CINCO MUNICIPAL UTILITY DISTRICT NO. 8**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**MAY 31, 2019**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2019</u>	<u>Title</u>
Coats Rose, P.C.	01/26/90	\$ 223,152	General Counsel
McCall Gibson Swedlund Barfoot PLLC	05/28/92	\$ 14,750	Auditor
F. Matuska, Inc.	06/27/06	\$ 11,746	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/27/01	\$ 4,748	Delinquent Tax Attorney
Dannenbaum Engineering Corp.	09/05/91	\$ 32,815	Engineer
Rathmann & Associates, L.P.	05/19/03	\$ -0-	Financial Advisor
Inframark LLC	01/30/92	\$ 395,015	Operator
B&A Municipal Tax Services, LLC	09/27/11	\$ 25,420	Tax Assessor/ Collector

See accompanying independent auditor's report.

