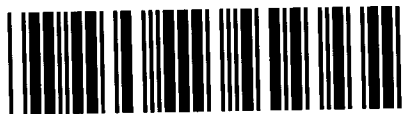




Control Number: 45510



Item Number: 1

Addendum StartPage: 0



# APPLICATION FOR SALE, TRANSFER, OR MERGER OF A RETAIL PUBLIC UTILITY

2016 JAN 11 AM 11:03  
PUBLIC UTILITY COMMISSION  
FILING CLERK

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01/11/2016 11:03 AM

**APPLICATION FOR SALE, TRANSFER,  
OR MERGER OF A RETAIL PUBLIC UTILITY**

\*RN#  \*CN#  \*If known (See instructions)

1. Proposed action of application (check all the boxes that apply):

Sale of ☒ All ☒ Portion of the ☐ Water system(s) under CCN No.:   
Acquisition ☐ Sewer system(s) under CCN No.:   
Lease/Rental ☐

☒ Transfer of ☐ All ☒ Portion of the ☒ Certificated water service area – CCN No.:  12756  
Certificated sewer service area – CCN No.:

If only a portion of a system or certificated service area is affected by this transaction, please specify the areas or subdivision involved:

See attached AGREEMENT FOR THE RELEASE OF CERTIFICATED RETAIL PUBLIC WATER UTILITY SERVICE AREA with map of undeveloped service area

and to:

☒ Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN  
Amend the transferee's CCN No.:   
Merge or consolidate public utilities   
Cancel CCN of the transferor (seller)

2. Proposed effective date of this transaction:  Earliest date allowed by law

(Must be at least 120 days after proper notice is provided)

**QUESTIONS 3 THROUGH 5 APPLY TO THE TRANSFEROR  
(CURRENT SERVICE PROVIDER OR SELLER)**

3. For the current CCN holder or service provider please indicate:

A. Name:  HOE WSC

(Individual, Corporation or Other Legal Entity)

who is a(n): of ☐ Individual ☐ Corporation ☒ WSC ☐ HOA or POA ☐ Other

B. Utility Name (if different than above):

Address:  PO Box 1180, Pinehurst TX 77362-1180 Telephone: (AC)  281.825.8822

C. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name: <input type="text"/> Beau Mueller	Title: <input type="text"/> Manager
Address: <input type="text"/> PO Box 1180, Pinehurst TX 77362-1180	Telephone: (AC) <input type="text"/> 281.825.8822
Fax: <input type="text"/>	Email: <input type="text"/>

4. About the last rate increase for the system or facilities being transferred: N/A - WSC
- A. What was the effective date of the last rate increase?

B. Was notice of this increase provided to the Texas Commission on Environmental Quality or its predecessors?

☒ No ☐ Yes- Application/Docket Number:  Date

5. Please provide a list of all customers affected by this transaction who have deposits held by the transferor or seller utility, if any, and include the following information (attach additional sheets if necessary):

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit
None - undeveloped land			

☛ Within 30 days of the actual transaction date, and prior to the transfer of the certificate by the TCEQ, the seller must provide proof to the Commission that these customer deposits were returned to the customers or transferred to the purchasing utility. Proof should include a sworn affidavit.

**QUESTIONS 6 THROUGH 16 REFER TO  
THE TRANSFEREE OR PURCHASER**

6. For the person or entity acquiring the facilities and/or CCN:

Applicant: Harris County MUD No. 480  
(Individual, Corporation, or Other Legal Entity)

Utility Name:  (If different than above)

Utility Address: 1621 Milam Street, 3rd Floor Houston TX 77002-8059

Fax:  Email:  Telephone (AC): 713.759.1368

CCN Numbers held prior to the filing of this application:	None - designated as P1421
---	----------------------------

7. Check the appropriate box and provide information regarding the legal status of the transferee applicant:

Individual

Home or Property Owners Association

Partnership; attach copy of partnership agreement

Corporation; provide charter number as recorded with the Office of the Secretary of State for

for Texas: \_\_\_\_\_

Non-profit, member-owned, member-controlled Cooperative Corporation (Article 1434(a) Water Supply or Sewer Service Corporation); provide charter number:

Municipally-owned utility

✓ District (MUD, SUD, WCID, etc.)

County

Other (please explain):

8. If the applicant is an *Individual* or sole proprietorship, provide the following information. If not, skip to the next question.

Name:		Email:	
Address:			
Telephone (AC):		Fax (AC):	

9. If the applicant is other than an *Individual* provide the following information regarding the officers or partners of the legal entity applying for the transfer. You must complete either question 8 or question 9, whichever applies to the transferee applicant.

•Name:	Josh Hawes	Telephone (AC):	713.759.1368
Address:	1621 Milam Street, 3rd Floor Houston TX 77002-8059		
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

- Attach additional sheet(s) if necessary -

- Important:** • If the applicant is a for-profit corporation, please provide a copy of the corporation's "Certification of Account Status" from the State Comptroller Office. This "Certification of Account Status" can be obtained from:

**Texas Comptroller of Public Accounts**

P. O. Box 13528, Capitol Station  
Austin, Texas 78711  
1-800-252-5555

- If the applicant is an Article 1434a water supply or sewer service corporation or other non-profit corporation, please provide a copy of the Articles of Incorporation and By-Laws.

10. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name:	Josh Hawes	Title:	President
Address:	1621 Milam Street, 3rd Floor Houston TX 77002-8059	Telephone (AC):	713.759.1368
Fax #		Email	
Relationship to the applicant:			

**IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, PLEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PARTY**

11. Please respond to each of the following questions. Attach additional sheets if necessary.

- A. Describe the experience and qualifications of the applicant to provide adequate utility service to the requested area

The service area is only part of the development property of John N. Taylor. The property is part in the MUD and part in the WSC. The developer wishes service from the MUD as the sole service provider. New facilities will be built by MUD/Developer and will extend across the current CCN boundary. MUD will serve this new development with a single system.

- B. Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG) or the Environmental Protection Agency (EPA) in the past for noncompliance with rules, orders or State Statutes? ☐ Yes ☒ No

If yes, please attach copies of any correspondence with these regulatory agencies concerning these enforcement actions and describe any actions and efforts to comply with those requirements. Attach additional sheets if needed.

- C. Describe the source and availability of funds required to make the planned or required improvements, if any, to meet minimum requirements of the TCEQ and ensure continuous and adequate service.

Developer CIAC

- D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

No service at this time

- E. How will the transaction serve the public interest?

A single new development will be served by a MUD as a single service unit.

12. Please describe the nature of the proposed transaction:

Transfer of undeveloped CCN-service area from WSC to MUD so new subdivision can be served by one entity.

13. If the transferee applicant is an Investor Owned Utility (IOU) and will be under the rate jurisdiction of the TCEQ, please provide the following information. Water supply or sewer service corporations and political subdivisions of the state should mark this section N/A:

A.

- Total Purchase Price:
- Total Original Cost (as recorded on books of seller or merging entity):
- Accumulated Depreciation as of the proposed effective date of the transaction:
- Contributions in Aid of Construction:

- Specific surcharges approved by TCEQ:
- Revenues from explicit customer agreements:
- Developer Contributions (please explain):

- Other Contributions (please explain):

Total Contributions in Aid of Construction

- Net Book Value:

☐ If the Original Cost or any of the above items has been established in a rate case proceeding by the PUC, the TWC or the TCEQ, please provide the Application/Docket Number and date:

Application/Docket Number:  Date:

☐ If the applicant is not under the rate jurisdiction of the TCEQ, only the purchase price and information related to Contributions in Aid of Construction is required.

B. Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application.  
[attach additional sheet(s) if necessary]:

See Agreement and Addendum attached to this application

- C. Complete the following proposed entries listed below as shown in books of purchasing (or surviving) company. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations.

Utility Plant in Service:	N/A - MUD
Plant Acquisition Adjustment:	
Extraordinary Loss on Purchase:	
Accumulated Depreciation of Plant:	
Cash:	
Notes Payable:	
Mortgage Payable:	
Others (please list):	

As the purchaser, I understand that it is **my responsibility** in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service.

Purchaser's Initials: HCMUD No. 480 Date: 04/25/2013

14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customers:  
All the customers will be charged the same rates as they were charged before the transaction.  
Some All customers will be charged different rates than they were charged before the transaction.

If rates are changing, please explain:

Area currently undeveloped with no customers. First customers will receive service from MUD at the MUD's then effective rates.

Applicant is an IOU and intends to file with the Commission or municipal regulatory authority an application to change rates of some/all of its customers as a result of this transaction. If so, please explain:

N/A - MUD

Other. Please explain:

15. List all neighboring water and /or sewer utilities, cities, and political subdivisions providing the same service within two (2) miles of area affected by this proposed transaction. This information should be available from the water utility database (WUD) or Applicant's licensed water operator.

HMW SUD  
Quadvest, LP  
Aqua Texas, Inc.  
Tomball, TX  
Harris County  
Harris-Galveston County Subsidence District



16. Financial, Managerial and Technical information for the acquiring entity.

### HISTORICAL BALANCE SHEETS

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
<b>CURRENT ASSETS</b>						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
<b>Total</b>						
<b>FIXED ASSETS</b>						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
<b>Total</b>						
<b>TOTAL ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
<b>TOTAL</b>						
<b>LONGTERM LIABILITIES</b>						
Notes Payable, Long-term						
Other						
<b>TOTAL LIABILITIES</b>						
<b>OWNER'S EQUITY</b>						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
<b>TOTAL OWNER'S EQUITY</b>						
<b>TOTAL LIABILITIES AND EQUITY</b>						
<b>WORKING CAPITAL</b>						
<b>CURRENT RATIO</b>						
<b>DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS</b>						

### HISTORICAL INCOME STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
<b>METER NUMBER</b>						
Existing Number of Taps						
New Taps Per Year						
<b>Total Meters at Year End</b>						
<b>METER REVENUE</b>						
Fees Per Meter						
Cost Per Meter						
<b>Operating Revenue Per Meter</b>						
<b>GROSS WATER REVENUE</b>						
Fees						
Other						
<b>Gross Income</b>						
<b>OPERATING EXPENSES</b>						
General & Administrative						
Interest						
Other						
<b>NET INCOME</b>						

## HISTORICAL EXPENSES STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
<b>Total</b>						
<b>% Increase Per Year</b>						
<b>OPERATIONAL EXPENSES</b>						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
<b>Total</b>						
<b>% Increase Per Year</b>						
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

### PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>CURRENT ASSETS</b>						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
<b>Total</b>						
<b>FIXED ASSETS</b>						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
<b>Total</b>						
<b>TOTAL ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
<b>Total</b>						
<b>LONGTERM LIABILITIES</b>						
Notes Payable, Long-term						
Other						
<b>TOTAL LIABILITIES</b>						
<b>OWNER'S EQUITY</b>						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
<b>TOTAL OWNER'S EQUITY</b>						
<b>TOTAL LIABILITIES AND EQUITY</b>						
<b>WORKING CAPITAL</b>						
<b>CURRENT RATIO</b>						
<b>DEBT TO EQUITY RATIO</b>						
<b>EQUITY TO TOTAL ASSETS</b>						

### PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>METER NUMBER</b>						
Existing Number of Taps						
New Taps Per Year						
<b>Total Meters at Year End</b>						
<b>METER REVENUE</b>						
Fees Per Meter						
Cost Per Meter						
<b>Operating Revenue Per Meter</b>						
<b>GROSS WATER REVENUE</b>						
Fees						
Other						
<b>Gross Income</b>						
<b>OPERATING EXPENSES</b>						
General & Administrative						
Interest						
Other						
<b>NET INCOME</b>						

## PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>GENERAL/ADMINISTRATIVE EXPENSES</b>						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
<b>Total</b>						
<b>% Increase Per Year</b>						
<b>OPERATIONAL EXPENSES</b>						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
<b>Total</b>						
<b>% Increase Per Year</b>						
<b>ASSUMPTIONS</b>						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

## PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
<b>SOURCES OF CASH</b>						
Net Income						
Depreciation (If Funded)						
Loan Proceeds						
Other						
<b>Total Sources</b>						
<b>USES OF CASH</b>						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
<b>Total Uses</b>						
<b>NET CASH FLOW</b>						
<b>DEBT SERVICE COVERAGE</b>						
Cash Available for Debt						
<b>SERVICE (CADS)</b>						
Net Income (Loss)						
Depreciation, or Reserve Interest						
<b>Total</b>						
<b>REQUIRED DEBT SERVICE (RDS)</b>						
Principle Plus Interest						
<b>DEBT SERVICE COVERAGE RATIO</b>						
CADS Divided by RDS						

**PLEASE ANSWER QUESTIONS 17 THROUGH 22 ON A DIFFERENT SHEET  
FOR EACH PHYSICALLY DISTINCT SYSTEM BEING  
TRANSFERRED OR ACQUIRED**

17. A. For Water Systems. TCEQ Public Water System Identification Number:

1	0	1	3	4	0	0
---	---	---	---	---	---	---

Date of last inspection:

B. For Wastewater Systems:

-TCEQ Discharge Permit Number: W Q     -

-Name of Permittee:

-Date of application to transfer Discharge Permit submitted:

-Date of application to transfer Discharge Permit approved by TCEQ:

18. A. Are any improvements required to meet TCEQ standards? ☒ Yes ☐ No. If yes, please explain:

System expansion into the new service area has not yet been designed or built. It will meet or exceed Chapter 290(d) standards.

B. Is there a moratorium on new connections? ☐ Yes ☒ No. If yes, please explain:

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ standards (attach additional sheets if necessary):

Description of the Required Improvement	Schedule to Complete	Estimated Cost
N/A Water plant will be extended from MUD into current WSC service area as		
development is phased in and growth occurs. All will meet or exceed		
TCEQ standards.		

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries? ☐ Yes ☒ No

If yes, indicate the number of customers within the city limits or district boundaries:

N/A  Water  Sewer

**Attach copy of franchise agreement or consent letter from the city or district.**

20. Do you currently purchase water or sewer treatment capacity from another source? ☐ Yes ☒ No

Water      Sewer      Purchased on a      Regular      Seasonal      Emergency Basis

• Source:  % of total supply:



21. List the number of existing connections to be effected by this transaction.

Water			Sewer		
	-Non Metered			-2"meter	
	-5/8" or 3/4" meter			-3" meter	
	-1" meter			-4" meter	
	-1 1/2" meter			-Other	
Total Water Connections:				0	
			Total Sewer Connections		

20. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? ☐ Yes ☐ No  
If yes, please explain what steps are being taken to address the capacity issues:

N/A - system has not been constructed

23. List the name, class, and license number of the operator(s) that will be responsible for the system:

Name	Class	License#
David B Rowe		

24. Attach the following maps with each copy of the application:

- One small scale map clearly showing affected service area with enough detail to accurately locate the area if the application is for the transfer of all or a portion of a CCN.
- One large scale map showing the proposed service area boundaries being sold, transferred, or merged and, if available, the existing and proposed facilities. Color coding should be used to differentiate existing from proposed facilities. Facilities and service area boundaries should be shown with such exactness that they can be located on the ground. If transferring area not currently in a CCN or a portion of an existing CCN area please attach the following hard copy maps with each copy of the application:
  - A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
  - A map showing only the proposed area by:
    - metes and bounds survey certified by a licensed state or registered professional land surveyor; or
    - projectable digital data with metadata (proposed areas should be in a single record and clearly labeled, data disk should be included); or
    - following verifiable natural and man-made landmarks, or
    - a copy of recorded plat map with metes and bounds.
  - A written description of the proposed service area.

OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF Texas

COUNTY OF Harris Travis

I, Mark Zeppa, being duly sworn, file this application for sale, lease, rental or merger or consolidation as Attorney (indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

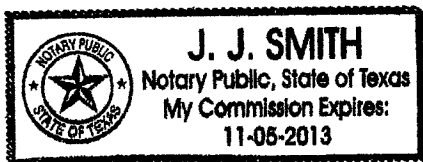
I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(j) and copies of any outstanding Orders of the Commission or Attorney General and have also complied with the notice requirements in Section 13.301(k) of the Water Code.

[Signature]  
AFFIANT  
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,  
day 1st of August, 20 13.

SEAL



[Signature]  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES \_\_\_\_\_

One copy of this page must be submitted for each utility involved in this transaction.

## OATH FOR PURCHASER OR ACQUIRING ENTITY

STATE OF Texas

COUNTY OF Harris

I, Josh Hawes, being duly sworn, file this application for

sale, lease, rental or merger or consolidation as President, Harris County Municipal Utility District No. 480

(indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I am also authorized and do agree to be bound by and comply with any outstanding orders of the Commission or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

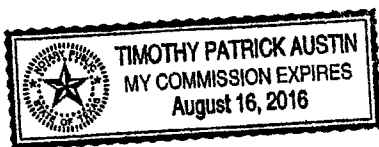
[Signature]  
AFFIANT  
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

Applicant represents that all other parties to this transaction have been furnished copies of this completed application.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,  
day 24 of May, 20 13.

SEAL



[Signature]  
NOTARY PUBLIC IN AND FOR THE  
STATE OF TEXAS

[Signature]  
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 10/1/14

One copy of this page must be submitted for each utility involved in this transaction.

***Notice to Current Customers, Neighboring Systems and Cities***

HOE WSC \_\_\_\_\_ 'S  
(Seller's or Transferor's Name)

NOTICE OF INTENT TO TRANSFER A PORTION OF CERTIFICATE OF CONVENIENCE AND  
NECESSITY (CCN) NO 12756 TO HARRIS COUNTY MUD NO. 480  
(Purchaser's or Transferee's Name)  
IN Harris COUNTY, TEXAS

To: \_\_\_\_\_ Date Notice Mailed \_\_\_\_\_, 20 \_\_\_\_  
(Name of Customer, Neighboring System or City)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
City State Zip

HOE WSC, P O Box 1180,  
Pinehurst, TX 77362-1180

Sellers or Transferors' Name	Address	City/State/Zip Code
------------------------------	---------	---------------------

has submitted an application with the Texas Commission on Environmental Quality to transfer a portion of  
water CCN No. 12756 in Harris County to:  
Harris County MUD No. 480, 1621  
Milan Street, 3<sup>rd</sup> Floor, Houston, TX  
77002-8059

Purchasers or Transferee's Name	Address	City/State/Zip Code
---------------------------------	---------	---------------------

The sale is scheduled to take place as approved by the Executive Director (V.T.C.A., Water Code §13.301). The transaction and the transfer of the CCN include the following subdivision(s) and zip codes:

Undevel  
oped  
land in  
77375

The area subject to this transaction is located approximately 2 miles east [direction] of  
downtown Tomball Texas, and is **generally** bounded on the north by  
Spring Creek ;on the east by Hufsmith Cemetery Road  
;on the south by Hufsmith ;and on the west by FM 2978

The total area being requested includes approximately 18 acres and serves 0 current customers.  
This transaction will have the following effect on the current customer's rates and services:

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Executive Director will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Executive Director may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities and Districts Section, MC-153  
P. O. Box 13087, Austin, TX 78711-3087

**Se desea informacion on Espanol, puede llamar al 512-239-0200.**

Mark Zeppa, Attorney  
Utility Representative

HOE WSC  
Utility Name

***Notice to Current Customers, Neighboring Systems, Landowner and Cities***

\_\_\_\_\_'S NOTICE OF INTENT TO SELL FACILITIES TO

(Seller's or Transferor's Name)

AND FOR

(Purchaser's or Transferee's Name)

(Purchaser's or Transferee's Name)

TO OBTAIN OR AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN  
\_\_\_\_\_  
COUNTY, TEXASTo: \_\_\_\_\_ Date Notice Mailed \_\_\_\_\_, 20 \_\_\_\_  
(Name of Customer, Neighboring System, Landowner or City)

(Address)

City State Zip

Sellers or Transferors' Name

Address

City/State/Zip Code

has submitted an application with the Texas Commission on Environmental Quality to sell water or sewer (please select) Facilities in \_\_\_\_\_ [County Name] County to:

Purchasers or Transferee's Name

Address

City/State/Zip Code

The transferee has also requested to obtain/amend a CCN in this application. The sale is scheduled to take place as approved by the Executive Director (V.T.C.A., Water Code §13.301). The transaction and the proposed service area include the following subdivision(s) and zip codes:

The area subject to this transaction is located approximately \_\_\_\_\_ miles \_\_\_\_\_ [direction] of downtown \_\_\_\_\_, [City or Town] Texas, and is **generally** bounded on the north by \_\_\_\_\_; on the east by \_\_\_\_\_; on the south by \_\_\_\_\_; and on the west by \_\_\_\_\_

The total area being requested includes approximately \_\_\_\_\_ acres and serves \_\_\_\_\_ current customers. This transaction will have the following effect on the current customer's rates and services:

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Executive Director will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Executive Director may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

Texas Commission on Environmental Quality  
Water Supply Division  
Utilities and Districts Section, MC-153  
P. O. Box 13087, Austin, TX 78711-3087

**Se desea informacion on Espanol, puede llamar al 512-239-0200.**

---

Utility Representative

---

Utility Name

[TCEQ Home](#)[Districts](#)[Utilities](#)[PWSs](#)[Maps](#)[Documents](#)[Reports](#)[WUD Main](#)

## Utility details for HOE WSC (12756)

[Affiliations](#)[Documents](#)

### Properties

CR Regulated Entity Number: **RN101204220**CCEDS Status: **NO ACTIVE NOE EXISTS**Utility Type: **WATER UTILITY**Ownership Type: **WATER SUPPLY CORPORATION**Primary County: **HARRIS**County Code: **101**

### Customers

**Reference Number**

CN600648547

**Name**

HOE WSC

**Role**

RESPONSIBLE PARTY

### Official Address / Phone

Address: **PO BOX 1180****PINEHURST , TEXAS 77362-1180**Telephone: **(281) 825-8822**

### PWS for this Utility

<b>PWS Name</b>	<b>PWS ID</b>	<b>Status</b>	<b>District(Number)</b>
<u>HOE WSC</u>	1011101	A	

Water System occurrences retrieved.

### Counties

<b>Code</b>	<b>County Name</b>	<b>Primary</b>
101	HARRIS	Y

### Activity

Activity Status: **ACTIVE**Start Date: **04/24/1995**End Date: **12/31/9999**Activity Date: **04/24/1995**[Run Utility Summary Report](#)  
[Show Map](#)

Utility successfully retrieved.



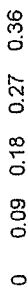
P.O. Box 13087

**For more information**

Water Supply Division at (512) 239-4691.











08/01/2013

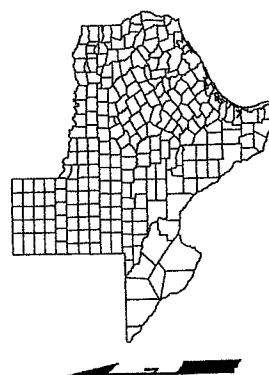
### The Selected Area of Interest



Miles

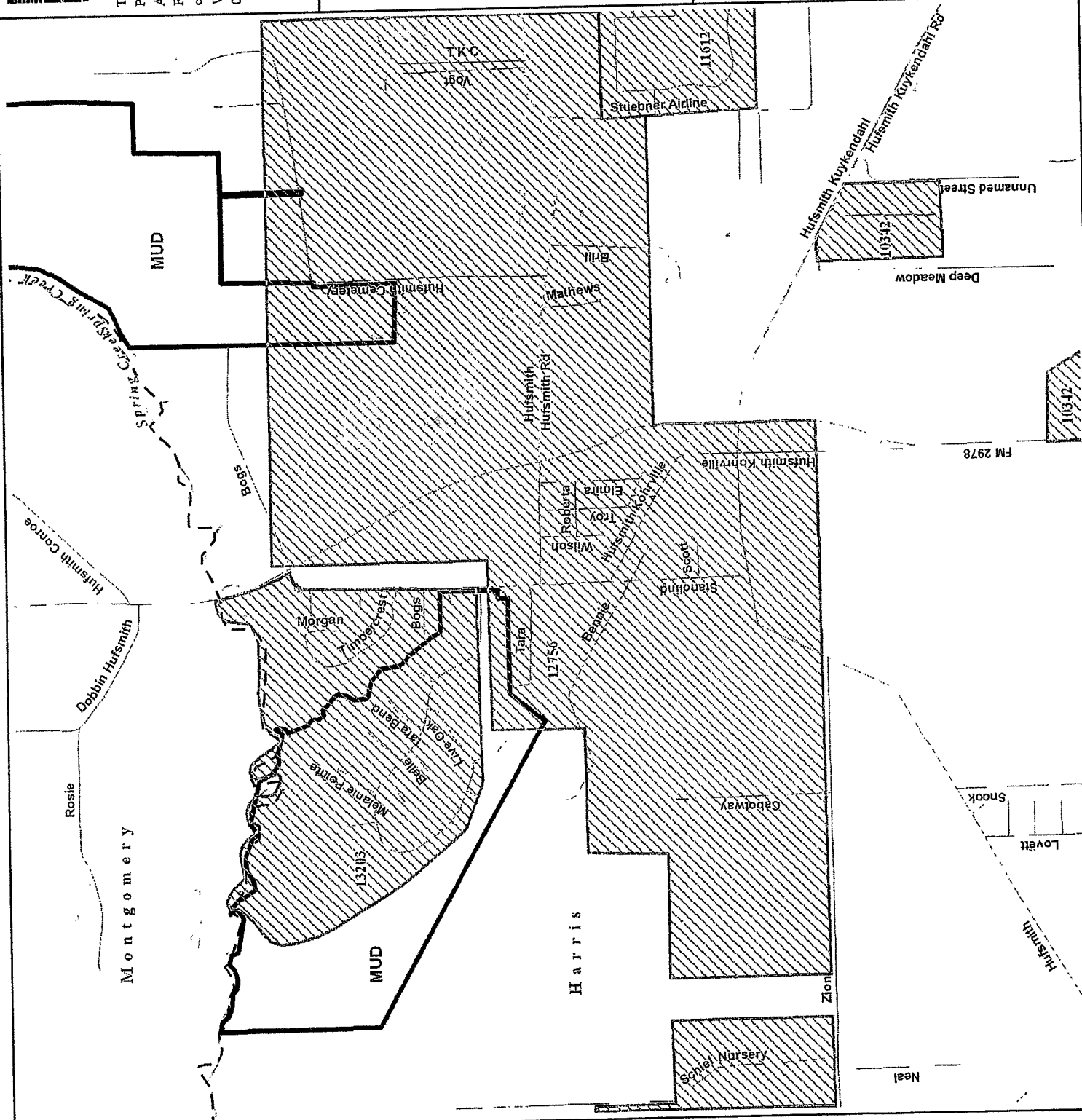
### Legend

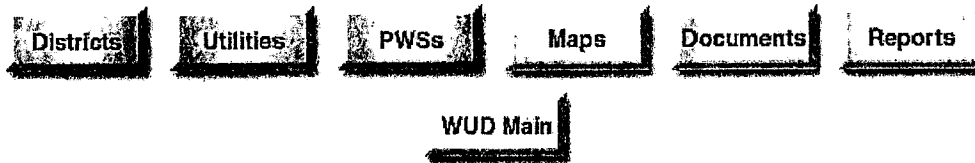
-  Water CCN Facility Line  
 Sewer CCN Facility Line  
 Sanate - Districts  
 House - Districts  
 TCEQ Service Region Boundary  
 County Boundary  
 Sewer CCN Service Area  
 Water CCN Service Area  
 City Boundary  
**CCN Overlap Key**  
 Sewer-Water CCN Service Area



**Disclaimer:**

This map was generated by the Integrated Water Utilities Database (IWUD) from the Texas Commission on Environmental Quality. No claims are made to the accuracy or completeness of the data or to its suitability for a particular use.



[TCEQ Home](#)


**District Name: HARRIS COUNTY MUD 480**  
**(3737175)**

**Affiliations**    **Documents**

### Properties

CR Regulated Entity Number: **RN105173876**  
 CCEDS Status: **NO ACTIVE NOE EXISTS**  
 District Type: **MUNICIPAL UTILITY DISTRICT**  
 Creation Type: **TCEQ**  
 Primary County: **HARRIS**  
 Financial Status: **AUDIT FILED**  
 Acre Size: **483.424**  
 Directors: **5**  
 Closure: **Y**

### Customers

Reference Number	Name	Role
CN603070038	HARRIS COUNTY MUD 480	RESPONSIBLE PARTY

### Functions

Function	Entry Date
DRAINAGE	02/22/2007
EMINENT DOMAIN	02/22/2007
FLOOD CONTROL	02/22/2007
HYDROELECTRIC	02/22/2007
IRRIGATION	02/22/2007
NAVIGATION	02/22/2007
RECREATION AND PARKS	02/22/2007
ROAD POWERS	02/22/2007
STREET LIGHTING	02/22/2007
SUPPLY TREATED OR RETAIL WATER	02/22/2007
SUPPLY RAW (UNTREATED) OR WHOLESALE WATER	02/22/2007
TAX BOND AUTHORITY	02/22/2007

Occurrences retrieved.

### Associated Public Water Systems

PWS Name	PWSID	Status	CCN	Utility Name
<u>HARRIS COUNTY MUD 480</u>	1013400	ACTIVE		

Water System occurrences retrieved.

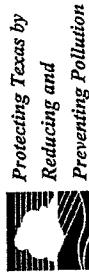
### Associated Utility Systems

Utility Name	Status	CCN
<u>HARRIS COUNTY MUD 480</u>	ACTIVE	P1421

Utility occurrences retrieved.

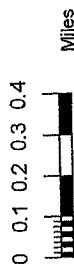
### Counties

Code	County Name	Primary
480	HARRIS	Y



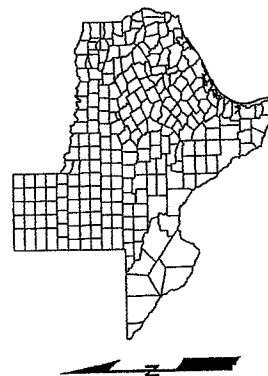
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087  
For more information  
concerning this map, please contact the  
Water Supply Division at (512) 239-4691.  
08/01/2013

## The Selected Area of Interest

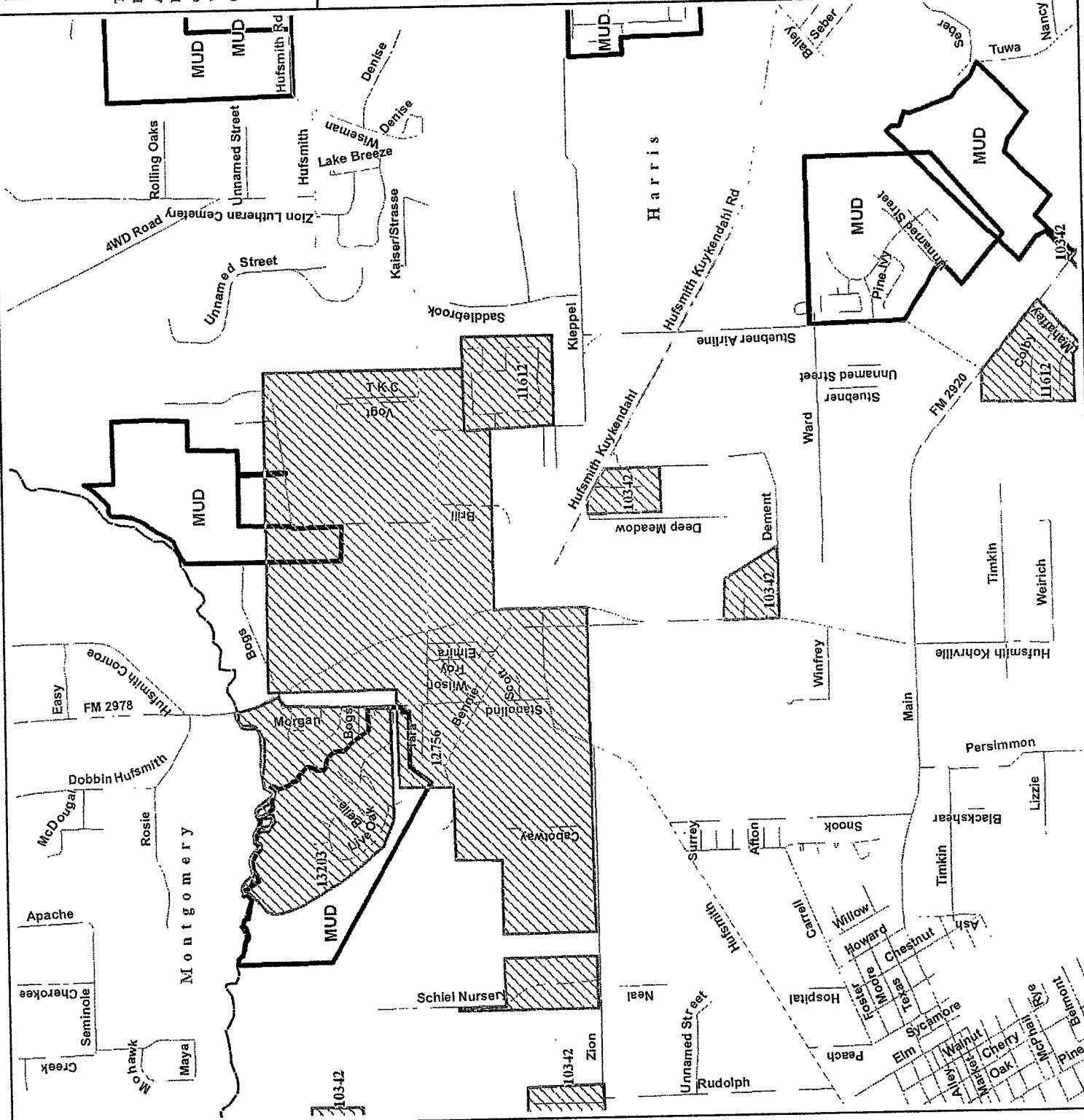


### Legend

- Water CCN Facility Line
- Sewer CCN Facility Line
- Senate - Districts
- House - Districts
- TCEQ Service Region Boundary
- County Boundary
- Sewer CCN Service Area
- Water CCN Service Area
- City Boundary
- CCN Overlay Key
- Sewer-Water CCN Service Area



Disclaimer:  
This map was generated by the Integrated Water Utilities  
Database (IWUD) from the Texas Commission on  
Environmental Quality. No claims are made to the  
accuracy or completeness of the data or to its suitability  
for a particular use.





## AGREEMENT FOR THE RELEASE OF CERTIFICATED RETAIL PUBLIC WATER UTILITY SERVICE AREA

This Agreement is between John N. Taylor and/or assigns, (together hereinafter "Taylor"), Harris County Municipal Utility District No. 480 ("MUD 480") and HOE Water Supply Corporation ("WSC") for the release and removal of property being acquired by Taylor from the certificated retail public water utility service area of WSC.

This agreement is made pursuant to Texas Water Code §§13.248 and 13.254(a)(1) and (3). It shall be contingent upon Texas Commission on Environmental Quality ("TCEQ") approval as provided by law.

### BACKGROUND FACTS

1. WSC holds certificate of convenience and necessity ("CCN") No. 12756 as shown on the attached Exhibit 1 to provide water utility service only to a portion of Harris County.
2. Taylor is acquiring that portion of CCN No. 12756 designated as "MUD" on Exhibit 1.
3. WSC has no water utility service to or physical plant in that portion of CCN No. 12756 designated as "MUD" on Exhibit 1.
4. Taylor intends to obtain water and sewer utility service from MUD 480.
5. WSC agrees to release that portion of CCN No. 12756 designated as "MUD" on Exhibit 1 for \$18,000 in total compensation for lost or idled service capacities and revenues (current and future).

### AGREEMENT

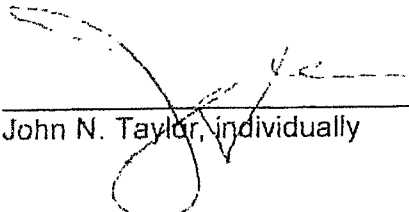
1. Taylor shall pay WSC \$18,000 for the release of WSC's service area depicted as "MUD" on Exhibit 1. These funds will be paid by Taylor on or before March 31, 2013 as part of the closing of the property by Taylor and will be held in escrow by Alamo Title Company, 1800 Bering Drive, Ste 150, Houston, Texas 77057, attn: David Pitschmann, until the TCEQ issues its administrative order releasing the affected area from WSC's CCN and amending that CCN. Alamo Title shall release the funds to WSC upon being presented with a copy of a signed release/CCN amendment order.

2. Taylor shall prepare, prosecute and bear all expenses for an application(s) with the TCEQ needed to have the affected area decertificated under the terms of this Agreement.
3. Taylor, his agents, contractors and employees shall be authorized to enter into the affected area and begin the process of developing water utility service facilities of MUD 480 upon the execution of this Agreement.
4. This Agreement may be assigned by either party.

ENTERED INTO AND TO BE PERFORMED IN HARRIS COUNTY, TEXAS ON  
THE 6TH DAY OF MARCH, 2013.

TAYLOR

BY:

  
\_\_\_\_\_  
John N. Taylor, individually

HOE WATER SUPPLY CORPORATION

BY: \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

BY:

  
\_\_\_\_\_  
Name Josh Hawes

Title President



**FIRST ADDENDUM TO  
AGREEMENT FOR THE RELEASE OF CERTIFICATED RETAIL PUBLIC  
WATER UTILITY SERVICE AREA**

This First Addendum to that certain Agreement between John N. Taylor and his assign, BBRR Partners, Ltd. (together hereinafter "Taylor"), Harris County Municipal Utility District No. 480 ("MUD 480") and HOE Water Supply Corporation ("WSC") for the release and removal of property being acquired by Taylor from the certificated retail public water utility service area of WSC is entered into to allow the interim release of some of the escrowed consideration to WSC.

**MODIFICATION OF ORIGINAL AGREEMENT**

1. Taylor has paid WSC \$18,000 for the release of WSC's service area depicted as "MUD" on Exhibit 1 of the Original Agreement. These funds were paid by Taylor on or before March 31, 2013 as part of the closing of the property by Taylor and are being held in escrow by StarTex Title Company, 617 Caroline, Houston, TX 77002, attn: Margo Chatham, Vice President Commercial Escrow Division until the TCEQ issues its administrative order releasing the affected area from WSC's CCN and amending that CCN. StarTex Title shall release the funds to WSC upon being presented with a copy of a signed release/CCN amendment order.
2. Filing the application for TCEQ approval of the Agreement has taken longer than expected. In the meanwhile, WSC has capital improvements needing immediate funding.
3. It is agreed that StarTex Title may now release \$10,000 of the escrowed funds to WSC. The \$8,000 balance shall be released when StarTex Title is presented with a copy of a signed release/CCN amendment order.
4. If the TCEQ refuses or fails to approve the service area transfer, WSC shall repay the \$10,000 to Taylor within 120 days of the TCEQ's order.

ENTERED INTO AND TO BE PERFORMED IN HARRIS COUNTY, TEXAS ON  
THE 15TH DAY OF MAY, 2013.



TAYLOR

BY: 

BBRR Partners, Ltd, a Texas limited partnership  
By: Boggs & Roads, LLC., a Texas limited liability  
company and general partner, By: John N. Taylor,  
Manager

BY: 

John N. Taylor, individually

HOE WATER SUPPLY CORPORATION

BY: 

Name John A. Mueller

Title President

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

BY: 

Name Josh Hawes

Title President

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**

**HARRIS COUNTY, TEXAS**

**FINANCIAL REPORT**

**NOVEMBER 30, 2007**

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**McCALL, GIBSON & COMPANY, PLLC**  
*Certified Public Accountants*

13831 Northwest Frwy.  
Suite 610  
Houston, Texas 77040-5216  
(713) 462-0341  
Fax (713) 462-2708  
E-Mail: [mccallgibson@mccallgibson.com](mailto:mccallgibson@mccallgibson.com)

*Member American  
Institute of Certified  
Public Accountants*

*Texas Society of  
Certified Public  
Accountants*

Board of Directors  
Harris County Municipal  
Utility District No. 480  
Harris County, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 480 (the "District") as of and for the inception period ended November 30, 2007, which collectively comprise the District's basic financial statements as listed in the preceding table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted as promulgated within 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 November 30, 2007, and the respective changes in financial position for the inception period then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors  
Harris County Municipal  
Utility District No. 480

The Management's Discussion and Analysis on pages 3 through 6 and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on page 23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McCall, Gibson & Company, PLLC*

McCall, Gibson & Company, PLLC  
Certified Public Accountants

May 8, 2008

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE INCEPTION PERIOD ENDED NOVEMBER 30, 2007**

Our discussion and analysis of Harris County Municipal Utility District No. 480's (the "District") financial performance provides an overview of the District's financial activities for the inception period ended November 30, 2007. Please read it in conjunction with the District's financial statements, which begin on page 7.

**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 Assets and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances. This report also includes 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 portion of these statements provides 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 first of the government-wide statements is the Statement of Net Assets. This information is found in the Statement of Net Assets column on page 7. The Statement of Net Assets is the District-wide statement of its financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The government-wide portion of Statement of Activities on page 9 reports how the District's net assets changed during the inception period. All revenues and expenses during the inception period are included regardless of when cash is received or paid.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE INCEPTION PERIOD ENDED NOVEMBER 30, 2007**

**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 one governmental fund type. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures.

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 Assets on page 8 and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities on page 10 explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 11 through 21 in this report.

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$128,907 as of November 30, 2007.

With the first-year audit, the District is not presenting comparable prior-year columns in the various comparisons and analyses. In future years, when prior-year information is available, a comparative analysis of government-wide changes in net assets will be presented.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE INCEPTION PERIOD ENDED NOVEMBER 30, 2007**

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

	Summary of the Statement of Net Assets
	<u>2007</u>
Current and Other Assets	\$ 144,150
Capital Assets (Net of Accumulated Depreciation)	<u>1,533,324</u>
Total	<u>\$ 1,677,474</u>
Due to Developer	\$ 1,639,045
Other Liabilities	<u>167,336</u>
Total Liabilities	<u>\$ 1,806,381</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	\$ (20,721)
Unrestricted	<u>(108,186)</u>
Total Net Assets	<u>\$ (128,907)</u>

The following table provides a summary of the District's operations for the inception period ended November 30, 2007. Being a newly created district, comparative data is not presented. The District's net assets decreased by 128,907 during the inception period.

	Summary of the Statement of Activities
	<u>2007</u>
Revenues:	
Charges for Services	\$ 16,930
Other Revenues	<u>1,222</u>
Total Revenues	\$ 18,152
Expenses for Services	<u>147,059</u>
Change in Net Assets	\$ (128,907)
Net Assets, Beginning of Year	<u>-0-</u>
Net Assets, End of Year	<u>\$ (128,907)</u>



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE INCEPTION PERIOD ENDED NOVEMBER 30, 2007**

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

The General Fund fund balance decreased by \$23,186, primarily due to developer advances being less than the cost of operations during the start-up period.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the budget during the inception period ended November 30, 2007. Actual revenues were \$18,152 more than budgeted revenues. Actual expenditures were \$32,677 less than budgeted expenditures. In addition, developer advances were less than budgeted by \$75,000. See the budget to actual comparison on page 23.

**CAPITAL ASSETS**

The District's investment in capital assets as of November 30, 2007, amounts to \$1,533,324 (net of accumulated depreciation). This investment in capital assets includes the water, wastewater and drainage systems.

Current year capital outlay includes water, sewer and drainage facilities to serve Pine Trace Valley Sections 1 and 2.

Capital Assets At Year-End, Net of Accumulated Depreciation

Capital Assets Subject to Depreciation	
Water System	\$ 208,883
Wastewater System	626,456
Drainage System	<u>697,985</u>
Total Net Capital Assets	<u>\$ 1,533,324</u>

Additional information on the District's capital assets can be found in Note 4 on page 17 of this report.

**LONG-TERM DEBT**

As of November 30, 2007, the District has recorded a liability to its Developer of \$1,639,045. See Notes 6 and 7 for further disclosure.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Harris County Municipal Utility District No. 480's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 480, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**NOVEMBER 30, 2007**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash, Note 3	\$ 17,492	\$	\$ 17,492
Receivables:			
Service Accounts (Net of Allowance for Uncollectible Account of \$-0-)	2,197		2,197
Property Taxes	124,461		124,461
Capital Assets, Net of Accumulated Depreciation, Note 4		<u>1,533,324</u>	<u>1,533,324</u>
<b>TOTAL ASSETS</b>	<u>\$ 144,150</u>	<u>\$ 1,533,324</u>	<u>\$ 1,677,474</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 41,300	\$	\$ 41,300
Deferred Property Taxes	124,461		124,461
Due to Developer, Notes 6 and 7		1,639,045	1,639,045
Security Deposits	<u>1,575</u>		<u>1,575</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 167,336</u>	<u>\$ 1,639,045</u>	<u>\$ 1,806,381</u>
<b>FUND BALANCES/NET ASSETS</b>			
<b>FUND BALANCES</b>			
Unreserved/Undesignated	\$ (23,186)	\$ 23,186	\$ -0-
<b>TOTAL FUND BALANCES (DEFICIT), NOTE 12</b>	<u>\$ (23,186)</u>	<u>\$ 23,186</u>	<u>\$ -0-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 19,689</u>		
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt		\$ (20,721)	\$ (20,721)
Unrestricted		<u>(108,186)</u>	<u>(108,186)</u>
<b>TOTAL NET ASSETS</b>		<u>\$ (128,907)</u>	<u>\$ (128,907)</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**NOVEMBER 30, 2007**

Total Fund Balances – Governmental Funds	\$ (23,186)
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	1,533,324
Amounts paid by a developer on behalf of the District to be reimbursed from a future bond sale are recorded as liabilities in the Statement of Net Assets.	<u>(1,639,045)</u>
Total Net Assets – Governmental Activities	<u>\$ (128,907)</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE INCEPTION PERIOD ENDED NOVEMBER 30, 2007**

	General Fund	Adjustments	Statement of Activities
<b>REVENUES</b>			
Water Service	\$ 2,502	\$	\$ 2,502
Wastewater Service	888		888
Penalty and Interest	133		133
Tap Connection and Inspection Fees	12,599		12,599
Regional Water Authority Fees	808		808
Investment Revenues	1,197		1,197
Miscellaneous Revenues	<u>25</u>		<u>25</u>
<b>TOTAL REVENUES</b>	<u>\$ 18,152</u>	<u>\$ -0-</u>	<u>\$ 18,152</u>
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
Professional Fees	\$ 50,546	\$	\$ 50,546
Contracted Services	3,550		3,550
Repairs and Maintenance	34,673		34,673
Operating Lease, Note 10	14,580		14,580
Depreciation, Note 4		20,721	20,721
Other	<u>22,989</u>		<u>22,989</u>
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 126,338</u>	<u>\$ 20,721</u>	<u>\$ 147,059</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	<u>\$ (108,186)</u>	<u>\$ (20,721)</u>	<u>\$ (128,907)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances, Note 6	<u>\$ 85,000</u>	<u>\$ (85,000)</u>	<u>\$ -0-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<u>\$ (23,186)</u>	<u>\$ 23,186</u>	<u>\$</u>
<b>CHANGES IN NET ASSETS</b>		(128,907)	(128,907)
<b>FUND BALANCES – INCEPTION, JANUARY 30, 2007</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>FUND BALANCES (DEFICIT), NOTE 12 – NOVEMBER 30, 2007</b>	<u>\$ (23,186)</u>	<u>\$ (105,721)</u>	<u>\$ (128,907)</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE INCEPTION PERIOD ENDED NOVEMBER 30, 2007**

Change in Fund Balances - Governmental Funds \$ (23,186)

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

Governmental funds do not account for depreciation. However, in the Statement of Net Assets, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (20,721)

In governmental funds, developer advances are reported as other financing sources. However, in the government-wide financial statements, these advances are recorded as a liability to the developer. (85,000)

Change in Net Assets - Governmental Activities \$ (128,907)

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2007**

**NOTE 1. CREATION OF DISTRICT**

Harris County Municipal Utility District No. 480 (the "District") was created effective January 30, 2007, by an Order of the Texas Commission on Environmental Quality, (the "Commission"). 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 to construct parks and recreational facilities for the residents of the District. The Board of Directors held its first meeting on February 28, 2007.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic 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. 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 Governmental Accounting Standards Board has established the criteria for determining whether or not a given entity is a component unit. The criteria are: (1) is the potential component unit a legally separate entity, (2) does the primary government appoint a voting majority of the potential component unit's board, (3) is the primary government able to impose its will on the potential component unit, (4) is there a financial benefit or burden relationship. The District was created as an independent municipality. The District does not meet the criteria for inclusion as a component unit of any entity nor does any other entity meet the component unit criteria for inclusion in the District's basic financial statements.

Financial Statement Presentation

These financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34-Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments.

The financial statements include:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and changes in financial position.
- Government-wide financial statements prepared using the accrual basis of accounting for all of the District's governmental activities.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2007**

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

Financial Statement Presentation (Continued)

GASB Statement No. 34 established standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Assets and a Statement of Activities. It requires the classification of net assets into three components: Invested in Capital Assets, Net of Related Debt; Restricted; and Unrestricted. These classifications are defined as follows:

- Invested in Capital Assets, Net of Related Debt – This component of net assets 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 Assets – This component of net assets 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 Assets – This component of net assets consists of net assets that do not meet the definition of "Restricted" or "Invested in Capital Assets, Net of Related Debt."

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 Assets and the Statement of Activities display information about the District as a whole. The District's Statement of Net Assets 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 Assets 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 Assets.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2007**

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

Government-Wide Financial Statements (Continued)

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.

Governmental Funds

The District has one major governmental fund.

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

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 revenue reported in governmental funds to be available if they are collectable within sixty (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.

Deferred 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. The 2007 tax levy has been fully deferred to meet the operating costs of the 2008 fiscal year.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2007**

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

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as another financing source or use. 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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Assets. 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 an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. 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. Interest costs, including developer interest, 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 greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amend during the inception period.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2007**

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

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that Directors are considered to be "employees" for federal 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 Assets 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 assets, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net assets.

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 resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances are included on the Balance Sheet as follows:

Reserved:

To indicate fund equity which is legally segregated for a specific future use.

Unreserved:

Designated - To indicate fund equity for which the District has made tentative plans.

Undesignated - To indicate fund equity which is available for use in future periods.

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.