

WEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 16  
WEST HARRIS COUNTY, TEXAS  
ANNUAL AUDIT REPORT  
SEPTEMBER 30, 2023

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January 15, 2024

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
West Harris County Municipal  
Utility District No. 16  
Harris County, Texas

### **Opinions**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the West Harris County Municipal Utility District No. 16 as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise West Harris County Municipal Utility District No. 16's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the West Harris County Municipal Utility District No. 16, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of West Harris County Municipal Utility District No. 16, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Harris County Municipal Utility District No. 16's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. I obtain an understanding of internal control relevant to the audit 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 West Harris County Municipal Utility District No. 16's internal control. Accordingly, no such opinion is expressed. I evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Harris County Municipal Utility District No. 16's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)**Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Harris County Municipal Utility District No. 16's basic financial statements. The supplementary information on Pages 21 to 35 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in black ink, appearing to read "M. A. J.", is located in the lower right quadrant of the page.

## Management's Discussion and Analysis

### Using this Annual Report

Within this section of the West Harris County Municipal Utility District No. 16 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2023.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water, sewer, and drainage services. Other activities, such as security services and street lighting, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

#### *Government-Wide Financial Statements*

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

#### *Fund Financial Statements*

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

**Financial Analysis of the District as a Whole**

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District’s overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current and other assets	\$ 2,086,744	\$ 903,184	\$ 1,183,560
Capital assets	<u>5,845,036</u>	<u>3,057,250</u>	<u>2,787,786</u>
Total assets	<u>7,931,780</u>	<u>3,960,434</u>	<u>3,971,346</u>
Long-term liabilities	7,254,810	3,457,708	3,797,102
Other liabilities	<u>75,721</u>	<u>35,925</u>	<u>39,796</u>
Total liabilities	<u>7,330,531</u>	<u>3,493,633</u>	<u>3,836,898</u>
Net position:			
Invested in capital assets, net of related debt	(1,057,182)	125,166	(1,182,348)
Restricted	128,547	0	128,547
Unrestricted	<u>1,529,884</u>	<u>341,635</u>	<u>1,188,249</u>
Total net position	<u>\$ 601,249</u>	<u>\$ 466,801</u>	<u>\$ 134,448</u>

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues:			
Property taxes	\$ 688,576	\$ 352,375	\$ 336,201
Charges for services	225,118	165,473	59,645
Other revenues	<u>57,588</u>	<u>8,039</u>	<u>49,549</u>
Total revenues	<u>971,282</u>	<u>525,887</u>	<u>445,395</u>
Expenses:			
Service operations	496,634	258,240	238,394
Debt service	<u>340,200</u>	<u>0</u>	<u>340,200</u>
Total expenses	<u>836,834</u>	<u>258,240</u>	<u>578,594</u>
Change in net position	134,448	267,647	(133,199)
Net position, beginning of year	<u>466,801</u>	<u>199,154</u>	<u>267,647</u>
Net position, end of year	<u>\$ 601,249</u>	<u>\$ 466,801</u>	<u>\$ 134,448</u>

**Financial Analysis of the District’s Funds**

The District’s combined fund balances as of the end of the fiscal year ended September 30, 2023, were \$2,041,391, an increase of \$1,174,734 from the prior year.

The General Fund balance increased by \$657,791, in accordance with the District’s financial plan.

The Debt Service Fund balance increased by \$367,132, in accordance with the District’s financial plan.

The Capital Projects Fund balance increased by \$149,811 as proceeds from the District’s Series 2023 bonds and interest earnings on deposits and investments exceeded authorized expenditures.



### General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 20 of this report. The budgetary fund balance as of September 30, 2023, was expected to be \$1,106,537 and the actual end of year fund balance was \$1,524,448.

### Capital Asset and Debt Administration

#### Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows:

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 1,857,759	\$	\$ 1,857,759
Construction in progress	2,688,777	2,932,084	(243,307)
Water facilities	277,521	116,874	160,647
Sewer facilities	1,020,979	8,292	1,012,687
Totals	<u>\$ 5,845,036</u>	<u>\$ 3,057,250</u>	<u>\$ 2,787,786</u>

Changes to capital assets during the fiscal year ended September 30, 2023, are summarized as follows:

Additions:		
Utilities constructed by developer		\$ 2,820,574
Decreases:		
Depreciation		<u>(32,788)</u>
Net change to capital assets		<u>\$ 2,787,786</u>

#### Debt

Changes in the bonded debt position of the District during the fiscal year ended September 30, 2023, is summarized as follows:

Bonded debt payable, beginning of year	\$
Bonds sold	<u>4,300,000</u>
Bonded debt payable, end of year	<u>\$ 4,300,000</u>

At September 30, 2023, the District had \$35,700,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$5,000,000 for recreational facilities authorized but unissued.

The District's bonds are not rated or insured.

As further described in Note 5 of the notes to the financial statements, developers within the District have advanced funds for operations. The District has agreed to reimburse the developers from the proceeds of future bond issues subject to the approval of the Texas Commission on Environmental Quality. As of September 30, 2023, the cumulative amount of developer advances for this purpose was \$404,051.

As further described in Note 5 of the notes to the financial statements, a developer within the District has constructed water, sewer and drainage facilities on behalf of the District under the terms of contracts with the District. In addition, the developer has advanced funds to purchase wastewater treatment capacity in a plant now operated by the City of Houston (see Note 9 of the Notes to the Financial Statements). The District has agreed to reimburse the developer and purchase these facilities from the proceeds of future bond issues subject to the approval of the Texas Commission on Environmental Quality. At September 30, 2023, the estimated amount due to the developer for this purpose was \$2,688,777.

## **RELEVANT FACTORS AND WATER SUPPLY ISSUES**

### *Property Tax Base*

The District's tax base increased approximately \$5,630,000 for the 2022 tax year (approximately 13%), due to the increase in the average valuation on taxable property within the district.

### *Relationship to the City of Houston*

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Houston pursuant to a successful election in the District. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

### *Water Supply Issues*

The District is within the Harris-Galveston Subsidence District (the "Subsidence District"). The Subsidence District has ordered certain areas within the Subsidence District to reduce groundwater withdrawals and convert most of their water supply from groundwater to surface water under various schedules pursuant to a Groundwater Reduction Plan Agreement. The District is not required to enter into a Groundwater Reduction Plan Agreement because it does not own a well. The District purchases its water from the City of Houston, which has satisfied the requirements of the Subsidence District.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET

SEPTEMBER 30, 2023

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
<b>ASSETS</b>						
Cash, including interest-bearing accounts, Note 7	\$ 65,928	\$	\$ 460	\$ 66,388	\$	\$ 66,388
Certificates of deposit, at cost, Note 7	200,000			200,000		200,000
Temporary investments, at cost, Note 7	1,259,635	367,132	149,351	1,776,118		1,776,118
Receivables:						
Property taxes	4,358			4,358		4,358
Accrued penalty and interest on property taxes				0	1,078	1,078
Service accounts	17,559			17,559		17,559
Accrued interest	6,033			6,033		6,033
Other	15,210			15,210		15,210
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	4,546,536	4,546,536
Depreciable capital assets				0	1,298,500	1,298,500
<b>Total assets</b>	<b><u>\$1,568,723</u></b>	<b><u>\$ 367,132</u></b>	<b><u>\$ 149,811</u></b>	<b><u>\$ 2,085,666</u></b>	<b><u>5,846,114</u></b>	<b><u>7,931,780</u></b>
<b>LIABILITIES</b>						
Accounts payable	\$ 33,983	\$	\$	\$ 33,983		33,983
Accrued interest payable				0	26,786	26,786
Customer deposits	5,934			5,934		5,934
Long-term liabilities, Note 5:						
Due within one year				0	9,018	9,018
Due in more than one year				0	7,254,810	7,254,810
<b>Total liabilities</b>	<b><u>39,917</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>39,917</u></b>	<b><u>7,290,614</u></b>	<b><u>7,330,531</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property tax revenues	<u>4,358</u>	<u>0</u>	<u>0</u>	<u>4,358</u>	<u>(4,358)</u>	<u>0</u>
<b>FUND BALANCES / NET POSITION</b>						
Fund balances:						
Restricted for bond interest, Note 5		361,610		361,610	(361,610)	0
Assigned to:						
Debt service		5,522		5,522	(5,522)	0
Capital projects			149,811	149,811	(149,811)	0
Unassigned	<u>1,524,448</u>			<u>1,524,448</u>	<u>(1,524,448)</u>	<u>0</u>
<b>Total fund balances</b>	<b><u>1,524,448</u></b>	<b><u>367,132</u></b>	<b><u>149,811</u></b>	<b><u>2,041,391</u></b>	<b><u>(2,041,391)</u></b>	<b><u>0</u></b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b><u>\$1,568,723</u></b>	<b><u>\$ 367,132</u></b>	<b><u>\$ 149,811</u></b>	<b><u>\$ 2,085,666</u></b>		
Net position:						
Invested in capital assets, net of related debt					(1,057,182)	(1,057,182)
Restricted for debt service					(21,264)	(21,264)
Restricted for capital projects					149,811	149,811
Unrestricted, Note 5					1,529,884	1,529,884
<b>Total net position</b>					<b><u>\$ 601,249</u></b>	<b><u>\$ 601,249</u></b>

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

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
<b>REVENUES</b>						
Property taxes	\$ 683,742	\$	\$	\$ 683,742	\$ 3,981	\$ 687,723
Water service	68,418			68,418		68,418
Sewer service	41,487			41,487		41,487
Penalty and interest	19,234			19,234	853	20,087
Tap connection and inspection fees	91,580			91,580		91,580
Interest on deposits	49,808	5,522	2,258	57,588		57,588
Other	4,399			4,399		4,399
<b>Total revenues</b>	<b>958,668</b>	<b>5,522</b>	<b>2,258</b>	<b>966,448</b>	<b>4,834</b>	<b>971,282</b>
<b>EXPENDITURES / EXPENSES</b>						
Service operations:						
Purchased services, Note 9	80,457			80,457		80,457
Professional fees	69,369			69,369		69,369
Contracted services	52,280			52,280		52,280
Repairs and maintenance	37,862			37,862		37,862
Other operating expenditures	3,653			3,653		3,653
Administrative expenditures	26,011			26,011		26,011
Depreciation				0	32,788	32,788
Capital outlay / non-capital outlay	31,245		3,185,454	3,216,699	(3,185,454)	31,245
Interest on developer construction			162,969	162,969		162,969
Debt service:						
Bond issuance expenditures			313,414	313,414	26,786	340,200
<b>Total expenditures / expenses</b>	<b>300,877</b>	<b>0</b>	<b>3,661,837</b>	<b>3,962,714</b>	<b>(3,125,880)</b>	<b>836,834</b>
Excess (deficiency) of revenues over expenditures	657,791	5,522	(3,659,579)	(2,996,266)	3,130,714	134,448
<b>OTHER FINANCING SOURCES (USES)</b>						
Bonds issued, Note 5		490,610	3,809,390	4,300,000	(4,300,000)	0
Bond issuance discounts, Note 5		(129,000)		(129,000)	129,000	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>361,610</b>	<b>3,809,390</b>	<b>4,171,000</b>	<b>(4,171,000)</b>	<b>0</b>
Net change in fund balances / net position	657,791	367,132	149,811	1,174,734	(1,040,286)	134,448
Beginning of year	866,657	0	0	866,657	(399,856)	466,801
End of year	<u>\$ 1,524,448</u>	<u>\$ 367,132</u>	<u>\$ 149,811</u>	<u>\$ 2,041,391</u>	<u>\$ (1,440,142)</u>	<u>\$ 601,249</u>

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

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16NOTES TO THE FINANCIAL STATEMENTSSEPTEMBER 30, 2023

## NOTE 1: REPORTING ENTITY

West Harris County Municipal Utility District No. 16 (the "District") was created by an order of the Texas Water Commission (now the Texas Commission on Environmental Quality) effective December 12, 1979, and operates accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on December 19, 1979. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services and construct and maintain recreational facilities. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The government-wide statement of activities reports the components of the changes in net assets during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are either not spendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

### Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

### Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred revenues. Property taxes collected after the end of the fiscal year are not included in revenues.

### Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the fund from which they are paid.

**NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 2,041,391
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total capital assets, net		5,845,036
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (4,300,000)	
Issuance discount (to be amortized as interest expense)	129,000	
Due to developer for operating advances	(404,051)	
Due to developer for construction	<u>(2,688,777)</u>	(7,263,828)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	1078	
Uncollected property taxes	<u>4358</u>	5,436
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(26,786)</u>
Net position, end of year		<u>\$ 601,249</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ 1,174,734
The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay	\$ 3,185,454	
Depreciation	<u>(32,788)</u>	3,152,666
The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:		
Bonds issued		(4,300,000)
The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:		
Issuance discounts		129,000
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:		
Accrued penalty and interest on property taxes receivable	853	
Uncollected property taxes	<u>3,981</u>	4,834
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Accrued interest		<u>(26,786)</u>
Change in net position		<u>\$ 134,448</u>

NOTE 4: CAPITAL ASSETS

At September 30, 2023, "Invested in capital assets, net of related debt" was \$(1,057,182). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of \$5,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and detention ponds	\$	\$ 1,857,759	\$	\$ 1,857,759
Construction in progress	<u>2,932,084</u>	<u>2,820,574</u>	<u>3,063,881</u>	<u>2,688,777</u>
Total capital assets not being depreciated	<u>2,932,084</u>	<u>4,678,333</u>	<u>3,063,881</u>	<u>4,546,536</u>
Depreciable capital assets:				
Water system	131,484	167,286		298,770
Sewer system	<u>11,850</u>	<u>1,038,836</u>		<u>1,050,686</u>
Total depreciable capital assets	<u>143,334</u>	<u>1,206,122</u>	<u>0</u>	<u>1,349,456</u>
Less accumulated depreciation for:				
Water system	(14,610)	(6,639)		(21,249)
Sewer system	<u>(3,558)</u>	<u>(26,149)</u>		<u>(29,707)</u>
Total accumulated depreciation	<u>(18,168)</u>	<u>(32,788)</u>	<u>0</u>	<u>(50,956)</u>
Total depreciable capital assets, net	<u>125,166</u>	<u>1,173,334</u>	<u>0</u>	<u>1,298,500</u>
Total capital assets, net	<u>\$ 3,057,250</u>	<u>\$ 5,851,667</u>	<u>\$ 3,063,881</u>	<u>\$ 5,845,036</u>
Changes to capital assets:				
Capital outlay		\$ 3,185,454	\$	
Assets transferred to non-depreciable assets		1,857,759	1,857,759	
Assets transferred to depreciable assets		1,206,122	1,206,122	
Increase in estimated value of developer construction		2,820,574		
Capital outlay paid (decrease in liability) to developer		(3,185,454)		
Less depreciation expense for the fiscal year		<u>(32,788)</u>		
Net increases / decreases to capital assets		<u>\$ 5,851,667</u>	<u>\$ 3,063,881</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 0	\$ 4,300,000	\$	\$ 4,300,000	\$ 0
Add (less) deferred amounts:					
For issuance (discounts) premiums	<u>0</u>	<u>129,000</u>		<u>129,000</u>	<u>9,018</u>
Total bonds payable	<u>0</u>	<u>4,429,000</u>	<u>0</u>	<u>4,429,000</u>	<u>9,018</u>
Due to developers for operating advances (see below)	525,624		121,573	404,051	-----
Due to developers for construction (see below)	<u>2,932,084</u>	<u>2,820,574</u>	<u>3,063,881</u>	<u>2,688,777</u>	-----
Total due to developers	<u>3,457,708</u>	<u>2,820,574</u>	<u>3,185,454</u>	<u>3,092,828</u>	<u>0</u>
Total long-term liabilities	<u>\$ 3,457,708</u>	<u>\$ 7,249,574</u>	<u>\$ 3,185,454</u>	<u>\$ 7,521,828</u>	<u>\$ 9,018</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of September 30, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$	\$ 170,761	\$ 170,761
2025	180,000	177,385	357,385
2026	180,000	170,590	350,590
2027	180,000	163,840	343,840
2028	180,000	157,090	337,090
2029 - 2033	900,000	682,985	1,582,985
2034 - 2038	900,000	504,312	1,404,312
2039 - 2043	900,000	312,050	1,212,050
2044 - 2048	880,000	104,025	984,025
	<u>\$ 4,300,000</u>	<u>\$ 2,443,038</u>	<u>\$ 6,743,038</u>

Water, sewer and drainage bonds voted	\$ 40,000,000
Water, sewer and drainage bonds approved for sale and sold	4,300,000
Water, sewer and drainage bonds voted and not issued	35,700,000
Recreational facilities bonds voted	\$ 5,000,000
Recreational facilities bonds approved for sale and sold	0
Recreational facilities bonds voted and not issued	5,000,000

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.

	<u>Series 2023</u>
Amounts outstanding, September 30, 2023	\$4,300,000
Interest rates	3.75% to 4.75%
Maturity dates, serially/ beginning/ending	December 1, 2024/2047
Interest payment dates	December 1/June 1
Callable dates	December 1, 2029*

\*Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District.

In accordance with the Series 2023 Bond Order, a portion of the bond proceeds was deposited into the Debt Service Fund and reserved for the payment of bond interest. This bond interest reserve is reduced as the interest is paid. Transactions for the current year are summarized as follows:

Bond interest reserve, beginning of year:	\$ 0
24 months' interest from sale of Series 2023 bonds	<u>361,610</u>
Bond interest reserve, end of year	<u>\$ 361,610</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Developer Construction Commitments and Liabilities

A developer within the District has constructed certain underground facilities within the District's boundaries. In addition, the developer has advanced funds to purchase wastewater treatment capacity in a plant now operated by the City of Houston (see Note 9). The District has agreed to reimburse the developer for these construction and related engineering costs plus interest not to exceed the interest rate of the applicable District bond issue. These amounts are to be reimbursed from the proceeds of a future bond issue to the extent approved by the Texas Commission on Environmental Quality. The engineer stated that the estimated amount reimbursable for this purpose at September 30, 2023, was \$2,688,777. This amount has been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

At September 30, 2023, \$404,051 was payable to the developers for the cumulative amount of operating advances. These amounts have been recorded in the government-wide financial statements and in the schedules in Note 5. These operating advances have been recorded as a decrease in "Unrestricted net assets" in the government-wide financial statements. Without this decrease, "Unrestricted net position" would have a positive balance of \$1,933,935.

NOTE 6: PROPERTY TAXES

The Harris County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and are not delinquent until after the following January 30. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

At an election held May 1, 2021, the voters within the District authorized a maintenance tax not to exceed \$1.50 per \$100 valuation on all property subject to taxation within the District. Voters had previously authorized a maintenance tax not to exceed \$0.50 per \$100 valuation on all property within the District on August 9, 1986. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On October 31, 2022, the District levied the following ad valorem taxes for the 2022 tax year on the adjusted taxable valuation of \$49,338,682:

	<u>Rate</u>	<u>Amount</u>
Maintenance	\$ 1.4000	\$ 690,742

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2022 tax year total property tax levy	\$ 690,742
Appraisal district adjustments to prior year taxes	<u>(3,019)</u>
Statement of Activities property tax revenues	<u>\$ 687,723</u>

NOTE 7: DEPOSITS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and an authorized private sector investment pool. The private sector investment pool is rated AAAM by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the District's deposits were covered by federal insurance.

At the balance sheet date the carrying value and market value of the investments in the authorized private sector investment pool was \$1,776,118.

**NOTE 8: 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; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At September 30, 2023, the District had physical damage and boiler and machinery coverage of \$681,500, comprehensive general liability coverage with a per occurrence limit of \$3,000,000 and \$6,000,000 general aggregate, pollution liability coverage of \$2,000,000, automobile liability coverage of \$2,000,000, consultant's crime coverage of \$50,000 and a tax assessor-collector bond of \$25,000.

**NOTE 9: CONTRACTS WITH CITY OF HOUSTON**

Water Supply Contract

Effective April 13, 2000, the District and the City of Houston (the "City") entered into a 40 year agreement for the City to supply the District with water. During the fiscal year ended September 30, 2023, the District purchased water from the City at an accrued cost of \$37,839.

The District is within the Harris-Galveston Subsidence District (the "Subsidence District"). The Subsidence District has ordered certain areas within the Subsidence District to reduce groundwater withdrawals and convert most of their water supply from groundwater to surface water under various schedules pursuant to a Groundwater Reduction Plan Agreement. The District is not required to enter into a Groundwater Reduction Plan Agreement because it does not own a well. The District purchases its water from the City of Houston, which has satisfied the requirements of the Subsidence District.

Wastewater Treatment Contracts

On December 10, 1992, Braes Utility District ("Braes") assigned 250,000 gallons per day of capacity in a joint wastewater plant to the District for a term of 40 years for a payment of \$625,000. The amount was advanced to the District by a developer (see Note 5). Braes was subsequently annexed and dissolved by the City which assumed the rights and obligations of Braes. This wastewater capacity is being used to service a portion of land within the District. Despite repeated requests, the District has never received invoices for these services. Effective November 15, 2007, the District and the City entered into a 40 year agreement for the City to treat wastewater from a certain tract of land within the District. During the fiscal year ended September 30, 2023, the District purchased water from the City at an accrued cost of \$42,618.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUNDFOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 400,800	\$ 400,800	\$ 683,742	\$ 282,942
Water service	55,800	55,800	68,418	12,618
Sewer service	35,600	35,600	41,487	5,887
Penalty	3,800	3,800	19,234	15,434
Tap connection and inspection fees	0	0	91,580	91,580
Interest on deposits	10,400	10,400	49,808	39,408
Other	6,400	6,400	4,399	(2,001)
<b>TOTAL REVENUES</b>	<b>512,800</b>	<b>512,800</b>	<b>958,668</b>	<b>445,868</b>
<b>EXPENDITURES</b>				
Service operations:				
Purchased services	65,400	65,400	80,457	15,057
Professional fees	65,105	65,105	69,369	4,264
Contracted services	49,700	49,700	52,280	2,580
Repairs and maintenance	36,200	36,200	37,862	1,662
Other operating expenditures	1,800	1,800	3,653	1,853
Administrative expenditures	29,715	29,715	26,011	(3,704)
Capital outlay	25,000	25,000	31,245	6,245
<b>TOTAL EXPENDITURES</b>	<b>272,920</b>	<b>272,920</b>	<b>300,877</b>	<b>27,957</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>239,880</b>	<b>239,880</b>	<b>657,791</b>	<b>417,911</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>866,657</b>	<b>866,657</b>	<b>866,657</b>	<b>0</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,106,537</b>	<b>\$ 1,106,537</b>	<b>\$ 1,524,448</b>	<b>\$ 417,911</b>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

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

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16  
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION  
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
SEPTEMBER 30, 2023

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in General Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -  
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

SCHEDULE OF SERVICES AND RATES

SEPTEMBER 30, 2023

1. Services Provided by the District during the Fiscal Year:

- |  |   |                                     |
|--|---|-------------------------------------|
| <input checked="" type="checkbox"/> Retail Water   | <input type="checkbox"/> Wholesale Water      | <input type="checkbox"/> Drainage   |
| <input checked="" type="checkbox"/> Retail Wastewater  | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation  | <input type="checkbox"/> Fire Protection      | <input type="checkbox"/> Security   |
| <input type="checkbox"/> Solid Waste/Garbage   | <input type="checkbox"/> Flood Control        | <input type="checkbox"/> Roads      |
| <input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) |   |                                     |
| <input type="checkbox"/> Other   |   |                                     |

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$97.76	0	N	\$8.56	Over 10,000
WASTEWATER:	\$77.86	0	N	\$7.19	Over 10,000
SURCHARGE:	\$0.00				

District employs winter averaging for wastewater usage: Yes  No

Total charges per 10,000 gallons usage: Water: \$97.76 Wastewater: \$77.86 Surcharge: \$0.00



WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

SCHEDULE OF SERVICES AND RATES (Continued)

SEPTEMBER 30, 2023

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	1	1	1.0	1
< or = 3/4"	0	0	1.0	0
1"	7	5	2.5	13
1-1/2"	3	3	5.0	15
2"	10	8	8.0	64
3"	1	1	15.0	15
4"	0	0	25.0	0
6"	0	0	50.0	0
8"	0	0	80.0	0
10"	0	0	115.0	0
Total Water	<u>22</u>	<u>18</u>		<u>108</u>
Total Wastewater	<u>22</u>	<u>18</u>	1.0	<u>18</u>

\*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): 6,921  
 Gallons billed to customers (unaudited): 6,736

Water Accountability Ratio  
 (Gallons billed/ gallons pumped): 97%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes  No

If yes, date of the most recent Commission Order: \_\_\_\_\_

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

If yes, date of the most recent Commission Order: \_\_\_\_\_

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

EXPENDITURES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>CURRENT</b>				
Purchased services:				
Water	\$ 37,839	\$	\$	\$ 37,839
Sewer	42,618			42,618
	<u>80,457</u>	<u>0</u>	<u>0</u>	<u>80,457</u>
Professional fees:				
Auditing	4,550			4,550
Legal	50,472			50,472
Engineering	14,347			14,347
	<u>69,369</u>	<u>0</u>	<u>0</u>	<u>69,369</u>
Contracted services:				
Bookkeeping	30,224			30,224
Operation and billing	10,868			10,868
Tax assessor-collector	6,000			6,000
Central appraisal district	5,188			5,188
	<u>52,280</u>	<u>0</u>	<u>0</u>	<u>52,280</u>
Repairs and maintenance	<u>37,862</u>	<u>0</u>	<u>0</u>	<u>37,862</u>
Other operating expenditures:				
Laboratory costs	407			407
Utilities	1,273			1,273
TCEQ assessment	515			515
Other	1,458			1,458
	<u>3,653</u>	<u>0</u>	<u>0</u>	<u>3,653</u>
Administrative expenditures:				
Director's fees	4,847			4,847
Office supplies and postage	7,823			7,823
Insurance	5,512			5,512
Permit	200			200
Other	7,629			7,629
	<u>26,011</u>	<u>0</u>	<u>0</u>	<u>26,011</u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

EXPENDITURES (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>CAPITAL OUTLAY</b>				
Authorized expenditures	\$	\$	\$ 3,185,454	\$ 3,185,454
Tap connection costs	31,245			31,245
	<u>31,245</u>	<u>0</u>	<u>3,185,454</u>	<u>3,216,699</u>
Developer construction interest	<u>0</u>	<u>0</u>	<u>162,969</u>	<u>162,969</u>
<b>DEBT SERVICE</b>				
Bond issuance expenditures	<u>0</u>	<u>0</u>	<u>313,414</u>	<u>313,414</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 300,877</u>	<u>\$ 0</u>	<u>\$ 3,661,837</u>	<u>\$ 3,962,714</u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16ANALYSIS OF CHANGES IN DEPOSITS  
ALL GOVERNMENTAL FUND TYPESFOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS</b>				
Cash receipts from revenues excluding maintenance taxes	\$ 309,551	\$ 5,522	\$ 2,258	\$ 317,331
Maintenance tax receipts		683,742		683,742
Transfer of maintenance taxes	683,742			683,742
Proceeds from sale of bonds		361,610	3,809,390	4,171,000
Increase in customer and builder deposits	<u>320</u>			<u>320</u>
<b>TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED</b>	<u>993,613</u>	<u>1,050,874</u>	<u>3,811,648</u>	<u>5,856,135</u>
<b>APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS</b>				
Cash disbursements for:				
Current expenditures	211,466			211,466
Capital outlay	31,245		3,348,423	3,379,668
Debt service			313,414	313,414
Transfer of maintenance taxes		<u>683,742</u>		<u>683,742</u>
<b>TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED</b>	<u>242,711</u>	<u>683,742</u>	<u>3,661,837</u>	<u>4,588,290</u>
<b>INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS</b>	750,902	367,132	149,811	1,267,845
<b>DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR</b>	<u>774,661</u>	<u>0</u>	<u>0</u>	<u>774,661</u>
<b>DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR</b>	<u>\$ 1,525,563</u>	<u>\$ 367,132</u>	<u>\$ 149,811</u>	<u>\$ 2,042,506</u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS

SEPTEMBER 30, 2023

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Certificates of Deposit				
No. 2460	4.18%	1/12/24	\$ 75,000	\$ 2,242
No. 4236	4.79%	4/14/24	50,000	1,102
No. 4294	3.99%	11/04/23	<u>75,000</u>	<u>2,689</u>
			<u>\$ 200,000</u>	<u>\$ 6,033</u>
Texas CLASS				
No. TX-01-0831-0001	Market	On demand	<u>\$ 1,259,635</u>	<u>\$ 0</u>
DEBT SERVICE FUND				
Texas CLASS				
No. TX-01-0831-0003	Market	On demand	<u>\$ 367,132</u>	<u>\$ 0</u>
CAPITAL PROJECTS FUND				
Texas CLASS				
No. TX-01-0831-0002	Market	On demand	<u>\$ 149,351</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 1,976,118</u>	<u>\$ 6,033</u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Maintenance Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 377
Additions and corrections to prior year taxes	<u>(3,019)</u>
Adjusted receivable, beginning of year	(2,642)
2022 ADJUSTED TAX ROLL	<u>690,742</u>
Total to be accounted for	688,100
Refund of prior year taxes collected in prior years	<u>2,958</u>
Tax collections: Current tax year	(686,688)
Prior tax years	<u>(12)</u>
RECEIVABLE, END OF YEAR	<u>\$ 4,358</u>
RECEIVABLE, BY TAX YEAR	
2012 and prior	\$ 74
2013	13
2014	13
2015	13
2016	13
2017	13
2018	1
2019	1
2020	69
2021	96
2022	<u>4,052</u>
RECEIVABLE, END OF YEAR	<u>\$ 4,358</u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16TAXES LEVIED AND RECEIVABLE (Continued)FOR THE YEAR ENDED SEPTEMBER 30, 2023

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 40,579,593	\$ 34,938,562	\$ 33,320,147	\$ 32,048,430
Improvements	10,259,944	10,965,779	10,959,925	10,830,352
Personal property	4,009,161	3,220,744	3,358,656	2,767,438
Less exemptions	<u>(5,510,016)</u>	<u>(5,413,892)</u>	<u>(4,401,069)</u>	<u>(3,518,915)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 49,338,682</u>	<u>\$ 43,711,193</u>	<u>\$ 43,237,659</u>	<u>\$ 42,127,305</u>
TAX RATES PER \$100 VALUATION*	<u>\$ 0.80000</u>	<u>\$ 0.80000</u>	<u>\$ 0.50000</u>	<u>\$ 0.50000</u>
TAX ROLLS	<u>\$ 690,742</u>	<u>\$ 352,697</u>	<u>\$ 216,199</u>	<u>\$ 210,637</u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u>99.4 %</u>	<u>99.9 %</u>	<u>99.9 %</u>	<u>99.9 %</u>

\*Maximum tax rate approved by voters on May 1, 2021: \$1.50  
(Prior rate: \$0.50, approved August 9, 1986)

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16  
LONG-TERM BONDED DEBT SERVICE REQUIREMENTS, BY YEARS  
SEPTEMBER 30, 2023

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2023</u>		
	<u>Principal Due December 1</u>	<u>Interest Due December 1, June 1</u>	<u>Total</u>
2024	\$	\$ 170,761	\$ 170,761
2025	180,000	177,385	357,385
2026	180,000	170,590	350,590
2027	180,000	163,840	343,840
2028	180,000	157,090	337,090
2029	180,000	150,340	330,340
2030	180,000	143,545	323,545
2031	180,000	136,750	316,750
2032	180,000	129,775	309,775
2033	180,000	122,575	302,575
2034	180,000	115,375	295,375
2035	180,000	108,175	288,175
2036	180,000	100,975	280,975
2037	180,000	93,662	273,662
2038	180,000	86,125	266,125
2039	180,000	78,475	258,475
2040	180,000	70,600	250,600
2041	180,000	62,500	242,500
2042	180,000	54,400	234,400
2043	180,000	46,075	226,075
2044	180,000	37,525	217,525
2045	175,000	29,094	204,094
2046	175,000	20,782	195,782
2047	175,000	12,468	187,468
2048	175,000	4,156	179,156
TOTALS	<u>\$ 4,300,000</u>	<u>\$ 2,443,038</u>	<u>\$ 6,743,038</u>

See accompanying independent auditor's report.



WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16  
ANALYSIS OF CHANGES IN GENERAL LONG-TERM BONDED DEBT  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Bond Series:	2023
Interest Rate:	3.75% to 4.75%
Dates Interest Payable:	December 1/ June 1
Maturity Dates:	December 1, 2024/2047
Bonds Outstanding at Beginning of Current Year	\$ 0
Add Bonds Sold	4,300,000
Less Retirements	<u>0</u>
Bonds Outstanding at End of Current Year	<u>\$ 4,300,000</u>
Current Year Interest Paid	<u>\$ 0</u>

Bond Descriptions and Original Amount of Issue

West Harris County Municipal Utility District No. 16 Unlimited Tax Bonds, Series 2023 (\$4,300,000)

Paying Agent/Registrar

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$40,000,000	\$5,000,000	\$0
Amount Issued:	4,300,000	0	
Remaining to be Issued:	35,700,000	5,000,000	

Net Debt Service Fund deposits and investments balances as of September 30, 2023:	\$367,132
Average annual debt service payment for remaining term of all debt:	269,722

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16  
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
GENERAL FUND  
FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
<b>REVENUES</b>										
Property taxes	\$ 683,742	\$ 353,345	\$ 220,676	\$ 209,435	\$ 171,460	71.3 %	67.1 %	66.8 %	70.5 %	66.4 %
Water service	68,418	55,851	58,030	47,256	48,103	7.1	10.6	17.6	15.9	18.6
Sewer service	41,487	35,251	38,058	25,086	24,382	4.3	6.7	11.5	8.5	9.4
Penalty	19,234	7,967	3,553	1,504	527	2.0	1.5	1.1	0.5	0.2
Tap connection and inspection fees	91,580	59,840	0	0	0	9.6	11.4	0.0	0.0	0.0
Interest on deposits	49,808	8,039	3,609	11,233	9,108	5.2	1.5	1.1	3.8	3.5
Other revenues	4,399	6,564	6,290	2,319	4,992	0.5	1.2	1.9	0.8	1.9
<b>TOTAL REVENUES</b>	<b>958,668</b>	<b>526,857</b>	<b>330,216</b>	<b>296,833</b>	<b>258,572</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>EXPENDITURES</b>										
Service operations:										
Purchased services	80,457	61,280	66,966	45,476	28,209	8.4	11.6	20.3	15.3	10.9
Professional fees	69,369	62,845	49,157	45,314	44,659	7.2	11.9	14.9	15.3	17.3
Contracted services	52,280	51,043	43,356	33,772	27,869	5.5	9.7	13.1	11.4	10.8
Repairs and maintenance	37,862	27,267	42,967	29,968	30,422	3.9	5.2	13.0	10.1	11.8
Other operating expenditures	3,653	2,313	2,356	2,151	2,141	0.4	0.4	0.7	0.7	0.8
Administrative expenditures	26,011	30,030	57,807	19,953	15,784	2.7	5.7	17.5	6.7	6.1
Capital outlay	31,245	19,947	0	0	0	3.3	3.8	0.0	0.0	0.0
<b>TOTAL EXPENDITURES</b>	<b>300,877</b>	<b>254,725</b>	<b>262,609</b>	<b>176,634</b>	<b>149,084</b>	<b>31.4</b>	<b>48.3</b>	<b>79.5</b>	<b>59.5</b>	<b>57.7</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>\$ 657,791</b>	<b>\$ 272,132</b>	<b>\$ 67,607</b>	<b>\$ 120,199</b>	<b>\$ 109,488</b>	<b>68.6 %</b>	<b>51.7 %</b>	<b>20.5 %</b>	<b>40.5 %</b>	<b>42.3 %</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>18</b>	<b>19</b>	<b>16</b>	<b>13</b>	<b>15</b>					
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>18</b>	<b>12</b>	<b>10</b>	<b>13</b>	<b>8</b>					

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16  
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
DEBT SERVICE FUND  
FOR YEARS ENDED SEPTEMBER 30

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2023*</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>										
Property taxes	\$ 0					0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Penalty, interest and other	0					0.0	0.0	0.0	0.0	0.0
Interest on deposits and investments	<u>5,522</u>					<u>100.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL REVENUES</b>	<u>5,522</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>EXPENDITURES</b>										
Current:										
Contracted services	0					0.0	0.0	0.0	0.0	0.0
Other expenditures	0					0.0	0.0	0.0	0.0	0.0
Debt service:										
Principal retirement	0					0.0	0.0	0.0	0.0	0.0
Interest and fees	<u>0</u>					<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL EXPENDITURES</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>\$ 5,522</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>100.0 %</u>	<u>0.0 %</u>	<u>0.0 %</u>	<u>0.0 %</u>	<u>0.0 %</u>

\*First year of financial activity.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSSEPTEMBER 30, 2023

Complete District Mailing Address: West Harris County Municipal Utility District No. 16  
c/o Schwartz, Page & Harding, L.L.P.  
1300 Post Oak Boulevard, Suite 2400  
Houston, Texas 77056

District Business Telephone No.: 713-623-4531

Submission date of the most recent District Registration Form: November 28, 2023

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Spencer C. Tsui c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd, Suite 2400 Houston, Texas 77056	Elected 5/02/20- 5/04/24	\$ 971	\$ 55	President
M. Jerry Edrington, Jr. c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd, Suite 2400 Houston, Texas 77056	Elected 5/07/22- 5/02/26	971	39	Vice President
Henry K. C. Lo c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd, Suite 2400 Houston, Texas 77056	Elected 5/02/20- 5/04/24	1,342	188	Secretary
Shobhana Patel c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd, Suite 2400 Houston, Texas 77056	Appointed 8/21/23- 5/02/26	442	0	Assistant Secretary
Krupa Desai c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd, Suite 2400 Houston, Texas 77056	Elected 5/02/20- 5/04/24	671	100	Assistant Secretary

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)SEPTEMBER 30, 2023CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Schwartz Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 2400 Houston, Texas 77056 019	7/22/86	\$ 54,752 119,052 Bonds	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 North Loop West, Suite 600 Houston, Texas 77008	Prior to 2016	0	Delinquent Tax Attorney
Municipal Accounts & Consulting, L.P. 1281 Brittmoore Road Houston, Texas 77043	11/03/03	31,909 4,000 Bonds	Bookkeeper
Mark Burton 1281 Brittmoore Road Houston, Texas 77043	9/29/04	0	Investment Officer
U. S. Water Utility Group 11301 Fallbrook Drive, Suite 302 Houston, Texas 77065	10/14/16	101,587	Operator
Costello, Inc. 2707 City West Boulevard, Third Floor Houston, Texas 77042	9/29/14	14,346 58,539 Bonds	Engineer
Bob Leared 11111 Katy Freeway, Suite 725 Houston, Texas 77079	8/22/08	11,618 2,500 Bonds	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	5,188	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	5/30/18	88,766 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	10/29/09	4,550 5,450 Bonds 500 Other	Independent Auditor

See accompanying independent auditor's report.