




Harris County Municipal Utility District No. 216 Harris County, Texas

Independent Auditor's Report and Financial Statements

June 30, 2024



Harris County Municipal Utility District No. 216
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June 30, 2024

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 216
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 216 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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.
- 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 the District's internal control. Accordingly, no such opinion is expressed.
- 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are 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 we 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 schedule, as listed in the table of contents, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Forvis Mazars, LLP

**Houston, Texas
November 26, 2024**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

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, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, 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, liabilities, and deferred inflows and outflows of resources of 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 assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' 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. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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 year.

Although the statement of activities looks different from a commercial enterprise's statement of income, 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 Funds

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes 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, sewer and drainage 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 assets, liabilities, and deferred inflows and outflows of resources 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 is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to 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.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements:

Summary of Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 6,988,296	\$ 7,526,945
Capital assets	<u>5,772,616</u>	<u>5,041,872</u>
Total assets	<u>12,760,912</u>	<u>12,568,817</u>
Deferred outflows of resources	<u>132,175</u>	<u>138,635</u>
Total assets and deferred outflows of resources	<u>\$ 12,893,087</u>	<u>\$ 12,707,452</u>

Summary of Net Position (Continued)

	<u>2024</u>	<u>2023</u>
Long-term liabilities	\$ 3,673,470	\$ 4,222,662
Other liabilities	416,139	771,281
Total liabilities	<u>4,089,609</u>	<u>4,993,943</u>
Deferred inflows of resources	<u>157,265</u>	<u>173,683</u>
Net position:		
Net investment in capital assets	1,964,089	834,391
Restricted	840,370	832,702
Unrestricted	<u>5,841,754</u>	<u>5,872,733</u>
Total net position	<u>\$ 8,646,213</u>	<u>\$ 7,539,826</u>

The total net position of the District increased by \$1,106,387, or about 15%. The majority of the increase in net position is related to property tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements and charges for services revenues exceeding service operation expenses. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 1,459,541	\$ 1,501,547
Sales tax rebates	143,095	91,163
Charges for services	821,341	708,665
Other revenues	<u>467,160</u>	<u>547,306</u>
Total revenues	<u>2,891,137</u>	<u>2,848,681</u>
Expenses:		
Services	1,489,090	1,254,717
Depreciation	200,927	194,628
Debt service	<u>94,733</u>	<u>105,604</u>
Total expenses	<u>1,784,750</u>	<u>1,554,949</u>

Summary of Changes in Net Position (Continued)

	<u>2024</u>	<u>2023</u>
Change in net position	\$ 1,106,387	\$ 1,293,732
Net position, beginning of year	<u>7,539,826</u>	<u>6,246,094</u>
Net position, end of year	<u>\$ 8,646,213</u>	<u>\$ 7,539,826</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended June 30, 2024, were \$6,583,807, a decrease of \$144,073 from the prior year.

The general fund's fund balance decreased by \$163,422, primarily due to service operations and capital outlay expenditures exceeding property taxes, sales tax rebates, and services revenues and investment income.

The debt service fund's fund balance increased by \$16,369, primarily due to property tax revenues and other income being greater than bond principal and interest requirements.

The capital projects fund's fund balance increased by \$2,980 due to investment income received.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property tax revenues and capital outlay expenditures being lower than anticipated and bulk water and sewer service revenues, investment income and regional water authority expenditures being greater than anticipated. The fund balance as of June 30, 2024, was expected to be \$4,970,823 and the actual end-of-year fund balance was \$5,665,228.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 877,499	\$ 877,499
Construction in progress	3,328,349	2,459,671
Water facilities	674,695	768,126
Wastewater facilities	<u>892,073</u>	<u>936,576</u>
Total capital assets	<u>\$ 5,772,616</u>	<u>\$ 5,041,872</u>

During the current year, additions to capital assets were as follows:

Construction in progress related to the wastewater treatment plant upgrades	\$ 868,678
New onsite lift station control panel	35,960
Wastewater treatment plant blower and motor expansion joints	<u>27,033</u>
Total additions to capital assets	<u><u>\$ 931,671</u></u>

Debt

The changes in the debt position of the District during the fiscal year ended June 30, 2024, are summarized as follows.

Long-term debt payable, beginning of year	\$ 4,222,662
Decreases in long-term debt	<u>(549,192)</u>
Long-term debt payable, end of year	<u><u>\$ 3,673,470</u></u>

At June 30, 2024, the District had \$1,670,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's Refunding Series 2015 bonds carry an underlying rating of "BBB+" from Standard & Poor's.

Other Relevant Factors

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 City), the District must conform to the City ordinance consenting to the creation of the District.

Strategic Partnership Agreement

Effective May 9, 2002, the District entered into a Strategic Partnership Agreement (SPA) with the City. Pursuant to the terms of the SPA, the City annexed the District (excluding the Krystal Lakes Subdivision) for limited purposes. The SPA provides for the levy of City sales tax on qualifying retail sales in the District and payment to the District of 50% of the sales tax revenue collected by the City from sales tax collected from entities located within the boundaries. The City will provide police protection in the District and impose certain planning, zoning, health and safety ordinances in the portion of the District annexed. The District will continue to provide water, sewer and drainage services to all properties within its boundaries. The City has also agreed not to annex the District for full purposes without the consent of the District during the 30-year term of the SPA.

Harris County Municipal Utility District No. 216
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets						
Cash	\$ 49,998	\$ 373,755	\$ -	\$ 423,753	\$ -	\$ 423,753
Short-term investments	5,887,703	485,503	57,556	6,430,762	-	6,430,762
Receivables:						
Property taxes	16,330	10,168	-	26,498	-	26,498
Service accounts	41,430	-	-	41,430	-	41,430
Interfund receivables	2,507	5,888	-	8,395	(8,395)	-
Due from others	45,808	-	-	45,808	-	45,808
Sales tax rebates receivable	20,045	-	-	20,045	-	20,045
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	877,499	877,499
Construction in progress	-	-	-	-	3,328,349	3,328,349
Infrastructure	-	-	-	-	1,566,768	1,566,768
Total assets	<u>6,063,821</u>	<u>875,314</u>	<u>57,556</u>	<u>6,996,691</u>	<u>5,764,221</u>	<u>12,760,912</u>
Deferred Outflows of Resources						
Deferred amount on debt refundings	-	-	-	-	132,175	132,175
Total assets and deferred outflows of resources	<u>\$ 6,063,821</u>	<u>\$ 875,314</u>	<u>\$ 57,556</u>	<u>\$ 6,996,691</u>	<u>\$ 5,896,396</u>	<u>\$ 12,893,087</u>

Harris County Municipal Utility District No. 216
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2024

(Continued)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Liabilities						
Accounts payable	\$ 127,857	\$ 1,616	\$ -	\$ 129,473	\$ -	\$ 129,473
Retainage payable	160,196	-	-	160,196	-	160,196
Customer deposits	88,322	-	-	88,322	-	88,322
Accrued interest payable	-	-	-	-	38,148	38,148
Interfund payables	5,888	2,507	-	8,395	(8,395)	-
Long-term liabilities:						
Due within one year	-	-	-	-	560,000	560,000
Due after one year	-	-	-	-	3,113,470	3,113,470
Total liabilities	<u>382,263</u>	<u>4,123</u>	<u>-</u>	<u>386,386</u>	<u>3,703,223</u>	<u>4,089,609</u>
Deferred Inflows of Resources						
Deferred property tax revenues	16,330	10,168	-	26,498	(26,498)	-
Deferred amount on debt refundings	-	-	-	-	157,265	157,265
Total deferred inflows of resources	<u>16,330</u>	<u>10,168</u>	<u>-</u>	<u>26,498</u>	<u>130,767</u>	<u>157,265</u>
Fund Balances/Net Position						
Fund balances:						
Restricted:						
Unlimited tax bonds	-	861,023	-	861,023	(861,023)	-
Water, sewer and drainage	-	-	57,556	57,556	(57,556)	-
Unassigned	5,665,228	-	-	5,665,228	(5,665,228)	-
Total fund balances	<u>5,665,228</u>	<u>861,023</u>	<u>57,556</u>	<u>6,583,807</u>	<u>(6,583,807)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,063,821</u>	<u>\$ 875,314</u>	<u>\$ 57,556</u>	<u>\$ 6,996,691</u>		
Net position:						
Net investment in capital assets					1,964,089	1,964,089
Restricted for debt service					833,043	833,043
Restricted for capital projects					7,327	7,327
Unrestricted					5,841,754	5,841,754
Total net position					<u>\$ 8,646,213</u>	<u>\$ 8,646,213</u>

Harris County Municipal Utility District No. 216
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended June 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 925,087	\$ 573,411	\$ -	\$ 1,498,498	\$ (38,957)	\$ 1,459,541
Sales tax rebates	147,640	-	-	147,640	(4,545)	143,095
Water service	378,536	-	-	378,536	-	378,536
Sewer service	284,837	-	-	284,837	-	284,837
Bulk water and sewer service	157,968	-	-	157,968	-	157,968
Penalty and interest	1,150	19,083	-	20,233	-	20,233
Tap connection and inspection fees	9,150	-	-	9,150	-	9,150
Investment income	314,305	18,441	2,980	335,726	-	335,726
Other income	-	102,051	-	102,051	-	102,051
	<u>2,218,673</u>	<u>712,986</u>	<u>2,980</u>	<u>2,934,639</u>	<u>(43,502)</u>	<u>2,891,137</u>
Expenditures/Expenses						
Service operations:						
Regional water authority	492,214	-	-	492,214	-	492,214
Professional fees	212,212	11,275	-	223,487	-	223,487
Contracted services	106,601	19,133	-	125,734	-	125,734
Utilities	103,249	-	-	103,249	-	103,249
Repairs and maintenance	465,981	-	-	465,981	-	465,981
Other expenditures	70,167	8,258	-	78,425	-	78,425
Capital outlay	931,671	-	-	931,671	(931,671)	-
Depreciation	-	-	-	-	200,927	200,927
Debt service:						
Principal retirement	-	550,000	-	550,000	(550,000)	-
Interest and fees	-	107,951	-	107,951	(13,218)	94,733
	<u>2,382,095</u>	<u>696,617</u>	<u>-</u>	<u>3,078,712</u>	<u>(1,293,962)</u>	<u>1,784,750</u>
Excess (Deficiency) of Revenues Over Expenditures						
	(163,422)	16,369	2,980	(144,073)	144,073	
Change in Net Position						
					1,106,387	1,106,387
Fund Balances/Net Position						
Beginning of year	5,828,650	844,654	54,576	6,727,880	-	7,539,826
End of year	<u>\$ 5,665,228</u>	<u>\$ 861,023</u>	<u>\$ 57,556</u>	<u>\$ 6,583,807</u>	<u>\$ -</u>	<u>\$ 8,646,213</u>

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Harris County Municipal Utility District No. 216 (the District) was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective March 1, 1983, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-Wide and Fund Financial Statements

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, such as the provision of water, wastewater, drainage and other related services. 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 with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Harris County Municipal Utility District No. 216
Notes to Financial Statements
June 30, 2024

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

Harris County Municipal Utility District No. 216
Notes to Financial Statements
June 30, 2024

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of 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 amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Investments and Investment Income

Investments in certificates of deposit, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

Harris County Municipal Utility District No. 216
Notes to Financial Statements
June 30, 2024

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended June 30, 2024, include collections during the current period or within 60 days of year-end related to the 2023 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended June 30, 2024, the 2023 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds 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 debt service expenditures.

Harris County Municipal Utility District No. 216
Notes to Financial Statements
June 30, 2024

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

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

The District has financed drainage facilities, which have been assumed by Harris County for maintenance and other incidents of ownership, which has caused long-term debt to be in excess of capital assets.

Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 5,772,616
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	26,498
Deferred amounts on debt refundings for governmental activities are not financial resources and are not reported in the funds.	(25,090)
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(38,148)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(3,673,470)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ 2,062,406</u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ (144,073)
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense in the current year.	730,744
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	550,000

Harris County Municipal Utility District No. 216
Notes to Financial Statements
June 30, 2024

Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	\$ (43,502)
Some expenses incurred in the current year, which have previously been reported in the statement of activities, are reported as expenditures in the governmental funds.	<u>13,218</u>
Change in net position of governmental activities.	<u><u>\$ 1,106,387</u></u>

Note 2. Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At June 30, 2024, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. The District's investments in TexPool are reported at amortized cost.

At June 30, 2024, the District had the following investments and maturities:

<u>Type</u>	<u>Maturities In Years</u>				
	<u>Amortized Cost</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
TexPool	<u>\$ 6,430,762</u>	<u>\$ 6,430,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Harris County Municipal Utility District No. 216
Notes to Financial Statements
June 30, 2024

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2024, the District's investments in TexPool were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at June 30, 2024, as follows:

Carrying value:		
Deposits	\$	423,753
Investments		<u>6,430,762</u>
Total	\$	<u><u>6,854,515</u></u>

Investment Income

Investment income of \$335,726 for the year ended June 30, 2024, consisted of interest income.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2024, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 877,499	\$ -	\$ 877,499
Construction in progress	<u>2,459,671</u>	<u>868,678</u>	<u>3,328,349</u>
Total capital assets, non-depreciable	<u>3,337,170</u>	<u>868,678</u>	<u>4,205,848</u>
Capital assets, depreciable:			
Water production and distribution facilities	2,192,059	-	2,192,059
Wastewater collection and treatment facilities	<u>3,134,751</u>	<u>62,993</u>	<u>3,197,744</u>
Total capital assets, depreciable	<u>5,326,810</u>	<u>62,993</u>	<u>5,389,803</u>

Harris County Municipal Utility District No. 216
Notes to Financial Statements
June 30, 2024

<u>Governmental Activities (Continued)</u>	<u>Balances, Beginning of Year</u>	<u>Additions</u>	<u>Balances, End of Year</u>
Less accumulated depreciation:			
Water production and distribution facilities	\$ (1,423,933)	\$ (93,431)	\$ (1,517,364)
Wastewater collection and treatment facilities	(2,198,175)	(107,496)	(2,305,671)
Total accumulated depreciation	(3,622,108)	(200,927)	(3,823,035)
Total governmental activities, net	<u>\$ 5,041,872</u>	<u>\$ 730,744</u>	<u>\$ 5,772,616</u>

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2024, were as follows:

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Decreases</u>	<u>Balances, End of Year</u>	<u>Amounts Due in One Year</u>
Bonds payable:				
General obligation bonds	\$ 1,910,000	\$ 90,000	\$ 1,820,000	\$ 90,000
Private placement bonds	2,330,000	460,000	1,870,000	470,000
Less discounts on bonds	17,338	808	16,530	-
Total governmental activities long-term liabilities	<u>\$ 4,222,662</u>	<u>\$ 549,192</u>	<u>\$ 3,673,470</u>	<u>\$ 560,000</u>

General Obligation Bonds

	<u>Refunding Series 2015</u>	<u>Refunding Series 2020**</u>
Amounts outstanding, June 30, 2024	\$1,820,000	\$1,870,000
Interest rates	2.00% to 4.00%	1.82%
Maturity dates, serially beginning/ending	August 15, 2024/2038	August 15, 2024/2032
Interest payment dates	August 15/ February 15	August 15/ February 15
Callable dates*	August 15, 2021	August 15, 2030

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

**Private placement bonds.

Harris County Municipal Utility District No. 216
Notes to Financial Statements
June 30, 2024

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at June 30, 2024.

<u>Year</u>	<u>General Obligation Bonds</u>		<u>Private Placement Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 90,000	\$ 66,344	\$ 470,000	\$ 29,757	\$ 656,101
2026	95,000	63,569	475,000	21,158	654,727
2027	100,000	60,456	485,000	12,421	657,877
2028	105,000	56,997	70,000	7,371	239,368
2029	105,000	53,388	70,000	6,097	234,485
2030-2034	600,000	204,451	300,000	11,193	1,115,644
2035-2039	725,000	74,500	-	-	799,500
Total	<u>\$ 1,820,000</u>	<u>\$ 579,705</u>	<u>\$ 1,870,000</u>	<u>\$ 87,997</u>	<u>\$ 4,357,702</u>

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

Bonds voted	\$ 10,700,000
Bonds sold	9,030,000

Note 5. Significant Bond Order and Commission Requirements

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended June 30, 2024, the District levied an ad valorem debt service tax at the rate of \$0.1800 per \$100 of assessed valuation, which resulted in a tax levy of \$596,257 on the taxable valuation of \$331,253,839 for the 2023 tax year. The interest and principal requirements to be paid from the tax revenues and available debt service fund resources are \$661,728, of which \$50,864 has been paid and \$610,864 is due August 15, 2024.

Note 6. Maintenance Taxes

At an election held April 7, 1984, voters authorized a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended June 30, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.2900 per \$100 of assessed valuation, which resulted in a tax levy of \$960,636 on the taxable valuation of \$331,253,839 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Strategic Partnership Agreement

The District entered into a Strategic Partnership Agreement (SPA) with the City of Houston (the City), effective May 9, 2002. Pursuant to the terms of the SPA, the City annexed the District (excluding the Krystal Lakes Subdivision) for limited purposes. The SPA provides for the levy of City sales tax (currently \$0.01) on qualifying retail sales in the District and payment to the District of 50% of the sales tax revenue collected by the City from sales tax collected from entities located within the boundaries. In addition, the District has entered into a Groundwater Reduction Plan Agreement (the Agreement) with the City, which provides for payment of

Harris County Municipal Utility District No. 216
Notes to Financial Statements
June 30, 2024

groundwater pumpage fees by the District to the City beginning January 1, 2003. Pursuant to the SPA, the City has agreed to pay additional sales tax revenue (above and beyond the amounts owed to the District because of 50% sharing noted above, but not exceeding 100%) to the District equal to the pumpage fee, which the District is required to pay the City pursuant to the Agreement. The City will provide police protection in the District and impose certain planning, zoning, health and safety ordinances in the portion of the District annexed. The District will continue to provide water, sewer and drainage services to all properties within its boundaries. The City has also agreed not to annex the District for full purposes without consent of the District during the 30-year term of the SPA. During the current year, the District recorded \$143,095 in revenues related to the Agreement.

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; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Required Supplementary Information

**Harris County Municipal Utility District No. 216
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 965,000	\$ 925,087	\$ (39,913)
Sales tax rebates	140,000	147,640	7,640
Water service	365,000	378,536	13,536
Sewer service	285,000	284,837	(163)
Bulk water and sewer service	112,421	157,968	45,547
Penalty and interest	7,500	1,150	(6,350)
Tap connection and inspection fees	11,452	9,150	(2,302)
Investment income	200,000	314,305	114,305
	<u>2,086,373</u>	<u>2,218,673</u>	<u>132,300</u>
Expenditures			
Service operations:			
Regional water authority	150,000	492,214	(342,214)
Professional fees	180,500	212,212	(31,712)
Contracted services	99,000	106,601	(7,601)
Utilities	115,000	103,249	11,751
Repairs and maintenance	500,000	465,981	34,019
Other expenditures	49,700	70,167	(20,467)
Capital outlay	1,850,000	931,671	918,329
	<u>2,944,200</u>	<u>2,382,095</u>	<u>562,105</u>
Deficiency of Revenues Over Expenditures	(857,827)	(163,422)	694,405
Fund Balance, Beginning of Year	<u>5,828,650</u>	<u>5,828,650</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,970,823</u>	<u>\$ 5,665,228</u>	<u>\$ 694,405</u>

Harris County Municipal Utility District No. 216
Notes to Required Supplementary Information
June 30, 2024

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2024.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Supplementary Information

**Harris County Municipal Utility District No. 216
Other Schedules Included Within This Report
June 30, 2024**

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

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 11-20
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Harris County Municipal Utility District No. 216
Schedule of Services and Rates
Year Ended June 30, 2024

1. Services provided by the District:

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" 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 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 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 15.00	10,000	N	\$ 1.75 \$ 2.50 \$ 3.25	10,001 to 20,000 20,001 to 30,000 30,001 to No limit
Wastewater:	\$ 15.00	10,000	N	\$ 1.75 \$ 2.50 \$ 3.25	10,001 to 20,000 20,001 to 30,000 30,001 to No limit

Does the District employ winter averaging for wastewater usage?

Yes No

Total charges per 10,000 gallons usage (including fees):

Water \$ 15.00

Wastewater \$ 15.00

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	88	88	x1.0	88
1"	9	7	x2.5	18
1 1/2"	1	1	x5.0	5
2"	32	31	x8.0	248
3"	-	-	x15.0	-
4"	1	1	x25.0	25
6"	2	2	x50.0	100
8"	7	7	x80.0	560
10"	3	3	x115.0	345
Total water	143	140		1,389
Total wastewater	107	104	x1.0	104

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	195,668
Gallons billed to customers:	183,231
Water accountability ratio (gallons billed/gallons pumped):	93.64%

**"ESFC" means equivalent single-family connections

**Harris County Municipal Utility District No. 216
Schedule of General Fund Expenditures
Year Ended June 30, 2024**

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	23,500	
Legal		178,305	
Engineering		10,407	
Financial advisor		-	212,212
Purchased Services for Resale			
Bulk water and wastewater service purchases			-
Regional Water Authority			492,214
Contracted Services			
Bookkeeping		13,679	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		92,922	106,601
Utilities			103,249
Repairs and Maintenance			465,981
Administrative Expenditures			
Directors' fees		10,395	
Office supplies		9,437	
Insurance		9,729	
Other administrative expenditures		37,313	66,874
Capital Outlay			
Capitalized assets		931,671	
Expenditures not capitalized		-	931,671
Tap Connection Expenditures			
Solid Waste Disposal			-
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			3,293
Total expenditures		\$	<u><u>2,382,095</u></u>

Harris County Municipal Utility District No. 216
Schedule of Temporary Investments
June 30, 2024

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
General Fund				
TexPool	5.32%	Demand	\$ 5,887,703	\$ -
Debt Service Fund				
TexPool	5.32%	Demand	485,503	-
Capital Projects Fund				
TexPool	5.32%	Demand	<u>57,556</u>	<u>-</u>
Totals			<u>\$ 6,430,762</u>	<u>\$ -</u>

**Harris County Municipal Utility District No. 216
 Analysis of Taxes Levied and Receivable
 Year Ended June 30, 2024**

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
Receivable, Beginning of Year	\$ 39,538	\$ 25,917
Additions and corrections to prior years' taxes	<u>(58,757)</u>	<u>(38,595)</u>
Adjusted receivable, beginning of year	<u>(19,219)</u>	<u>(12,678)</u>
 2023 Original Tax Levy	 942,204	 584,817
Additions and corrections	<u>18,432</u>	<u>11,440</u>
Adjusted tax levy	<u>960,636</u>	<u>596,257</u>
Total to be accounted for	941,417	583,579
Tax (collections) refunds: Current year	(944,848)	(586,457)
Prior years	<u>19,761</u>	<u>13,046</u>
Receivable, end of year	<u>\$ 16,330</u>	<u>\$ 10,168</u>
 Receivable, by Years		
2023	\$ 15,788	\$ 9,800
2022	94	62
2021	434	299
2020	<u>14</u>	<u>7</u>
Receivable, end of year	<u>\$ 16,330</u>	<u>\$ 10,168</u>

**Harris County Municipal Utility District No. 216
 Analysis of Taxes Levied and Receivable
 Year Ended June 30, 2024**

(Continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property Valuations				
Land	\$ 106,465,569	\$ 105,647,227	\$ 101,696,712	\$ 101,474,876
Improvements	282,181,646	254,374,229	200,086,065	208,990,728
Personal property	40,554,316	47,279,067	26,830,904	29,178,985
Exemptions	<u>(97,947,692)</u>	<u>(92,684,917)</u>	<u>(40,185,624)</u>	<u>(32,341,261)</u>
 Total property valuations	 <u>\$ 331,253,839</u>	 <u>\$ 314,615,606</u>	 <u>\$ 288,428,057</u>	 <u>\$ 307,303,328</u>
 Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.1800	\$ 0.1900	\$ 0.2000	\$ 0.1700
Maintenance tax rates*	<u>0.2900</u>	<u>0.2900</u>	<u>0.2900</u>	<u>0.3200</u>
 Total tax rates per \$100 valuation	 <u>\$ 0.4700</u>	 <u>\$ 0.4800</u>	 <u>\$ 0.4900</u>	 <u>\$ 0.4900</u>
 Tax Levy	 <u>\$ 1,556,893</u>	 <u>\$ 1,510,155</u>	 <u>\$ 1,413,297</u>	 <u>\$ 1,505,787</u>
 Percent of Taxes Collected to Taxes Levied**	 <u>98%</u>	 <u>99%</u>	 <u>99%</u>	 <u>99%</u>

*Maximum tax rate approved by voters: \$1.00 on April 7, 1984

**Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

Harris County Municipal Utility District No. 216
Schedule of Long-Term Debt Service Requirements by Years
June 30, 2024

Due During Fiscal Years Ending June 30	Refunding Series 2015		
	Principal Due August 15	Interest Due August 15, February 15	Total
2025	\$ 90,000	\$ 66,344	\$ 156,344
2026	95,000	63,569	158,569
2027	100,000	60,456	160,456
2028	105,000	56,997	161,997
2029	105,000	53,388	158,388
2030	110,000	49,625	159,625
2031	115,000	45,544	160,544
2032	120,000	41,138	161,138
2033	125,000	36,544	161,544
2034	130,000	31,600	161,600
2035	135,000	26,300	161,300
2036	140,000	20,800	160,800
2037	145,000	15,100	160,100
2038	150,000	9,200	159,200
2039	155,000	3,100	158,100
Totals	\$ 1,820,000	\$ 579,705	\$ 2,399,705

**Harris County Municipal Utility District No. 216
Schedule of Long-Term Debt Service Requirements by Years
June 30, 2024**

(Continued)

Due During Fiscal Years Ending June 30	Refunding Series 2020		
	Principal Due August 15	Interest Due August 15, February 15	Total
2025	\$ 470,000	\$ 29,757	\$ 499,757
2026	475,000	21,158	496,158
2027	485,000	12,421	497,421
2028	70,000	7,371	77,371
2029	70,000	6,097	76,097
2030	70,000	4,823	74,823
2031	75,000	3,504	78,504
2032	75,000	2,138	77,138
2033	80,000	728	80,728
Totals	<u>\$ 1,870,000</u>	<u>\$ 87,997</u>	<u>\$ 1,957,997</u>

Harris County Municipal Utility District No. 216
Schedule of Long-Term Debt Service Requirements by Years
June 30, 2024

(Continued)

Due During Fiscal Years Ending June 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 560,000	\$ 96,101	\$ 656,101
2026	570,000	84,727	654,727
2027	585,000	72,877	657,877
2028	175,000	64,368	239,368
2029	175,000	59,485	234,485
2030	180,000	54,448	234,448
2031	190,000	49,048	239,048
2032	195,000	43,276	238,276
2033	205,000	37,272	242,272
2034	130,000	31,600	161,600
2035	135,000	26,300	161,300
2036	140,000	20,800	160,800
2037	145,000	15,100	160,100
2038	150,000	9,200	159,200
2039	155,000	3,100	158,100
Totals	\$ 3,690,000	\$ 667,702	\$ 4,357,702

Harris County Municipal Utility District No. 216
Changes in Long-Term Bonded Debt
Year Ended June 30, 2024

	Bond Issues		Totals
	Refunding Series 2015	Refunding Series 2020	
Interest rates	2.00% to 4.00%	1.82%	
Dates interest payable	August 15/ February 15	August 15/ February 15	
Maturity dates	August 15, 2024/2038	August 15, 2024/2032	
Bonds outstanding, beginning of current year	\$ 1,910,000	\$ 2,330,000	\$ 4,240,000
Retirements, principal	<u>90,000</u>	<u>460,000</u>	<u>550,000</u>
Bonds outstanding, end of current year	<u>\$ 1,820,000</u>	<u>\$ 1,870,000</u>	<u>\$ 3,690,000</u>
Interest paid during current year	<u>\$ 68,931</u>	<u>\$ 38,220</u>	<u>\$ 107,151</u>

Paying agent's name and address:

Series 2015 - Amegy Bank N. A., Houston, Texas
Series 2020 - BOKF, N.A., Houston, Texas

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 10,700,000	\$ -	\$ -
Amount of authorization issued	<u>\$ 9,030,000</u>	<u>\$ -</u>	<u>\$ 9,679,880</u>
Remaining authorization to be issued	<u>\$ 1,670,000</u>	<u>\$ -</u>	<u>\$ -</u>

Debt service fund cash and temporary investment balances as of June 30, 2024: \$ 859,258

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 290,513

Harris County Municipal Utility District No. 216
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended June 30,

	Amounts				
	2024	2023	2022	2021	2020
General Fund					
Revenues					
Property taxes	\$ 925,087	\$ 875,343	\$ 795,400	\$ 950,312	\$ 867,786
Sales tax rebates	147,640	86,618	122,851	204,932	71,370
Water service	378,536	322,686	305,730	326,826	350,913
Sewer service	284,837	307,612	266,654	271,384	276,818
Bulk water and sewer service	157,968	78,367	103,427	71,539	71,673
Penalty and interest	1,150	11,455	4,188	3,019	6,286
Tap connection and inspection fees	9,150	222,815	9,000	9,000	8,850
Investment income	314,305	250,135	15,013	2,504	69,883
Total revenues	<u>2,218,673</u>	<u>2,155,031</u>	<u>1,622,263</u>	<u>1,839,516</u>	<u>1,723,579</u>
Expenditures					
Service operations:					
Purchased services	-	62,974	-	-	-
Regional water authority	492,214	182,609	169,372	164,189	202,318
Professional fees	212,212	185,009	184,249	172,770	166,200
Contracted services	106,601	104,927	98,651	93,868	96,093
Utilities	103,249	69,148	81,210	86,384	84,134
Repairs and maintenance	465,981	503,848	427,847	334,340	358,510
Other expenditures	70,167	49,751	69,055	47,692	39,674
Tap connections	-	71,255	-	-	-
Capital outlay	931,671	2,391,252	417,911	41,285	1,055,693
Total expenditures	<u>2,382,095</u>	<u>3,620,773</u>	<u>1,448,295</u>	<u>940,528</u>	<u>2,002,622</u>
Excess (Deficiency) of Revenues Over Expenditures	(163,422)	(1,465,742)	173,968	898,988	(279,043)
Fund Balance, Beginning of Year	<u>5,828,650</u>	<u>7,294,392</u>	<u>7,120,424</u>	<u>6,221,436</u>	<u>6,500,479</u>
Fund Balance, End of Year	<u>\$ 5,665,228</u>	<u>\$ 5,828,650</u>	<u>\$ 7,294,392</u>	<u>\$ 7,120,424</u>	<u>\$ 6,221,436</u>
Total Active Retail Water Connections	<u>140</u>	<u>140</u>	<u>141</u>	<u>140</u>	<u>141</u>
Total Active Retail Wastewater Connections	<u>104</u>	<u>104</u>	<u>105</u>	<u>104</u>	<u>105</u>

Percent of Fund Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
41.7 %	40.6 %	49.0 %	51.7 %	50.3 %
6.7	4.0	7.6	11.1	4.1
17.1	15.0	18.8	17.8	20.4
12.8	14.3	17.0	15.2	16.6
7.1	3.6	6.4	3.9	4.2
0.1	0.5	0.3	0.2	0.4
0.4	10.4	0.0	0.0	0.0
14.1	11.6	0.9	0.1	4.0
100.0	100.0	100.0	100.0	100.0
-	2.9	-	-	-
22.2	8.5	10.4	8.9	11.7
9.6	8.6	11.4	9.4	9.6
4.8	4.9	6.1	5.1	5.6
4.7	3.2	5.0	4.7	4.9
20.7	23.4	26.4	18.2	20.8
3.2	2.3	4.2	2.6	2.3
-	3.3	-	-	-
42.2	110.9	25.8	2.2	61.3
107.4	168.0	89.3	51.1	116.2
(7.4) %	(68.0) %	10.7 %	48.9 %	(16.2) %

Harris County Municipal Utility District No. 216
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended June 30,

	Amounts				
	2024	2023	2022	2021	2020
Debt Service Fund					
Revenues					
Property taxes	\$ 573,411	\$ 573,627	\$ 553,847	\$ 504,847	\$ 459,949
Penalty and interest	19,083	46,241	6,201	5,769	15,518
Investment income	18,441	14,666	16,144	609	2,410
Other income	102,051	-	-	-	-
Total revenues	<u>712,986</u>	<u>634,534</u>	<u>576,192</u>	<u>511,225</u>	<u>477,877</u>
Expenditures					
Current:					
Professional fees	11,275	542	1,244	1,078	344
Contracted services	19,133	17,838	16,779	18,496	16,080
Other expenditures	8,258	6,816	5,631	7,093	4,224
Debt service:					
Principal retirement	550,000	530,000	525,000	475,000	455,000
Interest and fees	107,951	118,487	128,439	172,121	219,998
Debt issuance costs	-	-	-	85,844	-
Debt defeasance	-	-	-	16,000	-
Total expenditures	<u>696,617</u>	<u>673,683</u>	<u>677,093</u>	<u>775,632</u>	<u>695,646</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>16,369</u>	<u>(39,149)</u>	<u>(100,901)</u>	<u>(264,407)</u>	<u>(217,769)</u>
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	-	3,215,000	-
Deposit with escrow agent	-	-	-	(3,125,708)	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,292</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>16,369</u>	<u>(39,149)</u>	<u>(100,901)</u>	<u>(175,115)</u>	<u>(217,769)</u>
Fund Balance, Beginning of Year	<u>844,654</u>	<u>883,803</u>	<u>984,704</u>	<u>1,159,819</u>	<u>1,377,588</u>
Fund Balance, End of Year	<u>\$ 861,023</u>	<u>\$ 844,654</u>	<u>\$ 883,803</u>	<u>\$ 984,704</u>	<u>\$ 1,159,819</u>

Percent of Fund Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
80.4 %	90.4 %	96.1 %	98.8 %	96.3 %
2.7	7.3	3.7	1.1	3.2
2.6	2.3	0.2	0.1	0.5
14.3	-	-	-	-
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
1.6	0.1	0.2	0.2	0.1
2.7	2.8	2.9	3.6	3.4
1.2	1.1	1.0	1.4	0.9
77.1	83.5	91.1	92.9	95.2
15.1	18.7	22.3	33.7	46.0
-	-	-	16.8	-
-	-	-	3.1	-
<u>97.7</u>	<u>106.2</u>	<u>117.5</u>	<u>151.7</u>	<u>145.6</u>
<u>2.3 %</u>	<u>(6.2) %</u>	<u>(17.5) %</u>	<u>(51.7) %</u>	<u>(45.6) %</u>

**Harris County Municipal Utility District No. 216
Board Members, Key Personnel and Consultants
Year Ended June 30, 2024**

Complete District mailing address:	Harris County Municipal Utility District No. 216 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019
District business telephone number:	713.652.6500
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	June 23, 2020
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected & Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
Brett Wink	Elected 05/22- 05/26	\$ 1,768	\$ 187	President
Adrienne Gilpin	Elected 05/24- 05/28	2,139	386	Vice President
Lindsay Lofton	Elected 05/24- 05/28	2,139	170	Secretary
Julie Botas	Elected 05/22- 05/26	2,581	311	Director
Rafael Martinez	Elected 05/24- 05/28	1,768	-	Director

*Fees are the amounts actually paid to a director during the District's fiscal year.

**Harris County Municipal Utility District No. 216
Board Members, Key Personnel and Consultants
Year Ended June 30, 2024**

(Continued)

<u>Consultants</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title</u>
Bob Leared Interests	05/26/83	\$ 12,691	Tax Assessor/ Collector
Forvis Mazars, LLP	02/11/86	23,500	Auditor
The GMS Group, L.L.C.	10/01	-	Financial Advisor
Harris Central Appraisal District	Legislative Action	12,035	Appraiser
Koehn & Associates Engineers, Inc.	01/08/24	10,407	Engineer
M. Marlon Ivy & Associates, Inc.	06/12/08	243,637	Operator
Municipal Business Services, Inc.	03/21/84	13,679	Bookkeeper
Smith, Murdaugh, Little & Bonham, L.L.P.	05/26/83	189,580	General Counsel
Water Engineering Inc.	05/26/83	-	Former Engineer
<u>Investment Officer</u>			
Bob Ideus	07/12/99	N/A	Bookkeeper