

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 416
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 416 (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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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 the District'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.

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

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 10, 2024

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

Management's discussion and analysis of the financial performance of Harris County Municipal Utility District No. 416 (the "District") provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for property tax revenues and professional and administrative expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows exceeded liabilities by \$863,919 as of June 30, 2024. A portion of the District's net position reflects its net investment in capital assets which includes the costs to construct or acquire District infrastructure less any debt issued to pay for those assets that is still outstanding.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table summarizes the changes in net position for the current and prior fiscal years.

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 5,205,223	\$ 3,773,333	\$ 1,431,890
Intangible Assets (Net of Amortization)	1,991,565	1,901,971	89,594
Capital Assets (Net of Depreciation)	10,557,955	9,687,086	870,869
Total Assets	\$ 17,754,743	\$ 15,362,390	\$ 2,392,353
Deferred Outflows of Resources	\$ 66,403	\$ 70,065	\$ (3,662)
Due to Developer	\$ 4,183,139	\$ 3,011,564	\$ (1,171,575)
Bonds Payable	12,548,030	12,983,063	435,033
Other Liabilities	226,058	155,955	(70,103)
Total Liabilities	\$ 16,957,227	\$ 16,150,582	\$ (806,645)
Net Position:			
Net Investment in Capital Assets	\$ (2,851,821)	\$ (3,126,399)	\$ 274,578
Restricted	1,945,136	1,450,332	494,804
Unrestricted	1,770,604	957,940	812,664
Total Net Position	\$ 863,919	\$ (718,127)	\$ 1,582,046

The following table provides a summary of the District's operations for the years ended June 30, 2024 and June 30, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,348,157	\$ 1,855,150	\$ 493,007
Other Revenues	237,003	134,220	102,783
Total Revenues	\$ 2,585,160	\$ 1,989,370	\$ 595,790
Total Expenses	1,003,114	1,009,635	6,521
Change in Net Position	\$ 1,582,046	\$ 979,735	\$ 602,311
Net Position, Beginning of Year	(718,127)	(1,697,862)	979,735
Net Position, End of Year	\$ 863,919	\$ (718,127)	\$ 1,582,046

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2024, totaled \$5,031,820, an increase of \$1,355,321 from the prior year.

The General Fund fund balance increased by \$807,971, primarily due to property tax revenues exceeding professional and administrative expenditures.

The Debt Service Fund fund balance increased by \$493,031, primarily due to the structure of the District's outstanding bond debt.

The Capital Projects Fund fund balance increased by \$54,319 as a result of investment revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund for the current fiscal year. Actual revenues were \$469,032 more than budgeted revenues and actual expenditures were \$62,443 more than budgeted expenditures which resulted in a positive variance of \$406,589. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of June 30, 2024, total \$10,557,955 (net of accumulated depreciation) and include land, paving, drainage system, and detention facilities. Current year additions to capital assets included the completion of the following project funded by the Developer: detention and earthwork to serve Willowcreek Ranch North Detention, Phase 3 and storm water facilities to serve Willowcreek Ranch, Section 11.

Capital Assets At Year-End			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,050,607	\$ 1,050,607	\$
Capital Assets Subject to Depreciation:			
Drainage and Detention Facilities	8,854,352	7,757,486	1,096,866
Paving	2,282,901	2,282,901	
Less Accumulated Depreciation	(1,629,905)	(1,403,908)	(225,997)
Total Net Capital Assets	<u>\$ 10,557,955</u>	<u>\$ 9,687,086</u>	<u>\$ 870,869</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

INTANGIBLE ASSETS

As the District's water facilities are constructed, they are conveyed to Northwest Harris County Municipal Utility District No. 5 for ownership and maintenance (see Notes 6 and 8). Current year additions to intangible assets included water plant expansion, phase 4 costs and Willowcreek Ranch, Section 11 water distribution system improvements.

Intangible Assets At Year-End			Change Positive (Negative)
	2024	2023	
Water Facilities and Connection Fees	\$ 2,354,255	\$ 2,215,279	\$ 138,976
Less: Accumulated Amortization	<u>(362,690)</u>	<u>(313,308)</u>	<u>(49,382)</u>
Total Net Intangible Assets	<u>\$ 1,991,565</u>	<u>\$ 1,901,971</u>	<u>\$ 89,594</u>

LONG-TERM DEBT ACTIVITY

Bonds payable as of June 30, 2024, totals \$12,550,000. The changes in the debt position of the District during the current fiscal year are summarized as follows:

Bond Debt Payable, July 1, 2023	\$ 12,985,000
Less: Bond Principal Paid	<u>(435,000)</u>
Bond Debt Payable, June 30, 2024	<u>\$ 12,550,000</u>

The District's Series 2021 Refunding Bonds have been assigned an underlying credit rating of "Baa2" by Moody's. The District's Series 2020 Road and Series 2021 Refunding Bonds carry insured ratings of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

The District's developer has funded the costs associated with the construction of utilities, roads and recreational facilities as well as made operating advances during the startup phase of the District. Reimbursement will come from the proceeds of future bond issuances to the extent approved by the Commission. The developer liability at year end totaled \$4,183,139.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 416, c/o Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, TX 77019.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 133,630	\$ 37,991
Investments	1,813,126	2,011,510
Property Taxes Receivable	27,572	30,444
Penalty and Interest on Delinquent Taxes		
Due from Other Funds	16,951	
Due from Other Governmental Units	92,030	
Intangible Assets (Net of Accumulated Amortization)		
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 2,083,309</u>	<u>\$ 2,079,945</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,083,309</u>	<u>\$ 2,079,945</u>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 171,621	\$	\$ 171,621
1,048,925	4,873,561		4,873,561
	58,016		58,016
		9,995	9,995
	16,951	(16,951)	
	92,030		92,030
		1,991,565	1,991,565
		1,050,607	1,050,607
		9,507,348	9,507,348
<u>\$ 1,048,925</u>	<u>\$ 5,212,179</u>	<u>\$ 12,542,564</u>	<u>\$ 17,754,743</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 66,403</u>	<u>\$ 66,403</u>
<u>\$ 1,048,925</u>	<u>\$ 5,212,179</u>	<u>\$ 12,608,967</u>	<u>\$ 17,821,146</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
LIABILITIES		
Accounts Payable	\$ 98,205	\$ 7,187
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		16,951
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 98,205</u>	<u>\$ 24,138</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 27,572</u>	<u>\$ 30,444</u>
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		2,025,363
Unassigned	<u>1,957,532</u>	
TOTAL FUND BALANCES	<u>\$ 1,957,532</u>	<u>\$ 2,025,363</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,083,309</u></u>	<u><u>\$ 2,079,945</u></u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 105,392	\$	\$ 105,392
		120,666	120,666
		4,183,139	4,183,139
	16,951	(16,951)	
		460,000	460,000
		<u>12,088,030</u>	<u>12,088,030</u>
<u>\$ -0-</u>	<u>\$ 122,343</u>	<u>\$ 16,834,884</u>	<u>\$ 16,957,227</u>
<u>\$ -0-</u>	<u>\$ 58,016</u>	<u>\$ (58,016)</u>	<u>\$ -0-</u>
\$ 1,048,925	\$ 1,048,925	\$ (1,048,925)	\$
	2,025,363	(2,025,363)	
	<u>1,957,532</u>	<u>(1,957,532)</u>	
<u>\$ 1,048,925</u>	<u>\$ 5,031,820</u>	<u>\$ (5,031,820)</u>	<u>\$ -0-</u>
<u>\$ 1,048,925</u>	<u>\$ 5,212,179</u>		
		\$ (2,851,821)	\$ (2,851,821)
		1,945,136	1,945,136
		<u>1,770,604</u>	<u>1,770,604</u>
		<u>\$ 863,919</u>	<u>\$ 863,919</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances - Governmental Funds	\$	5,031,820
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow of resources in governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.		66,403
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Intangible assets are not current financial resources and, therefore, are not reported as assets in the governmental funds.		1,991,565
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.		10,557,955
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levy became part of recognized revenue in the governmental activities of the District.		68,011
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (4,183,139)	
Accrued Interest Payable	(120,666)	
Bonds Payable	<u>(12,548,030)</u>	<u>(16,851,835)</u>
Total Net Position - Governmental Activities	\$	<u><u>863,919</u></u>

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,115,872	\$ 1,230,588
Penalty and Interest		41,400
Investment and Miscellaneous Revenues	<u>63,160</u>	<u>78,316</u>
TOTAL REVENUES	<u>\$ 1,179,032</u>	<u>\$ 1,350,304</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 181,699	\$ 12,916
Contracted Services	35,800	30,390
Repairs and Maintenance	70,768	
Amortization and Depreciation		
Other	18,527	9,529
Capital Outlay	64,267	
Debt Service:		
Bond Principal		435,000
Bond Interest		<u>369,438</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 371,061</u>	<u>\$ 857,273</u>
NET CHANGE IN FUND BALANCES	\$ 807,971	\$ 493,031
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2023	<u>1,149,561</u>	<u>1,532,332</u>
FUND BALANCES/NET POSITION - JUNE 30, 2024	<u><u>\$ 1,957,532</u></u>	<u><u>\$ 2,025,363</u></u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 2,346,460	\$ 1,697	\$ 2,348,157
	41,400	(192)	41,208
54,319	195,795		195,795
\$ 54,319	\$ 2,583,655	\$ 1,505	\$ 2,585,160
\$	\$ 194,615	\$	\$ 194,615
	66,190		66,190
	70,768		70,768
		275,379	275,379
	28,056		28,056
	64,267	(64,267)	
	435,000	(435,000)	
	369,438	(1,332)	368,106
\$ -0-	\$ 1,228,334	\$ (225,220)	\$ 1,003,114
\$ 54,319	\$ 1,355,321	\$ (1,355,321)	\$
		1,582,046	1,582,046
994,606	3,676,499	(4,394,626)	(718,127)
\$ 1,048,925	\$ 5,031,820	\$ (4,167,901)	\$ 863,919

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Governmental Funds	\$ 1,355,321
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	1,697
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Governmental funds report penalty and interest revenue on delinquent property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(192)
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Governmental funds do not account for depreciation and amortization. However, in the Statement of Activities, depreciation expense and amortization expense are recorded on capital assets and intangible assets.	(275,379)
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Governmental funds report capital outlay as expenditures in the period purchased. However, capitalizable items increase capital assets in the Statement of Net Position.	64,267
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Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	435,000
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	1,332
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Change in Net Position - Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,582,046</div>
--	---

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 416 of Harris County, Texas was created effective February 7, 2006, by an Order of the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, roads, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The first Board of Directors meeting was on March 13, 2006.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted.

These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole and are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds are eliminated to obtain net total revenues and expenses of the Statement of Activities.

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund. The General Fund accounts for property tax revenues and professional and administrative expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of June 30, 2024, the Debt Service Fund owed the General Fund \$16,951 for maintenance tax collections.

Capital Assets and Intangible Assets

Capital assets include land, roads, drainage and detention facilities and are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are expensed as incurred. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset, while developer interest costs are expensed when paid. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over a period of 45 years.

Intangible assets consist of water production facilities and water capacity fees and are amortized using the straight-line method over a period of 50 years (see also Notes 6 and 8).

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

The Board of Directors adopted a budget for the General Fund which was prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

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

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

Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following table summarizes bonds payable transactions for the current fiscal year.

	July 1, 2023	Additions	Retirements	June 30, 2024
Bonds Payable	\$ 12,985,000	\$	\$ 435,000	\$ 12,550,000
Unamortized Discounts	(66,458)		(3,192)	(63,266)
Unamortized Premiums	64,521		3,225	61,296
Bonds Payable, Net	<u>\$ 12,983,063</u>	<u>\$ -0-</u>	<u>\$ 435,033</u>	<u>\$ 12,548,030</u>
			Amount Due Within One Year	\$ 460,000
			Amount Due After One Year	<u>12,088,030</u>
			Bonds Payable, Net	<u>\$ 12,548,030</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2017</u>	<u>Series 2019</u>
Amounts outstanding – June 30, 2024	\$ 4,350,000	\$ 2,355,000
Interest Rates	2.80% - 4.00%	3.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2043	September 1, 2024/2043
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023*	September 1, 2024*
	<u>Series 2020 Road</u>	<u>Series 2021 Refunding</u>
Amounts outstanding – June 30, 2024	\$ 1,540,000	\$ 4,305,000
Interest Rates	2.00% - 4.50%	1.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2044	September 1, 2024/2042
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2027*

* The bonds are subject to redemption at the option of the District prior to their maturity in whole, or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2017 term bonds maturing on September 1, 2031, 2033, 2035, 2037, and 2043, can be redeemed at a price equal to par plus accrued interest thereon to the redemption date on September 1, 2030, 2032, 2034, 2036, and 2038, respectively. Series 2019 term bonds maturing on September 1, 2033, 2035, 2037, 2039, 2041, and 2043, can be redeemed at a price equal to par plus accrued interest thereon to the redemption date on September 1, 2032, 2034, 2036, 2038, 2040, and 2042, respectively. Series 2020 Road term bonds maturing on September 1, 2036, 2040, and 2044, can be redeemed at a price equal to par plus accrued interest thereon to the redemption date on September 1, 2034, 2037, and 2041, respectively. Series 2021 Refunding term bonds maturing on September 1, 2034, and 2042, can be redeemed at a price equal to par plus accrued interest thereon to the redemption date on September 1, 2033, and 2040, respectively.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

The District has authorized but unissued bonds in the amount of \$23,230,000 for water, sanitary sewer, and stormwater drainage facilities, \$2,460,000 for parks and recreational facilities, and \$25,535,000 for roads. These authorizations include any amounts issued for refunding purposes. 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.

As of June 30, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 460,000	\$ 354,111	\$ 814,111
2026	475,000	338,540	813,540
2027	490,000	323,876	813,876
2028	515,000	309,472	824,472
2029	530,000	295,302	825,302
2030-2034	2,910,000	1,273,553	4,183,553
2035-2039	3,395,000	845,329	4,240,329
2040-2044	3,705,000	297,413	4,002,413
2045	70,000	700	70,700
	<u>\$ 12,550,000</u>	<u>\$ 4,038,296</u>	<u>\$ 16,588,296</u>

During the year ended June 30, 2024, the District levied an ad valorem debt service tax rate of \$0.34 per \$100 of assessed valuation, which resulted in a tax levy of \$1,230,945 on the adjusted taxable valuation of \$362,042,602 for the 2023 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS
(Continued)

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$171,621 and the bank balance was \$178,664. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2024 as listed below:

	<u>Cash</u>
GENERAL FUND	\$ 133,630
DEBT SERVICE FUND	<u>37,991</u>
TOTAL DEPOSITS	<u><u>\$ 171,621</u></u>

Investments

The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

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

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 1,813,126	\$ 1,813,126
<u>DEBT SERVICE FUND</u>		
TexPool	2,011,510	2,011,510
<u>CAPITAL PROJECTS FUND</u>		
TexPool	<u>1,048,925</u>	<u>1,048,925</u>
TOTAL INVESTMENTS	<u>\$ 4,873,561</u>	<u>\$ 4,873,561</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in TexPool was rated "AAAm" by Standard & Poor's. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

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

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

	July 1, 2023	Increases	Decreases	June 30, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,050,607	\$ -0-	\$ -0-	\$ 1,050,607
Capital Assets Subject to Depreciation				
Drainage and Detention Facilities	\$ 7,757,486	\$ 1,096,866	\$	\$ 8,854,352
Paving	2,282,901			2,282,901
Total Capital Assets Subject to Depreciation	<u>\$ 10,040,387</u>	<u>\$ 1,096,866</u>	<u>\$ -0-</u>	<u>\$ 11,137,253</u>
Accumulated Depreciation				
Drainage and Detention Facilities	\$ 1,239,002	\$ 175,127	\$	\$ 1,414,129
Paving	164,906	50,870		215,776
Total Accumulated Depreciation	<u>\$ 1,403,908</u>	<u>\$ 225,997</u>	<u>\$ -0-</u>	<u>\$ 1,629,905</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,636,479</u>	<u>\$ 870,869</u>	<u>\$ -0-</u>	<u>\$ 9,507,348</u>
Total Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 9,687,086</u></u>	<u><u>\$ 870,869</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 10,557,955</u></u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS (Continued)

The District's Developer has constructed water facilities within its boundaries and District No. 5 has accepted conveyance of such facilities for operation and maintenance (see Note 8). These costs are recorded as assets in the Statement of Net Position and amortized over the term of the agreement. Current year changes are summarized in the following table:

	July 1, 2023	Increases	Decreases	June 30, 2024
Water Facilities and Connection Fees	\$ 2,215,279	\$ 138,976	\$	\$ 2,354,255
Less: Accumulated Amortization	<u>313,308</u>	<u>49,382</u>	<u></u>	<u>362,690</u>
Intangible Assets, Net	<u>\$ 1,901,971</u>	<u>\$ 89,594</u>	<u>\$ -0-</u>	<u>\$ 1,991,565</u>

NOTE 7. MAINTENANCE TAX

On May 10, 2014, the voters of the District approved the levy and collection of a maintenance tax in an unlimited amount per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used to pay general and administrative expenditures and for any other lawful purpose. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$0.31 per \$100 of assessed valuation, which resulted in a tax levy of \$1,122,332 on the adjusted taxable valuation of \$362,042,602 for the 2023 tax year.

NOTE 8. WATER SUPPLY AGREEMENTS

On September 13, 2006, the District entered into an emergency water supply agreement with Northwest Harris County Municipal Utility District No. 5 ("District No. 5"). On February 14, 2007, the District and District No. 5 entered into a Water Facilities Contract. On April 4, 2007, District No. 5 purchased the water well and water plant located in the District for \$2,185,150. All previous agreements were terminated by the Water Supply Agreement discussed below.

On August 15, 2013, the District and District No. 5 entered into a Water Supply Agreement. Pursuant to the agreement, the District relinquished any right to the water well and plant located within the District and District No. 5 agreed to provide water service for up to 300 equivalent single-family connections located within the District. The District is responsible for designing and constructing all water distribution facilities and purchases water capacity from District No. 5 at a cost of \$1,500 per connection. District No. 5 is responsible for ordinary maintenance and repair costs while the District is responsible for unusual or extraordinary costs. The term of the agreement is 50 years.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8. WATER SUPPLY AGREEMENTS (Continued)

The Water Supply Agreement was amended on January 17, 2019, to allow for the use of a portion of the District's capacity in the District No. 5 facilities to provide service to Graceview Baptist Church (the "Church").

On June 2, 2020, the District executed an Out of District Service Agreement with the Church. District No. 5 is responsible for reading the meters and billing the Church for water used. The term of the agreement is 50 years.

NOTE 9. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the "Act"), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority has entered into a contract for purchase of surface water from the City of Houston, Texas to assure that its participants comply with the Harris-Galveston Subsidence District ("HGSD") pumpage requirements, which mandate that districts within HGSD boundaries, including the District, convert a percentage of their water use to surface water over a period of time.

NOTE 10. UNREIMBURSED COSTS

The District's Developer has funded costs associated with the construction of utilities, roads and recreational facilities. Reimbursement will come from the proceeds of future bond issuances to the extent approved by the Commission. The Developer liability at year end totaled \$4,183,139, which was an increase of \$1,171,575 over the prior year balance of \$3,011,564.

NOTE 11. 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 from which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and there have been no settlements.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12. MOWING AND MAINTENANCE AGREEMENT

On September 8, 2022, the District and Willowcreek Ranch Community Association (the “Association”) entered into a Mowing and Maintenance Agreement. The District will provide mowing and maintenance services for the benefit of the Association. The term of the agreement is one year. At the end of the initial term, this agreement shall continue in effect from month to month unless terminated. As of June 30, 2024, the Association owed the District \$92,030.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 700,000	\$ 1,115,872	\$ 415,872
Investment and Miscellaneous Revenues	<u>10,000</u>	<u>63,160</u>	<u>53,160</u>
TOTAL REVENUES	<u>\$ 710,000</u>	<u>\$ 1,179,032</u>	<u>\$ 469,032</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 155,500	\$ 181,699	\$ (26,199)
Contracted Services	30,000	35,800	(5,800)
Repairs, Maintenance, Capital Outlay	94,400	135,035	(40,635)
Other	<u>28,718</u>	<u>18,527</u>	<u>10,191</u>
TOTAL EXPENDITURES	<u>\$ 308,618</u>	<u>\$ 371,061</u>	<u>\$ (62,443)</u>
NET CHANGE IN FUND BALANCE	\$ 401,382	\$ 807,971	\$ 406,589
FUND BALANCE - JULY 1, 2023	<u>1,149,561</u>	<u>1,149,561</u>	<u></u>
FUND BALANCE - JUNE 30, 2024	<u>\$ 1,550,943</u>	<u>\$ 1,957,532</u>	<u>\$ 406,589</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2024

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2024

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

<input type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input type="checkbox"/> Retail Sewer	<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 checked="" type="checkbox"/> Roads
<input type="checkbox"/> Participates in joint venture or regional system		
<input type="checkbox"/> Other: See below**		

**Water service is provided by Northwest Harris County Municipal Utility District No. 5. The District is responsible for certain roads, detention and mitigation basins, amenity lakes, storm sewer facilities, and drainage infrastructure.

2. RETAIL SERVICE PROVIDERS: NOT APPLICABLE

3. TOTAL WATER CONSUMPTION: NOT APPLICABLE

4. STANDBY FEES: NOT APPLICABLE

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJs in which District is located:

Cities of Houston, Texas and Tomball, Texas.

Is the general membership of the Board appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2024

PROFESSIONAL FEES:	
Auditing	\$ 16,000
Engineering	82,605
Legal	<u>83,094</u>
TOTAL PROFESSIONAL FEES	<u>\$ 181,699</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 35,800</u>
REPAIRS AND MAINTENANCE	<u>\$ 70,768</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 8,573
Insurance	3,420
Office Supplies, Postage and Dues	750
Travel and Meetings	<u>5,784</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 18,527</u>
CAPITAL OUTLAY	<u>\$ 64,267</u>
TOTAL EXPENDITURES	<u>\$ 371,061</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
INVESTMENTS
JUNE 30, 2024

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0006	Varies	Daily	\$ 1,813,126	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 1,833,107	\$
TexPool	XXXX0005	Varies	Daily	178,403	
TOTAL DEBT SERVICE FUND				\$ 2,011,510	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 759,907	\$
TexPool	XXXX0004	Varies	Daily	289,018	
TOTAL CAPITAL PROJECTS FUND				\$ 1,048,925	\$ - 0 -
TOTAL - ALL FUNDS				\$ 4,873,561	\$ - 0 -

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
JULY 1, 2023	\$	22,879	\$	33,440
Adjustments to Beginning				
Balance		<u>(1,767)</u>		<u>(3,353)</u>
	\$	21,112	\$	30,087
Original 2023 Tax Levy	\$	1,101,656	\$	1,208,268
Adjustment to 2023 Tax Levy		<u>20,676</u>		<u>22,677</u>
		<u>1,122,332</u>		<u>\$ 1,230,945</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,143,444		\$ 1,261,032
TAX COLLECTIONS:				
Prior Years	\$	20,470	\$	29,179
Current Year		<u>1,095,402</u>		<u>1,201,409</u>
		<u>1,115,872</u>		<u>1,230,588</u>
TAXES RECEIVABLE -				
JUNE 30, 2024		<u>\$ 27,572</u>		<u>\$ 30,444</u>
TAXES RECEIVABLE BY				
YEAR:				
2023	\$	26,930	\$	29,536
2022		639		899
2021		2		5
2020		<u>1</u>		<u>4</u>
TOTAL	\$	<u>27,572</u>	\$	<u>30,444</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 99,874,530	\$ 64,485,601	\$ 62,025,201	\$ 52,223,808
Improvements	306,664,008	254,907,651	180,520,589	129,086,241
Personal Property	1,544,151	1,791,590	926,642	501,636
Exemptions	<u>(46,040,087)</u>	<u>(34,619,429)</u>	<u>(15,043,408)</u>	<u>(7,871,784)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 362,042,602</u>	<u>\$ 286,565,413</u>	<u>\$ 228,429,024</u>	<u>\$ 173,939,901</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.34	\$ 0.38	\$ 0.4725	\$ 0.465
Maintenance	<u>0.31</u>	<u>0.27</u>	<u>0.1775</u>	<u>0.185</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.65</u>	<u>\$ 0.65</u>	<u>\$ 0.6500</u>	<u>\$ 0.650</u>
ADJUSTED TAX LEVY*	<u>\$ 2,353,277</u>	<u>\$ 1,862,674</u>	<u>\$ 1,484,788</u>	<u>\$ 1,130,610</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>97.60 %</u>	<u>99.92 %</u>	<u>99.99 %</u>	<u>99.99 %</u>

* Based upon adjusted tax at time of audit for the period in which the tax was levied.

** Maintenance Tax – Voters approved an unlimited tax rate per \$100 of assessed valuation on May 10, 2014.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 1 7				
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2025	\$ 140,000	\$ 157,325	\$	297,325
2026	145,000	153,190		298,190
2027	150,000	148,765		298,765
2028	160,000	144,035		304,035
2029	165,000	138,915		303,915
2030	175,000	133,388		308,388
2031	180,000	127,440		307,440
2032	190,000	121,150		311,150
2033	195,000	114,410		309,410
2034	205,000	107,210		312,210
2035	215,000	99,543		314,543
2036	225,000	91,403		316,403
2037	235,000	82,775		317,775
2038	245,000	73,655		318,655
2039	255,000	63,900		318,900
2040	270,000	53,400		323,400
2041	280,000	42,400		322,400
2042	295,000	30,900		325,900
2043	305,000	18,900		323,900
2044	320,000	6,400		326,400
2045				
	<u>\$ 4,350,000</u>	<u>\$ 1,909,104</u>	<u>\$</u>	<u>6,259,104</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 1 9				
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2025	\$ 75,000	\$ 76,750	\$	151,750
2026	80,000	73,862		153,862
2027	80,000	71,462		151,462
2028	85,000	68,987		153,987
2029	90,000	66,362		156,362
2030	95,000	63,587		158,587
2031	100,000	60,662		160,662
2032	105,000	57,587		162,587
2033	105,000	54,437		159,437
2034	110,000	51,212		161,212
2035	115,000	47,693		162,693
2036	120,000	43,876		163,876
2037	125,000	39,816		164,816
2038	135,000	35,428		170,428
2039	140,000	30,700		170,700
2040	145,000	25,713		170,713
2041	150,000	20,551		170,551
2042	160,000	15,126		175,126
2043	165,000	9,335		174,335
2044	175,000	3,175		178,175
2045				
	<u>\$ 2,355,000</u>	<u>\$ 916,321</u>	<u>\$</u>	<u>3,271,321</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 2 0 R O A D				
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2025	\$ 75,000	\$ 32,862	\$	107,862
2026	75,000	29,488		104,488
2027	75,000	27,050		102,050
2028	75,000	25,550		100,550
2029	75,000	24,050		99,050
2030	75,000	22,550		97,550
2031	75,000	21,050		96,050
2032	75,000	19,550		94,550
2033	75,000	18,050		93,050
2034	75,000	16,550		91,550
2035	75,000	15,050		90,050
2036	75,000	13,550		88,550
2037	75,000	12,050		87,050
2038	75,000	10,550		85,550
2039	70,000	9,100		79,100
2040	70,000	7,700		77,700
2041	70,000	6,300		76,300
2042	70,000	4,900		74,900
2043	70,000	3,500		73,500
2044	70,000	2,100		72,100
2045	70,000	700		70,700
	<u>\$ 1,540,000</u>	<u>\$ 322,250</u>	<u>\$</u>	<u>1,862,250</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 2 1 R E F U N D I N G				
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2025	\$ 170,000	\$ 87,174	\$	257,174
2026	175,000	82,000		257,000
2027	185,000	76,599		261,599
2028	195,000	70,900		265,900
2029	200,000	65,975		265,975
2030	205,000	62,950		267,950
2031	205,000	60,644		265,644
2032	215,000	57,750		272,750
2033	220,000	53,938		273,938
2034	230,000	49,438		279,438
2035	230,000	44,838		274,838
2036	235,000	40,188		275,188
2037	245,000	35,388		280,388
2038	250,000	30,438		280,438
2039	255,000	25,388		280,388
2040	260,000	20,238		280,238
2041	270,000	14,769		284,769
2042	275,000	8,978		283,978
2043	285,000	3,028		288,028
2044				
2045				
	<u>\$ 4,305,000</u>	<u>\$ 890,621</u>	<u>\$</u>	<u>5,195,621</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 460,000	\$ 354,111	\$ 814,111
2026	475,000	338,540	813,540
2027	490,000	323,876	813,876
2028	515,000	309,472	824,472
2029	530,000	295,302	825,302
2030	550,000	282,475	832,475
2031	560,000	269,796	829,796
2032	585,000	256,037	841,037
2033	595,000	240,835	835,835
2034	620,000	224,410	844,410
2035	635,000	207,124	842,124
2036	655,000	189,017	844,017
2037	680,000	170,029	850,029
2038	705,000	150,071	855,071
2039	720,000	129,088	849,088
2040	745,000	107,051	852,051
2041	770,000	84,020	854,020
2042	800,000	59,904	859,904
2043	825,000	34,763	859,763
2044	565,000	11,675	576,675
2045	70,000	700	70,700
	<u>\$ 12,550,000</u>	<u>\$ 4,038,296</u>	<u>\$ 16,588,296</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2024

Description	Original Bonds Issued	Bonds Outstanding July 1, 2023
Harris County Municipal Utility District No. 416 Unlimited Tax Bonds - Series 2017	\$ 4,950,000	\$ 4,480,000
Harris County Municipal Utility District No. 416 Unlimited Tax Bonds - Series 2019	2,625,000	2,425,000
Harris County Municipal Utility District No. 416 Unlimited Tax Road Bonds - Series 2020	1,690,000	1,615,000
Harris County Municipal Utility District No. 416 Unlimited Tax Refunding Bonds - Series 2021	<u>4,620,000</u>	<u>4,465,000</u>
TOTAL	<u>\$ 13,885,000</u>	<u>\$ 12,985,000</u>

Bond Authority:	Road Bonds	Water, Sewer and Drainage Tax Bonds	Park and Recreational Facilities Bonds
Amount Authorized by Voters	\$ 27,225,000	\$ 36,000,000	\$ 2,460,000
Amount Issued	<u>1,690,000</u>	<u>12,770,000</u>	<u></u>
Remaining to be Issued	<u>\$ 25,535,000</u>	<u>\$ 23,230,000</u>	<u>\$ 2,460,000</u>
	*	*	*

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

* Includes bonds authorized for refunding purposes.

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding June 30, 2024	Paying Agent
	Principal	Interest		
\$	\$ 130,000	\$ 160,975	\$ 4,350,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	70,000	80,100	2,355,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	75,000	36,238	1,540,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	160,000	92,125	4,305,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
\$ - 0 -	\$ 435,000	\$ 369,438	\$ 12,550,000	

Debt Service Fund cash and investment balances as of June 30, 2024: \$ 2,049,501

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 789,919

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 1,115,872	\$ 756,886	\$ 399,427
Investment and Miscellaneous Revenues	<u>63,160</u>	<u>30,447</u>	<u>9,453</u>
TOTAL REVENUES	<u>\$ 1,179,032</u>	<u>\$ 787,333</u>	<u>\$ 408,880</u>
EXPENDITURES			
Professional Fees	\$ 181,699	\$ 156,074	\$ 131,918
Contracted Services	35,800	39,836	14,520
Repairs and Maintenance	70,768	73,375	26,517
Other	18,527	17,968	24,031
Capital Outlay	<u>64,267</u>		<u>33,327</u>
TOTAL EXPENDITURES	<u>\$ 371,061</u>	<u>\$ 287,253</u>	<u>\$ 230,313</u>
NET CHANGE IN FUND BALANCE	\$ 807,971	\$ 500,080	\$ 178,567
BEGINNING FUND BALANCE	<u>1,149,561</u>	<u>649,481</u>	<u>470,914</u>
ENDING FUND BALANCE	<u><u>\$ 1,957,532</u></u>	<u><u>\$ 1,149,561</u></u>	<u><u>\$ 649,481</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 319,008	\$ 250,610	94.6 %	96.1 %	97.7 %	90.0 %	99.8 %
<u>35,356</u>	<u>546</u>	<u>5.4</u>	<u>3.9</u>	<u>2.3</u>	<u>10.0</u>	<u>0.2</u>
<u>\$ 354,364</u>	<u>\$ 251,156</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 142,411	\$ 104,868	15.4 %	19.8 %	32.3 %	40.2 %	41.8 %
12,280	12,220	3.0	5.1	3.6	3.5	4.9
69,564	49,613	6.0	9.3	6.5	19.6	19.8
20,045	19,503	1.6	2.3	5.9	5.7	7.8
		<u>5.5</u>		<u>8.2</u>		
<u>\$ 244,300</u>	<u>\$ 186,204</u>	<u>31.5 %</u>	<u>36.5 %</u>	<u>56.5 %</u>	<u>69.0 %</u>	<u>74.3 %</u>
\$ 110,064	\$ 64,952	<u>68.5 %</u>	<u>63.5 %</u>	<u>43.5 %</u>	<u>31.0 %</u>	<u>25.7 %</u>
<u>360,850</u>	<u>295,898</u>					
<u>\$ 470,914</u>	<u>\$ 360,850</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 1,230,588	\$ 1,071,650	\$ 1,067,301
Penalty and Interest	41,400	19,007	13,465
Investment and Miscellaneous Revenues	<u>78,316</u>	<u>43,500</u>	<u>3,729</u>
TOTAL REVENUES	<u>\$ 1,350,304</u>	<u>\$ 1,134,157</u>	<u>\$ 1,084,495</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 48,185	\$ 33,429	\$ 31,047
Debt Service Principal	435,000	425,000	310,000
Debt Service Interest and Fees	374,088	385,640	373,991
Bond Issuance Costs			
Payment to Refunded Bond Escrow Agent			
TOTAL EXPENDITURES	<u>\$ 857,273</u>	<u>\$ 844,069</u>	<u>\$ 715,038</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 493,031</u>	<u>\$ 290,088</u>	<u>\$ 369,457</u>
OTHER FINANCING SOURCES (USES)			
Proceeds From Issuance of Long-Term Debt	\$	\$	\$
Proceeds From Issuance of Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 493,031	\$ 290,088	\$ 369,457
BEGINNING FUND BALANCE	<u>1,532,332</u>	<u>1,242,244</u>	<u>872,787</u>
ENDING FUND BALANCE	<u><u>\$ 2,025,363</u></u>	<u><u>\$ 1,532,332</u></u>	<u><u>\$ 1,242,244</u></u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>*</u>	<u>*</u>	<u>*</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>**</u>	<u>**</u>	<u>**</u>

* See Note 8

** Wastewater treatment is provided by the individual owners via an onsite aerobic system.

See accompanying independent auditor's report.

		Percentage of Total Revenues					
2021	2020	2024	2023	2022	2021	2020	
\$ 801,889	\$ 678,325	91.1 %	94.5 %	98.5 %	99.0 %	97.9 %	
7,121	7,260	3.1	1.7	1.2	0.9	1.0	
1,212	7,948	5.8	3.8	0.3	0.1	1.1	
<u>\$ 810,222</u>	<u>\$ 693,533</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	
\$ 19,358	\$ 19,154	3.6 %	2.9 %	2.9 %	2.4 %	2.8 %	
300,000	225,000	32.2	37.5	28.6	37.0	32.4	
447,891	419,273	27.7	34.0	34.5	55.3	60.5	
191,366					23.6		
50,000					6.2		
<u>\$ 1,008,615</u>	<u>\$ 663,427</u>	<u>63.5 %</u>	<u>74.4 %</u>	<u>66.0 %</u>	<u>124.5 %</u>	<u>95.7 %</u>	
<u>\$ (198,393)</u>	<u>\$ 30,106</u>	<u>36.5 %</u>	<u>25.6 %</u>	<u>34.0 %</u>	<u>(24.5) %</u>	<u>4.3 %</u>	
\$ 83,350	\$						
4,620,000							
(4,452,639)							
32,214							
<u>\$ 282,925</u>	<u>\$ - 0 -</u>						
\$ 84,532	\$ 30,106						
788,255	758,149						
<u>\$ 872,787</u>	<u>\$ 788,255</u>						
<u>*</u>	<u>*</u>						
**	**						

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2024

District Mailing Address - Harris County Municipal Utility District No. 416
c/o Smith, Murdaugh, Little & Bonham, L.L.P.
2727 Allen Parkway, Suite 1100
Houston, TX 77019

District Telephone Number - (713) 652-6500

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended June 30, 2024	Expense Reimbursements for the year ended June 30, 2024	Title
Christopher C. Hughes	05/22 05/26 (Elected)	\$ 1,476	\$ 323	President
Richard Godwin	05/22 05/26 (Elected)	\$ 2,581	\$ 2,480	Vice President
William L. Shappley, III	05/22 05/26 (Elected)	\$ 1,255	\$ 277	Secretary
Thomas A. Cook	05/24 05/28 (Elected)	\$ 1,547	\$ 323	Assistant Secretary
Reed Tinsley	05/24 05/28 (Elected)	\$ 1,105	\$ 232	Assistant Secretary

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

Submission date of most recent District Registration Form: May 28, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 10, 2023. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2024

	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2024</u>	<u>Title</u>
Consultants:			
Smith, Murdaugh, Little & Bonham, L.L.P.	04/02/13	\$ 83,094	General Counsel
	02/23/16	\$ 12,916	Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot PLLC	06/23/15	\$ 16,000	Auditor
FORVIS, LLP	07/14/22	\$ 35,800	Bookkeeper
Edminster, Hinshaw, Russ & Associates, Inc.	04/02/13	\$ 82,605	Engineer
Masterson Advisors LLC	04/24/18	\$ -0-	Financial Advisor
Bob Leared Interests	04/02/13	\$ 13,536	Tax Assessor/ Collector

See accompanying independent auditor's report.