

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**JULY 31, 2024**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
Certified Public Accountants



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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Harris County Municipal Utility District No. 401  
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. 401 (the "District") as of and for the year ended July 31, 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 July 31, 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.





Board of Directors  
Harris County Municipal Utility District No. 401

### **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 script is cursive and fluid.

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

November 18, 2024



# **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED JULY 31, 2024**

Management's discussion and analysis of the financial performance of Harris County Municipal Utility District No. 401 (the "District") provides an overview of the District's financial activities for the year ended July 31, 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 and liabilities, and if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District 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 resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. 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. 401  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2024**

**FUND FINANCIAL STATEMENTS (Continued)**

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist 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. A 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, liabilities exceeded assets and deferred outflows of resources by \$2,359,661 as of July 31, 2024.

A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water, wastewater and drainage services.

The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JULY 31, 2024**

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

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 11,141,470	\$ 10,837,234	\$ 304,236
Capital Assets (Net of Accumulated Depreciation)	24,043,847	24,380,762	(336,915)
Total Assets	\$ 35,185,317	\$ 35,217,996	\$ (32,679)
Deferred Outflows of Resources	\$ 374,574	\$ 420,694	\$ (46,120)
Due to Developer	\$ 1,721,668	\$ 1,721,668	\$
Bonds Payable	35,445,987	36,973,383	1,527,396
Other Liabilities	751,897	1,082,601	330,704
Total Liabilities	\$ 37,919,552	\$ 39,777,652	\$ 1,858,100
Net Position:			
Net Investment in Capital Assets	\$ (12,018,793)	\$ (12,819,104)	\$ 800,311
Restricted	4,248,751	4,111,967	136,784
Unrestricted	5,410,381	4,568,175	842,206
Total Net Position	\$ (2,359,661)	\$ (4,138,962)	\$ 1,779,301

The following table provides a summary of the District's operations for the years ending July 31, 2024, and July 31, 2023. The District's net position increased by \$1,779,301, accounting for a 43.0% increase in net position. Comparative data is presented below.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,018,570	\$ 3,917,762	\$ 100,808
Charges for Services	1,778,950	1,820,553	(41,603)
Other Revenues	497,903	395,266	102,637
Total Revenues	\$ 6,295,423	\$ 6,133,581	\$ 161,842
Expenses for Services	4,516,122	4,494,563	(21,559)
Change in Net Position	\$ 1,779,301	\$ 1,639,018	\$ 140,283
Net Position, Beginning of Year	(4,138,962)	(5,777,980)	1,639,018
Net Position, End of Year	\$ (2,359,661)	\$ (4,138,962)	\$ 1,779,301

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED JULY 31, 2024

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

The District's combined fund balances as of the fiscal year ended July 31, 2024, were \$10,772,995, an increase of \$631,739 from the prior year.

The General Fund fund balance increased by \$848,014, primarily due to property tax and service revenues exceeding operating expenditures and capital costs.

The Debt Service Fund fund balance increased by \$127,775, primarily due to the structure of the District's outstanding debt service.

The Capital Projects Fund fund balance decreased by \$344,050, primarily due to capital outlay exceeding investment revenues.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. The budget was amended during the year to increase budgeted property tax revenues, increase budgeted repair and maintenance costs, and to decrease capital outlay. Actual revenues were \$67,258 less than budgeted revenues, actual expenditures were \$482,172 less than budgeted expenditures, and transfers in were \$53,246 more than budgeted. This resulted in a positive variance of \$468,160. See the budget to actual comparison for more information.

#### CAPITAL ASSETS

Capital assets as of July 31, 2024, total \$24,043,847 (net of accumulated depreciation). These capital assets include land, as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,198,621	\$ 1,198,621	\$
Capital Assets, Net of Accumulated Depreciation:			
Water System	6,250,343	6,304,928	(54,585)
Wastewater System	6,988,193	7,182,983	(194,790)
Drainage System	6,727,592	6,960,438	(232,846)
Recreation/Trails	2,879,098	2,733,792	145,306
Total Net Capital Assets	<u>\$ 24,043,847</u>	<u>\$ 24,380,762</u>	<u>\$ (336,915)</u>

Additional information on the District's capital assets can be found in Note 6 of this report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2024**

**LONG-TERM DEBT ACTIVITY**

At the end of the current fiscal year, the District had total bond debt of \$35,615,000.

The changes in the debt position of the District during the fiscal year ended July 31, 2024, are summarized as follows:

Bond Debt Payable, August 1, 2023	\$ 37,155,000
Less: Bond Principal Paid	<u>1,540,000</u>
Bond Debt Payable, July 31, 2024	<u>\$ 35,615,000</u>

The District’s Series 2014 bonds have an underlying rating of “A” from Standard & Poor’s (S&P). The District’s Series 2015, Series 2016 Refunding, Series 2016A, Series 2017, Series 2020, Series 2020A, Series 2020 Refunding, Series 2021 Refunding and Series 2021 Bonds have an underlying rating of “Baa1” from Moody’s. The Series 2014, Series 2015, Series 2016 Refunding Bonds, Series 2017, Series 2020, and Series 2020 Refunding carry an insured rating of “AA”, “AA/A1” or “AA/A1/AA+” by virtue of bond insurance issued by Assured Guaranty Municipal. The Series 2020A, Series 2021 Refunding and Series 2021 Bonds carry an insured rating of “AA” from S&P by virtue of bond insurance issued by Build America Municipal. The Series 2016A Bonds carried an insured rating of “Baa2” from Moody’s by virtue of bond insurance issued by National Public Finance Guarantee. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The above ratings are as of July 31, 2024, and reflect all rating changes through the fiscal year end.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of 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. 401, c/o Marks Richards PC, 3700 Buffalo Speedway, Suite 830, Houston, Texas 77098.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JULY 31, 2024**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>		
Cash	\$ 152,833	\$ 271,388
Investments	4,985,784	4,430,150
Receivables:		
Property Taxes	8,875	19,311
Penalty and Interest on Delinquent Taxes		
Service Accounts	145,794	
Other	3,112	
Due from Other Funds	354,861	
Prepaid Costs	20,370	
Land		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<u>\$ 5,671,629</u>	<u>\$ 4,720,849</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>
<b>TOTAL ASSETS AND DEFERRED</b>		
<b>OUTFLOWS OF RESOURCES</b>	<u>\$ 5,671,629</u>	<u>\$ 4,720,849</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>
\$ 1,569	\$ 425,790	\$	\$ 425,790
1,064,299	10,480,233		10,480,233
	28,186		28,186
		5,206	5,206
	145,794		145,794
	3,112		3,112
	354,861	(354,861)	
	20,370	32,779	53,149
		1,198,621	1,198,621
		22,845,226	22,845,226
<u>\$ 1,065,868</u>	<u>\$ 11,458,346</u>	<u>\$ 23,726,971</u>	<u>\$ 35,185,317</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 374,574</u>	<u>\$ 374,574</u>
<u>\$ 1,065,868</u>	<u>\$ 11,458,346</u>	<u>\$ 24,101,545</u>	<u>\$ 35,559,891</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JULY 31, 2024**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 171,766	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		17,843
Due to Taxpayers		9,868
Security Deposits	120,670	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<u>\$ 292,436</u>	<u>\$ 27,711</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	<u>\$ 8,875</u>	<u>\$ 19,311</u>
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 20,370	\$
Restricted for Authorized Construction		
Restricted for Debt Service		4,673,827
Assigned to 2025 Budget Deficit	313,826	
Unassigned	<u>5,036,122</u>	
<b>TOTAL FUND BALANCES</b>	<u>\$ 5,370,318</u>	<u>\$ 4,673,827</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 5,671,629</u></u>	<u><u>\$ 4,720,849</u></u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 171,766	\$	\$ 171,766
		449,593	449,593
		1,721,668	1,721,668
337,018	354,861	(354,861)	
	9,868		9,868
	120,670		120,670
		1,595,000	1,595,000
		33,850,987	33,850,987
<u>\$ 337,018</u>	<u>\$ 657,165</u>	<u>\$ 37,262,387</u>	<u>\$ 37,919,552</u>
<u>\$ -0-</u>	<u>\$ 28,186</u>	<u>\$ (28,186)</u>	<u>\$ -0-</u>
\$	\$ 20,370	\$ (20,370)	\$
728,850	728,850	(728,850)	
	4,673,827	(4,673,827)	
	313,826	(313,826)	
	5,036,122	(5,036,122)	
<u>\$ 728,850</u>	<u>\$ 10,772,995</u>	<u>\$ (10,772,995)</u>	<u>\$ -0-</u>
<u>\$ 1,065,868</u>	<u>\$ 11,458,346</u>		
		\$ (12,018,793)	\$ (12,018,793)
		4,248,751	4,248,751
		<u>5,410,381</u>	<u>5,410,381</u>
		<u>\$ (2,359,661)</u>	<u>\$ (2,359,661)</u>

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

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JULY 31, 2024

Total Fund Balances - Governmental Funds	\$ 10,772,995
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Bond insurance premiums paid at closing are amortized over the term of the bond.	32,779
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Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.	374,574
--	---------

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	24,043,847
--	------------

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.	33,392
--	--------

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 Developers	\$ (1,721,668)	
Accrued Interest Payable	(449,593)	
Bonds Payable	<u>(35,445,987)</u>	<u>(37,617,248)</u>

Total Net Position - Governmental Activities	<u>\$ (2,359,661)</u>
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The accompanying notes to the financial  
statements are an integral part of this report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JULY 31, 2024**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 1,390,564	\$ 2,637,305
Water Service	484,606	
Wastewater Service	503,204	
Regional Water Authority Fees	755,286	
Penalty and Interest	18,339	18,800
Investment Revenues	252,317	186,867
Miscellaneous Revenues		239
	<u>                    </u>	<u>                    </u>
<b>TOTAL REVENUES</b>	<u>\$ 3,404,316</u>	<u>\$ 2,843,211</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 219,215	\$ 5,821
Contracted Services	708,120	63,346
Utilities	107,774	
Regional Water Authority Assessment	708,106	
Repairs and Maintenance	397,604	
Depreciation		
Other	195,736	6,232
Capital Outlay	272,993	
Debt Service:		
Bond Principal		1,540,000
Bond Interest		1,100,037
	<u>                    </u>	<u>                    </u>
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 2,609,548</u>	<u>\$ 2,715,436</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER</b>		
<b>EXPENDITURES/EXPENSES</b>	<u>\$ 794,768</u>	<u>\$ 127,775</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In (Out)	<u>\$ 53,246</u>	<u>\$ -0-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 848,014</u>	<u>\$ 127,775</u>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - AUGUST 1, 2023</b>	<u>4,522,304</u>	<u>4,546,052</u>
<b>FUND BALANCES/NET POSITION - JULY 31, 2024</b>	<u><u>\$ 5,370,318</u></u>	<u><u>\$ 4,673,827</u></u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 4,027,869	\$ (9,299)	\$ 4,018,570
	484,606		484,606
	503,204		503,204
	755,286		755,286
	37,139	(1,285)	35,854
56,730	495,914		495,914
1,750	1,989		1,989
<u>\$ 58,480</u>	<u>\$ 6,306,007</u>	<u>\$ (10,584)</u>	<u>\$ 6,295,423</u>
\$	\$ 225,036	\$	\$ 225,036
	771,466		771,466
	107,774		107,774
	708,106		708,106
2,547	400,151		400,151
		956,445	956,445
200	202,168		202,168
346,537	619,530	(619,530)	
	1,540,000	(1,540,000)	
	1,100,037	44,939	1,144,976
<u>\$ 349,284</u>	<u>\$ 5,674,268</u>	<u>\$ (1,158,146)</u>	<u>\$ 4,516,122</u>
<u>\$ (290,804)</u>	<u>\$ 631,739</u>	<u>\$ 1,147,562</u>	<u>\$ 1,779,301</u>
<u>\$ (53,246)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
\$ (344,050)	\$ 631,739	\$ (631,739)	\$
		1,779,301	1,779,301
1,072,900	10,141,256	(14,280,218)	(4,138,962)
<u>\$ 728,850</u>	<u>\$ 10,772,995</u>	<u>\$ (13,132,656)</u>	<u>\$ (2,359,661)</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JULY 31, 2024**

Net Change in Fund Balances - Governmental Funds	\$ 631,739
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.	(9,299)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(1,285)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(956,445)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	619,530
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.	1,540,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(44,939)
Change in Net Position - Governmental Activities	<u>\$ 1,779,301</u>

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

**NOTE 1. CREATION OF DISTRICT**

Harris County Municipal Utility District No. 401 (the “District”) was created effective August 10, 2004 by an Order of the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its organizational meeting on August 30, 2004, and sold its first bonds on December 27, 2007.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether 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:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

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

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

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

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

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

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 July 31, 2024, the Debt Service Fund (Tax Fund) owed the General Fund \$17,843 for maintenance tax collections and the Capital Projects Fund owed the General Fund \$337,018 for capital costs approved to be paid with surplus bond proceeds. During the current fiscal year, the Capital Projects Fund recorded a transfer to the General Fund in the amount of \$53,246 for capital costs paid in the prior year.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

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

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and amended budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered to be “employees” for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

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

Measurement Focus (Continued)

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.

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

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

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District has assigned \$313,826 of its General Fund fund balance to cover a budgeted shortfall in fiscal year 2025.

*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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

**NOTE 3. LONG-TERM DEBT**

	Series 2014	Series 2015	Refunding Series 2016
Amount Outstanding – July 31, 2024	\$ 4,015,000	\$ 6,535,000	\$ 3,390,000
Interest Rates	3.00% - 4.00%	2.75% - 4.00%	2.500% - 3.375%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2038	September 1, 2024/2040	September 1, 2024/2031
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2022*	September 1, 2023*	September 1, 2023*

	Series 2016A	Series 2017	Series 2020
Amount Outstanding – July 31, 2024	\$ 4,600,000	\$ 6,700,000	\$ 1,030,000
Interest Rates	2.00% - 3.375%	3.00% - 3.50%	2.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2041	September 1, 2024/2042	September 1, 2024/2034
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2024*	September 1, 2024*	September 1, 2026*

\* Or any date thereafter, callable at par plus accrued interest to the date fixed for redemption, in whole or in part, at the option of the District. Series 2014 term bonds maturing September 1, 2024, 2026, 2028, 2030, 2034, 2036, and 2038, are scheduled for mandatory redemption beginning September 1, 2023, 2025, 2027, 2029, 2031, 2035, and 2037, respectively. Series 2015 term bonds maturing September 1, 2035, 2037, and 2040 are subject to mandatory redemption beginning September 1, 2034, 2036, and 2038, respectively. Series 2016A term bonds maturing September 1, 2031, 2033, 2035, 2037, 2039, and 2041, are subject to mandatory redemption beginning September 1, 2030, 2032, 2034, 2036, 2038, and 2040, respectively. Series 2020 term bonds maturing September 1, 2032 and 2034 are scheduled for mandatory redemption beginning September 1, 2031, and 2033, respectively.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

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

	Series 2020A	Refunding Series 2020	Refunding Series 2021
Amount Outstanding – July 31, 2024	\$ 3,160,000	\$ 1,110,000	\$ 2,175,000
Interest Rates	2.00%-4.00%	2.00% - 4.00%	1.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2040	September 1, 2024/2034	September 1, 2024/2032
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2026*	September 1, 2026*	September 1, 2026*

	Series 2021
Amount Outstanding – July 31, 2024	\$ 2,900,000
Interest Rates	2.000%-2.375%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2045
Interest Payment Dates	September 1/ March 1
Callable Dates	September 1, 2027*

\* Or any date thereafter, callable at par plus accrued interest to the date fixed for redemption, in whole or in part, at the option of the District. Series 2020A term bonds maturing September 1, 2032, 2034, 2036, 2038, and 2040 are scheduled for mandatory redemption beginning September 1, 2031, 2033, 2035, 2037, and 2039, respectively. Series 2020 Refunding term bonds maturing September 1, 2029, 2032, and 2034, are scheduled for mandatory redemption beginning September 1, 2027, 2030, and 2033, respectively. Series 2021 Refunding term bonds maturing September 1, 2028, 2030, and 2032, are scheduled for mandatory redemption beginning September 1, 2027, 2029, and 2031, respectively. Series 2021 term bonds maturing September 1, 2032, 2034, 2037 and 2045, are scheduled for mandatory redemption beginning September 1, 2031, 2033, 2035 and 2038, respectively

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

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

The following is a summary of transactions regarding bonds payable for the year ended July 31, 2024:

	August 1, 2023	Additions	Retirements	July 31, 2024
Bonds Payable	\$ 37,155,000	\$	\$ 1,540,000	\$ 35,615,000
Unamortized Discounts	(335,409)		(21,934)	(313,475)
Unamortized Premiums	153,792		9,330	144,462
Bonds Payable, net	<u>\$ 36,973,383</u>	<u>\$ -0-</u>	<u>\$ 1,527,396</u>	<u>\$ 35,445,987</u>
			Amount Due Within One Year	\$ 1,595,000
			Amount Due After One Year	<u>33,850,987</u>
			Bonds Payable, net	<u>\$ 35,445,987</u>

As of July 31, 2024, the District has authorized but unissued utility bonds in the amount of \$13,360,000, refunding bonds in the amount of \$58,555,000 and recreational bonds in the amount of \$1,485,000.

As of July 31, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 1,595,000	\$ 1,057,098	\$ 2,652,098
2026	1,695,000	1,011,653	2,706,653
2027	1,725,000	963,916	2,688,916
2028	1,755,000	916,697	2,671,697
2029	1,790,000	869,904	2,659,904
2030-2034	9,560,000	3,565,992	13,125,992
2035-2039	9,785,000	2,064,985	11,849,985
2040-2044	7,110,000	511,379	7,621,379
2045-2046	600,000	14,249	614,249
	<u>\$ 35,615,000</u>	<u>\$ 10,975,873</u>	<u>\$ 46,590,873</u>

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

During the year ended July 31, 2024, the District levied an ad valorem debt service tax at the rate of \$0.54 per \$100 of assessed valuation, which resulted in a tax levy of \$2,633,551 on the adjusted taxable valuation of \$487,694,544 for the 2023 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for maintenance tax levy.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

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

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 RESOLUTIONS AND LEGAL REQUIREMENTS**

The bond resolutions state that the District is required to provide to the state information depository continuing disclosure of annual financial information and operating data with respect to the District. This information is also required to be provided to each nationally recognized municipal securities information depository. The information, along with the audited annual financial statements, is of the general type included in the annual audit report, and must be filed within six months after the end of each fiscal year of the District.

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

**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 or greater than 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 \$425,790 and the bank balance was \$457,328. The District was not exposed to custodial credit risk at year-end.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

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

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at July 31, 2024, as listed below:

	<u>Cash</u>
GENERAL FUND	\$ 152,833
DEBT SERVICE FUND	271,388
CAPITAL PROJECTS FUND	<u>1,569</u>
TOTAL DEPOSITS	<u>\$ 425,790</u>

Investments

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

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

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc. provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

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

Investments (Continued)

The District also invests in Texas Range, an external investment pool that is not SEC-registered. An Advisory Board, which is made up of experienced local government finance directors and treasurers, has oversight of the pool. Investment advisory services are provided by U.S. Bancorp Asset Management, Inc. Custodial service are performed by U.S. Bank, N.A. Texas Range measures all its portfolio assets at amortized cost. As a result, the District also measures its investment in Texas Range at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from Texas Range.

As of July 31, 2024, the District had the following investments:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexSTAR	\$ 4,409,686	\$ 4,409,686
Texas Range	576,098	576,098
<u>DEBT SERVICE FUND</u>		
TexSTAR	4,430,150	4,430,150
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	1,064,299	1,064,299
TOTAL INVESTMENTS	<u>\$ 10,480,233</u>	<u>\$ 10,480,233</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2024, the District's investments in TexSTAR and Texas Range were rated AAAM by Standard and Poor's.

Interest rate risk is the risk the changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexSTAR and Texas Range 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.

Restrictions

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended July 31, 2024:

	August 1, 2023	Increases	Decreases	July 31, 2024
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 1,198,621	\$	\$	\$ 1,198,621
Construction in Progress		619,530	619,530	
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 1,198,621</u>	<u>\$ 619,530</u>	<u>\$ 619,530</u>	<u>\$ 1,198,621</u>
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 9,339,001	\$ 294,898	\$	\$ 9,633,899
Wastewater System	9,868,311	60,631		9,928,942
Drainage System	10,166,402			10,166,402
Recreation/Trails	3,368,222	264,001		3,632,223
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 32,741,936</u>	<u>\$ 619,530</u>	<u>\$ - 0 -</u>	<u>\$ 33,361,466</u>
<b>Less Accumulated Depreciation</b>				
Water System	\$ 3,034,073	\$ 349,483	\$	\$ 3,383,556
Wastewater System	2,685,328	255,421		2,940,749
Drainage System	3,205,964	232,846		3,438,810
Recreation/Trails	634,430	118,695		753,125
<b>Total Accumulated Depreciation</b>	<u>\$ 9,559,795</u>	<u>\$ 956,445</u>	<u>\$ - 0 -</u>	<u>\$ 10,516,240</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 23,182,141</u>	<u>\$ (336,915)</u>	<u>\$ - 0 -</u>	<u>\$ 22,845,226</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 24,380,762</u>	<u>\$ 282,615</u>	<u>\$ 619,530</u>	<u>\$ 24,043,847</u>

**NOTE 7. MAINTENANCE TAX**

On November 2, 2004, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the year ended July 31, 2024, the District levied an ad valorem maintenance tax rate of \$0.285 per \$100 of assessed valuation, which resulted in a tax levy of \$1,389,929 on the adjusted taxable valuation of \$487,694,544 for the 2023 tax year.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

**NOTE 8. RECREATIONAL FACILITY MAINTENANCE TAX**

On November 2, 2004, the voters of the District approved the levy and collection of a recreational facilities maintenance tax not to exceed \$0.10 per \$100 of assessed valuation of taxable property within the District. This recreational facility maintenance tax is to be used by the General Fund to pay expenditures related to any recreational facilities. During the fiscal year ended July 31, 2024, the District did not levy a recreational facility maintenance tax.

**NOTE 9. UNREIMBURSED COSTS**

The District has executed developer financing agreements with Developers within the District. The agreements call for the Developers to fund costs associated with water, sewer, and drainage facilities until such time as the District can sell bonds. As reflected in the Statement of Net Position, \$1,720,077 has been recorded as a liability for facilities financed by Developers which the District now operates and maintains. Reimbursement to the Developers will come from future bond sales.

The District further agreed to pay interest to the Developers on funds advanced for construction costs, creation costs and operating advances. The interest would be calculated at a rate equal to the lesser of (a) the net effective interest rate of the bonds or (b) the Developer's actual interest rate on loans obtained for the purpose of making payment of construction costs, creation costs and operating advances. To date, the Developers have advanced a total of \$502,545. During a prior fiscal year, the District reimbursed the Developers \$240,000 from the Series 2007 bond sale. In a prior fiscal year, the District reimbursed \$259,913 from the Series 2011 bond sale. The District also reimbursed \$1,041 from the Series 2015 Bond Sale leaving a remaining balance of \$1,591 still owed to the Developers. This amount has been recorded in the Statement of Net Position.

**NOTE 10. EMERGENCY WATER SUPPLY AGREEMENT**

On August 17, 2005, the District entered into an Emergency Water Supply Contract with Dowdell Public Utility District ("Dowdell"). Each district was responsible for the design, acquisition, construction and installation of the interconnection facilities on their respective side of the point of interconnect. The cost of the meter was shared equally between the districts. The District is responsible for the maintenance and repair of the interconnection facilities on its side of the meter and Dowdell is responsible for the maintenance and repair of the interconnection facilities on its side of the meter, as well as, the meter itself. Each district is authorized to take water in an emergency, however, outside an emergency, water can only be taken upon written consent from the supplying district. The agreement provides for calculating the amount of water taken and states that the price is \$0.50 per 1,000 gallons of water, plus any amount of fee imposed by a regional water authority, other governmental entity or other contractual arrangement. The term of the agreement is 40 years.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

**NOTE 11. INTERIM WATER SUPPLY AGREEMENT**

On November 17, 2021, the District entered into an Interim Water Supply Contract with Dowdell. Each district was responsible for the design, acquisition, construction and installation of the interconnection facilities on their respective side of the point of interconnect. The interconnect water line will be initially developed by the District. After development, Dowdell will maintain sole ownership and operations of the interconnect facilities. The District and Dowdell will share equally all costs associated with the ownership, operation and/or maintenance of the interconnect facilities. During the Temporary Service Period, Dowdell agrees to provide the District 200,000 gallons per day of potable water until December 31, 2023 or until the District notifies Dowdell that the temporary service is no longer needed. After completion of the Temporary Service Period, outside an emergency, water can only be taken upon written consent from the District. The agreement provides for calculating the amount of water taken and states that the price is \$2.00 per 1,000 gallons of water, plus any amount of fee imposed by a regional water authority, other governmental entity or other contractual arrangement. The term of the agreement is 5 years.

**NOTE 12. 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. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE 13. 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 75<sup>th</sup> 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 is overseeing that its participants comply with the Harris-Galveston Subsidence District pumpage requirements. The District is required to convert its water supply to surface water over a period of time. A five-member board of directors governs the Authority. The directors serve staggered four-year terms.

The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee being charged is \$3.60 per 1,000 gallons of water pumped from each well. The District paid \$708,106 for fees assessed during the current fiscal year.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2024**

**NOTE 14. WHOLESALE WATER SUPPLY AGREEMENT**

On February 20, 2008, the District entered a wholesale water supply agreement with Albury Manor Utility Company, Inc. (“Albury Manor”). This agreement was amended on September 15, 2010. The District provided water at a rate of \$4.72 per 1,000 gallons of water delivered until March 19, 2018. On that date, the District approved a rate increase to \$5.24 per 1,000 gallons of water delivered. On April 1, 2019, the District approved a rate increase to \$5.82 per 1,000 gallons of water delivered. Effective July 20, 2020, the District approved a rate increase to \$6.12 per 1,000 gallons of water delivered. Effective April 1, 2021, the District approved a rate increase to \$6.67 per 1,000 gallons of water delivered. Effective April 1, 2022, the District approved a rate increase to \$6.90 per 1,000 gallons of water delivered. Effective April 1, 2023, the District approved a rate decrease to \$6.86 per 1,000 gallons of water delivered. Effective April 1, 2024, the District approved a rate decrease to \$6.02 per 1,000 gallons of water delivered. The term of this agreement is 40 years from the execution date.

**NOTE 15. USE OF SURPLUS FUNDS**

In accordance with Rule 30 T.A.C. 293.83(3)(A) of the Commission, on December 18, 2023, the District approved the use of surplus Capital Projects Fund monies in the amount of \$256,706 to finance the costs associated with the water plant no. 1 and well no. 1 rehabilitation project.

In accordance with Rule 30 T.A.C. 293.83(3)(A) of the Commission, on April 15, 2024, the District approved the use of surplus Capital Projects Fund monies in the amount of \$148,965 to finance the costs associated with various District projects.

In accordance with Rule 30 T.A.C. 293.83(3)(A) of the Commission, on August 19, 2024, subsequent to year end, the District approved the use of surplus Capital Projects Fund monies in the amount of \$147,660 to finance the costs associated with the Inverness detention pond outfall pipe project.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JULY 31, 2024**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JULY 31, 2024**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,050,000	\$ 1,241,574	\$ 1,390,564	\$ 148,990
Water Service	556,000	556,000	484,606	(71,394)
Wastewater Service	604,000	604,000	503,204	(100,796)
Regional Water Authority Fee	875,000	875,000	755,286	(119,714)
Penalty and Interest	24,000	24,000	18,339	(5,661)
Investment Revenues	170,000	170,000	252,317	82,317
Miscellaneous Revenues	<u>1,000</u>	<u>1,000</u>	<u>          </u>	<u>(1,000)</u>
<b>TOTAL REVENUES</b>	<u>\$ 3,280,000</u>	<u>\$ 3,471,574</u>	<u>\$ 3,404,316</u>	<u>\$ (67,258)</u>
<b>EXPENDITURES</b>				
Service Operations:				
Professional Fees	\$ 262,500	\$ 262,500	\$ 219,215	\$ 43,285
Contracted Services	752,820	752,820	708,120	44,700
Utilities	165,000	165,000	107,774	57,226
Regional Water Authority Assessment	875,000	875,000	708,106	166,894
Repairs and Maintenance	576,500	826,500	397,604	428,896
Other	209,900	209,900	195,736	14,164
Capital Outlay	<u>850,000</u>	<u>          </u>	<u>272,993</u>	<u>(272,993)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,691,720</u>	<u>\$ 3,091,720</u>	<u>\$ 2,609,548</u>	<u>\$ 482,172</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (411,720)</u>	<u>\$ 379,854</u>	<u>\$ 794,768</u>	<u>\$ 414,914</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers In	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 53,246</u>	<u>\$ 53,246</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (411,720)</u>	<u>\$ 379,854</u>	<u>\$ 848,014</u>	<u>\$ 468,160</u>
<b>FUND BALANCE - AUGUST 1, 2023</b>	<u>4,522,304</u>	<u>4,522,304</u>	<u>4,522,304</u>	<u>          </u>
<b>FUND BALANCE - JULY 31, 2024</b>	<u>\$ 4,110,584</u>	<u>\$ 4,902,158</u>	<u>\$ 5,370,318</u>	<u>\$ 468,160</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**

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

**JULY 31, 2024**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED JULY 31, 2024**

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

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

\* The District provides wholesale water service to Albury Manor Utility Company, Inc. (Albury Manor) in accordance with the wholesale water supply agreement between the District and Albury Manor effective February 20, 2008.

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order effective on July 19, 2021.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$21.00	5,000	N	\$0.95 \$1.20 \$1.45*** \$1.70***	5,001 to 10,000 10,001 to 15,000 15,001 to 20,000 20,001 and up
WASTEWATER:	\$33.65**		Y		
SURCHARGE:					
Regional Water Authority Fees	\$3.85 per 1,000 gallons of water used				

District employs winter averaging for wastewater usage?

              X    
Yes              No

Total monthly charges per 10,000 gallons usage: Water: \$25.75 Wastewater: \$33.65 Surcharge: \$38.50

\*\* Includes solid waste disposal.

\*\*\* During May 1 through August 31 of each year, the District bills \$1.75 per 1,000 gallons for the 15,001 to 20,000 tier and \$2.05 per 1,000 gallons for 20,001 and up tier.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401  
SERVICES AND RATES  
FOR THE YEAR ENDED JULY 31, 2024**

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

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

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>1,238</u>	<u>1,232</u>	x 1.0	<u>1,232</u>
1"	<u>13</u>	<u>13</u>	x 2.5	<u>33</u>
1½"	<u>3</u>	<u>3</u>	x 5.0	<u>15</u>
2"	<u>8</u>	<u>8</u>	x 8.0	<u>64</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>1,262</u></u>	<u><u>1,256</u></u>		<u><u>1,344</u></u>
Total Wastewater Connections	<u><u>1,250</u></u>	<u><u>1,250</u></u>	x 1.0	<u><u>1,250</u></u>

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

Gallons pumped into system:	200,020,000	Water Accountability Ratio: 95.6% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	189,449,000	
Loss, leaks or flushing:	2,275,000	

See accompanying independent auditor's report.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED JULY 31, 2024**

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes ☒ No ☐

County or Counties 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 ☐

ETJ in which the District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JULY 31, 2024**

PROFESSIONAL FEES:	
Auditing	\$ 17,500
Engineering	136,219
Legal	<u>65,496</u>
TOTAL PROFESSIONAL FEES	<u>\$ 219,215</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 19,027
Operations and Billing	<u>138,414</u>
TOTAL CONTRACTED SERVICES	<u>\$ 157,441</u>
UTILITIES	<u>\$ 107,774</u>
REPAIRS AND MAINTENANCE	<u>\$ 397,604</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 33,092
Insurance	25,388
Payroll Taxes	2,770
Election Costs	3,743
Travel and Meetings	6,790
Other	<u>12,752</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 84,535</u>
CAPITAL OUTLAY	<u>\$ 272,993</u>
SOLID WASTE DISPOSAL	<u>\$ 321,254</u>
SECURITY	<u>\$ 229,425</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 59,040
Permit Fees	1,746
Regional Water Authority Assessment	708,106
Regulatory Assessment	6,710
Sludge Hauling	<u>43,705</u>
TOTAL OTHER EXPENDITURES	<u>\$ 819,307</u>
TOTAL EXPENDITURES	<u><u>\$ 2,609,548</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**SCHEDULE OF INVESTMENTS**  
**JULY 31, 2024**

<u>Fund</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>					
TexSTAR	XXXX1110	Varies	Daily	\$ 4,409,686	\$
Texas Range	XXXX0000	Varies	Daily	576,098	
TOTAL GENERAL FUND				<u>\$ 4,985,784</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexSTAR	XXXX0230	Varies	Daily	<u>\$ 4,430,150</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX1400	Varies	Daily	\$ 647,871	\$
TexSTAR	XXXX1700	Varies	Daily	165,978	
TexSTAR	XXXX2021	Varies	Daily	250,450	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 1,064,299</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 10,480,233</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED JULY 31, 2024**

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
AUGUST 1, 2023	\$	10,955	\$	26,530
Adjustments to Beginning				
Balance		<u>(1,445)</u>		<u>(3,465)</u>
	\$	9,510	\$	23,065
Original 2023 Tax Levy	\$	1,299,407	\$	2,462,035
Adjustment to 2023 Tax Levy		<u>90,522</u>		<u>171,516</u>
		1,389,929		2,633,551
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,399,439		\$ 2,656,616
TAX COLLECTIONS:				
Prior Years	\$	5,218	\$	12,438
Current Year		<u>1,385,346</u>		<u>2,624,867</u>
		1,390,564		2,637,305
TAXES RECEIVABLE -				
JULY 31, 2024		<u>\$ 8,875</u>		<u>\$ 19,311</u>
TAXES RECEIVABLE BY				
YEAR:				
2023	\$	4,583	\$	8,684
2022		2,566		6,002
2021		866		2,278
2020		825		2,252
2019		<u>35</u>		<u>95</u>
TOTAL	\$	<u>8,875</u>	\$	<u>19,311</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED JULY 31, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 81,035,789	\$ 81,077,785	\$ 61,413,610	\$ 61,022,214
Improvements	482,540,322	428,399,049	335,434,628	309,443,760
Personal Property	5,347,330	5,134,096	3,532,698	3,404,126
Exemptions	<u>(81,228,897)</u>	<u>(71,579,310)</u>	<u>(20,789,183)</u>	<u>(14,562,380)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 487,694,544</u>	<u>\$ 443,031,620</u>	<u>\$ 379,591,753</u>	<u>\$ 359,307,720</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.540	\$ 0.620	\$ 0.71	\$ 0.7300
Maintenance	<u>0.285</u>	<u>0.265</u>	<u>0.27</u>	<u>0.2675</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.825</u>	<u>\$ 0.885</u>	<u>\$ 0.98</u>	<u>\$ 0.9975</u>
ADJUSTED TAX LEVY*	<u>\$ 4,023,480</u>	<u>\$ 3,921,292</u>	<u>\$ 3,719,999</u>	<u>\$ 3,583,646</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.67 %</u>	<u>99.78 %</u>	<u>99.92 %</u>	<u>99.91 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on November 2, 2004.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JULY 31, 2024**

S E R I E S - 2 0 1 4			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 100,000	\$ 153,600	\$ 253,600
2026	100,000	150,600	250,600
2027	100,000	147,600	247,600
2028	100,000	144,475	244,475
2029	100,000	141,225	241,225
2030	100,000	137,850	237,850
2031	100,000	134,350	234,350
2032	100,000	130,600	230,600
2033	345,000	121,700	466,700
2034	385,000	107,100	492,100
2035	420,000	91,000	511,000
2036	500,000	72,600	572,600
2037	495,000	52,700	547,700
2038	520,000	32,400	552,400
2039	550,000	11,000	561,000
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 4,015,000</u>	<u>\$ 1,628,800</u>	<u>\$ 5,643,800</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JULY 31, 2024**

S E R I E S - 2 0 1 5			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 220,000	\$ 232,579	\$ 452,579
2026	230,000	226,391	456,391
2027	245,000	219,860	464,860
2028	255,000	212,666	467,666
2029	270,000	204,623	474,623
2030	285,000	195,773	480,773
2031	300,000	186,266	486,266
2032	315,000	176,036	491,036
2033	330,000	164,906	494,906
2034	345,000	152,878	497,878
2035	365,000	139,781	504,781
2036	275,000	127,781	402,781
2037	550,000	111,969	661,969
2038	550,000	90,656	640,656
2039	550,000	69,000	619,000
2040	700,000	44,000	744,000
2041	750,000	15,000	765,000
2042			
2043			
2044			
2045			
2046			
	<u>\$ 6,535,000</u>	<u>\$ 2,570,165</u>	<u>\$ 9,105,165</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JULY 31, 2024**

S E R I E S - 2 0 1 6 R E F U N D I N G			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 380,000	\$ 96,519	\$ 476,519
2026	395,000	86,337	481,337
2027	400,000	75,406	475,406
2028	415,000	63,681	478,681
2029	430,000	51,006	481,006
2030	445,000	37,603	482,603
2031	455,000	23,256	478,256
2032	470,000	7,931	477,931
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 3,390,000</u>	<u>\$ 441,739</u>	<u>\$ 3,831,739</u>

See accompanying independent auditor's report.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JULY 31, 2024**

S E R I E S - 2 0 1 6 A			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 200,000	\$ 136,125	\$ 336,125
2026	200,000	132,125	332,125
2027	200,000	127,875	327,875
2028	200,000	123,125	323,125
2029	200,000	118,000	318,000
2030	200,000	112,625	312,625
2031	200,000	106,875	306,875
2032	200,000	100,875	300,875
2033	200,000	94,875	294,875
2034	200,000	88,875	288,875
2035	200,000	82,625	282,625
2036	200,000	76,125	276,125
2037	200,000	69,625	269,625
2038	200,000	63,125	263,125
2039	200,000	56,625	256,625
2040	500,000	45,250	545,250
2041	500,000	28,688	528,688
2042	600,000	10,125	610,125
2043			
2044			
2045			
2046			
	<u>\$ 4,600,000</u>	<u>\$ 1,573,563</u>	<u>\$ 6,173,563</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JULY 31, 2024**

S E R I E S - 2 0 1 7			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 300,000	\$ 211,375	\$ 511,375
2026	300,000	202,375	502,375
2027	300,000	193,375	493,375
2028	300,000	184,375	484,375
2029	300,000	175,375	475,375
2030	300,000	166,375	466,375
2031	300,000	157,375	457,375
2032	300,000	148,375	448,375
2033	300,000	139,188	439,188
2034	300,000	129,813	429,813
2035	300,000	120,438	420,438
2036	300,000	110,875	410,875
2037	400,000	99,500	499,500
2038	400,000	86,500	486,500
2039	400,000	73,250	473,250
2040	400,000	59,500	459,500
2041	400,000	45,500	445,500
2042	400,000	31,500	431,500
2043	700,000	12,250	712,250
2044			
2045			
2046			
	<u>\$ 6,700,000</u>	<u>\$ 2,347,314</u>	<u>\$ 9,047,314</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JULY 31, 2024**

S E R I E S - 2 0 2 0			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 30,000	\$ 20,300	\$ 50,300
2026	100,000	19,000	119,000
2027	100,000	17,000	117,000
2028	100,000	15,000	115,000
2029	100,000	13,000	113,000
2030	100,000	11,000	111,000
2031	100,000	9,000	109,000
2032	100,000	7,000	107,000
2033	100,000	5,000	105,000
2034	100,000	3,000	103,000
2035	100,000	1,000	101,000
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 1,030,000</u>	<u>\$ 120,300</u>	<u>\$ 1,150,300</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JULY 31, 2024**

S E R I E S - 2 0 2 0 A P A R K			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 100,000	\$ 75,437	\$ 175,437
2026	100,000	71,438	171,438
2027	100,000	67,437	167,437
2028	100,000	64,438	164,438
2029	100,000	62,437	162,437
2030	100,000	60,438	160,438
2031	100,000	58,437	158,437
2032	100,000	56,438	156,438
2033	100,000	54,437	154,437
2034	100,000	52,374	152,374
2035	100,000	50,250	150,250
2036	150,000	47,500	197,500
2037	150,000	44,124	194,124
2038	200,000	40,187	240,187
2039	200,000	35,688	235,688
2040	225,000	30,766	255,766
2041	225,000	25,422	250,422
2042	225,000	19,938	244,938
2043	325,000	13,063	338,063
2044	360,000	4,500	364,500
2045			
2046			
	<u>\$ 3,160,000</u>	<u>\$ 934,749</u>	<u>\$ 4,094,749</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JULY 31, 2024**

S E R I E S - 2 0 2 0 R E F U N D I N G			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 75,000	\$ 26,875	\$ 101,875
2026	75,000	23,875	98,875
2027	80,000	20,775	100,775
2028	80,000	18,375	98,375
2029	85,000	16,725	101,725
2030	85,000	15,025	100,025
2031	90,000	13,163	103,163
2032	95,000	11,081	106,081
2033	150,000	8,325	158,325
2034	145,000	5,006	150,006
2035	150,000	1,687	151,687
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 1,110,000</u>	<u>\$ 160,912</u>	<u>\$ 1,270,912</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JULY 31, 2024**

S E R I E S - 2 0 2 1			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 100,000	\$ 63,000	\$ 163,000
2026	100,000	61,000	161,000
2027	100,000	59,000	159,000
2028	100,000	57,000	157,000
2029	100,000	55,000	155,000
2030	100,000	53,000	153,000
2031	100,000	51,000	151,000
2032	100,000	49,000	149,000
2033	100,000	47,000	147,000
2034	100,000	45,000	145,000
2035	100,000	43,000	143,000
2036	100,000	40,937	140,937
2037	100,000	38,812	138,812
2038	100,000	36,687	136,687
2039	100,000	34,438	134,438
2040	100,000	32,063	132,063
2041	100,000	29,688	129,688
2042	200,000	26,125	226,125
2043	200,000	21,376	221,376
2044	200,000	16,625	216,625
2045	300,000	10,687	310,687
2046	300,000	3,562	303,562
	<u>\$ 2,900,000</u>	<u>\$ 874,000</u>	<u>\$ 3,774,000</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JULY 31, 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 July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 90,000	\$ 41,288	\$ 131,288
2026	95,000	38,512	133,512
2027	100,000	35,588	135,588
2028	105,000	33,562	138,562
2029	105,000	32,513	137,513
2030	105,000	31,331	136,331
2031	110,000	29,987	139,987
2032	110,000	28,200	138,200
2033	350,000	23,600	373,600
2034	345,000	16,650	361,650
2035	335,000	9,850	344,850
2036	325,000	3,250	328,250
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 2,175,000</u>	<u>\$ 324,331</u>	<u>\$ 2,499,331</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JULY 31, 2024**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending July 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 1,595,000	\$ 1,057,098	\$ 2,652,098
2026	1,695,000	1,011,653	2,706,653
2027	1,725,000	963,916	2,688,916
2028	1,755,000	916,697	2,671,697
2029	1,790,000	869,904	2,659,904
2030	1,820,000	821,020	2,641,020
2031	1,855,000	769,709	2,624,709
2032	1,890,000	715,536	2,605,536
2033	1,975,000	659,031	2,634,031
2034	2,020,000	600,696	2,620,696
2035	2,070,000	539,631	2,609,631
2036	1,850,000	479,068	2,329,068
2037	1,895,000	416,730	2,311,730
2038	1,970,000	349,555	2,319,555
2039	2,000,000	280,001	2,280,001
2040	1,925,000	211,579	2,136,579
2041	1,975,000	144,298	2,119,298
2042	1,425,000	87,688	1,512,688
2043	1,225,000	46,689	1,271,689
2044	560,000	21,125	581,125
2045	300,000	10,687	310,687
2046	300,000	3,562	303,562
	<u>\$ 35,615,000</u>	<u>\$ 10,975,873</u>	<u>\$ 46,590,873</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**CHANGE IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED JULY 31, 2024**

Description	Original Bonds Issued	Bonds Outstanding August 1, 2023
Harris County Municipal Utility District No. 401 Unlimited Tax Bonds - Series 2014	\$ 4,815,000	\$ 4,115,000
Harris County Municipal Utility District No. 401 Unlimited Tax Bonds - Series 2015	7,800,000	6,745,000
Harris County Municipal Utility District No. 401 Unlimited Tax Refunding Bonds - Series 2016	5,185,000	3,765,000
Harris County Municipal Utility District No. 401 Unlimited Tax Bonds - Series 2016A	6,000,000	4,800,000
Harris County Municipal Utility District No. 401 Unlimited Tax Bonds - Series 2017	8,200,000	7,000,000
Harris County Municipal Utility District No. 401 Unlimited Tax Bonds - Series 2020	1,030,000	1,030,000
Harris County Municipal Utility District No. 401 Unlimited Tax Park Bonds - Series 2020A	3,360,000	3,260,000
Harris County Municipal Utility District No. 401 Unlimited Tax Refunding Bonds - Series 2020	1,360,000	1,180,000
Harris County Municipal Utility District No. 401 Unlimited Tax Refunding Bonds - Series 2021	2,345,000	2,260,000
Harris County Municipal Utility District No. 401 Unlimited Tax Bonds - Series 2021	3,000,000	3,000,000
<b>TOTAL</b>	<b>\$ 43,095,000</b>	<b>\$ 37,155,000</b>

See accompanying independent auditor's report.

Current Year Transactions					
Bonds Sold	Retirements		Bonds Outstanding July 31, 2024	Paying Agent	
	Principal	Interest			
\$	\$ 100,000	\$ 156,600	\$ 4,015,000	Regions Bank Houston, TX	
	210,000	238,491	6,535,000	Regions Bank Houston, TX	
	375,000	105,721	3,390,000	Regions Bank Houston, TX	
	200,000	140,125	4,600,000	Regions Bank Houston, TX	
	300,000	220,375	6,700,000	Regions Bank Houston, TX	
		20,600	1,030,000	Regions Bank Houston, TX	
	100,000	79,438	3,160,000	Regions Bank Houston, TX	
	70,000	29,775	1,110,000	Regions Bank Houston, TX	
	85,000	43,912	2,175,000	Regions Bank Houston, TX	
	100,000	65,000	2,900,000	Regions Bank Houston, TX	
<u>\$ - 0 -</u>	<u>\$ 1,540,000</u>	<u>\$ 1,100,037</u>	<u>\$ 35,615,000</u>		

See accompanying independent auditor's report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**CHANGE IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED JULY 31, 2024**

Bond Authority:	<u>Tax Bonds*</u>	<u>Refunding Bonds</u>	<u>Recreational Bonds</u>
Amount Authorized by Voters	\$ 54,675,000	\$ 59,520,000	\$ 4,845,000
Amount Issued	<u>41,315,000</u>	<u>965,000</u>	<u>3,360,000</u>
Remaining to be Issued	<u>\$ 13,360,000</u>	<u>\$ 58,555,000</u>	<u>\$ 1,485,000</u>

Debt Service Fund cash and investment balances as of July 31, 2024: \$ 4,701,538

Average annual debt service payment (principal and interest) for remaining term  
of all debt: \$ 2,117,767

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

\* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 1,390,564	\$ 1,166,900	\$ 1,022,335
Water Service	484,606	463,286	459,113
Wastewater Service	503,204	503,240	503,701
Regional Water Authority Fee	755,286	820,106	823,976
Penalty and Interest	18,339	19,709	20,596
Tap Connection and Inspection Fees			940
Investment Revenues	252,317	182,074	12,928
Miscellaneous Revenues			532
<b>TOTAL REVENUES</b>	<u>\$ 3,404,316</u>	<u>\$ 3,155,315</u>	<u>\$ 2,844,121</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 219,215	\$ 188,964	\$ 120,345
Contracted Services	708,120	616,158	552,232
Utilities	107,774	162,486	120,387
Regional Water Authority Assessment	708,106	738,964	840,710
Repairs and Maintenance	397,604	471,094	378,325
Other	195,736	214,175	212,338
Bond Issuance			1,016
Capital Outlay	272,993	624,503	70,961
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,609,548</u>	<u>\$ 3,016,344</u>	<u>\$ 2,296,314</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>			
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 794,768</u>	<u>\$ 138,971</u>	<u>\$ 547,807</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	<u>\$ 53,246</u>	<u>\$ - 0 -</u>	<u>\$ 599,331</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 848,014	\$ 138,971	\$ 1,147,138
<b>BEGINNING FUND BALANCE</b>	<u>4,522,304</u>	<u>4,383,333</u>	<u>3,236,195</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 5,370,318</u></u>	<u><u>\$ 4,522,304</u></u>	<u><u>\$ 4,383,333</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 962,899	\$ 924,151	40.9 %	37.0 %	36.0 %	35.4 %	35.5 %
420,604	430,554	14.2	14.7	16.1	15.5	16.5
488,181	476,301	14.8	15.9	17.7	17.9	18.3
746,441	689,382	22.2	26.0	29.0	27.4	26.5
19,578	20,357	0.5	0.6	0.7	0.7	0.8
69,905	19,040				2.6	0.7
2,240	35,516	7.4	5.8	0.5	0.1	1.4
11,237	8,965				0.4	0.3
<u>\$ 2,721,085</u>	<u>\$ 2,604,266</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 103,403	\$ 260,891	6.4 %	6.0 %	4.2 %	3.8 %	10.0 %
508,158	490,338	20.8	19.5	19.4	18.7	18.8
116,976	93,621	3.2	5.1	4.2	4.3	3.6
746,555	733,173	20.8	23.4	29.6	27.4	28.2
394,726	374,436	11.7	14.9	13.3	14.5	14.4
172,379	116,954	5.7	6.8	7.5	6.3	4.5
907,767	25,300	8.0	19.8	2.5	33.4	1.0
<u>\$ 2,949,964</u>	<u>\$ 2,094,713</u>	<u>76.6 %</u>	<u>95.5 %</u>	<u>80.7 %</u>	<u>108.4 %</u>	<u>80.5 %</u>
<u>\$ (228,879)</u>	<u>\$ 509,553</u>	<u>23.4 %</u>	<u>4.5 %</u>	<u>19.3 %</u>	<u>(8.4) %</u>	<u>19.5 %</u>
<u>\$ - 0 -</u>	<u>\$ 47,969</u>					
\$ (228,879)	\$ 557,522					
<u>3,465,074</u>	<u>2,907,552</u>					
<u>\$ 3,236,195</u>	<u>\$ 3,465,074</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 2,637,305	\$ 2,732,091	\$ 2,687,907
Penalty and Interest	18,800	10,617	7,593
Interest on Investments	186,867	142,071	15,906
Miscellaneous Revenues	<u>239</u>	<u>1,552</u>	<u>6,358</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,843,211</u>	<u>\$ 2,886,331</u>	<u>\$ 2,717,764</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 67,336	\$ 58,638	\$ 59,220
Debt Service Principal	1,540,000	1,375,000	1,325,000
Debt Service Interest and Fees	1,108,100	1,148,453	1,132,051
Bond Issuance Costs	<u></u>	<u></u>	<u>2,500</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,715,436</u>	<u>\$ 2,582,091</u>	<u>\$ 2,518,771</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 127,775</u>	<u>\$ 304,240</u>	<u>\$ 198,993</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond Premium	\$	\$	\$
Refunding Bonds Issued			
Payment to Refunded Escrow Agent	<u></u>	<u></u>	<u></u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 127,775	\$ 304,240	\$ 198,993
<b>BEGINNING FUND BALANCE</b>	<u>4,546,052</u>	<u>4,241,812</u>	<u>4,042,819</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 4,673,827</u>	<u>\$ 4,546,052</u>	<u>\$ 4,241,812</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>1,256</u>	<u>1,266</u>	<u>1,258</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>1,250</u>	<u>1,257</u>	<u>1,249</u>

See accompanying independent auditor's report.



		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 2,625,674	\$ 2,521,812	92.7 %	94.6 %	98.9 %	99.1 %	98.5 %
10,471	6,762	0.7	0.4	0.3	0.4	0.3
1,977	29,970	6.6	4.9	0.6	0.1	1.2
10,049	10		0.1	0.2	0.4	
<u>\$ 2,648,171</u>	<u>\$ 2,558,554</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 92,341	\$ 83,911	2.4 %	2.0 %	2.2 %	3.5 %	3.3 %
1,220,000	1,200,000	54.2	47.6	48.8	46.1	46.9
1,193,455	1,166,283	39.0	39.8	41.7	45.1	45.6
124,763	98,253			0.1	4.7	3.8
<u>\$ 2,630,559</u>	<u>\$ 2,548,447</u>	<u>95.6 %</u>	<u>89.4 %</u>	<u>92.8 %</u>	<u>99.4 %</u>	<u>99.6 %</u>
\$ 17,612	\$ 10,107	<u>4.4 %</u>	<u>10.6 %</u>	<u>7.2 %</u>	<u>0.6 %</u>	<u>0.4 %</u>
\$ 30,676	\$ 13,965					
2,345,000	1,360,000					
(2,243,106)	(1,270,862)					
<u>\$ 132,570</u>	<u>\$ 103,103</u>					
\$ 150,182	\$ 113,210					
3,892,637	3,779,427					
<u>\$ 4,042,819</u>	<u>\$ 3,892,637</u>					
<u>1,256</u>	<u>1,198</u>					
<u>1,247</u>	<u>1,189</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**JULY 31, 2024**

District Mailing Address - Harris County Municipal Utility District No. 401  
c/o Marks Richardson PC  
3700 Buffalo Speedway, Suite 830  
Houston, TX 77098

District Telephone Number - (713) 942-9922

<b>Board Members:</b>	<b>Term of Office (Elected or Appointed)</b>	<b>Fees of Office for the year ended July 31, 2024</b>	<b>Expense Reimbursements for the year ended July 31, 2024</b>	<b>Title</b>
Blair Fesler	05/24 05/28 (Elected)	\$ 7,200	\$ 2,804	President
Mark Atchison	05/22 05/26 (Elected)	\$ 7,200	\$ 2,227	Vice President
Sandee Wright	05/24 05/28 (Elected)	\$ 7,200	\$ 1,759	Secretary
Roland Massey	05/24 05/28 (Elected)	\$ 5,746	\$ -0-	Assistant Vice President/Secretary
Jordan Thomas	05/22 05/26 (Elected)	\$ 5,746	\$ -0-	Assistant Vice President/Secretary

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

Submission date of most recent District Registration Form: November 10, 2023

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

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 401**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**JULY 31, 2024**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees / Compensation for the year ended July 31, 2024</u>	<u>Title</u>
Marks Richardson PC	08/21/17	\$ 64,449	General Counsel
McCall Gibson Swedlund Barfoot PLLC	10/19/05	\$ 17,500	Auditor
District Data Services, Inc.	11/12/04	\$ 19,027	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/15/06	\$ 5,821	Delinquent Tax Attorney
Vogler & Spencer, Inc.	12/16/19	\$ 192,559	Engineer
Masterson Advisors LLC	05/21/18	\$ -0-	Financial Advisor
Stephanie Viator	11/15/06	\$ -0-	Investment Officer
Municipal Operations & Consulting, Inc.	6/17/09	\$ 493,699	Operator
Bob Leared	02/16/05	\$ 27, 712	Tax Assessor/ Collector

See accompanying independent auditor's report.

