

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 416 (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

October 9, 2025

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

Management's discussion and analysis of the financial performance of Harris County Municipal Utility District No. 416 (the "District") provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows exceeded liabilities by \$2,487,912 as of June 30, 2025. A portion of the District's net position reflects its net investment in capital assets which includes the costs to construct or acquire District infrastructure less any debt issued to pay for those assets that is still outstanding.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 6,645,631	\$ 5,205,223	\$ 1,440,408
Capital Assets (Net of Depreciation)	<u>15,246,971</u>	<u>12,549,520</u>	<u>2,697,451</u>
Total Assets	<u>\$ 21,892,602</u>	<u>\$ 17,754,743</u>	<u>\$ 4,137,859</u>
Deferred Outflows of Resources	\$ 62,752	\$ 66,403	\$ (3,651)
Due to Developer	\$ 7,166,188	\$ 4,183,139	\$ (2,983,049)
Bonds Payable	12,087,996	12,548,030	460,034
Other Liabilities	<u>213,258</u>	<u>226,058</u>	<u>12,800</u>
Total Liabilities	<u>\$ 19,467,442</u>	<u>\$ 16,957,227</u>	<u>\$ (2,510,215)</u>
Net Position:			
Net Investment in Capital Assets	\$ (2,630,989)	\$ (2,851,821)	\$ 220,832
Restricted	2,438,192	1,945,136	493,056
Unrestricted	<u>2,680,709</u>	<u>1,770,604</u>	<u>910,105</u>
Total Net Position	<u><u>\$ 2,487,912</u></u>	<u><u>\$ 863,919</u></u>	<u><u>\$ 1,623,993</u></u>

The following table provides a summary of the District's operations for the years ended June 30, 2025 and June 30, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,624,427	\$ 2,348,157	\$ 276,270
Other Revenues	<u>290,967</u>	<u>237,003</u>	<u>53,964</u>
Total Revenues	\$ 2,915,394	\$ 2,585,160	\$ 330,234
Total Expenses	<u>1,291,401</u>	<u>1,003,114</u>	<u>(288,287)</u>
Change in Net Position	\$ 1,623,993	\$ 1,582,046	\$ 41,947
Net Position, Beginning of Year	<u>863,919</u>	<u>(718,127)</u>	<u>1,582,046</u>
Net Position, End of Year	<u><u>\$ 2,487,912</u></u>	<u><u>\$ 863,919</u></u>	<u><u>\$ 1,623,993</u></u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2025, totaled \$6,435,502, an increase of \$1,403,682 from the prior year. The General Fund fund balance increased by \$887,067, primarily due to property tax revenues exceeding professional and repairs and maintenance costs. The Debt Service Fund fund balance increased by \$466,568, primarily due to the structure of the District's outstanding bond debt. The Capital Projects Fund fund balance increased by \$50,047 as a result of investment revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund for the current fiscal year. Actual revenues were \$315,879 more than budgeted revenues and actual expenditures were \$225,221 more than budgeted expenditures which resulted in a positive variance of \$90,658. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of June 30, 2025, total \$15,246,971 (net of accumulated depreciation) and include land, landscaping, park, water facilities, drainage system, detention facilities and paving.

Current year additions to capital assets included the completion of the concrete pilot channel installation, Southwest Park wood pavilion, detention and earthwork to serve Willowcreek Ranch South Detention and Mitigation Phase 2, and water distribution and storm water facilities to serve Willowcreek Ranch Section 12. See also Note 13 for subsequent bond sales, the proceeds of which were used to acquire infrastructure.

Capital Assets At Year-End			
	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 2,293,980	\$ 1,050,607	\$ 1,243,373
Capital Assets Subject to Depreciation:			
Park and Recreation	620,731		620,731
Water Facilities and Connection Fees	2,825,047	2,354,255	470,792
Drainage and Detention Facilities	9,623,270	8,854,352	768,918
Paving	2,282,901	2,282,901	
Less Accumulated Depreciation	(2,398,958)	(1,992,595)	(406,363)
Total Net Capital Assets	\$ 15,246,971	\$ 12,549,520	\$ 2,697,451

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

LONG-TERM DEBT ACTIVITY

Bonds payable as of June 30, 2025, total \$12,090,000. The changes in the debt position of the District during the current fiscal year are summarized as follows:

Bond Debt Payable, July 1, 2024	\$ 12,550,000
Less: Bond Principal Paid	<u>(460,000)</u>
Bond Debt Payable, June 30, 2025	<u>\$ 12,090,000</u>

The District’s Series 2021 Refunding Bonds have been assigned an underlying credit rating of “Baa1” by Moody’s. The District’s Series 2019 Utility Bonds, 2020 Road Bonds, and Series 2021 Refunding Bonds carry insured ratings of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

The District’s developer has funded the costs associated with the construction of utilities, roads and recreational facilities as well as made operating advances. Reimbursement will come from the proceeds of future bond issuances to the extent approved by the Commission. The developer liability at year end totaled \$7,166,188.

CONTACTING THE DISTRICT’S MANAGEMENT

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 2,564	\$ 66,722
Investments	2,750,659	2,459,115
Property Taxes Receivable	50,610	45,837
Penalty and Interest on Delinquent Taxes		
Due from Other Funds	26,704	
Prepaid Costs	72,095	
Due from Other Governmental Units	83,224	
Land		
Capital Assets (Net of Accumulated Depreciation)	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 2,985,856</u>	<u>\$ 2,571,674</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u><u>\$ 2,985,856</u></u>	 <u><u>\$ 2,571,674</u></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>
\$	\$ 69,286	\$	\$ 69,286
1,098,972	6,308,746		6,308,746
	96,447		96,447
		15,833	15,833
	26,704	(26,704)	
	72,095		72,095
	83,224		83,224
		2,293,980	2,293,980
		12,952,991	12,952,991
<u>\$ 1,098,972</u>	<u>\$ 6,656,502</u>	<u>\$ 15,236,100</u>	<u>\$ 21,892,602</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 62,752</u>	<u>\$ 62,752</u>
<u>\$ 1,098,972</u>	<u>\$ 6,656,502</u>	<u>\$ 15,298,852</u>	<u>\$ 21,955,354</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>
LIABILITIES		
Accounts Payable	\$ 90,647	\$ 7,202
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		26,704
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 90,647</u>	<u>\$ 33,906</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 50,610</u>	<u>\$ 45,837</u>
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 72,095	\$
Restricted for Authorized Construction		
Restricted for Debt Service		2,491,931
Unassigned	<u>2,772,504</u>	
TOTAL FUND BALANCES	<u>\$ 2,844,599</u>	<u>\$ 2,491,931</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 2,985,856</u></u>	<u><u>\$ 2,571,674</u></u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 97,849	\$	\$ 97,849
		115,409	115,409
		7,166,188	7,166,188
	26,704	(26,704)	
		475,000	475,000
		<u>11,612,996</u>	<u>11,612,996</u>
<u>\$ -0-</u>	<u>\$ 124,553</u>	<u>\$ 19,342,889</u>	<u>\$ 19,467,442</u>
<u>\$ -0-</u>	<u>\$ 96,447</u>	<u>\$ (96,447)</u>	<u>\$ -0-</u>
\$	\$ 72,095	\$ (72,095)	\$
1,098,972	1,098,972	(1,098,972)	
	2,491,931	(2,491,931)	
	<u>2,772,504</u>	<u>(2,772,504)</u>	
<u>\$ 1,098,972</u>	<u>\$ 6,435,502</u>	<u>\$ (6,435,502)</u>	<u>\$ -0-</u>
<u>\$ 1,098,972</u>	<u>\$ 6,656,502</u>		
		\$ (2,630,989)	\$ (2,630,989)
		2,438,192	2,438,192
		<u>2,680,709</u>	<u>2,680,709</u>
		<u>\$ 2,487,912</u>	<u>\$ 2,487,912</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balances - Governmental Funds	\$	6,435,502
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow of resources in governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.		62,752
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.		15,246,971
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2024 and prior tax levy became part of recognized revenue in the governmental activities of the District.		112,280
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (7,166,188)	
Accrued Interest Payable	(115,409)	
Bonds Payable	<u>(12,087,996)</u>	<u>(19,369,593)</u>

Total Net Position - Governmental Activities	\$	<u>2,487,912</u>
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The accompanying notes to the financial
statements are an integral part of this report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes	\$ 1,390,542	\$ 1,195,454
Penalty and Interest		40,062
Investment and Miscellaneous Revenues	<u>105,337</u>	<u>89,683</u>
TOTAL REVENUES	<u>\$ 1,495,879</u>	<u>\$ 1,325,199</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 195,124	\$ 8,375
Contracted Services	36,400	28,706
Repairs and Maintenance	233,312	
Depreciation		
Other	23,210	7,437
Capital Outlay	120,766	
Debt Service:		
Bond Principal		460,000
Bond Interest		<u>354,113</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 608,812</u>	<u>\$ 858,631</u>
NET CHANGE IN FUND BALANCES	\$ 887,067	\$ 466,568
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2024	<u>1,957,532</u>	<u>2,025,363</u>
FUND BALANCES/NET POSITION - JUNE 30, 2025	<u>\$ 2,844,599</u>	<u>\$ 2,491,931</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 2,585,996	\$ 38,431	\$ 2,624,427
	40,062	5,838	45,900
<u>50,047</u>	<u>245,067</u>		<u>245,067</u>
\$ 50,047	\$ 2,871,125	\$ 44,269	\$ 2,915,394
\$	\$ 203,499	\$	\$ 203,499
	65,106		65,106
	233,312		233,312
		406,363	406,363
	30,647		30,647
	120,766	(120,766)	
	460,000	(460,000)	
	<u>354,113</u>	<u>(1,639)</u>	<u>352,474</u>
\$ -0-	\$ 1,467,443	\$ (176,042)	\$ 1,291,401
\$ 50,047	\$ 1,403,682	\$ (1,403,682)	\$
		1,623,993	1,623,993
<u>1,048,925</u>	<u>5,031,820</u>	<u>(4,167,901)</u>	<u>863,919</u>
\$ 1,098,972	\$ 6,435,502	\$ (3,947,590)	\$ 2,487,912

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Governmental Funds	\$ 1,403,682
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	38,431
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Governmental funds report penalty and interest revenue on delinquent property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	5,838
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Governmental funds do not account for depreciation. However, in the Statement of Activities, depreciation expense are recorded on capital assets.	(406,363)
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Governmental funds report capital outlay as expenditures in the period purchased. However, capitalizable items increase capital assets in the Statement of Net Position.	120,766
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Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	460,000
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	1,639
---	-------

Change in Net Position - Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,623,993</div>
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The accompanying notes to the financial
statements are an integral part of this report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. CREATION OF DISTRICT

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

These classifications are defined as follows:

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

Governmental Funds

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of June 30, 2025, the Debt Service Fund owed the General Fund \$26,704 for maintenance tax collections.

Capital Assets

Capital assets include land, roads, drainage and detention facilities and are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are expensed as incurred. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset, while developer interest costs are expensed when paid. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging between 10 and 45 years. Water facilities are conveyed to Northwest Harris County Municipal Utility District No. 5 for the purpose of providing services to the District residents. The District is entitled to significant residual interest in the facilities conveyed and records these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94 (see Note 8).

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

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

Pensions

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

Measurement Focus

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

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

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

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

	July 1, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	\$ 12,550,000	\$	\$ 460,000	\$ 12,090,000
Unamortized Discounts	(63,266)		(3,182)	(60,084)
Unamortized Premiums	61,296		3,216	58,080
Bonds Payable, Net	<u>\$ 12,548,030</u>	<u>\$ -0-</u>	<u>\$ 460,034</u>	<u>\$ 12,087,996</u>
			Amount Due Within One Year	\$ 475,000
			Amount Due After One Year	<u>11,612,996</u>
			Bonds Payable, Net	<u>\$ 12,087,996</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2017</u>	<u>Series 2019</u>
Amounts outstanding – June 30, 2025	\$ 4,210,000	\$ 2,280,000
Interest Rates	3.00% - 4.00%	3.00% - 3.75%
Maturity Dates – Serially Beginning/Ending	September 1, 2025/2043	September 1, 2025/2043
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023*	September 1, 2024*
	<u>Series 2020 Road</u>	<u>Series 2021 Refunding</u>
Amounts outstanding – June 30, 2025	\$ 1,465,000	\$ 4,135,000
Interest Rates	2.00% - 4.50%	1.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2025/2044	September 1, 2025/2042
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2027*

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3. LONG-TERM DEBT (Continued)

The District has authorized but unissued bonds in the amount of \$23,230,000 for water, sanitary sewer, and stormwater drainage facilities, \$2,460,000 for parks and recreational facilities, and \$25,535,000 for roads. These authorizations include any amounts issued for refunding purposes. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

As of June 30, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 475,000	\$ 338,540	\$ 813,540
2027	490,000	323,876	813,876
2028	515,000	309,472	824,472
2029	530,000	295,302	825,302
2030	550,000	282,475	832,475
2031-2035	2,995,000	1,198,202	4,193,202
2036-2040	3,505,000	745,256	4,250,256
2041-2045	3,030,000	191,062	3,221,062
	<u>\$ 12,090,000</u>	<u>\$ 3,684,185</u>	<u>\$ 15,774,185</u>

During the year ended June 30, 2025, the District levied an ad valorem debt service tax rate of \$0.30 per \$100 of assessed valuation, which resulted in a tax levy of \$1,214,089 on the adjusted taxable valuation of \$404,696,711 for the 2024 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$69,286 and the bank balance was \$142,970. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2025 as listed below:

	<u>Cash</u>
GENERAL FUND	\$ 2,564
DEBT SERVICE FUND	<u>66,722</u>
TOTAL DEPOSITS	<u>\$ 69,286</u>

Investments

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

As of June 30, 2025, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 2,750,659	\$ 2,750,659
<u>DEBT SERVICE FUND</u>		
TexPool	2,459,115	2,459,115
<u>CAPITAL PROJECTS FUND</u>		
TexPool	1,098,972	1,098,972
TOTAL INVESTMENTS	<u>\$ 6,308,746</u>	<u>\$ 6,308,746</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Restrictions

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

NOTE 6. CAPITAL ASSETS

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

	July 1, 2024	Increases	Decreases	June 30, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,050,607	\$ 1,243,373	\$ -0-	\$ 2,293,980
Capital Assets Subject to Depreciation				
Park and Recreation	\$	\$ 620,731	\$	\$ 620,731
Water Facilities and Connection Fees	2,354,255	470,792		2,825,047
Drainage and Detention Facilities	8,854,352	768,918		9,623,270
Paving	2,282,901			2,282,901
Total Capital Assets Subject to Depreciation	\$ 13,491,508	\$ 1,860,441	\$ -0-	\$ 15,351,949
Accumulated Depreciation				
Park and Recreation	\$	\$ 41,588	\$	\$ 41,588
Water Facilities and Connection Fees	362,690	75,807		438,497
Drainage and Detention Facilities	1,414,129	238,237		1,652,366
Paving	215,776	50,731		266,507
Total Accumulated Depreciation	\$ 1,992,595	\$ 406,363	\$ -0-	\$ 2,398,958
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 11,498,913	\$ 1,454,078	\$ -0-	\$ 12,952,991
Total Capital Assets, Net of Accumulated Depreciation	\$ 12,549,520	\$ 2,697,451	\$ -0-	\$ 15,246,971

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6. CAPITAL ASSETS (Continued)

Water facilities are conveyed to Northwest Harris County Municipal Utility District No. 5 for the purpose of providing services to the District residents. The District is entitled to significant residual interest in the facilities conveyed and records these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94 (see Note 8).

NOTE 7. MAINTENANCE TAX

On May 10, 2014, the voters of the District approved the levy and collection of a maintenance tax in an unlimited amount per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used to pay general and administrative expenditures and for any other lawful purpose. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$0.35 per \$100 of assessed valuation, which resulted in a tax levy of \$1,416,438 on the adjusted taxable valuation of \$404,696,711 for the 2024 tax year.

NOTE 8. WATER SUPPLY AGREEMENTS

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

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8. WATER SUPPLY AGREEMENTS (Continued)

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

NOTE 9. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

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

NOTE 10. UNREIMBURSED COSTS

The District’s Developer has funded costs associated with the construction of utilities, roads and recreational facilities. Reimbursement will come from the proceeds of future bond issuances to the extent approved by the Commission. The Developer liability at year end totaled \$7,166,188, which was an increase of \$2,983,049 over the prior year balance of \$4,183,139.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters from which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and there have been no settlements.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12. MOWING AND MAINTENANCE AGREEMENT

On September 8, 2022, the District and Willowcreek Ranch Community Association (the “Association”) entered into a Mowing and Maintenance Agreement. The District will provide mowing and maintenance services for the benefit of the Association. The term of the agreement is one year. At the end of the initial term, this agreement shall continue in effect from month to month unless terminated. As of June 30, 2025, the Association owed the District \$83,224.

NOTE 13. SUBSEQUENT EVENT – BOND SALES

Subsequent to the report date, the District anticipates closing on the sale of its \$5,595,000 of Unlimited Tax Bonds, Series 2025. Proceeds will be used to reimburse the developer for land as well as construction and engineering costs for water and drainage facilities serving Willowcreek Ranch, Section 10 and Section 11, Willowcreek Ranch North Detention Facilities, Phases II and III, North Detention Phase III, and water service fees. Additional proceeds will be used to pay developer interest and reimburse the developer for operating advances as well as fund bond issuance costs. Delivery of the bonds is expected on or about October 14, 2025.

Subsequent to the report date, the District anticipates closing on the sale of its \$2,460,000 of Unlimited Tax Park Bonds, Series 2025. Proceeds will be used to reimburse the developer for land and landscape improvements as well as construction costs for Willowcreek Ranch, Section 1 stormwater facilities. Additional proceeds will be used to pay bond issuance costs and developer interest. Delivery of the bonds is expected on or about October 14, 2025.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2025

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 1,150,000	\$ 1,390,542	\$ 240,542
Investment and Miscellaneous Revenues	<u>30,000</u>	<u>105,337</u>	<u>75,337</u>
TOTAL REVENUES	<u>\$ 1,180,000</u>	<u>\$ 1,495,879</u>	<u>\$ 315,879</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 167,500	\$ 195,124	\$ (27,624)
Contracted Services	40,000	36,400	3,600
Repairs, Maintenance, Capital Outlay	150,000	354,078	(204,078)
Other	<u>26,091</u>	<u>23,210</u>	<u>2,881</u>
TOTAL EXPENDITURES	<u>\$ 383,591</u>	<u>\$ 608,812</u>	<u>\$ (225,221)</u>
NET CHANGE IN FUND BALANCE	\$ 796,409	\$ 887,067	\$ 90,658
FUND BALANCE - JULY 1, 2024	<u>1,957,532</u>	<u>1,957,532</u>	<u></u>
FUND BALANCE - JUNE 30, 2025	<u><u>\$ 2,753,941</u></u>	<u><u>\$ 2,844,599</u></u>	<u><u>\$ 90,658</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2025

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025

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

<input type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input type="checkbox"/> Retail Sewer	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input checked="" type="checkbox"/> Roads
<input type="checkbox"/> Participates in joint venture or regional system		
<input type="checkbox"/> Other: See below**		

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

2. RETAIL SERVICE PROVIDERS: NOT APPLICABLE

3. TOTAL WATER CONSUMPTION: NOT APPLICABLE

4. STANDBY FEES: NOT APPLICABLE

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJs in which District is located:

Cities of Houston, Texas and Tomball, Texas.

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

Yes ☐ No ☒

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

PROFESSIONAL FEES:	
Auditing	\$ 17,000
Engineering	88,350
Legal	<u>89,774</u>
TOTAL PROFESSIONAL FEES	<u>\$ 195,124</u>
 CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 36,400</u>
 REPAIRS AND MAINTENANCE	<u>\$ 233,312</u>
 ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 7,851
Insurance	3,465
Meetings, Dues and Office	4,794
Lien and Appraisal Reports	<u>7,100</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 23,210</u>
 CAPITAL OUTLAY	<u>\$ 120,766</u>
 TOTAL EXPENDITURES	<u>\$ 608,812</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
INVESTMENTS
JUNE 30, 2025

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0006	Varies	Daily	\$ 2,750,659	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 2,283,293	\$
TexPool	XXXX0005	Varies	Daily	175,822	
TOTAL DEBT SERVICE FUND				\$ 2,459,115	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 796,164	\$
TexPool	XXXX0004	Varies	Daily	302,808	
TOTAL CAPITAL PROJECTS FUND				\$ 1,098,972	\$ - 0 -
TOTAL - ALL FUNDS				\$ 6,308,746	\$ - 0 -

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
JULY 1, 2024	\$	27,572	\$	30,444
Adjustments to Beginning				
Balance		<u>(2,858)</u>		<u>(3,242)</u>
	\$	24,714	\$	27,202
Original 2024 Tax Levy	\$	1,358,272	\$	1,164,233
Adjustment to 2024 Tax Levy		<u>58,166</u>		<u>49,856</u>
		<u>1,416,438</u>		<u>\$ 1,214,089</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,441,152		\$ 1,241,291
TAX COLLECTIONS:				
Prior Years	\$	14,460	\$	15,956
Current Year		<u>1,376,082</u>		<u>1,179,498</u>
		<u>1,390,542</u>		<u>1,195,454</u>
TAXES RECEIVABLE -				
JUNE 30, 2025		<u>\$ 50,610</u>		<u>\$ 45,837</u>
TAXES RECEIVABLE BY				
YEAR:				
2024	\$	40,356	\$	34,591
2023		<u>10,254</u>		<u>11,246</u>
TOTAL	\$	<u>50,610</u>	\$	<u>45,837</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:				
Land	\$ 116,187,078	\$ 99,874,530	\$ 64,485,601	\$ 62,025,201
Improvements	321,821,645	306,664,008	254,907,651	180,520,589
Personal Property	3,316,478	1,544,151	1,791,590	926,642
Exemptions	<u>(36,628,490)</u>	<u>(46,040,087)</u>	<u>(34,619,429)</u>	<u>(15,043,408)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 404,696,711</u>	<u>\$ 362,042,602</u>	<u>\$ 286,565,413</u>	<u>\$ 228,429,024</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.30	\$ 0.34	0.38	\$ 0.4725
Maintenance	<u>0.35</u>	<u>0.31</u>	<u>0.27</u>	<u>\$ 0.1775</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.65</u>	<u>\$ 0.65</u>	<u>\$ 0.65</u>	<u>\$ 0.6500</u>
ADJUSTED TAX LEVY*	<u>\$ 2,630,527</u>	<u>\$ 2,353,276</u>	<u>\$ 1,862,674</u>	<u>\$ 1,484,788</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>97.15 %</u>	<u>99.09 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

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

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

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

S E R I E S - 2 0 1 7				
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2026	\$ 145,000	\$ 153,190	\$	298,190
2027	150,000	148,765		298,765
2028	160,000	144,035		304,035
2029	165,000	138,915		303,915
2030	175,000	133,388		308,388
2031	180,000	127,440		307,440
2032	190,000	121,150		311,150
2033	195,000	114,410		309,410
2034	205,000	107,210		312,210
2035	215,000	99,543		314,543
2036	225,000	91,403		316,403
2037	235,000	82,775		317,775
2038	245,000	73,655		318,655
2039	255,000	63,900		318,900
2040	270,000	53,400		323,400
2041	280,000	42,400		322,400
2042	295,000	30,900		325,900
2043	305,000	18,900		323,900
2044	320,000	6,400		326,400
2045				
	<u>\$ 4,210,000</u>	<u>\$ 1,751,779</u>	<u>\$</u>	<u>5,961,779</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

S E R I E S - 2 0 1 9				
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2026	\$ 80,000	\$ 73,862	\$	153,862
2027	80,000	71,462		151,462
2028	85,000	68,987		153,987
2029	90,000	66,362		156,362
2030	95,000	63,587		158,587
2031	100,000	60,662		160,662
2032	105,000	57,587		162,587
2033	105,000	54,437		159,437
2034	110,000	51,212		161,212
2035	115,000	47,693		162,693
2036	120,000	43,876		163,876
2037	125,000	39,816		164,816
2038	135,000	35,428		170,428
2039	140,000	30,700		170,700
2040	145,000	25,713		170,713
2041	150,000	20,551		170,551
2042	160,000	15,126		175,126
2043	165,000	9,335		174,335
2044	175,000	3,175		178,175
2045				
	<u>\$ 2,280,000</u>	<u>\$ 839,571</u>	<u>\$</u>	<u>3,119,571</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

S E R I E S - 2 0 2 0 R O A D				
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2026	\$ 75,000	\$ 29,488	\$	104,488
2027	75,000	27,050		102,050
2028	75,000	25,550		100,550
2029	75,000	24,050		99,050
2030	75,000	22,550		97,550
2031	75,000	21,050		96,050
2032	75,000	19,550		94,550
2033	75,000	18,050		93,050
2034	75,000	16,550		91,550
2035	75,000	15,050		90,050
2036	75,000	13,550		88,550
2037	75,000	12,050		87,050
2038	75,000	10,550		85,550
2039	70,000	9,100		79,100
2040	70,000	7,700		77,700
2041	70,000	6,300		76,300
2042	70,000	4,900		74,900
2043	70,000	3,500		73,500
2044	70,000	2,100		72,100
2045	70,000	700		70,700
	<u>\$ 1,465,000</u>	<u>\$ 289,388</u>	<u>\$</u>	<u>1,754,388</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

S E R I E S - 2 0 2 1 R E F U N D I N G				
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2026	\$ 175,000	\$ 82,000	\$	257,000
2027	185,000	76,599		261,599
2028	195,000	70,900		265,900
2029	200,000	65,975		265,975
2030	205,000	62,950		267,950
2031	205,000	60,644		265,644
2032	215,000	57,750		272,750
2033	220,000	53,938		273,938
2034	230,000	49,438		279,438
2035	230,000	44,838		274,838
2036	235,000	40,188		275,188
2037	245,000	35,388		280,388
2038	250,000	30,438		280,438
2039	255,000	25,388		280,388
2040	260,000	20,238		280,238
2041	270,000	14,769		284,769
2042	275,000	8,978		283,978
2043	285,000	3,028		288,028
2044				
2045				
	<u>\$ 4,135,000</u>	<u>\$ 803,447</u>	<u>\$</u>	<u>4,938,447</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 475,000	\$ 338,540	\$ 813,540
2027	490,000	323,876	813,876
2028	515,000	309,472	824,472
2029	530,000	295,302	825,302
2030	550,000	282,475	832,475
2031	560,000	269,796	829,796
2032	585,000	256,037	841,037
2033	595,000	240,835	835,835
2034	620,000	224,410	844,410
2035	635,000	207,124	842,124
2036	655,000	189,017	844,017
2037	680,000	170,029	850,029
2038	705,000	150,071	855,071
2039	720,000	129,088	849,088
2040	745,000	107,051	852,051
2041	770,000	84,020	854,020
2042	800,000	59,904	859,904
2043	825,000	34,763	859,763
2044	565,000	11,675	576,675
2045	70,000	700	70,700
	<u>\$ 12,090,000</u>	<u>\$ 3,684,185</u>	<u>\$ 15,774,185</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2025

Description	Original Bonds Issued	Bonds Outstanding July 1, 2024
Harris County Municipal Utility District No. 416 Unlimited Tax Bonds - Series 2017	\$ 4,950,000	\$ 4,350,000
Harris County Municipal Utility District No. 416 Unlimited Tax Bonds - Series 2019	2,625,000	2,355,000
Harris County Municipal Utility District No. 416 Unlimited Tax Road Bonds - Series 2020	1,690,000	1,540,000
Harris County Municipal Utility District No. 416 Unlimited Tax Refunding Bonds - Series 2021	<u>4,620,000</u>	<u>4,305,000</u>
TOTAL	<u>\$ 13,885,000</u>	<u>\$ 12,550,000</u>

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

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

* Includes bonds authorized for refunding purposes.

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding June 30, 2025	Paying Agent
	Principal	Interest		
\$	\$ 140,000	\$ 157,326	\$ 4,210,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	75,000	76,751	2,280,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	75,000	32,862	1,465,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	170,000	87,174	4,135,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
\$ - 0 -	\$ 460,000	\$ 354,113	\$ 12,090,000	

Debt Service Fund cash and investment balances as of June 30, 2025: \$ 2,525,837

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 788,709

See accompanying independent auditor's report.

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

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 1,390,542	\$ 1,115,872	\$ 756,886
Investment and Miscellaneous Revenues	105,337	63,160	30,447
TOTAL REVENUES	<u>\$ 1,495,879</u>	<u>\$ 1,179,032</u>	<u>\$ 787,333</u>
EXPENDITURES			
Professional Fees	\$ 195,124	\$ 181,699	\$ 156,074
Contracted Services	36,400	35,800	39,836
Repairs and Maintenance	233,312	70,768	73,375
Other	23,210	18,527	17,968
Capital Outlay	120,766	64,267	
TOTAL EXPENDITURES	<u>\$ 608,812</u>	<u>\$ 371,061</u>	<u>\$ 287,253</u>
NET CHANGE IN FUND BALANCE	\$ 887,067	\$ 807,971	\$ 500,080
BEGINNING FUND BALANCE	<u>1,957,532</u>	<u>1,149,561</u>	<u>649,481</u>
ENDING FUND BALANCE	<u>\$ 2,844,599</u>	<u>\$ 1,957,532</u>	<u>\$ 1,149,561</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
\$ 399,427	\$ 319,008	93.0 %	94.6 %	96.1 %	97.7 %	90.0 %
9,453	35,356	7.0	5.4	3.9	2.3	10.0
<u>\$ 408,880</u>	<u>\$ 354,364</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 131,918	\$ 142,411	13.0 %	15.4 %	19.8 %	32.3 %	40.2 %
14,520	12,280	2.4	3.0	5.1	3.6	3.5
26,517	69,564	15.6	6.0	9.3	6.5	19.6
24,031	20,045	1.6	1.6	2.3	5.9	5.7
33,327		8.1	5.5		8.2	
<u>\$ 230,313</u>	<u>\$ 244,300</u>	<u>40.7 %</u>	<u>31.5 %</u>	<u>36.5 %</u>	<u>56.5 %</u>	<u>69.0 %</u>
\$ 178,567	\$ 110,064	59.3 %	68.5 %	63.5 %	43.5 %	31.0 %
470,914	360,850					
<u>\$ 649,481</u>	<u>\$ 470,914</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 1,195,454	\$ 1,230,588	\$ 1,071,650
Penalty and Interest	40,062	41,400	19,007
Investment and Miscellaneous Revenues	89,683	78,316	43,500
TOTAL REVENUES	<u>\$ 1,325,199</u>	<u>\$ 1,350,304</u>	<u>\$ 1,134,157</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 42,868	\$ 48,185	\$ 33,429
Debt Service Principal	460,000	435,000	425,000
Debt Service Interest and Fees	355,763	374,088	385,640
Bond Issuance Costs			
Payment to Refunded Bond Escrow Agent			
TOTAL EXPENDITURES	<u>\$ 858,631</u>	<u>\$ 857,273</u>	<u>\$ 844,069</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 466,568</u>	<u>\$ 493,031</u>	<u>\$ 290,088</u>
OTHER FINANCING SOURCES (USES)			
Proceeds From Issuance of Long-Term Debt	\$	\$	\$
Proceeds From Issuance of Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 466,568	\$ 493,031	\$ 290,088
BEGINNING FUND BALANCE	<u>2,025,363</u>	<u>1,532,332</u>	<u>1,242,244</u>
ENDING FUND BALANCE	<u>\$ 2,491,931</u>	<u>\$ 2,025,363</u>	<u>\$ 1,532,332</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>*</u>	<u>*</u>	<u>*</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>**</u>	<u>**</u>	<u>**</u>

* See Note 8

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

See accompanying independent auditor's report.

		Percentage of Total Revenues					
2022	2021	2025	2024	2023	2022	2021	
\$ 1,067,301	\$ 801,889	90.2 %	91.1 %	94.5 %	98.5 %	99.0 %	
13,465	7,121	3.0	3.1	1.7	1.2	0.9	
3,729	1,212	6.8	5.8	3.8	0.3	0.1	
<u>\$ 1,084,495</u>	<u>\$ 810,222</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	
\$ 31,047	\$ 19,358	3.2 %	3.6 %	2.9 %	2.9 %	2.4 %	
310,000	300,000	34.7	32.2	37.5	28.6	37.0	
373,991	447,891	26.8	27.7	34.0	34.5	55.3	
	191,366					23.6	
	50,000					6.2	
<u>\$ 715,038</u>	<u>\$ 1,008,615</u>	<u>64.7 %</u>	<u>63.5 %</u>	<u>74.4 %</u>	<u>66.0 %</u>	<u>124.5 %</u>	
<u>\$ 369,457</u>	<u>\$ (198,393)</u>	<u>35.3 %</u>	<u>36.5 %</u>	<u>25.6 %</u>	<u>34.0 %</u>	<u>(24.5) %</u>	
\$	\$ 83,350						
	4,620,000						
	(4,452,639)						
	32,214						
<u>\$ - 0 -</u>	<u>\$ 282,925</u>						
\$ 369,457	\$ 84,532						
872,787	788,255						
<u>\$ 1,242,244</u>	<u>\$ 872,787</u>						
<u>*</u>	<u>*</u>						
<u>**</u>	<u>**</u>						

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025

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

District Telephone Number - (713) 652-6500

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended June 30, 2025	Expense Reimbursements for the year ended June 30, 2025	Title
Christopher C. Hughes	05/22 05/26 (Elected)	\$ 1,326	\$ 297	President
Richard Godwin	05/22 05/26 (Elected)	\$ 1768	\$ 467	Vice President
William L. Shappley, III	05/22 05/26 (Elected)	\$ 1768	\$ 386	Secretary
Thomas A. Cook	05/24 05/28 (Elected)	\$ 1768	\$ 383	Assistant Secretary
Reed Tinsley	05/24 05/28 (Elected)	\$ 663	\$ 143	Assistant Secretary

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

The most recent submission date of the District Registration Form was on May 28, 2024.

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

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025

	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2025</u>	<u>Title</u>
Consultants:			
Smith, Murdaugh, Little & Bonham, L.L.P.	04/02/13	\$ 89,774	General Counsel
	02/23/16	\$ 8,375	Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	06/23/15	\$ 17,000	Auditor
FORVIS, LLP	07/14/22	\$ 36,400	Bookkeeper
Edminster, Hinshaw, Russ & Associates, Inc.	04/02/13	\$ 164,869	Engineer
Masterson Advisors LLC	04/24/18	\$ -0-	Financial Advisor
Bob Leared Interests	04/02/13	\$ 13,731	Tax Assessor/ Collector

See accompanying independent auditor's report.