

**NORTHWEST HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 16**

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

June 30, 2020

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Northwest Harris County Municipal Utility District No. 16, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinions.

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

Opinion

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 Northwest Harris County Municipal Utility District No. 16, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, 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.

Other 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 Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

WCG & Co, PLLC

Houston, Texas
November 9, 2020

Management's Discussion and Analysis

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***Northwest Harris County Municipal Utility District No. 16
Management's Discussion and Analysis
June 30, 2020***

Using this Annual Report

Within this section of the financial report of Northwest Harris County Municipal Utility District No. 16 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

Northwest Harris County Municipal Utility District No. 16
Management's Discussion and Analysis
June 30, 2020

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at June 30, 2020, was \$2,356,877. A comparative summary of the District's overall financial position, as of June 30, 2020 and 2019, is as follows:

	2020	2019
Current and other assets	\$ 8,699,636	\$ 8,340,085
Capital assets	7,410,852	6,970,607
Total assets	<u>16,110,488</u>	<u>15,310,692</u>
 Total deferred outflows of resources	 <u>237,105</u>	 <u>149,263</u>
 Current liabilities	 1,077,852	 1,039,934
Long-term liabilities	12,912,864	12,583,318
Total liabilities	<u>13,990,716</u>	<u>13,623,252</u>
 Net position		
Net investment in capital assets	(2,315,773)	(2,410,325)
Restricted	1,826,614	1,611,450
Unrestricted	2,846,036	2,635,578
Total net position	<u>\$ 2,356,877</u>	<u>\$ 1,836,703</u>

Northwest Harris County Municipal Utility District No. 16
Management's Discussion and Analysis
June 30, 2020

The total net position of the District increased during the current fiscal year by \$520,174. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2020</u>	<u>2019</u>
Revenues		
Property taxes, penalties and interest	\$ 2,075,406	\$ 2,276,793
Water and sewer service	792,617	735,958
Wastewater treatment and disposal	399,666	360,206
Other	650,284	861,783
Total revenues	<u>3,917,973</u>	<u>4,234,740</u>
Expenses		
Current service operations	2,415,880	2,143,261
Debt interest and fees	371,264	433,080
Debt issuance costs	244,712	
Depreciation	365,943	343,289
Total expenses	<u>3,397,799</u>	<u>2,919,630</u>
Change in net position	520,174	1,315,110
Net position, beginning of year	1,836,703	521,593
Net position, end of year	<u>\$ 2,356,877</u>	<u>\$ 1,836,703</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of June 30, 2020, were \$8,127,421, which consists of \$2,767,996 in the General Fund, \$1,859,896 in the Debt Service Fund, \$3,499,134 in the Capital Projects Fund and \$395 in the Special Revenue Fund.

General Fund

A comparative summary of the General Fund's financial position as of June 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$ 3,203,344</u>	<u>\$ 2,960,684</u>
Total liabilities	\$ 357,703	\$ 325,501
Total deferred inflows	77,645	63,339
Total fund balance	<u>2,767,996</u>	<u>2,571,844</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,203,344</u>	<u>\$ 2,960,684</u>

***Northwest Harris County Municipal Utility District No. 16
Management's Discussion and Analysis
June 30, 2020***

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	<u>2020</u>	<u>2019</u>
Total revenues	\$ 2,307,118	\$ 2,537,732
Total expenditures	<u>(2,110,966)</u>	<u>(1,803,797)</u>
Revenues over expenditures	<u>\$ 196,152</u>	<u>\$ 733,935</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water, sewer, and security protection services to customers within the District and tap connection fees charged to homebuilders in the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues in the District have remained fairly consistent from year to year.
- Water, sewer and surface water revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Revenues from providing security protection services are based on the number of connections in the District and remain consistent from year to year.
- Tap connection fees fluctuate with homebuilding activity within the District

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of June 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$ 1,913,514</u>	<u>\$ 1,711,803</u>
Total deferred inflows	\$ 53,618	\$ 94,449
Total fund balance	<u>1,859,896</u>	<u>1,617,354</u>
Total deferred inflows and fund balance	<u>\$ 1,913,514</u>	<u>\$ 1,711,803</u>

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	<u>2020</u>	<u>2019</u>
Total revenues	\$ 1,178,708	\$ 1,179,670
Total expenditures	<u>(1,194,110)</u>	<u>(937,588)</u>
Revenues over/(under) expenditures	(15,402)	242,082
Other changes in fund balance	<u>257,944</u>	<u>242,082</u>
Net change in fund balance	<u>\$ 242,542</u>	<u>\$ 242,082</u>

***Northwest Harris County Municipal Utility District No. 16
Management's Discussion and Analysis
June 30, 2020***

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements resulted in changes in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

During the current year, the District issued \$5,505,000 in refunding bonds to refund \$5,525,000 of its outstanding Series 2012 refunding bonds. This refunding will save the District \$343,276 in future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of June 30, 2020 and 2019 is as follows:

	2020	2019
Total assets	<u>\$ 3,499,134</u>	<u>\$ 3,578,123</u>
Total fund balance	<u>\$ 3,499,134</u>	<u>\$ 3,578,123</u>

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2020	2019
Total revenues	\$ 58,874	\$ 85,215
Total expenditures	(137,863)	(82,532)
Revenues over/(under) expenditures	<u>\$ (78,989)</u>	<u>\$ 2,683</u>

Capital asset activity in the current and prior year consisted of improvements to the District's facilities

Special Revenue Fund

A comparative summary of the Special Revenue Fund's financial position as of June 30, 2020 and 2019, is as follows:

	2020	2019
Total assets	<u>\$ 150,105</u>	<u>\$ 157,433</u>
Total liabilities	\$ 149,710	\$ 157,038
Total fund balance	395	395
Total liabilities and fund balance	<u>\$ 150,105</u>	<u>\$ 157,433</u>

Northwest Harris County Municipal Utility District No. 16
Management's Discussion and Analysis
June 30, 2020

A comparative summary of activities for the Special Revenue Fund's current and prior fiscal year is as follows

	2020	2019
Total revenues	\$ 399,798	\$ 360,328
Total expenditures	(399,798)	(360,328)
Revenues over/(under) expenditures	<u>\$ -</u>	<u>\$ -</u>

Revenues in the Special Revenue Fund primarily consist of charges to participants. The amount the District charges is based upon the actual cost of providing services. Consequently, revenues will equal expenditures each year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$210,077 less than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developer for the financing of the construction of capital assets within the District. The Developer will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Northwest Harris County Municipal Utility District No. 16
Management's Discussion and Analysis
June 30, 2020

Capital assets held by the District at June 30, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Capital assets not being depreciated		
Land and improvements	\$ 594,857	\$ 124,634
Construction in progress	214,891	206,277
	<u>809,748</u>	<u>330,911</u>
Capital assets being depreciated		
Buildings and structures	1,213,646	986,913
Furniture, fixtures and equipment	278,242	235,237
Water, sewer and drainage systems	10,252,186	10,194,573
	<u>11,744,074</u>	<u>11,416,723</u>
Less accumulated depreciation		
Buildings and structures	(434,010)	(399,174)
Furniture, fixtures and equipment	(145,854)	(119,669)
Water, sewer and drainage systems	(4,563,106)	(4,258,184)
	<u>(5,142,970)</u>	<u>(4,777,027)</u>
Depreciable capital assets, net	<u>6,601,104</u>	<u>6,639,696</u>
Capital assets, net	<u>\$ 7,410,852</u>	<u>\$ 6,970,607</u>

Capital asset additions during the current year include utilities to serve Hillsdale Creek, Section 2. The District's construction in progress is for the rehabilitation and improvement of the District's existing facilities.

Long-Term Debt and Related Liabilities

As of June 30, 2020, the District owes \$2,490,582 to its developer for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At June 30, 2020 and 2019, the District had total bonded debt outstanding as shown below:

<u>Series</u>	<u>2020</u>	<u>2019</u>
2012 Refunding	\$ 1,045,000	\$ 7,070,000
2017	4,275,000	4,300,000
2019 Refunding	5,505,000	
	<u>\$ 10,825,000</u>	<u>\$ 11,370,000</u>

Northwest Harris County Municipal Utility District No. 16
Management's Discussion and Analysis
June 30, 2020

At June 30, 2020, the District had \$30,305,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$5,500,000 for parks and recreational facilities; and \$14,460,000 for refunding purposes.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	<u>2020 Actual</u>	<u>2021 Budget</u>
Total revenues	\$ 2,307,118	\$ 2,316,810
Total expenditures	<u>(2,110,966)</u>	<u>(1,981,850)</u>
Revenues over expenditures	196,152	334,960
Beginning fund balance	<u>2,571,844</u>	<u>2,767,996</u>
Ending fund balance	<u>\$ 2,767,996</u>	<u>\$ 3,102,956</u>

Property Taxes

The District's property tax base decreased approximately \$2,431,000 for the 2020 tax year from \$190,240,441 to \$192,671,391. This increase was primarily due to new construction in the District. For the 2020 tax year, the District has levied a maintenance tax rate of \$0.52 per \$100 of assessed value and a debt service tax rate of \$0.54 per \$100 of assessed value, for a total combined tax rate of \$1.06 per \$100. Tax rates for the 2019 tax year were \$0.52 per \$100 for maintenance and operations and \$0.60 per \$100 for debt service for a combined total of \$1.12 per \$100 of assessed value.

Infectious Disease Outlook (COVID-19)

As further discussed in Note 14, the World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory virus currently affecting many parts of the world, including the United States and Texas. The pandemic has negatively affected the economic growth and financial markets worldwide and within Texas. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak could have an adverse effect on the District's operations and financial condition by negatively affecting property taxes and ad valorem tax revenues within the District.

Basic Financial Statements

*Northwest Harris County Municipal Utility District No. 16
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2020*

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Fund
Assets				
Cash	\$ 144,870	\$ 56,133	\$ 300	\$ 75,710
Investments	2,568,106	1,792,269	3,580,404	
Taxes receivable, net	31,045	53,618		
Customer service receivables, net	139,809			
Internal balances	166,861	1,173	(168,034)	
Due from other districts				74,395
Other receivables	75,720	10,321		
Prepaid items	10,472			
Restricted cash			86,464	
Operating reserve	66,461			
Capital assets not being depreciated				
Capital assets, net				
Total Assets	<u>\$ 3,203,344</u>	<u>\$ 1,913,514</u>	<u>\$ 3,499,134</u>	<u>\$ 150,105</u>
Deferred Outflows of Resources				
Deferred difference on refunding				
Liabilities				
Accounts payable	\$ 236,181	\$ -	\$ -	\$ 32,084
Other payables	4,432			
Customer deposits	117,090			
Operating reserves from participants				117,626
Accrued interest payable				
Due to developers				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	<u>357,703</u>			<u>149,710</u>
Deferred Inflows of Resources				
Deferred property taxes	31,045	53,618		
Deferred recreational facility user fees	46,600			
	<u>77,645</u>	<u>53,618</u>		
Fund Balances/Net Position				
Fund Balances				
Nonspendable	76,933			
Restricted		1,859,896	3,499,134	
Committed				395
Unassigned	2,691,063			
Total Fund Balances	<u>2,767,996</u>	<u>1,859,896</u>	<u>3,499,134</u>	<u>395</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,203,344</u>	<u>\$ 1,913,514</u>	<u>\$ 3,499,134</u>	<u>\$ 150,105</u>
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				
See notes to basic financial statements.				

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 277,013	\$ -	\$ 277,013
7,940,779		7,940,779
84,663		84,663
139,809		139,809
74,395		74,395
86,041		86,041
10,472		10,472
86,464		86,464
66,461	(66,461)	
	809,748	809,748
	6,601,104	6,601,104
<u>\$ 8,766,097</u>	<u>7,344,391</u>	<u>16,110,488</u>
	<u>237,105</u>	<u>237,105</u>
\$ 268,265		268,265
4,432		4,432
117,090		117,090
117,626	(66,461)	51,165
	86,900	86,900
	2,490,582	2,490,582
	550,000	550,000
	10,422,282	10,422,282
<u>507,413</u>	<u>13,483,303</u>	<u>13,990,716</u>
84,663	(84,663)	
<u>46,600</u>	<u>(46,600)</u>	
<u>131,263</u>	<u>(131,263)</u>	
76,933	(76,933)	
5,359,030	(5,359,030)	
395	(395)	
<u>2,691,063</u>	<u>(2,691,063)</u>	
<u>8,127,421</u>	<u>(8,127,421)</u>	
<u>\$ 8,766,097</u>		
	(2,315,773)	(2,315,773)
	1,826,614	1,826,614
	2,846,036	2,846,036
	<u>\$ 2,356,877</u>	<u>\$ 2,356,877</u>

*Northwest Harris County Municipal Utility District No. 16
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020*

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Fund
Revenues				
Water service	\$ 360,091	\$ -	\$ -	\$ -
Sewer service	432,526			
Property taxes	980,067	1,130,680		
Penalties and interest	20,946	16,838		
Surface water fees	108,694			
Security fees	148,752			
Recreational facility user fees				
Wastewater treatment and disposal				399,666
Tap connection and inspection	193,175			
Miscellaneous	7,439	5,506		
Investment earnings	55,428	25,684	58,874	132
Total Revenues	<u>2,307,118</u>	<u>1,178,708</u>	<u>58,874</u>	<u>399,798</u>
Expenditures/Expenses				
Current service operations				
Purchased services	239,533			
Professional fees	108,556			10,635
Contracted services	683,033	38,561		115,200
Repairs and maintenance	600,639			175,436
Utilities	55,329			80,226
Surface water fees	118,317			
Administrative	131,300	3,518		18,019
Other	30,378	4,525	2,393	282
Capital outlay	143,881		134,470	
Debt service				
Principal		525,000		
Interest and fees		378,794		
Debt issuance costs		243,712	1,000	
Depreciation				
Total Expenditures/Expenses	<u>2,110,966</u>	<u>1,194,110</u>	<u>137,863</u>	<u>399,798</u>
Revenues Over/(Under)				
Expenditures	196,152	(15,402)	(78,989)	
Other Financing Sources/(Uses)				
Proceeds from sale of refunding bonds		5,505,000		
Bond premium		277,944		
Payment to refunding bond escrow agent		(5,525,000)		
Net Change in Fund Balances	196,152	242,542	(78,989)	
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year	2,571,844	1,617,354	3,578,123	395
End of the year	<u>\$ 2,767,996</u>	<u>\$ 1,859,896</u>	<u>\$ 3,499,134</u>	<u>\$ 395</u>

See notes to basic financial statements.

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 360,091	\$ -	\$ 360,091
432,526		432,526
2,110,747	(65,580)	2,045,167
37,784	(7,545)	30,239
108,694		108,694
148,752		148,752
	46,600	46,600
399,666		399,666
193,175		193,175
12,945		12,945
140,118		140,118
<u>3,944,498</u>	<u>(26,525)</u>	<u>3,917,973</u>
239,533		239,533
119,191		119,191
836,794		836,794
776,075		776,075
135,555		135,555
118,317		118,317
152,837		152,837
37,578		37,578
278,351	(278,351)	
525,000	(525,000)	
378,794	(7,530)	371,264
244,712		244,712
	365,943	365,943
<u>3,842,737</u>	<u>(444,938)</u>	<u>3,397,799</u>
101,761	(101,761)	
5,505,000	(5,505,000)	
277,944	(277,944)	
<u>(5,525,000)</u>	<u>5,525,000</u>	
359,705	(359,705)	
	520,174	520,174
<u>7,767,716</u>	<u>(5,931,013)</u>	<u>1,836,703</u>
<u>\$ 8,127,421</u>	<u>\$ (5,770,544)</u>	<u>\$ 2,356,877</u>

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Northwest Harris County Municipal Utility District No. 16
Notes to Basic Financial Statements
June 30, 2020

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Northwest Harris County Municipal Utility District No. 16 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Water Commission, statutory predecessor to the Texas Commission on Environmental Quality, dated January 4, 1978, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on January 5, 1978 and the first bonds were issued on October 10, 1978.

The District’s primary activities include construction, maintenance and operation of water, sewer and drainage facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other 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 statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has four governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District’s water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District’s water, sewer and drainage facilities.
- The Special Revenue Fund is used to account for revenues and expenditures for the operation and maintenance of the District’s wastewater treatment Plant. See Note 11 for more information. p

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At June 30, 2020, allowances of \$3,417 and \$1,500 were provided for possible uncollectible property taxes and water/sewer accounts, respectively.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated using the straight-line method as follows:

Assets	Useful Life
Buildings and structures	5-40 years
Furniture, fixtures and equipment	10 years
Water, sewer and drainage systems	10-45 years

The District’s detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable and recreational facility user fees not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Deferred outflows of financial resources at the government-wide level are from a refunding bond transaction in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Northwest Harris County Municipal Utility District No. 16
Notes to Basic Financial Statements
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position – Governmental Activities (continued)

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items and operating reserves in the General Fund paid to the Special Revenue Fund for the Joint Wastewater Treatment Plant.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District's committed fund balances in the Special Revenue Fund consist of amounts restricted for the operation of the joint wastewater treatment plant in accordance with the District's contract with Harris County Municipal Utility District No. 166 and Harris County Municipal Utility District No. 257.

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

Northwest Harris County Municipal Utility District No. 16
Notes to Basic Financial Statements
June 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets; the value of amounts due to developer and the value of capital assets for which the developer has not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Northwest Harris County Municipal Utility District No. 16
Notes to Basic Financial Statements
June 30, 2020

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		\$ 8,127,421
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$ 12,553,822	
Less accumulated depreciation	<u>(5,142,970)</u>	
Change due to capital assets		7,410,852
The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the <i>Statement of Net Position</i> and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.		
		237,105
Amounts due to the District's developer for prefunded construction are recorded as a liability in the <i>Statement of Net Position</i> .		
		(2,490,582)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(10,972,282)	
Interest payable on bonds	<u>(86,900)</u>	
Change due to long-term debt		(11,059,182)
Property taxes receivable, related penalties and interest and other revenues have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		
Property taxes receivable	67,013	
Penalty and interest receivable	17,650	
Pool user fee receivable	<u>46,600</u>	
Change due to property taxes and pool user fees		131,263
Total net position - governmental activities		<u><u>\$ 2,356,877</u></u>

Northwest Harris County Municipal Utility District No. 16
Notes to Basic Financial Statements
June 30, 2020

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds	\$	359,705
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Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes, related penalties and interest and pool user fees.

	(26,525)
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Governmental funds report capital outlays for construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset.

Capital outlays	\$	278,351
Depreciation expense		(365,943)
		(87,592)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.

Issuance of long term debt	(5,505,000)
Payment to refunding bond escrow agent	5,525,000
Bond premium	(277,944)
Principal payments	525,000
Interest expense accrual	7,530
	274,586

Change in net position of governmental activities	\$	520,174
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Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.

Northwest Harris County Municipal Utility District No. 16
Notes to Basic Financial Statements
June 30, 2020

Note 3 – Deposits and Investments (continued)

Restricted Cash

At June 30, 2020, the District held in escrow \$86,464 from the Series 2001 Bonds, as required by the Texas Commission on Environmental Quality, for use on certain projects.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of June 30, 2020, the District's investments consist of the following:

<u>Type</u>	<u>Fund</u>	<u>Carrying Value</u>	<u>Percentage of Total</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Certificates of deposit	General	\$ 1,700,000			
	Debt Service	480,000			
		<u>2,180,000</u>	27%	N/A	N/A
TexPool	Debt Service	2,749			
	Capital Projects	685,196			
		<u>687,945</u>	9%	AAAm	33 days
Texas CLASS	General	868,106			
	Debt Service	1,309,520			
	Capital Projects	2,895,208			
		<u>5,072,834</u>	64%	AAAm	51 days
Total		<u>\$ 7,940,779</u>	<u>100%</u>		

Note 3 – Deposits and Investments (continued)

Investments (continued)

The District's investments in certificates of deposit are reported at cost.

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Texas CLASS

The District also participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administrator and Wells Fargo Bank as the custodian.

The District's investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District's investment in Texas CLASS is measured using published fair value per share (level 1 inputs).

Investments in Texas CLASS may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Northwest Harris County Municipal Utility District No. 16
Notes to Basic Financial Statements
June 30, 2020

Note 3 – Deposits and Investments (continued)

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at June 30, 2020, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General	Capital Projects	\$ 168,034	Capital outlay paid by the General Fund
General	Debt Service	2,470	Maintenance tax collections not remitted as of year end
Debt Service	General	3,642	Excess reimbursement for bond issuance costs due back to the Debt Service Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Northwest Harris County Municipal Utility District No. 16
Notes to Basic Financial Statements
June 30, 2020

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended June 30, 2020, is as follows:

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	\$ 124,634	\$ 470,223	\$ -	\$ 594,857
Construction in progress	206,277	47,178	(38,564)	214,891
	<u>330,911</u>	<u>517,401</u>	<u>(38,564)</u>	<u>809,748</u>
Capital assets being depreciated				
Buildings and structures	986,913	226,733		1,213,646
Furniture, fixtures and equipment	235,237	43,005		278,242
Water, sewer and drainage systems	10,194,573	57,613		10,252,186
	<u>11,416,723</u>	<u>327,351</u>		<u>11,744,074</u>
Less accumulated depreciation				
Buildings and structures	(399,174)	(34,836)		(434,010)
Furniture, fixtures and equipment	(119,669)	(26,185)		(145,854)
Water, sewer and drainage systems	(4,258,184)	(304,922)		(4,563,106)
	<u>(4,777,027)</u>	<u>(365,943)</u>		<u>(5,142,970)</u>
Subtotal depreciable capital assets, net	<u>6,639,696</u>	<u>(38,592)</u>		<u>6,601,104</u>
Capital assets, net	<u>\$ 6,970,607</u>	<u>\$ 478,809</u>	<u>\$ (38,564)</u>	<u>\$ 7,410,852</u>

Depreciation expense for the current year was \$365,943.

Note 6 – Due to Developer

The District has entered into financing agreements with its developer for the financing of the construction of water, sewer, and drainage facilities. Under the agreements, the developer will advance funds for the construction of facilities to serve the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

Changes in amounts due to developer during the year are as follows:

Due to developer, beginning of year	\$ 1,962,746
Developer funded construction	527,836
Due to developer, end of year	<u>\$ 2,490,582</u>

Northwest Harris County Municipal Utility District No. 16
Notes to Basic Financial Statements
June 30, 2020

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 10,825,000
Unamortized discounts	(107,500)
Unamortized premium	254,782
	<u>\$ 10,972,282</u>
Due within one year	<u>\$ 550,000</u>

The District’s bonds payable at June 30, 2020, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2012 Refunding	\$ 1,045,000	\$ 9,505,000	2.0% - 4.0%	October 1, 2013/2030	October 1, April 1	October 1, 2019
2017	4,275,000	4,300,000	3.0% - 5.5%	October 1, 2019/2039	October 1, April 1	October 1, 2024
2019 Refunding	5,505,000	5,505,000	3.00%	October 1, 2020/2030	October 1, April 1	October 1, 2024
	<u>\$ 10,825,000</u>					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At June 30, 2020, the District had authorized but unissued bonds in the amount of \$30,305,000 for water, sewer and drainage facilities; \$5,500,000 for park and recreational facilities; and \$14,460,000 for refunding purposes.

On October 24, 2019, the District issued its \$5,505,000 Unlimited Tax Refunding Bonds at a net effective interest rate of 2.903499% to refund \$5,525,000 of outstanding Series 2012 refunding bonds. The District refunded the bonds to reduce total debt service payments over future years by approximately \$343,276 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$292,562. Proceeds of the bonds were placed in an escrow account with an escrow agent and irrevocably pledged to the payment of future debt service payments. As a result, the refunded bonds are considered defeased and the liability has been removed from the government-wide financial statements. As of June 30, 2020, the outstanding principal of defeased bonds is \$5,525,000.

Northwest Harris County Municipal Utility District No. 16
Notes to Basic Financial Statements
June 30, 2020

Note 7 – Long-Term Debt (continued)

The change in the District’s long-term debt during the year is as follows:

Bonds payable, beginning of year	\$ 11,370,000
Bonds issued	5,505,000
Bonds retired	(525,000)
Bonds refunded	<u>(5,525,000)</u>
Bonds payable, end of year	<u><u>\$ 10,825,000</u></u>

As of June 30, 2020, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2021	\$ 550,000	\$ 339,037	\$ 889,037
2022	565,000	321,356	886,356
2023	585,000	303,150	888,150
2024	605,000	284,675	889,675
2025	645,000	265,112	910,112
2026	660,000	245,037	905,037
2027	685,000	224,862	909,862
2028	705,000	204,012	909,012
2029	720,000	182,637	902,637
2030	740,000	160,737	900,737
2031	540,000	141,475	681,475
2032	325,000	128,031	453,031
2033	350,000	117,063	467,063
2034	375,000	105,281	480,281
2035	400,000	92,438	492,438
2036	425,000	78,250	503,250
2037	450,000	62,938	512,938
2038	475,000	46,750	521,750
2039	500,000	29,063	529,063
2040	525,000	9,844	534,844
	<u>\$ 10,825,000</u>	<u>\$ 3,341,748</u>	<u>\$ 14,166,748</u>

Note 8 – Property Taxes

On January 21, 1978, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations without limit or amount. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

Northwest Harris County Municipal Utility District No. 16
Notes to Basic Financial Statements
June 30, 2020

Note 8 – Property Taxes (continued)

All property values and exempt status, if any, are determined by the Harris County 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.

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2020 fiscal year was financed through the 2019 tax levy, pursuant to which the District levied property taxes of \$1.12 per \$100 of assessed value, of which \$0.52 was allocated to maintenance and operations and \$0.60 was allocated to debt service. The resulting tax levy was \$2,130,693 on the adjusted taxable value of \$190,240,441.

Net property taxes receivable, at June 30, 2020, consisted of the following:

Current year taxes receivable	\$ 48,075
Prior years taxes receivable	22,355
Less allowance for uncollectible accounts	(3,417)
	<u>67,013</u>
Penalty and interest receivable	17,650
Net property taxes receivable	<u>\$ 84,663</u>

Note 9 – Surface Water Fees

On July 11, 2003, the District entered into a Water Supply and Groundwater Reduction Plan Wholesale Agreement (the “Agreement”) with the City of Houston (the “City”) for the purpose of meeting regulatory compliance requirements of the Harris Galveston Coastal Subsidence District to reduce groundwater pumping. Under the terms of the agreement, the District is a participant in the groundwater reduction plan that is managed by the City. Treated surface water will be supplied to the District by the City in sufficient quantities to meet the regulatory compliance requirements. The District pays the City a monthly pumpage fee based on the District’s water pumpage. For the current year, the District paid the City \$118,317 for pumpage fees and billed its customers \$108,694 related to pumpage fees.

Note 10 – Recreational Facilities and Pool Facilities User Fees

The District has entered into agreements with the Westminster Landing Homeowners Association, Inc. and the Westminster Village Homeowners Association, Inc. for the use of the District’s recreational facilities. Each of these agreements establishes an annual fee per residence, which is due March 1. For the year ended June 30, 2020, the District recorded a receivable in the amount of \$46,600. As previously noted, since these fees were not collected within sixty days of fiscal year end, they are recorded as deferred inflows of financial resources instead of revenues.

Northwest Harris County Municipal Utility District No. 16
Notes to Basic Financial Statements
June 30, 2020

Note 11 – Waste Treatment and Disposal Services

The District owns and operates a wastewater treatment plant (the “STP”) and has entered into waste disposal agreements (the “Agreements”) with Harris County Municipal Utility District No. 257 (HC 257) and Harris County Municipal Utility District No. 166 (HC 166) for the provision of waste collection and disposal services to HC 257 and HC 166. The District’s agreement with HC 257 is for a fifty-year term and was effective January 28, 1998, as subsequently amended. The District’s agreement with HC 166 was effective February 16, 2006, as amended April 19, 2010, and terminates upon the termination date of the agreement between the District and HC 257.

The activities of the STP are accounted for in a Special Revenue Fund. Each participating district pays its pro rata share of operating and maintenance costs to the Special Revenue Fund, based on its actual usage for operating expenditures and its respective percentage of ownerships for fixed administrative expenditures.

The percentages of ownership of capacity, based on the current number of active connections are as follows:

Northwest Harris County MUD No. 16	60.49%
Harris County MUD No. 166	9.01%
Harris County MUD No. 257	30.50%

The Agreements authorize the establishment of an operating and maintenance reserve by the District equivalent to not more than three months’ operating and maintenance expenses, as set forth in the District’s annual STP budget. The Agreements also authorize the establishment of a contingency reserve, established at the rate of \$5,000 per year until \$25,000 has been reached. Each participating district pays its pro rata share of the STP operating reserve and contingency reserve. The District may adjust the reserve as needed, not less than annually. As of June 30, 2020, the District has recorded \$51,339 for the operating reserve and \$15,122 for the contingency reserve in the Special Revenue Fund.

Note 12 – Security Agreement

On September 3, 2010, the District entered in a Security Coordinator Services Agreement for Law Enforcement Services (the “Agreement”) for the purpose of providing security services to the District. The term of this agreement is on a month to month basis and may be terminated by either party with 30 days written notice. For the current year, the District paid \$311,948 for security services and billed its customers \$148,752 related to these services.

Note 13 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 14 – Infectious Disease Outlook (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and Texas. Federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas. On March 31, 2020, the Governor issued an executive order closing all non-essential businesses in the State. This order expired on April 30, 2020. Additionally, all the counties in the greater Houston area adopted various “Work Safe – Stay Home” orders. Such actions are focused on limiting instances where the public can congregate or interact with each other. These precautions resulted in the temporary closure of all non-essential businesses in the State.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting the economic growth and financial markets worldwide and within Texas. These negative impacts may reduce or negatively affect property taxes and ad valorem tax revenues within the District.

While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District’s operations and financial condition.

Note 15 – Subsequent Event

On August 11, 2020, the District issued its \$7,300,000 Series 2020 Unlimited Tax and Revenue Bonds at a net effective rate of 2.591877%. Proceeds from the bonds were used to reimburse the District’s developer for cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and the acquisition of land and infrastructure improvements in the District.

On October 5, 2020, the District issued its \$2,150,000 Series 2020A Unlimited Tax Park Bonds at a net effective rate of 2.370201%. Proceeds from the bonds will be used to fund the construction of park improvements paid directly by the District.

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Required Supplementary Information

Northwest Harris County Municipal Utility District No. 16
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	\$ 320,000	\$ 360,091	\$ 40,091
Sewer service	390,000	432,526	42,526
Property taxes	956,634	980,067	23,433
Penalties and interest	27,000	20,946	(6,054)
Surface water fees	92,000	108,694	16,694
Security fees	150,000	148,752	(1,248)
Recreational facility user fees	42,000		(42,000)
Tap connection and inspection	215,000	193,175	(21,825)
Miscellaneous	9,200	7,439	(1,761)
Investment earnings	40,000	55,428	15,428
Total Revenues	<u>2,241,834</u>	<u>2,307,118</u>	<u>65,284</u>
Expenditures			
Current service operations			
Purchased services	205,355	239,533	(34,178)
Professional fees	118,500	108,556	9,944
Contracted services	769,950	683,033	86,917
Repairs and maintenance	399,500	600,639	(201,139)
Utilities	65,000	55,329	9,671
Surface water fees	92,000	118,317	(26,317)
Administrative	147,550	131,300	16,250
Other	37,750	30,378	7,372
Capital outlay		143,881	(143,881)
Total Expenditures	<u>1,835,605</u>	<u>2,110,966</u>	<u>(275,361)</u>
Revenues Over Expenditures	406,229	196,152	(210,077)
Fund Balance			
Beginning of the year	2,571,844	2,571,844	
End of the year	<u>\$ 2,978,073</u>	<u>\$ 2,767,996</u>	<u>\$ (210,077)</u>

*Northwest Harris County Municipal Utility District No. 16
 Required Supplementary Information - Budgetary Comparison Schedule - Special Revenue Fund
 For the Year Ended June 30, 2020*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Wastewater treatment and disposal	\$ 361,965	\$ 399,666	\$ 37,701
Investment earnings	170	132	(38)
Total Revenues	<u>362,135</u>	<u>399,798</u>	<u>37,663</u>
Expenditures			
Current service operations			
Professional fees	18,500	10,635	7,865
Contracted services	103,000	115,200	(12,200)
Repairs and maintenance	135,000	175,436	(40,436)
Utilities	80,000	80,226	(226)
Administrative	18,485	18,019	466
Other	7,150	282	6,868
Total Expenditures	<u>362,135</u>	<u>399,798</u>	<u>(37,663)</u>
Revenues Over (Under) Expenditures	-	-	-
Fund Balance			
Beginning of the year	395	395	
End of the year	<u>\$ 395</u>	<u>\$ 395</u>	<u>\$ -</u>

Northwest Harris County Municipal Utility District No. 16
Notes to Required Supplementary Information
June 30, 2020

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund and Special Revenues Fund by the District's Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. There were no amendments to the budgets during the year.

Texas Supplementary Information

Northwest Harris County Municipal Utility District No. 16

TSI-1. Services and Rates

June 30, 2020

1. Services provided by the District During the Fiscal Year:

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

2. Retail Service Providers

(You may omit this information if your district does not provide retail services)

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels	
Water:	\$ 25.25	5,000	N	\$ 1.45	5,001	to 10,000
				\$ 1.55	10,001	to 20,000
				\$ 1.65	20,001	to 30,000
				\$ 2.65	30,001	to no limit
Wastewater:	\$ 35.09	- 0 -	Y			to _____
Surcharge:	\$ -	- 0 -	N	\$ 1.076	1,000	to no limit

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 43.26 Wastewater \$ 35.09

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1,171	1,171	x 1.0	1,171
1"	167	167	x 2.5	418
1.5"	1	1	x 5.0	5
2"	19	19	x 8.0	152
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water	1,359	1,359		1,826
Total Wastewater	1,311	1,311	x 1.0	1,311

See accompanying auditor's report.

Northwest Harris County Municipal Utility District No. 16
TSI-1. Services and Rates
June 30, 2020

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):
(You may omit this information if your district does not provide water)

Gallons pumped into system:	<u>119,101,000</u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u>111,885,000</u>	<u>93.94%</u>

4. Standby Fees (authorized only under TWC Section 49.231):
(You may omit this information if your district does not levy standby fees)

Does the District have Debt Service standby fees? Yes No

If yes, Date of the most recent commission Order: _____

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

If yes, Date of the most recent commission Order: _____

5. Location of District (required for first audit year or when information changes, otherwise this information may be omitted):

Is the District located entirely within one county? Yes No

County(ies) in which the District is located: Harris County

Is the District located within a city? Entirely Partly Not at all

City(ies) in which the District is located: _____

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

Entirely Partly Not at all

ETJs in which the District is located: City of Houston

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom? _____

See accompanying auditors' report.

*Northwest Harris County Municipal Utility District No. 16
 TSI-2 General Fund Expenditures
 For the Year Ended June 30, 2020*

Purchased services	<u>\$ 239,533</u>
Professional fees	
Legal	79,421
Audit	13,500
Engineering	15,635
	<u>108,556</u>
Contracted services	
Bookkeeping	32,150
Operator	33,453
Security	311,948
Garbage	256,357
Tap connection and inspection	49,125
	<u>683,033</u>
Repairs and maintenance	<u>600,639</u>
Utilities	<u>55,329</u>
Surface water fees	<u>118,317</u>
Administrative	
Directors fees	32,100
Printing and office supplies	16,868
Insurance	16,236
Other	66,096
	<u>131,300</u>
Other	<u>30,378</u>
Capital outlay	<u>143,881</u>
Total expenditures	<u><u>\$ 2,110,966</u></u>

See accompanying auditors' report.

Northwest Harris County Municipal Utility District No. 16
TSI-3. Investments
June 30, 2020

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
Certificate of deposit	2.75%	07/28/20	\$ 240,000	\$ 6,094
Certificate of deposit	1.80%	12/23/20	100,000	932
Certificate of deposit	2.00%	10/23/20	100,000	1,370
Certificate of deposit	2.22%	09/08/20	240,000	4,306
Certificate of deposit	0.50%	03/28/21	100,000	129
Certificate of deposit	1.78%	01/21/21	100,000	780
Certificate of deposit	2.00%	09/26/20	240,000	3,656
Certificate of deposit	1.75%	02/18/21	240,000	1,530
Certificate of deposit	2.60%	06/30/20	100,000	(13)
Certificate of deposit	2.60%	08/15/20	240,000	5,453
Texas CLASS	Variable	N/A	868,106	
			<u>2,568,106</u>	<u>24,237</u>
Debt Service				
Certificate of deposit	1.50%	03/17/21	240,000	1,036
Certificate of deposit	1.35%	03/12/21	240,000	967
TexPool	Variable	N/A	2,749	
Texas CLASS	Variable	N/A	1,309,520	
			<u>1,792,269</u>	<u>2,003</u>
Capital Projects				
TexPool	Variable	N/A	685,196	
Texas CLASS	Variable	N/A	34,775	
Texas CLASS	Variable	N/A	2,860,433	
			<u>3,580,404</u>	
Total - All Funds			<u>\$ 7,940,779</u>	<u>\$ 26,240</u>

See accompanying auditors' report.

Northwest Harris County Municipal Utility District No. 16
TSI-4. Taxes Levied and Receivable
June 30, 2020

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 63,339	\$ 69,255	\$ 132,594	
Adjustments to Prior Year Tax Levy	(41,475)	(44,049)	(85,524)	
Adjusted Receivable	21,864	25,206	47,070	
2019 Original Tax Levy	850,109	980,895	1,831,004	
Adjustments	139,141	160,548	299,689	
Adjusted Tax Levy	989,250	1,141,443	2,130,693	
Total to be accounted for	1,011,114	1,166,649	2,177,763	
Tax collections:				
Current year	966,930	1,115,688	2,082,618	
Prior years	13,139	14,993	28,132	
Total Collections	980,069	1,130,681	2,110,750	
Taxes Receivable, End of Year	\$ 31,045	\$ 35,968	\$ 67,013	
Taxes Receivable, By Years				
2019	\$ 22,320	\$ 25,755	\$ 48,075	
2018	775	894	1,669	
2017	1,132	1,306	2,438	
2016 and prior	6,818	8,013	14,831	
Taxes Receivable, End of Year	\$ 31,045	\$ 35,968	\$ 67,013	
	2019	2018	2017	2016
Property Valuations:				
Land	\$ 37,360,511	\$ 36,313,651	\$ 34,480,058	\$ 33,359,206
Improvements	159,212,022	146,302,810	143,727,320	133,521,301
Personal Property	2,842,347	2,625,967	2,727,134	2,682,279
Exemptions	(9,174,439)	(10,532,115)	(17,369,215)	(20,989,855)
Total Property Valuations	\$ 190,240,441	\$ 174,710,313	\$ 163,565,297	\$ 148,572,931
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.57
Debt service tax rates	0.60	0.60	0.60	0.55
Total Tax Rates per \$100 Valuation	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.12
Adjusted Tax Levy:	\$ 2,130,693	\$ 1,956,756	\$ 1,831,931	\$ 1,664,017
Percentage of Taxes Collected to Taxes Levied **	97.74%	99.91%	99.87%	99.87%

* Maximum Maintenance Tax Rate Approved by Voters: N/A on January 21, 1978

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

See accompanying auditors' report.

Northwest Harris County Municipal Utility District No. 16
TSI-5. Long-Term Debt Service Requirements
Series 2012 Refunding -- by Years
June 30, 2020

Due During Fiscal Years Ending	Principal Due October 1	Interest Due October 1, April 1	Total
2021	\$ 515,000	\$ 24,287	\$ 539,287
2022	530,000	8,281	538,281
	<u>\$ 1,045,000</u>	<u>\$ 32,568</u>	<u>\$ 1,077,568</u>

See accompanying auditors' report.

Northwest Harris County Municipal Utility District No. 16
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
June 30, 2020

Due During Fiscal Years Ending	Principal Due October 1	Interest Due October 1, April 1	Total
2021	\$ 25,000	\$ 149,750	\$ 174,750
2022	25,000	148,375	173,375
2023	25,000	147,000	172,000
2024	25,000	145,625	170,625
2025	50,000	143,687	193,687
2026	50,000	141,687	191,687
2027	50,000	140,187	190,187
2028	50,000	138,687	188,687
2029	50,000	137,187	187,187
2030	50,000	135,687	185,687
2031	50,000	134,125	184,125
2032	325,000	128,031	453,031
2033	350,000	117,063	467,063
2034	375,000	105,281	480,281
2035	400,000	92,438	492,438
2036	425,000	78,250	503,250
2037	450,000	62,938	512,938
2038	475,000	46,750	521,750
2039	500,000	29,063	529,063
2040	525,000	9,844	534,844
	<u>\$ 4,275,000</u>	<u>\$ 2,231,655</u>	<u>\$ 6,506,655</u>

See accompanying auditors' report.

Northwest Harris County Municipal Utility District No. 16
TSI-5. Long-Term Debt Service Requirements
Series 2019 Refunding --by Years
June 30, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due April 1</u>	<u>Interest Due October 1, April 1</u>	<u>Total</u>
2021	\$ 10,000	\$ 165,000	\$ 175,000
2022	10,000	164,700	174,700
2023	560,000	156,150	716,150
2024	580,000	139,050	719,050
2025	595,000	121,425	716,425
2026	610,000	103,350	713,350
2027	635,000	84,675	719,675
2028	655,000	65,325	720,325
2029	670,000	45,450	715,450
2030	690,000	25,050	715,050
2031	490,000	7,350	497,350
	<u>\$ 5,505,000</u>	<u>\$ 1,077,525</u>	<u>\$ 6,582,525</u>

See accompanying auditors' report.

Northwest Harris County Municipal Utility District No. 16
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
June 30, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due October 1</u>	<u>Interest Due October 1, April 1</u>	<u>Total</u>
2021	\$ 550,000	\$ 339,037	\$ 889,037
2022	565,000	321,356	886,356
2023	585,000	303,150	888,150
2024	605,000	284,675	889,675
2025	645,000	265,112	910,112
2026	660,000	245,037	905,037
2027	685,000	224,862	909,862
2028	705,000	204,012	909,012
2029	720,000	182,637	902,637
2030	740,000	160,737	900,737
2031	540,000	141,475	681,475
2032	325,000	128,031	453,031
2033	350,000	117,063	467,063
2034	375,000	105,281	480,281
2035	400,000	92,438	492,438
2036	425,000	78,250	503,250
2037	450,000	62,938	512,938
2038	475,000	46,750	521,750
2039	500,000	29,063	529,063
2040	525,000	9,844	534,844
	<u>\$ 10,825,000</u>	<u>\$ 3,341,748</u>	<u>\$ 14,166,748</u>

See accompanying auditors' report.

Northwest Harris County Municipal Utility District No. 16
TSI-6. Change in Long-Term Bonded Debt
June 30, 2020

	Bond Issue			Totals
	Series 2012 Refunding	Series 2017	Series 2019 Refunding	
Interest rate	2.0% - 4.0%	3.0% - 5.5%	3.00%	
Dates interest payable	10/1; 4/1	10/1; 4/1	10/1; 4/1	
Maturity dates	10/13 - 10/30	10/19 - 10/39	10/20 - 10/30	
Beginning bonds outstanding	\$ 7,070,000	\$ 4,300,000	\$ -	\$ 11,370,000
Bonds issued			5,505,000	5,505,000
Bond refunded	(5,525,000)			(5,525,000)
Bonds retired	(500,000)	(25,000)		(525,000)
Ending bonds outstanding	<u>\$ 1,045,000</u>	<u>\$ 4,275,000</u>	<u>\$ 5,505,000</u>	<u>\$ 10,825,000</u>
Interest paid during fiscal year	<u>\$ 140,806</u>	<u>\$ 151,125</u>	<u>\$ 82,575</u>	<u>\$ 374,506</u>
Paying agent's name and city All series	<u>The Bank of New York Mellon Trust Company, N.A., Dallas, Texas</u>			
Bond Authority:	Water, Sewer and Drainage Bonds	Refunding Bonds	Parks and Recreational Facilities Bonds	
Amount Authorized by Voters	\$ 47,685,000	\$ 15,000,000	\$ 5,500,000	
Amount Issued	(17,380,000)	(540,000)		
Remaining To Be Issued	<u>\$ 30,305,000</u>	<u>\$ 14,460,000</u>	<u>\$ 5,500,000</u>	

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balances as of June 30, 2020: \$ 1,848,402

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 708,337

See accompanying auditors' report.

Northwest Harris County Municipal Utility District No. 16
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2020	2019	2018	2017	2016
Revenues					
Water service	\$ 360,091	\$ 332,433	\$ 298,144	\$ 311,123	\$ 295,890
Sewer service	432,526	403,525	341,342	346,582	334,626
Property taxes	980,067	980,082	852,463	845,102	820,666
Penalties and interest	20,946	29,597	27,366	43,896	43,895
Surface water fees	108,694	95,597	94,364	134,483	135,014
Security fees	148,752	148,752	148,752	148,752	136,308
Recreational facility user fees		84,620	700	45,900	41,300
Tap connection and inspection	193,175	410,375	86,881	28,750	65,250
Miscellaneous	7,439	8,229	50,298	8,458	11,496
Investment earnings	55,428	44,522	17,215	5,863	1,851
Total Revenues	2,307,118	2,537,732	1,917,525	1,918,909	1,886,296
Expenditures					
Current service operations					
Purchased services	239,533	198,700	250,185	313,463	280,734
Professional fees	108,556	112,553	105,448	139,733	93,259
Contracted services	683,033	712,359	524,348	515,552	553,193
Repairs and maintenance	600,639	375,230	353,007	357,457	417,424
Utilities	55,329	55,487	60,839	63,036	78,991
Surface water fees	118,317	97,361	104,128	103,940	104,760
Administrative	131,300	148,137	108,100	97,636	89,328
Other	30,378	29,987	37,981	31,670	52,297
Capital outlay	143,881	73,983	124,729	26,864	54,090
Total Expenditures	2,110,966	1,803,797	1,668,765	1,649,351	1,724,076
Revenues Over Expenditures	\$ 196,152	\$ 733,935	\$ 248,760	\$ 269,558	\$ 162,220

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
16%	13%	16%	16%	16%
19%	16%	18%	18%	18%
42%	39%	43%	46%	44%
1%	1%	1%	2%	2%
5%	4%	5%	7%	7%
6%	6%	8%	8%	7%
	3%	*	2%	2%
8%	16%	5%	1%	3%
*	*	3%	*	1%
2%	2%	1%	*	*
99%	100%	100%	100%	100%

10%	8%	13%	16%	15%
5%	4%	5%	7%	5%
30%	28%	27%	27%	29%
26%	15%	18%	19%	22%
2%	2%	3%	3%	4%
5%	4%	5%	5%	6%
6%	6%	6%	5%	5%
1%	1%	2%	2%	3%
6%	3%	7%	1%	3%
91%	71%	86%	85%	92%
8%	29%	14%	15%	8%

Northwest Harris County Municipal Utility District No. 16
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2020	2019	2018	2017	2016
Revenues					
Property taxes	\$ 1,130,680	\$ 1,123,364	\$ 981,964	\$ 815,324	\$ 739,964
Penalties and interest	16,838	29,755	12,720	12,590	13,148
Miscellaneous	5,506	2,254	695	32	4,357
Investment earnings	25,684	24,297	13,680	5,095	3,025
Total Revenues	1,178,708	1,179,670	1,009,059	833,041	760,494
Expenditures					
Tax collection services	46,604	38,310	37,156	35,416	36,464
Debt service					
Principal	525,000	490,000	480,000	465,000	115,000
Debt interest and fees	378,794	409,278	432,013	281,311	287,980
Debt issuance costs	243,712				
Total Expenditures	1,194,110	937,588	949,169	781,727	439,444
Revenues Over (Under) Expenditures	\$ (15,402)	\$ 242,082	\$ 59,890	\$ 51,314	\$ 321,050
Total Active Retail Water Connections	1,359	1,263	1,174	1,111	1,106
Total Active Retail Wastewater Connections	1,311	1,219	1,132	1,071	1,079

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
97%	95%	98%	97%	97%
1%	3%	1%	2%	2%
*	*	*	*	1%
2%	2%	1%	1%	*
100%	100%	100%	100%	100%
4%	3%	4%	4%	5%
45%	42%	48%	56%	15%
32%	35%	43%	34%	38%
21%				
102%	80%	95%	94%	58%
(2%)	20%	5%	6%	42%

Northwest Harris County Municipal Utility District No. 16
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended June 30, 2020

Complete District Mailing Address: 2929 Allen Parkway, Suite 3150, Houston, TX 77019-2118
 District Business Telephone Number: (713) 489-8977
 Submission Date of the most recent District Registration Form
 (TWC Sections 36.054 and 49.054): June 2, 2020
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
 (Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Joseph Millsbaugh	05/18 - 05/22	\$ 7,200	\$ 2,542	President
Karen Lange	05/20 - 05/24	7,200	1,160	Vice President
Anthony Kasapis	05/20 - 05/24	3,450	702	Secretary
Raquel Villareal	05/18 - 05/22	7,200	1,068	Assistant Secretary
Michael Oakley	05/18 - 05/22	7,050	320	Director
Consultants				
		Amounts Paid		
Johnson Petrov LLC	6/14	\$ 144,857		Attorney
M. Marlon Ivy & Associates, Inc.	6/17	328,503		Operator
Municipal Accounts and Consulting, Inc.	05/06	47,766		Bookkeeper
Bob Leared Interests	12/78	19,559		Tax Collector
Harris County Appraisal District	Legislation	16,100		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	04/01	5,402		Delinquent Tax Attorney
Sherrington, Inc.	09/97	53,144		Engineer
McGrath & Co., PLLC	2016	18,000		Auditor
Rathmann and Associates	11/06	70,313		Financial Advisor

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

See accompanying auditors' report.