

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
MONTGOMERY COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2022

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 16 (the "District") as of and for the year ended September 30, 2022, 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 September 30, 2022, 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 PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

December 13, 2022

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Management's discussion and analysis of Montgomery County Municipal Utility District No. 16 of Montgomery County, Texas (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2022. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, property tax and customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$1,275,054 as of September 30, 2022.

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

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 1,472,084	\$ 1,601,239	\$ (129,155)
Capital Assets (Net of Accumulated Depreciation)	3,264,858	1,989,511	1,275,347
Total Assets	\$ 4,736,942	\$ 3,590,750	\$ 1,146,192
Due to Developer	\$ 1,203,785	\$	\$ (1,203,785)
Long -Term Liabilities	2,080,000	2,130,000	50,000
Other Liabilities	178,103	201,482	23,379
Total Liabilities	\$ 3,461,888	\$ 2,331,482	\$ (1,130,406)
Net Position:			
Net Investment in Capital Assets	\$ 823,583	\$ 863,720	\$ (40,137)
Restricted	79,936	121,493	(41,557)
Unrestricted	371,535	274,055	97,480
Total Net Position	\$ 1,275,054	\$ 1,259,268	\$ 15,786

The following table provides a summary of the District's operations for the years ended September 30, 2022, and September 30, 2021. The District's net position increased by \$15,786.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 286,087	\$ 286,243	\$ (156)
Charges for Services	356,540	192,541	163,999
Other Revenues	16,866	12,148	4,718
Total Revenues	\$ 659,493	\$ 490,932	\$ 168,561
Expenses for Services	643,707	467,645	(176,062)
Change in Net Position	\$ 15,786	\$ 23,287	\$ (7,501)
Net Position, Beginning of Year	1,259,268	1,235,981	23,287
Net Position, End of Year	\$ 1,275,054	\$ 1,259,268	\$ 15,786

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2022, were \$1,237,204, a decrease of \$110,320 from the prior year.

The General Fund fund balance increased by \$94,152, primarily due to property tax and service revenues exceeding operating and administrative expenditures.

The Debt Service Fund fund balance decreased by \$42,773, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by \$161,699, primarily due to payment of current capital outlay costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$89,444 more than budgeted revenues and actual expenditures were \$27,787 more than budgeted, which resulted in a positive variance of \$61,657. See the budget to actual comparison for more information.

CAPITAL ASSETS

The District's capital assets as of September 30, 2022, amount to \$3,264,858 (net of accumulated depreciation). These capital assets include land, as well as the water and wastewater systems and security system. Additional information on the District's capital assets can be found in Note 6 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 337,037	\$ 337,037	\$
Construction in Progress	561,771	793,701	(231,930)
Capital Assets, Net of Accumulated Depreciation:			
Security System	39,063	41,374	(2,311)
Water System	664,359	188,682	475,677
Wastewater System	1,192,191	628,717	563,474
Storm Sewer/Drainage	470,437		470,437
Total Net Capital Assets	<u>\$ 3,264,858</u>	<u>\$ 1,989,511</u>	<u>\$ 1,275,347</u>

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$2,130,000. The changes in the debt position during the fiscal year ended September 30, 2022 are summarized as follows:

Bond Debt Payable, October 1, 2021	\$ 2,180,000
Less: Bond Principal Paid	<u>50,000</u>
Bond Debt Payable, September 30, 2022	<u><u>\$ 2,130,000</u></u>

The District has made no application for a municipal bond rating of the bonds, nor is it expected that the District would have been successful in receiving an investment grade rating had such an application been made.

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 Montgomery County Municipal Utility District No. 16 of Montgomery County, Texas, c/o Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, TX 77046.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 25,096	\$ 29,864
Investments	254,204	74,397
Receivables:		
Property Taxes	35,115	3,802
Penalty and Interest on Delinquent Taxes		
Service Accounts	26,862	
Due from Other Funds	14,801	
Prepaid Costs	13,588	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u><u>\$ 369,666</u></u>	<u><u>\$ 108,063</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>
\$ 945	\$ 55,905	\$	\$ 55,905
934,626	1,263,227		1,263,227
	38,917		38,917
		73,585	73,585
	26,862		26,862
	14,801	(14,801)	
	13,588		13,588
		337,037	337,037
		561,771	561,771
		2,366,050	2,366,050
<u>\$ 935,571</u>	<u>\$ 1,413,300</u>	<u>\$ 3,323,642</u>	<u>\$ 4,736,942</u>

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>
LIABILITIES		
Accounts Payable	\$ 53,731	\$
Accrued Interest Payable		
Due to Other Funds		14,801
Due to Developers		
Due to Taxpayers		7,601
Security Deposits	17,985	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 71,716</u>	<u>\$ 22,402</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 35,115</u>	<u>\$ 3,802</u>
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 13,588	\$
Restricted for Authorized Construction		
Restricted for Debt Service		81,859
Unassigned	<u>249,247</u>	
TOTAL FUND BALANCES	<u>\$ 262,835</u>	<u>\$ 81,859</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 369,666</u></u>	<u><u>\$ 108,063</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.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 43,061	\$ 96,792	\$	\$ 96,792
		5,725	5,725
	14,801	(14,801)	
		1,203,785	1,203,785
	7,601		7,601
	17,985		17,985
		50,000	50,000
		2,080,000	2,080,000
<u>\$ 43,061</u>	<u>\$ 137,179</u>	<u>\$ 3,324,709</u>	<u>\$ 3,461,888</u>
<u>\$ -0-</u>	<u>\$ 38,917</u>	<u>\$ (38,917)</u>	<u>\$ -0-</u>
\$ 892,510	\$ 13,588	\$ (13,588)	\$
	892,510	(892,510)	
	81,859	(81,859)	
	249,247	(249,247)	
<u>\$ 892,510</u>	<u>\$ 1,237,204</u>	<u>\$ (1,237,204)</u>	<u>\$ - 0 -</u>
<u>\$ 935,571</u>	<u>\$ 1,413,300</u>		
		\$ 823,583	\$ 823,583
		79,936	79,936
		371,535	371,535
		<u>\$ 1,275,054</u>	<u>\$ 1,275,054</u>

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total Fund Balances - Governmental Funds	\$	1,237,204
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Land and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		3,264,858
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Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District.		112,502
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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	\$ (1,203,785)	
Accrued Interest Payable	(5,725)	
Bonds Payable Within One Year	(50,000)	
Bonds Payable After One Year	<u>(2,080,000)</u>	<u>(3,339,510)</u>

Total Net Position - Governmental Activities	\$	<u><u>1,275,054</u></u>
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The accompanying notes to the financial
statements are an integral part of this report.

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MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes	\$ 199,255	\$ 84,948
Water Service	80,987	
Wastewater Service	86,252	
Regional Water Authority Fees	46,838	
Penalty and Interest	5,047	3,811
Tap Connection and Inspection Fees	131,030	
Investment Revenues	2,391	875
Miscellaneous Revenues	4,214	1,790
TOTAL REVENUES	<u>\$ 556,014</u>	<u>\$ 91,424</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 106,592	\$ 2,164
Contracted Services	80,707	8,846
Utilities	31,196	
Regional Water Authority Assessment	43,072	
Repairs and Maintenance	94,171	
Depreciation		
Other	106,124	3,992
Capital Outlay		
Debt Service:		
Bond Principal		50,000
Bond Interest		69,195
TOTAL EXPENDITURES/EXPENSES	<u>\$ 461,862</u>	<u>\$ 134,197</u>
NET CHANGE IN FUND BALANCES	\$ 94,152	\$ (42,773)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION -		
OCTOBER 1, 2021	<u>168,683</u>	<u>124,632</u>
FUND BALANCES/NET POSITION -		
SEPTEMBER 30, 2022	<u><u>\$ 262,835</u></u>	<u><u>\$ 81,859</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 Activities</u>
\$	\$ 284,203	\$ 1,884	\$ 286,087
	80,987		80,987
	86,252		86,252
	46,838		46,838
	8,858	2,575	11,433
	131,030		131,030
7,596	10,862		10,862
	6,004		6,004
<u>\$ 7,596</u>	<u>\$ 655,034</u>	<u>\$ 4,459</u>	<u>\$ 659,493</u>
\$ 3,520	\$ 112,276	\$ 15,581	\$ 127,857
	89,553		89,553
	31,196		31,196
	43,072		43,072
	94,171		94,171
		78,124	78,124
510	110,626		110,626
165,265	165,265	(165,265)	
	50,000	(50,000)	
	69,195	(87)	69,108
<u>\$ 169,295</u>	<u>\$ 765,354</u>	<u>\$ (121,647)</u>	<u>\$ 643,707</u>
\$ (161,699)	\$ (110,320)	\$ 110,320	\$
		15,786	15,786
<u>1,054,209</u>	<u>1,347,524</u>	<u>(88,256)</u>	<u>1,259,268</u>
<u>\$ 892,510</u>	<u>\$ 1,237,204</u>	<u>\$ 37,850</u>	<u>\$ 1,275,054</u>

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net Change in Fund Balances - Governmental Funds	\$ (110,320)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	1,884
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Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	2,575
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(78,124)
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Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	149,684
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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.	50,000
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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.	87
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Change in Net Position - Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 0 10px;">\$ 15,786</div>
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The accompanying notes to the financial
statements are an integral part of this report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. CREATION OF DISTRICT

Montgomery County Municipal Utility District No. 16 of Montgomery County, Texas (the "District"), was created December 7, 1972, by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting December 28, 1972, and the first bonds were sold on August 13, 1975.

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").

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has three major governmental funds.

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

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. The Debt Service Fund owes the General Fund \$14,801 in maintenance tax collections.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Buildings are depreciated over a period of 40 years. Water and wastewater system facilities are depreciated over periods ranging from 10 to 45 years. Machinery and equipment are depreciated over periods ranging from 5 to 20 years.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, 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 the directors are considered to be employees for federal payroll tax purposes only.

Measurement Focus

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

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

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

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3. LONG-TERM DEBT

	Series 2019 Combination Tax & Revenue Bonds
Amount Outstanding - September 30, 2022	\$ 2,130,000
Interest Rates	2.20% - 3.50%
Maturity Dates – Serially Beginning/Ending	March 1, 2023/2049
Interest Payment Dates	March 1/ September 1
Callable Dates	March 1, 2026 *

* Or any date thereafter, in whole or in part, in any order to be determined by the District, at a redemption price of par plus accrued interest to the redemption date. Series 2019 term bonds maturing on March 1, 2038, March 1, 2043, and March 1, 2049, are subject to mandatory redemption by random selection beginning March 1, 2037, March 1, 2039, and March 1, 2044, respectively.

The following is a summary of transactions regarding bonds and revenue notes payable for the year ended September 30, 2022:

	October 1, 2021	Additions	Retirements	September 30, 2022
Bonds Payable	<u>\$ 2,180,000</u>	<u>\$ -0-</u>	<u>\$ 50,000</u>	<u>\$ 2,130,000</u>
		Amount Due Within One Year		\$ 50,000
		Amount Due After One Year		<u>2,080,000</u>
		Bonds Payable, Net		<u>\$ 2,130,000</u>

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.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3. LONG-TERM DEBT (Continued)

As of September 30, 2022, the debt service requirements on the bonds and notes outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 50,000	\$ 68,120	\$ 118,120
2024	55,000	66,938	121,938
2025	55,000	65,645	120,645
2026	55,000	64,297	119,297
2027	60,000	62,830	122,830
2028-2032	310,000	288,798	598,798
2033-2037	370,000	235,866	605,866
2038-2042	430,000	168,068	598,068
2043-2047	510,000	86,951	596,951
2048-2049	235,000	8,312	243,312
	\$ 2,130,000	\$ 1,115,825	\$ 3,245,825

The Series 2019 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. The Bonds are further payable from and secured by a pledge of and lien on certain Net Revenues (as defined in the Official Statement) of the District's waterworks, sanitary sewer and drainage system. It is not expected that the Net Revenues will ever be used to pay debt service on the Bonds.

During the current fiscal year, the District levied an ad valorem debt service tax rate of \$0.29 per \$100 of assessed valuation, which resulted in a tax levy of \$86,646 on the adjusted taxable valuation of \$29,878,420 for the 2021 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for maintenance tax levy.

The District had authorized but unissued tax bonds totaling \$5,200,000 for the purposes of acquiring, constructing and improving the water wastewater and drainage system within the District. The District issued its \$2,230,000 Series 2019 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds dated December 1, 2019 (the "Series 2019 Bonds"). Bond proceeds will be used to construct improvements in the District's water plant, wastewater treatment plant and drainage system, and to pay issuance costs and certain financing costs relating to the issuance of the bonds. The Attorney General of the State of Texas conditioned the District's selling of the Series 2019 Bonds on the District forfeiting its remaining authorized but unissued tax bonds due to the issue of staleness. Therefore, after issuing its \$2,230,000 Series 2019 Bonds, the District had no more authorized but unissued tax bonds. On November 3, 2020, the voters of the District approved the authorization of an additional \$9,500,000 in original tax bonds.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The 2019 Bond Order states that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided through the life of the bonds.

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

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 \$55,905 and the bank balance was \$60,757. The bank balance was fully covered by federal depository insurance.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2022, as listed below:

	<u>Cash</u>
GENERAL FUND	\$ 25,096
DEBT SERVICE FUND	29,864
CAPITAL PROJECTS FUND	<u>945</u>
TOTAL DEPOSITS	<u><u>\$ 55,905</u></u>

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The District invests in Texas Cooperative Liquid Assets securities System Trust ("Texas CLASS"), an external investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of September 30, 2022, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 254,204	\$ 254,204
<u>DEBT SERVICE FUND</u>		
Texas CLASS	74,397	74,397
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	934,626	934,626
TOTAL INVESTMENTS	<u>\$ 1,263,227</u>	<u>\$ 1,263,227</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2022, the District's investment in Texas CLASS was rated AAAM by Standard and 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 Texas CLASS to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022:

	October 1, 2021	Increases	Decreases	September 30, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 337,037	\$	\$	\$ 337,037
Construction in Progress	793,701	149,686	381,616	561,771
Total Capital Assets Not Being Depreciated	<u>\$ 1,130,738</u>	<u>\$ 149,686</u>	<u>\$ 381,616</u>	<u>\$ 898,808</u>
Capital Assets Subject to Depreciation				
Security System	\$ 57,787	\$	\$	\$ 57,787
Water System	994,856	494,514		1,489,370
Wastewater System	1,742,696	608,388		2,351,084
Storm Sewer/Drainage	<u>482,499</u>	<u>482,499</u>	<u>482,499</u>	<u>482,499</u>
Total Capital Assets Subject to Depreciation	<u>\$ 2,795,339</u>	<u>\$ 1,585,401</u>	<u>\$ - 0 -</u>	<u>\$ 4,380,740</u>
Accumulated Depreciation				
Security System	\$ 16,413	\$ 2,311	\$	\$ 18,724
Water System	806,174	18,837		825,011
Wastewater System	1,113,979	44,914		1,158,893
Storm Sewer/Drainage	<u>12,062</u>	<u>12,062</u>	<u>12,062</u>	<u>12,062</u>
Total Accumulated Depreciation	<u>\$ 1,936,566</u>	<u>\$ 78,124</u>	<u>\$ - 0 -</u>	<u>\$ 2,014,690</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 858,773</u>	<u>\$ 1,507,277</u>	<u>\$ - 0 -</u>	<u>\$ 2,366,050</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,989,511</u>	<u>\$ 1,656,963</u>	<u>\$ 381,616</u>	<u>\$ 3,264,858</u>

NOTE 7. MAINTENANCE TAX

On August 12, 1978, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.20 per \$100 of assessed valuation of taxable property within the District. On May 4, 1996, the voters of the District approved the levy and collection of an unlimited maintenance tax. During the year ended September 30, 2022, the District levied an ad valorem maintenance tax at the rate of \$0.67 per \$100 of assessed valuation, which resulted in a tax levy of \$200,185 on the adjusted taxable valuation of \$29,878,420 for the 2021 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8. LONE STAR GROUNDWATER CONSERVATION DISTRICT

The District is located within the boundaries of the Lone Star Groundwater Conservation District (the "Conservation District"). The Conservation District was created under Article 16, Section 59 of the Texas Constitution by House Bill 2362 (the "Act"), as passed by the 77th Texas Legislature, in 2001. The Conservation District was created to conserve, protect, and enhance the groundwater resources of Montgomery County, Texas. A nine-member board of directors governs the Conservation District. The directors serve staggered four-year terms. Each director must qualify to serve as director in the manner provided by Section 36.055 of the Water Code.

The Conservation District charges a fee, currently \$0.085 per 1,000 gallons, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Conservation District, unless exempted. This fee enables the Conservation District to fulfill its purpose and regulatory functions. The District recorded an expenditure of \$1,175 for permit fees assessed during the current fiscal year.

NOTE 9. SAN JACINTO RIVER AUTHORITY

On June 29, 2010, the District entered into the Contract for Groundwater Reduction Planning, Alternative Water Supply, and Related Goods and Services with the San Jacinto River Authority (the "Authority"). The District and the Authority operate within the boundaries of the Conservation District, See Note 8. The Authority has developed supplies of surface water that, when taken together with groundwater withdrawals to be permitted by the Conservation District, are reasonably believed to be adequate to satisfy the total water demands of Montgomery County. A surface water treatment and transmission system (the "Project") is proposed to be designed, constructed, operated, and maintained by the Authority in order to provide phased treatment, transmission, and delivery of the Authority's surface water to regulated users for blending with groundwater supplies, so that regulated users may continue to pump groundwater. The Authority will develop a Groundwater Reduction Plan (the "GRP") for all participants. The Authority charges a fee, currently \$2.99 per 1,000 gallons, based on the amount of groundwater and surface water used. This fee enables the Authority to achieve, maintain and implement the GRP. The term of this contract expires on December 31, 2045. During the current fiscal year, the District recorded an expenditure of \$43,072 in relation to this contract.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, the theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11. UNREIMBURSED COSTS

The District has entered into certain financing and reimbursement agreements with a Developer within the District which provides for the Developer to make payments on behalf of the District for various projects. The District has an obligation to reimburse the Developer for these costs from future bond issues to the extent approved by the Commission.

The District has recorded a liability to the Developer of \$1,203,785 for completed projects as of September 30, 2022. The actual amounts owed, including developer interest, will be calculated at the time debt is issued to reimburse the Developer. The following table summarizes the current fiscal year activity related to unreimbursed Developer costs for operating advances and completed projects:

Due to Developers, beginning of year	\$ -0-
Current year additions	<u>1,203,785</u>
Due to Developers, end of year	<u><u>\$ 1,203,785</u></u>

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MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 198,000	\$ 199,255	\$ 1,255
Water Service	75,000	80,987	5,987
Wastewater Service	75,000	86,252	11,252
Regional Water Authority Fee	43,000	46,838	3,838
Penalty and Interest	3,750	5,047	1,297
Tap Connection and Inspection Fees	67,500	131,030	63,530
Investment Revenues	170	2,391	2,221
Miscellaneous Revenues	4,150	4,214	64
TOTAL REVENUES	<u>\$ 466,570</u>	<u>\$ 556,014</u>	<u>\$ 89,444</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 99,000	\$ 106,592	\$ (7,592)
Contracted Services	82,000	80,707	1,293
Utilities	30,000	31,196	(1,196)
Regional Water Authority Assessment	42,500	43,072	(572)
Repairs and Maintenance	75,000	94,171	(19,171)
Other	105,575	106,124	(549)
TOTAL EXPENDITURES	<u>\$ 434,075</u>	<u>\$ 461,862</u>	<u>\$ (27,787)</u>
NET CHANGE IN FUND BALANCE	\$ 32,495	\$ 94,152	\$ 61,657
FUND BALANCE - OCTOBER 1, 2021	<u>168,683</u>	<u>168,683</u>	<u></u>
FUND BALANCE - SEPTEMBER 30, 2022	<u><u>\$ 201,178</u></u>	<u><u>\$ 262,835</u></u>	<u><u>\$ 61,657</u></u>

See accompanying independent auditor's report.

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MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2022

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective August 10, 2021.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 30.00	5,000	N	\$ 1.50 \$ 2.00	5,001 to 10,000 10,001 and up
WASTEWATER:	\$ 30.00	5,000	N	\$ 1.00	5,001 and up

SURCHARGE:

Lone Star Groundwater Conservation District Fees	\$ 0.10 per 1,000 gallons of metered water usage
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San Jacinto River
Authority Fees

\$ 3.53 per 1,000 gallons of metered water usage

Commission Regulatory Assessments	0.5% of actual water and sewer bill
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District employs winter averaging for wastewater usage?

	X
Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$37.50 Wastewater: \$35.00 Surcharge: \$36.66 Total: \$109.16

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>251</u>	<u>249</u>	x 1.0	<u>249</u>
1"			x 2.5	
1½"			x 5.0	
2"	<u>1</u>	<u>1</u>	x 8.0	<u>8</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>252</u>	<u>250</u>		<u>257</u>
Total Wastewater Connections	<u>250</u>	<u>247</u>	x 1.0	<u>247</u>

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

Gallons pumped into system:	15,571,000	Water Accountability Ratio: 86 % (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	13,464,000	

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Montgomery County

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which District is located:

City of Splendora, Texas.

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

PROFESSIONAL FEES:	
Auditing	\$ 9,000
Engineering	58,849
Legal	<u>38,743</u>
TOTAL PROFESSIONAL FEES	<u>\$ 106,592</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 16,267
Operations and Billing	49,240
Management Fees	<u>15,200</u>
TOTAL CONTRACTED SERVICES	<u>\$ 80,707</u>
TOTAL UTILITIES	<u>\$ 31,196</u>
REPAIRS AND MAINTENANCE	<u>\$ 94,171</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 8,700
Election Costs	2,615
Insurance	11,957
Office Supplies and Postage	9,073
Other	<u>9,642</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 41,987</u>
TAP CONNECTIONS	<u>\$ 27,464</u>
OTHER EXPENDITURES:	
Chemicals	\$ 1,816
Laboratory Fees	10,300
Permit Fees	11,581
Reconnection Fees	2,150
Inspection Fees	3,770
Regional Water Authority Assessment	43,072
Regulatory Assessment	803
Sludge Hauling	<u>6,253</u>
TOTAL OTHER EXPENDITURES	<u>\$ 79,745</u>
TOTAL EXPENDITURES	<u><u>\$ 461,862</u></u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
INVESTMENTS
SEPTEMBER 30, 2022

<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>					
Texas CLASS	XXXX0002	varies	daily	\$ 254,204	\$
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0003	varies	daily	\$ 74,397	\$
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0001	varies	daily	\$ 934,626	\$
TOTAL - ALL FUNDS				\$ 1,263,227	\$ - 0 -

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
OCTOBER 1, 2021	\$	34,362	\$	2,671
Adjustments to Beginning				
Balance		<u>(177)</u>		<u>(567)</u>
	\$	34,185	\$	2,104
Original 2021 Tax Levy	\$	191,194	\$	82,755
Adjustment to 2021 Tax Levy		<u>8,991</u>		<u>3,891</u>
		200,185		86,646
TOTAL TO BE				
ACCOUNTED FOR		\$ 234,370		\$ 88,750
TAX COLLECTIONS:				
Prior Years	\$	4,203	\$	524
Current Year		<u>195,052</u>		<u>84,424</u>
		199,255		84,948
TAXES RECEIVABLE -				
SEPTEMBER 30, 2022		<u>\$ 35,115</u>		<u>\$ 3,802</u>
TAXES RECEIVABLE BY				
YEAR:				
2021	\$	5,133	\$	2,222
2020		2,110		914
2019		1,539		666
2018		2,598		
2017		2,366		
2016 and prior		<u>21,369</u>		<u></u>
TOTAL		<u>\$ 35,115</u>		<u>\$ 3,802</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PROPERTY VALUATIONS:				
Land	\$ 5,610,971	\$ 5,588,720	\$ 5,083,340	\$ 5,070,070
Improvements	29,234,500	29,856,800	29,239,170	24,671,740
Personal Property	508,190	509,759	492,330	426,337
Exemptions	<u>(5,475,241)</u>	<u>(5,844,911)</u>	<u>(6,589,384)</u>	<u>(4,845,870)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 29,878,420</u>	<u>\$ 30,110,368</u>	<u>\$ 28,225,456</u>	<u>\$ 25,322,277</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.000
Maintenance	<u>0.67</u>	<u>0.67</u>	<u>0.67</u>	<u>0.898</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.96</u>	<u>\$ 0.96</u>	<u>\$ 0.96</u>	<u>\$ 0.898</u>
ADJUSTED TAX LEVY*	<u>\$ 286,831</u>	<u>\$ 289,060</u>	<u>\$ 270,965</u>	<u>\$ 227,394</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>97.44 %</u>	<u>98.95 %</u>	<u>99.19 %</u>	<u>98.86 %</u>

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

Maintenance Tax – Maximum tax rate of \$0.20 per \$100 of assessed valuation approved by voters on August 12, 1978. Unlimited maintenance tax rate approved by voters on May 4, 1996.

See accompanying independent auditor's report.

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MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2022

S E R I E S - 2 0 1 9			
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1/ September 1	Total
2023	50,000	68,120	\$ 118,120
2024	55,000	66,938	121,938
2025	55,000	65,645	120,645
2026	55,000	64,297	119,297
2027	60,000	62,830	122,830
2028	60,000	61,240	121,240
2029	60,000	59,590	119,590
2030	60,000	57,880	117,880
2031	65,000	56,035	121,035
2032	65,000	54,053	119,053
2033	70,000	51,925	121,925
2034	70,000	49,667	119,667
2035	75,000	47,293	122,293
2036	75,000	44,799	119,799
2037	80,000	42,182	122,182
2038	80,000	39,463	119,463
2039	85,000	36,636	121,636
2040	85,000	33,704	118,704
2041	90,000	30,685	120,685
2042	90,000	27,580	117,580
2043	95,000	24,389	119,389
2044	100,000	21,000	121,000
2045	100,000	17,500	117,500
2046	105,000	13,912	118,912
2047	110,000	10,150	120,150
2048	115,000	6,212	121,212
2049	120,000	2,100	122,100
	<u>\$ 2,130,000</u>	<u>\$ 1,115,825</u>	<u>\$ 3,245,825</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Description	Original Bonds Issued	Bonds Outstanding October 1, 2021
Montgomery County Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2019	\$ 2,230,000	\$ 2,180,000

Bond Authority:	<u>Tax Bonds</u>
Amount Authorized by Voters	\$ 14,700,000
Amount Forfeit	2,970,000
Amount Issued	<u>2,230,000</u>
Remaining to be Issued	<u>\$ 9,500,000</u>

Debt Service Fund cash and investments balances as of September 30, 2022: \$ 104,261

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 120,216

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				<u>Paying Agent</u>
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2022</u>	
	<u>Principal</u>	<u>Interest</u>		
<u>\$ - 0 -</u>	<u>\$ 50,000</u>	<u>\$ 69,195</u>	<u>\$ 2,130,000</u>	UMB Bank N.A. Austin, TX

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 199,255	\$ 200,505	\$ 185,011
Water Service	80,987	69,260	70,990
Wastewater Service	86,252	69,390	70,831
Regional Water Authority Fee	46,838	41,326	42,736
Penalty and Interest	5,047	3,676	2,734
Tap Connection and Inspection Fees	131,030	1,465	
Investment Revenues	2,391	222	1,277
Miscellaneous Revenues	4,214	7,672	3,414
TOTAL REVENUES	<u>\$ 556,014</u>	<u>\$ 393,516</u>	<u>\$ 376,993</u>
EXPENDITURES			
Professional Fees	\$ 106,592	\$ 104,301	\$ 74,974
Contracted Services	80,707	81,253	81,517
Utilities	31,196	30,125	36,450
Regional Water Authority Assessment	43,072	38,656	39,585
Repairs and Maintenance	94,171	6,087	140,612
Other	106,124	70,281	85,929
Capital Outlay			20,944
TOTAL EXPENDITURES	<u>\$ 461,862</u>	<u>\$ 330,703</u>	<u>\$ 480,011</u>
NET CHANGE IN FUND BALANCE	\$ 94,152	\$ 62,813	\$ (103,018)
BEGINNING FUND BALANCE	<u>168,683</u>	<u>105,870</u>	<u>208,888</u>
ENDING FUND BALANCE	<u><u>\$ 262,835</u></u>	<u><u>\$ 168,683</u></u>	<u><u>\$ 105,870</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenue					
2019	2018	2022	2021	2020	2019	2018	
\$ 223,711	\$ 214,171	35.8 %	51.0 %	49.2 %	53.0 %	50.6 %	
70,614	70,116	14.6	17.6	18.8	16.7	16.6	
70,009	70,088	15.5	17.6	18.8	16.6	16.6	
38,599	39,895	8.4	10.5	11.3	9.1	9.4	
5,577	12,230	0.9	0.9	0.7	1.3	2.9	
	3,900	23.6	0.4			0.9	
4,832	2,632	0.4	0.1	0.3	1.1	0.6	
9,203	10,066	0.8	1.9	0.9	2.2	2.4	
<u>\$ 422,545</u>	<u>\$ 423,098</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	
\$ 168,043	\$ 88,410	19.2 %	26.5 %	19.9 %	39.8 %	20.9 %	
89,762	87,961	14.5	20.6	21.6	21.2	20.8	
36,643	38,465	5.6	7.7	9.7	8.7	9.1	
39,627	42,647	7.7	9.8	10.5	9.4	10.1	
52,153	50,607	16.9	1.5	37.3	12.3	12.0	
78,237	66,270	19.1	17.9	22.8	18.5	15.7	
48,000	112,421			5.6	11.4	26.6	
<u>\$ 512,465</u>	<u>\$ 486,781</u>	<u>83.0 %</u>	<u>84.0 %</u>	<u>127.4 %</u>	<u>121.3 %</u>	<u>115.2 %</u>	
\$ (89,920)	\$ (63,683)	<u>17.0 %</u>	<u>16.0 %</u>	<u>(27.4) %</u>	<u>(21.3) %</u>	<u>(15.2) %</u>	
<u>298,808</u>	<u>362,491</u>						
<u>\$ 208,888</u>	<u>\$ 298,808</u>						

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	<u>Amounts</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES			
Property Taxes	\$ 84,948	\$ 86,828	\$ 79,172
Penalty and Interest	3,811	4,670	5,136
Interest on Investments	875	224	802
Miscellaneous Revenues	<u>1,790</u>	<u>2,539</u>	<u>1,701</u>
TOTAL REVENUES	<u>\$ 91,424</u>	<u>\$ 94,261</u>	<u>\$ 86,811</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 14,502	\$ 19,623	\$ 8,033
Debt Service Principal	50,000	50,000	
Debt Service Interest and Fees	<u>69,695</u>	<u>70,720</u>	<u>49,504</u>
TOTAL EXPENDITURES	<u>\$ 134,197</u>	<u>\$ 140,343</u>	<u>\$ 57,537</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (42,773)</u>	<u>\$ (46,082)</u>	<u>\$ 29,274</u>
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 141,440</u>
NET CHANGE IN FUND BALANCE	\$ (42,773)	\$ (46,082)	\$ 170,714
BEGINNING FUND BALANCE	<u>124,632</u>	<u>170,714</u>	<u></u>
ENDING FUND BALANCE	<u>\$ 81,859</u>	<u>\$ 124,632</u>	<u>\$ 170,714</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>250</u>	<u>206</u>	<u>206</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>247</u>	<u>202</u>	<u>206</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2019	2018	2022	2021	2020	2019	2018
\$	\$	92.8 %	92.1 %	91.2 %	%	%
		4.2	5.0	5.9		
		1.0	0.2	0.9		
		2.0	2.7	2.0		
\$ - 0 -	\$ - 0 -	100.0 %	100.0 %	100.0 %	%	%
\$	\$	15.9 %	20.8 %	9.3 %	%	%
		54.7	53.0			
		76.2	75.0	57.1		
\$ - 0 -	\$ - 0 -	146.8 %	148.8 %	66.4 %	%	%
\$ - 0 -	\$ - 0 -	(46.8) %	(48.8)	33.6	N/A	N/A
\$ - 0 -	\$ - 0 -					
\$ - 0 -	\$ - 0 -					
\$ - 0 -	\$ - 0 -					
206	202					
206	202					

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2022

District Mailing Address - Montgomery County Municipal Utility District No. 16
of Montgomery County, Texas
c/o Coats Rose, P.C.
9 Greenway Plaza, Suite 1000
Houston, TX 77046

District Telephone Number - (713) 651-0111

Board Members	Term of Office (Elected or Appointed)	Fees for the year ended September 30, 2022	Expense Reimbursements for the year ended September 30, 2022	Title
Fred Paris	05/20 05/24 (Elected)	\$ 1,800	\$ 104	President
Joseph Pernarelli	05/22 05/26 (Elected)	\$ 1,800	\$ -0-	Vice President
Thomas Enix	05/20 05/24 (Elected)	\$ 1,800	\$ -0-	Secretary
Karl Keith	05/22 05/26 (Elected)	\$ 1,800	\$ 416	Assistant Secretary
John Tweedy	05/22 05/26 (Elected)	\$ 1,500	\$ -0-	Assistant Secretary

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

Submission date of most recent District Registration Form: September 13, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060). Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2022

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2022</u>	<u>Title</u>
Coats Rose, P.C.	02/25/83	\$ 45,538 \$ -0-	Attorney Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	10/14/14	\$ 9,000 \$ -0-	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	01/10/06	\$ 18,183 \$ -0-	Bookkeeper Bond Related
J. Steven Weisinger, Attorney at Law	07/01/80	\$ 2,164	Delinquent Tax Attorney
Bleyl Engineering	10/11/16	\$ 156,340	Engineer
Mark Burton and Katherine Turner	01/10/06	\$ -0-	Investment Officer
Regional Water Corporation	04/01/13	\$ 173,245	Operator
Assessments of the Southwest	05/01/15	\$ 7,914	Tax Assessor/ Collector
Blitch Associates, Inc.	09/08/15	\$ -0-	Financial Advisor
Larry Currey	08/01/87	\$ 15,200	General Manager

See accompanying independent auditor's report.

