

**HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 468**

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

May 31, 2024

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Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 468
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 468 (the "District"), as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Harris County Municipal Utility District No. 468, as of May 31, 2024, and the respective changes in financial position thereof 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 budgetary comparison information 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

*Board of Directors
Harris County Municipal Utility District No. 468
Harris County, Texas*

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 Texas Supplementary Information schedules are presented for purposes of additional analysis and are 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 information 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 Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



Houston, Texas
September 4, 2024

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Management's Discussion and Analysis

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***Harris County Municipal Utility District No. 468
Management's Discussion and Analysis
May 31, 2024***

Using this Annual Report

Within this section of the financial report of Harris County Municipal Utility District No. 468 (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 May 31, 2024. This analysis should be read in conjunction with the independent auditor's 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.

***Harris County Municipal Utility District No. 468
Management's Discussion and Analysis
May 31, 2024***

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 May 31, 2024, was \$4,538,470. A comparative summary of the District's overall financial position, as of May 31, 2024 and 2023, is as follows:

	2024	2023
Current and other assets	\$ 9,996,836	\$ 10,502,405
Capital assets	30,248,009	29,976,764
Total assets	<u>40,244,845</u>	<u>40,479,169</u>
Total deferred outflows of resources	<u>883,103</u>	<u>984,976</u>
Current liabilities	3,307,754	3,285,277
Long-term liabilities	33,281,724	35,684,239
Total liabilities	<u>36,589,478</u>	<u>38,969,516</u>
Net position		
Net investment in capital assets	3,149,670	1,271,505
Restricted	4,824,672	4,866,153
Unrestricted	(3,435,872)	(3,643,029)
Total net position	<u>\$ 4,538,470</u>	<u>\$ 2,494,629</u>

***Harris County Municipal Utility District No. 468
Management's Discussion and Analysis
May 31, 2024***

The total net position of the District increased during the current fiscal year by \$2,043,841. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2024</u>	<u>2023</u>
Revenues		
Water and sewer service	\$ 1,582,546	\$ 1,505,783
Property taxes, penalties and interest	3,813,151	3,903,323
Other	<u>2,168,423</u>	<u>2,242,163</u>
Total revenues	<u>7,564,120</u>	<u>7,651,269</u>
Expenses		
Current service operations	3,850,617	4,196,132
Debt interest and fees	1,206,596	1,262,031
Depreciation	<u>517,297</u>	<u>487,352</u>
Total expenses	<u>5,574,510</u>	<u>5,945,515</u>
Change in net position before other item	1,989,610	1,705,754
Other item		
Write off of amounts due to developers	<u>54,231</u>	<u> </u>
Change in net position	2,043,841	1,705,754
Net position, beginning of year	<u>2,494,629</u>	<u>788,875</u>
Net position, end of year	<u>\$ 4,538,470</u>	<u>\$ 2,494,629</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of May 31, 2024, were \$8,938,835, which consists of \$3,932,314 in the General Fund and \$5,006,521 in the Debt Service Fund.

General Fund

A comparative summary of the General Fund's financial position as of May 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Total assets	<u>\$ 4,716,678</u>	<u>\$ 5,121,998</u>
Total liabilities	\$ 702,586	\$ 732,498
Total deferred inflows	81,778	82,725
Total fund balance	<u>3,932,314</u>	<u>4,306,775</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 4,716,678</u>	<u>\$ 5,121,998</u>

***Harris County Municipal Utility District No. 468
Management's Discussion and Analysis
May 31, 2024***

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

	<u>2024</u>	<u>2023</u>
Total revenues	\$ 4,179,579	\$ 4,254,397
Total expenditures	<u>(4,554,040)</u>	<u>(4,455,563)</u>
Revenues under expenditures	(374,461)	(201,166)
Other changes in fund balance		10,142
Net change in fund balance	<u>\$ (374,461)</u>	<u>\$ (191,024)</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 and sewer services to customers within the District and sales tax rebates from the City of Houston. 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. While assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.
- Water, sewer and regional water authority fee revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Sales tax rebates received from the City of Houston under a Strategic Partnership Agreement are dependent on consumer spending at retail stores located within the District's boundaries and will fluctuate from year to year. Additional information is presented in Note 9.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of May 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Total assets	<u>\$ 5,104,840</u>	<u>\$ 5,173,932</u>
Total liabilities	\$ -	\$ 13,227
Total deferred inflows	98,319	89,465
Total fund balance	<u>5,006,521</u>	<u>5,071,240</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 5,104,840</u>	<u>\$ 5,173,932</u>

***Harris County Municipal Utility District No. 468
Management’s Discussion and Analysis
May 31, 2024***

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

	<u>2024</u>	<u>2023</u>
Total revenues	\$ 3,380,344	\$ 3,372,088
Total expenditures	<u>(3,445,063)</u>	<u>(3,432,252)</u>
Revenues under expenditures	<u>\$ (64,719)</u>	<u>\$ (60,164)</u>

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 a decrease 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.

Capital Projects Fund

A comparative summary of the Capital Projects Fund’s financial position as of May 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Total assets	<u>\$ -</u>	<u>\$ 25,681</u>
Total fund balance	<u>\$ -</u>	<u>\$ 25,681</u>

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

	<u>2024</u>	<u>2023</u>
Total revenues	\$ 1,766	\$ 7,574
Total expenditures	<u>(27,447)</u>	<u>(192,643)</u>
Revenues under expenditures	<u>(25,681)</u>	<u>(185,069)</u>
Other changes in fund balance		<u>(10,142)</u>
Net change in fund balance	<u>\$ (25,681)</u>	<u>\$ (195,211)</u>

During the current year, the District expended its remaining resources in the Capital Projects Fund. As of May 31, 2024, the Capital Projects Fund had no remaining assets or liabilities.

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 \$462,334 greater than budgeted. The *Budgetary*

Harris County Municipal Utility District No. 468
Management’s Discussion and Analysis
May 31, 2024

Comparison Schedule on page 36 of this report provides variance information per financial statement line item.

Capital Assets

Capital assets held by the District at May 31, 2024 and 2023, are summarized as follows:

	<u>2024</u>	<u>2023</u>
Capital assets not being depreciated		
Land and improvements	\$ 15,138,483	\$ 15,138,483
Construction in progress	189,649	
	<u>15,328,132</u>	<u>15,138,483</u>
Capital assets being depreciated		
Infrastructure	21,065,878	20,466,985
Less accumulated depreciation	<u>(6,146,001)</u>	<u>(5,628,704)</u>
Depreciable capital assets, net	<u>14,919,877</u>	<u>14,838,281</u>
Capital assets, net	<u>\$ 30,248,009</u>	<u>\$ 29,976,764</u>

Capital asset additions during the current year include the District Connectivity Phase 1 – sidewalks, gravity wall, and landscaping.

The District’s construction in progress is for the construction of the following:

- Booster pump station improvements
- Hydropneumatic tanks No. 1 and 2 rehabilitation

Long-Term Debt

At May 31, 2024 and 2023, the District had total bonded debt outstanding as shown below:

<u>Series</u>	<u>2024</u>	<u>2023</u>
2013	\$ 175,000	\$ 175,000
2014	5,560,000	5,800,000
2014 Road	3,975,000	4,160,000
2015 Refunding	7,275,000	8,095,000
2015 Road	975,000	1,020,000
2015A Road	1,495,000	1,565,000
2016 Park	2,610,000	2,720,000
2016 Refunding	4,820,000	5,240,000
2020 Refunding	3,165,000	3,335,000
2021	5,395,000	5,580,000
	<u>\$ 35,445,000</u>	<u>\$ 37,690,000</u>

At May 31, 2024, the District had \$5,615,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems

***Harris County Municipal Utility District No. 468
Management’s Discussion and Analysis
May 31, 2024***

within the District; \$11,685,000 for parks and recreational facilities; \$6,230,000 for road improvements and \$38,610,000 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, City of Houston sales tax rebates 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>2024 Actual</u>	<u>2025 Budget</u>
Total revenues	\$ 4,179,579	\$ 4,230,700
Total expenditures	<u>(4,554,040)</u>	<u>(5,490,710)</u>
Revenues under expenditures	(374,461)	(1,260,010)
Beginning fund balance	<u>4,306,775</u>	<u>3,932,314</u>
Ending fund balance	<u><u>\$ 3,932,314</u></u>	<u><u>\$ 2,672,304</u></u>

Property Taxes

The District’s property tax base decreased approximately \$10,483,000 for the 2024 tax year from \$870,379,436 to \$859,896,149, mainly due to a decrease in the appraised value of real, residential and multi-family property.

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Basic Financial Statements

Harris County Municipal Utility District No. 468
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 495,875	\$ 271,978	\$ -	\$ 767,853	\$ -	\$ 767,853
Investments	3,470,236	4,691,631		8,161,867		8,161,867
Taxes receivable, net	12,706	98,319		111,025		111,025
Customer service receivables, net	346,167			346,167		346,167
Due from City of Houston	201,115			201,115		201,115
Due from other governments					175,318	175,318
Internal balances	47,348	(47,348)				
Accrued interest receivable	36,324			36,324		36,324
Other receivables	23,433	90,260		113,693		113,693
Prepaid items	77,600			77,600		77,600
Operating reserve	5,874			5,874		5,874
Capital assets not being depreciated					15,328,132	15,328,132
Capital assets, net					14,919,877	14,919,877
Total Assets	\$ 4,716,678	\$ 5,104,840	\$ -	\$ 9,821,518	30,423,327	40,244,845
Deferred Outflows of Resources						
Deferred difference on refunding					883,103	883,103
Liabilities						
Accounts payable	\$ 372,591	\$ -	\$ -	\$ 372,591		372,591
Retainage payable	13,839			13,839		13,839
Other payables	3,555			3,555		3,555
Customer deposits	312,601			312,601		312,601
Accrued interest payable					280,168	280,168
Long-term debt						
Due within one year					2,325,000	2,325,000
Due after one year					33,281,724	33,281,724
Total Liabilities	702,586			702,586	35,886,892	36,589,478
Deferred Inflows of Resources						
Deferred property taxes	12,706	98,319		111,025	(111,025)	
Deferred City of Houston sales tax rebates	69,072			69,072	(69,072)	
	81,778	98,319		180,097	(180,097)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	83,474			83,474	(83,474)	
Restricted		5,006,521		5,006,521	(5,006,521)	
Unassigned	3,848,840			3,848,840	(3,848,840)	
Total Fund Balances	3,932,314	5,006,521		8,938,835	(8,938,835)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,716,678	\$ 5,104,840	\$ -	\$ 9,821,518		
Net Position						
Net investment in capital assets					3,149,670	3,149,670
Restricted for debt service					4,824,672	4,824,672
Unrestricted					(3,435,872)	(3,435,872)
Total Net Position					\$ 4,538,470	\$ 4,538,470

See notes to basic financial statements.

Harris County Municipal Utility District No. 468

**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended May 31, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	\$ 970,882	\$ -	\$ -	\$ 970,882	\$ -	\$ 970,882
Sewer service	611,664			611,664		611,664
Property taxes	535,748	3,181,155		3,716,903	5,525	3,722,428
Penalties and interest	65,550	21,282		86,832	3,891	90,723
Chloramines conversion reimbursement	16,324			16,324	(16,324)	
Interest on chloramines conversion reimbursement					10,848	10,848
Tap connection and inspection	23,094			23,094		23,094
Regional water authority fees	1,001,587			1,001,587		1,001,587
City of Houston sales tax rebates	759,936			759,936	(1,509)	758,427
Miscellaneous	10,263	4,678		14,941		14,941
Investment earnings	184,531	173,229	1,766	359,526		359,526
Total Revenues	4,179,579	3,380,344	1,766	7,561,689	2,431	7,564,120
Expenditures/Expenses						
Current service operations						
Purchased services	485,899			485,899		485,899
Professional fees	184,640		989	185,629		185,629
Contracted services	1,231,396	49,030		1,280,426		1,280,426
Repairs and maintenance	803,544			803,544		803,544
Utilities	72,248			72,248		72,248
Regional water authority fees	922,147			922,147		922,147
Administrative	69,931	2,764		72,695		72,695
Other	22,096	5,879	55	28,030		28,030
Capital outlay	762,139		26,403	788,542	(788,543)	(1)
Debt service						
Principal		2,245,000		2,245,000	(2,245,000)	
Interest and fees		1,142,390		1,142,390	64,206	1,206,596
Depreciation					517,297	517,297
Total Expenditures/Expenses	4,554,040	3,445,063	27,447	8,026,550	(2,452,040)	5,574,510
Revenues Under Expenditures	(374,461)	(64,719)	(25,681)	(464,861)	2,454,471	1,989,610
Other Item						
Write off of amounts due to developers					54,231	54,231
Net Change in Fund Balances	(374,461)	(64,719)	(25,681)	(464,861)	464,861	
Change in Net Position					2,043,841	2,043,841
Fund Balance/Net Position						
Beginning of the year	4,306,775	5,071,240	25,681	9,403,696	(6,909,067)	2,494,629
End of the year	\$ 3,932,314	\$ 5,006,521	\$ -	\$ 8,938,835	\$ (4,400,365)	\$ 4,538,470

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Harris County Municipal Utility District No. 468 (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 Commission on Environmental Quality, dated August 15, 2006, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on August 24, 2006 and the first bonds were issued on July 22, 2008.

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*.

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 three governmental funds, which are all considered major funds.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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, sales tax rebates from the City of Houston, 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.

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.

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, City of Houston sales tax rebates, 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 May 31, 2024, allowances of \$20,338 and \$14,000 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.

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 \$50,000 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:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	10-45 years

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

Note 1 – Summary of Significant Accounting Policies (continued)

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 City of Houston sales tax rebates receivable that are 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.

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 paid to Charterwood Municipal Utility District 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 property taxes levied for debt service in the Debt Service Fund.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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 does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

When 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.

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 and the value of capital assets transferred to the Harris County. 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.

Harris County Municipal Utility District No. 468
Notes to Financial Statements
May 31, 2024

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balances, governmental funds	\$ 8,938,835	
Future reimbursements from North Harris County Regional Water Authority for the cost associated with chloramine conversion facilities are not available in the current period and are not reported in the funds.		175,318
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$ 36,394,010	
Less accumulated depreciation	<u>(6,146,001)</u>	
Change due to capital assets		30,248,009
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.		883,103
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	(35,606,724)	
Interest payable on bonds	<u>(280,168)</u>	
Change due to long-term debt		(35,886,892)
Receivables that are not collected within sixty days of fiscal year end are not considered available to pay current period expenditures and are deferred in the funds.		
Property taxes and penalties and interest	111,025	
City of Houston sales tax rebates	<u>69,072</u>	
		180,097
Total net position - governmental activities		<u><u>\$ 4,538,470</u></u>

Harris County Municipal Utility District No. 468
Notes to Financial Statements
May 31, 2024

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 \$ (464,861)

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 and related penalties and interest	\$ 9,416	
City of Houston sales tax rebates	<u>(1,509)</u>	
		7,907

Credits received from North Harris County Regional Water Authority to reimburse the District for chloramine conversion costs are recognized as revenue when the credit is taken in the funds. In the government wide statements, the full amount of the reimbursement was recorded as revenue and receivable when approved by the Authority. The monthly credit reduces the receivable and includes an interest component. (5,476)

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	788,543	
Depreciation expense	<u>(517,297)</u>	
		271,246

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.

Principal payments	2,245,000	
Interest expense accrual	<u>(64,206)</u>	
		2,180,794

Write off of amounts due to developer do not provide financial resources in the funds; but result in a gain in *Statement of Activities*. 54,231

Change in net position of governmental activities \$ 2,043,841

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.

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.

Harris County Municipal Utility District No. 468
Notes to Financial Statements
May 31, 2024

Note 3 – Deposits and Investments (continued)

Investments (continued)

As of May 31, 2024, the District’s investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	\$ 1,175,000	14%	N/A	N/A
TexPool	Debt Service	4,691,631	57%	AAAm	25 days
Texas CLASS	General	<u>2,295,236</u>	<u>28%</u>	AAAm	40 days
Total		<u>\$ 8,161,867</u>	<u>100%</u>		

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 administer and UMB Bank N.A., as the custodian.

Harris County Municipal Utility District No. 468
Notes to Financial Statements
May 31, 2024

Note 3 – Deposits and Investments (continued)

Texas CLASS (continued)

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.

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 May 31, 2024, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 47,348	Maintenance tax collections not remitted as of year end

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

Harris County Municipal Utility District No. 468
Notes to Financial Statements
May 31, 2024

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended May 31, 2024, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 15,138,483	\$ -	\$ 15,138,483
Construction in progress		189,649	189,649
	<u>15,138,483</u>	<u>189,649</u>	<u>15,328,132</u>
Capital assets being depreciated			
Infrastructure	20,466,985	598,893	21,065,878
Less accumulated depreciation	(5,628,704)	(517,297)	(6,146,001)
Subtotal depreciable capital assets, net	<u>14,838,281</u>	<u>81,596</u>	<u>14,919,877</u>
Capital assets, net	<u>\$ 29,976,764</u>	<u>\$ 271,245</u>	<u>\$ 30,248,009</u>

Depreciation expense for the current fiscal year was \$517,297.

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers 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 the estimated amounts due to developers during the year are as follows:

Due to developers, beginning of year	\$ 54,231
Write off of amounts due to developers	(54,231)
Due to developers, end of year	<u>\$ -</u>

During the current year, it was determined that the likelihood of reimbursement was improbable. As a result, the District eliminated the remaining balance of amounts due to developers.

Harris County Municipal Utility District No. 468
Notes to Financial Statements
May 31, 2024

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 35,445,000
Unamortized discounts	(267,937)
Unamortized premium	429,661
	<u>\$ 35,606,724</u>
Due within one year	<u>\$ 2,325,000</u>

The District’s bonds payable at May 31, 2024, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2013	\$ 175,000	\$ 4,630,000	2.0% - 4.0%	September 1, 2014 - 2024	September 1, March 1	September 1, 2020
2014	5,560,000	7,335,000	2.0% - 4.0%	September 1, 2015 - 2038	September 1, March 1	September 1, 2022
2014 Road	3,975,000	5,370,000	2.0% - 4.0%	September 1, 2015 - 2038	September 1, March 1	September 1, 2022
2015 Refunding	7,275,000	13,215,000	2.0% - 3.125%	September 1, 2015 - 2031	September 1, March 1	September 1, 2023
2015 Road	975,000	1,295,000	2.0% - 3.75%	September 1, 2016 - 2038	September 1, March 1	September 1, 2023
2015A Road	1,495,000	1,985,000	2.0% - 4.0%	September 1, 2016 - 2038	September 1, March 1	September 1, 2023
2016 Park	2,610,000	3,315,000	1.25% - 3.0%	September 1, 2017 - 2041	September 1, March 1	September 1, 2024
2016 Refunding	4,820,000	5,800,000	2.0% - 4.0%	September 1, 2017 - 2032	September 1, March 1	September 1, 2025
2020 Refunding	3,165,000	3,515,000	2.25% - 4.0%	September 1, 2021 - 2037	September 1, March 1	September 1, 2029
2021	5,395,000	5,760,000	2.00% - 2.125%	September 1, 2022 - 2045	September 1, March 1	September 1, 2026
	<u>\$ 35,445,000</u>					

Harris County Municipal Utility District No. 468
Notes to Financial Statements
May 31, 2024

Note 7 – Long-Term Debt (continued)

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 May 31, 2024, the District had authorized but unissued bonds in the amount of \$5,615,000 for water, sewer and drainage facilities; \$11,685,000 for park and recreational facilities; \$6,230,000 for road improvements; and \$38,610,000 for refunding purposes.

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

Bonds payable, beginning of year	\$ 37,690,000
Bonds retired	<u>(2,245,000)</u>
Bonds payable, end of year	<u><u>\$ 35,445,000</u></u>

As of May 31, 2024, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2025	\$ 2,325,000	\$ 1,079,217	\$ 3,404,217
2026	2,385,000	1,012,486	3,397,486
2027	2,480,000	935,763	3,415,763
2028	2,570,000	855,437	3,425,437
2029	2,665,000	771,462	3,436,462
2030	2,775,000	685,466	3,460,466
2031	2,875,000	597,115	3,472,115
2032	2,985,000	503,689	3,488,689
2033	2,170,000	418,739	2,588,739
2034	1,495,000	358,483	1,853,483
2035	1,560,000	309,289	1,869,289
2036	1,620,000	256,644	1,876,644
2037	1,685,000	200,713	1,885,713
2038	1,750,000	141,838	1,891,838
2039	1,520,000	85,044	1,605,044
2040	445,000	52,925	497,925
2041	460,000	42,100	502,100
2042	470,000	30,975	500,975
2043	290,000	22,450	312,450
2044	300,000	16,363	316,363
2045	305,000	9,934	314,934
2046	315,000	3,347	318,347
	<u><u>\$ 35,445,000</u></u>	<u><u>\$ 8,389,479</u></u>	<u><u>\$ 43,834,479</u></u>

Harris County Municipal Utility District No. 468
Notes to Financial Statements
May 31, 2024

Note 8 – Property Taxes

On November 7, 2006, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. On November 4, 2008, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing road maintenance limited to \$0.25 per \$100 of assessed value. 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.

All property values and exempt status, if any, are determined by the Harris Central 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 2024 fiscal year was financed through the 2023 tax levy, pursuant to which the District levied property taxes of \$0.45 per \$100 of assessed value, of which \$0.065 was allocated to maintenance and operations; \$0.32 was allocated to debt service; and \$0.065 was allocated to road debt service. The resulting tax levy was \$3,916,707 on the adjusted taxable value of \$870,379,436.

Net property taxes receivable, at May 31, 2024, consisted of the following:

Current year taxes receivable	\$ 45,392
Prior years taxes receivable	61,502
Less allowance for uncollectible accounts	<u>(20,338)</u>
	86,556
Penalty and interest receivable	<u>24,469</u>
Net property taxes receivable	<u><u>\$ 111,025</u></u>

Note 9 – Strategic Partnership Agreement

Effective April 9, 2007, subsequently amended on November 16, 2012, the District and the City of Houston (the "City") entered into a Strategic Partnership Agreement under which the City annexed a tract of land in the District for the limited purposes of applying the City's Planning, Zoning, Health and Safety Ordinances within the District. The District continues to exercise all powers and functions of a municipal utility district. As consideration for the District providing services described in the agreement, the City agreed to remit 50% of a 1% sale and use tax collected from retailers located in the District's boundaries. The City agrees that it will not annex all or part of the District during the thirty-year term of this agreement.

During the fiscal year ended May 31, 2024, the District recorded \$758,427 in revenues from the City in accordance with this agreement.

Note 10 – Wastewater Treatment Facilities Agreement

On September 13, 2005, V&W Partners, Ltd., on behalf of the District, entered into an agreement with Charterwood Municipal Utility District (Charterwood), as amended, to supply wastewater services to the District. This agreement was subsequently assigned to the District on September 12, 2006. The District shares in a 1,050,000 gallons per day (gpd) expansion of the Charterwood wastewater treatment plant with 850,000 gpd designated for the District.

Charterwood holds title to the plant for the benefit of both parties. Each of the parties has an undivided, equitable interest in the plant, plant site and related capacity based on the pro rata share of capacity. The term of this agreement is 50 years, and at which time will be renewable in one-year increments.

All expenditures incurred in the operation of the plant are distributed to each district on a pro rata basis, based on equivalent single-family connections. As of May 31, 2024, the District has an operating reserve of \$5,874 for its portion of operating expenditures, pursuant to this agreement. During the current year, the District recorded \$485,899 in expenditures related to this agreement.

Note 11 – Regional Water Authority

Creation and Purpose

The North Harris County Regional Water Authority (the "Authority") was created by House Bill 2965, Acts of the 76th Legislature, Regular Session 1999, and was confirmed by an election held on January 15, 2000. The Authority is a political subdivision of the State of Texas, governed by an elected five-member Board of Directors and was created to provide a regional entity to develop and implement a strategy for complying with the surface water conversion requirements mandated by the Harris-Galveston Coastal Subsidence District, which regulates groundwater withdrawal. The Authority is responsible for the construction and maintenance of the necessary facilities to provide surface water as an alternative to groundwater. The Authority began providing surface water in January 2011 and continues to construct additional facilities to expand its service delivery area.

Regional Water Fees

As of May 31, 2024, the groundwater fee was \$3.60 per 1,000 gallons of water and the surface water fee was \$4.05 per 1,000 gallons. These rates are subject to future changes. The District passes these costs on to its customers plus 5%. During the current year, the District has recorded \$922,147 in expenditures for surface water from the Authority and billed its customers \$1,001,587 to offset the fees charged by the Authority.

Harris County Municipal Utility District No. 468
Notes to Financial Statements
May 31, 2024

Note 11 – Regional Water Authority (continued)

Chloramination Credit

The Authority agreed to reimburse the District \$224,695 for costs incurred for the construction of a chloramines disinfection system. The District will receive the reimbursement over 30 years at 6% interest by taking credits against fees due to the Authority. For the current fiscal year, the District received a credit in the amount of \$16,324, which is recorded as revenue in the fund statements. At the government wide level, the receivable will be reduced and interest revenues recorded as the credit is taken.

The following schedule summarizes the amortization of future annual chloramination credits at the government wide level:

Fiscal Years Ending May 31	Principal	Interest	Total
2025	\$ 5,805	\$ 10,519	\$ 16,324
2026	6,153	10,171	16,324
2027	6,522	9,802	16,324
2028	6,914	9,410	16,324
2029	7,328	8,995	16,323
2030	7,768	8,556	16,324
2031	8,234	8,090	16,324
2032	8,728	7,596	16,324
2033	9,252	7,072	16,324
2034	9,807	6,517	16,324
2035	10,395	5,928	16,323
2036	11,019	5,305	16,324
2037	11,680	4,644	16,324
2038	12,381	3,943	16,324
2039	13,124	3,200	16,324
2040	13,911	2,412	16,323
2041	14,746	1,578	16,324
2042	11,551	693	12,244
	<u>\$ 175,318</u>	<u>\$ 114,431</u>	<u>\$ 289,749</u>

Note 12 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and 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.

Required Supplementary Information

*Harris County Municipal Utility District No. 468
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended May 31, 2024*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	\$ 933,800	\$ 970,882	\$ 37,082
Sewer service	582,500	611,664	29,164
Property taxes	550,000	535,748	(14,252)
Penalties and interest	54,700	65,550	10,850
Chloramines conversion reimbursement	16,600	16,324	(276)
Tap connection and inspection	139,400	23,094	(116,306)
Regional water authority fees	1,211,500	1,001,587	(209,913)
City of Houston sales tax rebates	713,700	759,936	46,236
Miscellaneous	9,700	10,263	563
Investment earnings	178,400	184,531	6,131
Total Revenues	<u>4,390,300</u>	<u>4,179,579</u>	<u>(210,721)</u>
Expenditures			
Current service operations			
Purchased services	422,155	485,899	(63,744)
Professional fees	157,500	184,640	(27,140)
Contracted services	1,272,800	1,231,396	41,404
Repairs and maintenance	948,600	803,544	145,056
Utilities	70,900	72,248	(1,348)
Regional water authority fees	1,211,500	922,147	289,353
Administrative	65,200	69,931	(4,731)
Other	20,000	22,096	(2,096)
Capital outlay	1,058,440	762,139	296,301
Total Expenditures	<u>5,227,095</u>	<u>4,554,040</u>	<u>673,055</u>
Revenues Under Expenditures	(836,795)	(374,461)	462,334
Fund Balance			
Beginning of the year	4,306,775	4,306,775	
End of the year	<u>\$ 3,469,980</u>	<u>\$ 3,932,314</u>	<u>\$ 462,334</u>

Harris County Municipal Utility District No. 468
Notes to Required Supplementary Information
May 31, 2024

Budgets and Budgetary Accounting

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. There were no amendments to the budget during the year.

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Texas Supplementary Information

Harris County Municipal Utility District No. 468
TSI-1. Services and Rates
May 31, 2024

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

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

2. Retail Service Providers

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:	\$ 19.75	-0-	N	\$ 1.00	8,001 to 15,000
				\$ 1.50	15,001 to 30,000
				\$ 2.00	30,001 to no limit
Wastewater:	\$ 19.75	-0-	Y		to _____
Surcharge:	\$ -	-0-	N	\$ 4.78	- to no limit

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 69.55 Wastewater \$ 19.75

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"	222	220	x 1.0	220
1"	164	164	x 2.5	410
1.5"	16	16	x 5.0	80
2"	82	82	x 8.0	656
3"	2	2	x 15.0	30
4"	5	5	x 25.0	125
6"	6	6	x 50.0	300
8"	13	13	x 80.0	1,040
10"			x 115.0	
Total Water	510	508		2,861
Total Wastewater	443	441	x 1.0	441

See accompanying auditor's report.

Harris County Municipal Utility District No. 468
TSI-1. Services and Rates
May 31, 2024

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	<u>210,232,000</u>	Water Accountability Ratio:
*Gallons purchased into system:	<u>18,027,000</u>	(Gallons billed/ Gallons pumped)
Gallons billed to customers:	<u>237,207,000</u>	
*Gallons sold:	<u>59,000</u>	<u>103.95%</u>

4. Standby Fees (authorized only under TWC Section 49.231):

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:

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? _____

*Gallons purchased from and sold to Harris County Municipal Utility District No. 286

See accompanying auditor's report.

*Harris County Municipal Utility District No. 468
 TSI-2 General Fund Expenditures
 For the Year Ended May 31, 2024*

Purchased services	<u>\$ 485,899</u>
Professional fees	
Legal	75,717
Audit	17,500
Engineering	91,423
	<u>184,640</u>
Contracted services	
Bookkeeping	73,704
Operator	149,178
Sales tax consultant	7,200
Tap connection and inspection	13,644
Garbage	71,138
Security	916,532
	<u>1,231,396</u>
Repairs and maintenance	<u>803,544</u>
Utilities	<u>72,248</u>
Regional water authority fees	<u>922,147</u>
Administrative	
Directors fees	15,459
Printing and office supplies	12,884
Insurance	19,271
Other	22,317
	<u>69,931</u>
Other	<u>22,096</u>
Capital outlay	<u>762,139</u>
Total expenditures	<u><u>\$ 4,554,040</u></u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 468
TSI-3. Investments
May 31, 2024

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
Texas CLASS	Variable	N/A	\$ 2,295,236
Certificates of deposit	5.50%	09/27/24	235,000
Certificates of deposit	5.50%	09/20/24	235,000
Certificates of deposit	5.00%	07/19/24	235,000
Certificates of deposit	5.50%	11/02/24	235,000
Certificates of deposit	5.49%	08/21/24	235,000
			<u>3,470,236</u>
Debt Service			
TexPool	Variable	N/A	3,887,395
TexPool	Variable	N/A	804,236
			<u>4,691,631</u>
Total - All Funds			<u><u>\$ 8,161,867</u></u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 468
TSI-4. Taxes Levied and Receivable
May 31, 2024

	Maintenance Taxes	Debt Service Taxes	Road Debt Tax	Totals
Taxes Receivable, Beginning of Year	\$ 12,144	\$ 57,587	\$ 11,300	\$ 81,031
Adjustments	(29,393)	(137,403)	(27,483)	(194,279)
Adjusted Receivable	(17,249)	(79,816)	(16,183)	(113,248)
2023 Original Tax Levy	563,026	2,771,820	563,026	3,897,872
Adjustments	2,721	13,393	2,721	18,835
Adjusted Tax Levy	565,747	2,785,213	565,747	3,916,707
Total to be accounted for	548,498	2,705,397	549,564	3,803,459
Tax collections, net of refunds:				
Current year	559,190	2,752,935	559,190	3,871,315
Prior years	(23,398)	(109,173)	(21,841)	(154,412)
Total Collections	535,792	2,643,762	537,349	3,716,903
Taxes Receivable, End of Year	\$ 12,706	\$ 61,635	\$ 12,215	\$ 86,556
Taxes Receivable, By Years				
2023	\$ 6,557	\$ 32,278	\$ 6,557	\$ 45,392
2022	1,082	5,048	1,010	7,140
2021	1,916	9,101	1,677	12,694
2020 and prior	3,151	15,208	2,971	21,330
Taxes Receivable, End of Year	\$ 12,706	\$ 61,635	\$ 12,215	\$ 86,556
	2023	2022	2021	2020
Property Valuations:				
Land	\$ 204,591,294	\$ 184,518,341	\$ 184,258,255	\$ 158,609,573
Improvements	716,229,012	596,628,002	522,215,932	477,858,804
Personal Property	47,782,425	46,159,097	50,011,193	53,525,715
Exemptions	(98,223,295)	(69,098,479)	(41,991,780)	(38,689,327)
Total Property Valuations	\$ 870,379,436	\$ 758,206,961	\$ 714,493,600	\$ 651,304,765
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.065	\$ 0.075	\$ 0.08	\$ 0.08
Debt service tax rates	0.320	0.350	0.38	0.38
Road debt service tax rates	0.065	0.070	0.07	0.07
	\$ 0.450	\$ 0.495	\$ 0.53	\$ 0.53
Adjusted Tax Levy:	\$ 3,916,707	\$ 3,753,124	\$ 3,786,816	\$ 3,451,915
Percentage of Taxes Collected to Taxes Levied **	98.84%	99.81%	99.66%	99.93%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 7, 2006

*Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on November 4, 2008

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

See accompanying auditor's report.

*Harris County Municipal Utility District No. 468
 TSI-5. Long-Term Debt Service Requirements
 Series 2013--by Years
 May 31, 2024*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
<u>2025</u>	<u>\$ 175,000</u>	<u>\$ 2,625</u>	<u>\$ 177,625</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2014--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 255,000	\$ 190,257	\$ 445,257
2026	265,000	182,457	447,457
2027	280,000	174,282	454,282
2028	295,000	165,657	460,657
2029	310,000	156,572	466,572
2030	325,000	146,854	471,854
2031	345,000	136,170	481,170
2032	360,000	124,488	484,488
2033	380,000	111,763	491,763
2034	400,000	98,113	498,113
2035	420,000	83,501	503,501
2036	445,000	67,544	512,544
2037	470,000	49,800	519,800
2038	490,000	30,600	520,600
2039	520,000	10,400	530,400
	<u>\$ 5,560,000</u>	<u>\$ 1,728,458</u>	<u>\$ 7,288,458</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2014 Road--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 195,000	\$ 142,825	\$ 337,825
2026	205,000	136,825	341,825
2027	210,000	130,600	340,600
2028	220,000	123,875	343,875
2029	230,000	116,563	346,563
2030	240,000	108,626	348,626
2031	250,000	100,051	350,051
2032	260,000	90,801	350,801
2033	270,000	80,863	350,863
2034	285,000	70,100	355,100
2035	295,000	58,500	353,500
2036	310,000	46,400	356,400
2037	320,000	33,800	353,800
2038	335,000	20,700	355,700
2039	350,000	7,000	357,000
	<u>\$ 3,975,000</u>	<u>\$ 1,267,529</u>	<u>\$ 5,242,529</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2015 Refunding--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 835,000	\$ 202,782	\$ 1,037,782
2026	850,000	181,682	1,031,682
2027	875,000	155,807	1,030,807
2028	900,000	129,182	1,029,182
2029	920,000	101,882	1,021,882
2030	940,000	73,982	1,013,982
2031	970,000	45,332	1,015,332
2032	985,000	15,391	1,000,391
	<u>\$ 7,275,000</u>	<u>\$ 906,040</u>	<u>\$ 8,181,040</u>

See accompanying auditor's report.

*Harris County Municipal Utility District No. 468
 TSI-5. Long-Term Debt Service Requirements
 Series 2015 Road--by Years
 May 31, 2024*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 50,000	\$ 32,115	\$ 82,115
2026	50,000	30,803	80,803
2027	50,000	29,428	79,428
2028	55,000	27,860	82,860
2029	55,000	26,100	81,100
2030	60,000	24,260	84,260
2031	60,000	22,288	82,288
2032	65,000	20,179	85,179
2033	65,000	17,985	82,985
2034	70,000	15,663	85,663
2035	75,000	13,125	88,125
2036	75,000	10,500	85,500
2037	80,000	7,688	87,688
2038	80,000	4,688	84,688
2039	85,000	1,594	86,594
	<u>\$ 975,000</u>	<u>\$ 284,276</u>	<u>\$ 1,259,276</u>

See accompanying auditor's report.

*Harris County Municipal Utility District No. 468
 TSI-5. Long-Term Debt Service Requirements
 Series 2015A Road--by Years
 May 31, 2024*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 75,000	\$ 53,213	\$ 128,213
2026	75,000	50,888	125,888
2027	80,000	48,408	128,408
2028	85,000	45,725	130,725
2029	85,000	42,920	127,920
2030	90,000	39,943	129,943
2031	95,000	36,705	131,705
2032	100,000	33,243	133,243
2033	105,000	29,553	134,553
2034	105,000	25,694	130,694
2035	110,000	21,663	131,663
2036	115,000	17,300	132,300
2037	120,000	12,600	132,600
2038	125,000	7,700	132,700
2039	130,000	2,600	132,600
	<u>\$ 1,495,000</u>	<u>\$ 468,155</u>	<u>\$ 1,963,155</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2016 Park--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 110,000	\$ 71,125	\$ 181,125
2026	115,000	68,731	183,731
2027	120,000	66,088	186,088
2028	120,000	63,238	183,238
2029	125,000	60,175	185,175
2030	130,000	56,988	186,988
2031	130,000	53,738	183,738
2032	135,000	50,256	185,256
2033	140,000	46,475	186,475
2034	145,000	42,375	187,375
2035	150,000	37,950	187,950
2036	155,000	33,375	188,375
2037	160,000	28,650	188,650
2038	165,000	23,775	188,775
2039	170,000	18,750	188,750
2040	175,000	13,575	188,575
2041	180,000	8,250	188,250
2042	185,000	2,775	187,775
	<u>\$ 2,610,000</u>	<u>\$ 746,289</u>	<u>\$ 3,356,289</u>

See accompanying auditor's report.

*Harris County Municipal Utility District No. 468
 TSI-5. Long-Term Debt Service Requirements
 Series 2016 Refunding--by Years
 May 31, 2024*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2025	\$ 435,000	\$ 181,925	\$ 616,925
2026	445,000	166,500	611,500
2027	470,000	148,200	618,200
2028	490,000	129,000	619,000
2029	515,000	108,900	623,900
2030	550,000	87,600	637,600
2031	575,000	65,100	640,100
2032	610,000	41,400	651,400
2033	730,000	14,600	744,600
	<u>\$ 4,820,000</u>	<u>\$ 943,225</u>	<u>\$ 5,763,225</u>

See accompanying auditor's report.

*Harris County Municipal Utility District No. 468
 TSI-5. Long-Term Debt Service Requirements
 Series 2020 Refunding--by Years
 May 31, 2024*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 10,000	\$ 95,150	\$ 105,150
2026	190,000	91,150	281,150
2027	200,000	83,350	283,350
2028	205,000	75,250	280,250
2029	220,000	66,750	286,750
2030	230,000	59,763	289,763
2031	235,000	54,531	289,531
2032	245,000	49,131	294,131
2033	250,000	43,250	293,250
2034	255,000	36,938	291,938
2035	270,000	29,700	299,700
2036	275,000	21,525	296,525
2037	285,000	13,125	298,125
2038	295,000	4,425	299,425
	<u>\$ 3,165,000</u>	<u>\$ 724,038</u>	<u>\$ 3,889,038</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 185,000	\$ 107,200	\$ 292,200
2026	190,000	103,450	293,450
2027	195,000	99,600	294,600
2028	200,000	95,650	295,650
2029	205,000	91,600	296,600
2030	210,000	87,450	297,450
2031	215,000	83,200	298,200
2032	225,000	78,800	303,800
2033	230,000	74,250	304,250
2034	235,000	69,600	304,600
2035	240,000	64,850	304,850
2036	245,000	60,000	305,000
2037	250,000	55,050	305,050
2038	260,000	49,950	309,950
2039	265,000	44,700	309,700
2040	270,000	39,350	309,350
2041	280,000	33,850	313,850
2042	285,000	28,200	313,200
2043	290,000	22,450	312,450
2044	300,000	16,363	316,363
2045	305,000	9,934	314,934
2046	315,000	3,347	318,347
	<u>\$ 5,395,000</u>	<u>\$ 1,318,844</u>	<u>\$ 6,713,844</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
May 31, 2024

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2025	\$ 2,325,000	\$ 1,079,217	\$ 3,404,217
2026	2,385,000	1,012,486	3,397,486
2027	2,480,000	935,763	3,415,763
2028	2,570,000	855,437	3,425,437
2029	2,665,000	771,462	3,436,462
2030	2,775,000	685,466	3,460,466
2031	2,875,000	597,115	3,472,115
2032	2,985,000	503,689	3,488,689
2033	2,170,000	418,739	2,588,739
2034	1,495,000	358,483	1,853,483
2035	1,560,000	309,289	1,869,289
2036	1,620,000	256,644	1,876,644
2037	1,685,000	200,713	1,885,713
2038	1,750,000	141,838	1,891,838
2039	1,520,000	85,044	1,605,044
2040	445,000	52,925	497,925
2041	460,000	42,100	502,100
2042	470,000	30,975	500,975
2043	290,000	22,450	312,450
2044	300,000	16,363	316,363
2045	305,000	9,934	314,934
2046	315,000	3,347	318,347
	<u>\$ 35,445,000</u>	<u>\$ 8,389,479</u>	<u>\$ 43,834,479</u>

See accompanying auditor's report.

	Bond Issue			
	Series 2013	Series 2014	Series 2014 Road	Series 2015 Refunding
Interest rate	2.00% - 4.00%	2.00% - 4.00%	2.00% - 4.00%	2.00% - 3.125%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/14 - 9/1/24	9/1/15 - 9/1/38	9/1/15 - 9/1/38	9/1/15 - 9/1/31
Beginning bonds outstanding	\$ 175,000	\$ 5,800,000	\$ 4,160,000	\$ 8,095,000
Bonds retired		(240,000)	(185,000)	(820,000)
Ending bonds outstanding	<u>\$ 175,000</u>	<u>\$ 5,560,000</u>	<u>\$ 3,975,000</u>	<u>\$ 7,275,000</u>
Interest paid during fiscal year	<u>\$ 5,250</u>	<u>\$ 197,682</u>	<u>\$ 148,525</u>	<u>\$ 219,332</u>
Paying agent's name and city 2013 and 2014	<u>Bank of New York Mellon Trust Company, N.A., Houston, TX</u>			
All other series	<u>Amegy Bank N.A., Houston, TX</u>			
Bond Authority:	Water, Sewer and Drainage Bonds	Park Bonds	Road Bonds	Refunding Bonds
Amount Authorized by Voters	\$ 47,200,000	\$ 15,000,000	\$ 14,880,000	\$ 40,000,000
Amount Issued	(41,585,000)	(3,315,000)	(8,650,000)	(1,390,000)
Remaining To Be Issued	<u>\$ 5,615,000</u>	<u>\$ 11,685,000</u>	<u>\$ 6,230,000</u>	<u>\$ 38,610,000</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 investment balances as of May 31, 2024: \$ 4,963,609

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,992,476

See accompanying auditor's report.

Bond Issue				
Series 2015 Road	Series 2015A Road	Series 2016 Park	Series 2016 Refunding	Series 2020 Refunding
2.00% - 3.75% 9/1; 3/1 9/1/16 - 9/1/38	2.00% - 4.00% 9/1; 3/1 9/1/16 - 9/1/38	1.25% - 3.00% 9/1; 3/1 9/1/17 - 9/1/41	2.00% - 4.00% 9/1; 3/1 9/1/17 - 9/1/32	2.250% - 4.00% 9/1; 3/1 9/1/21 - 9/1/37
\$ 1,020,000	\$ 1,565,000	\$ 2,720,000	\$ 5,240,000	\$ 3,335,000
(45,000)	(70,000)	(110,000)	(420,000)	(170,000)
<u>\$ 975,000</u>	<u>\$ 1,495,000</u>	<u>\$ 2,610,000</u>	<u>\$ 4,820,000</u>	<u>\$ 3,165,000</u>
<u>\$ 33,303</u>	<u>\$ 55,300</u>	<u>\$ 73,325</u>	<u>\$ 194,750</u>	<u>\$ 98,750</u>

*Harris County Municipal Utility District No. 468
 TSI-6. Change in Long-Term Bonded Debt
 May 31, 2024*

	<u>Bond Issue</u>	
	<u>Series 2021</u>	<u>Totals</u>
Interest rate	2.00% - 2.125%	
Dates interest payable	9/1; 3/1	
Maturity dates	9/1/22 - 9/1/45	
Beginning bonds outstanding	\$ 5,580,000	\$ 37,690,000
Bonds retired	<u>(185,000)</u>	<u>(2,245,000)</u>
Ending bonds outstanding	<u>\$ 5,395,000</u>	<u>\$ 35,445,000</u>
Interest paid during fiscal year	<u>\$ 110,900</u>	<u>\$ 1,137,117</u>

See accompanying auditors' report.

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Harris County Municipal Utility District No. 468
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Water service	\$ 970,882	\$ 928,829	\$ 848,699	\$ 820,212	\$ 841,068
Sewer service	611,664	576,954	542,704	493,973	517,648
Property taxes	535,748	579,025	556,160	532,542	503,902
Penalties and interest	65,550	50,828	38,419	21,221	14,883
Chloramines conversion reimbursement	16,324	16,324	16,324	16,324	16,324
Tap connection and inspection	23,094	134,179	13,407	82,054	198,971
Regional water authority fees	1,001,587	1,140,864	1,029,424	1,015,353	903,549
City of Houston sales tax rebates	759,936	704,188	620,741	507,931	535,375
Miscellaneous	10,263	9,476	16,937	8,950	31,426
Investment earnings	184,531	113,730	11,441	8,849	55,083
Total Revenues	4,179,579	4,254,397	3,694,256	3,507,409	3,618,229
Expenditures					
Current service operations					
Purchased services	485,899	533,608	422,509	375,755	296,191
Professional fees	184,640	168,037	177,815	166,675	229,964
Contracted services	1,231,396	1,205,041	833,941	670,594	635,866
Repairs and maintenance	803,544	924,418	664,448	651,639	622,081
Utilities	72,248	68,028	49,278	48,507	64,042
Regional water authority fees	922,147	1,159,225	1,095,566	991,858	856,925
Administrative	69,931	59,607	58,702	56,106	61,268
Other	22,096	22,223	14,664	16,033	10,005
Capital outlay	762,139	315,376	916,248	83,807	108,988
Debt service					
Developer interest			4,720		
Total Expenditures	4,554,040	4,455,563	4,237,891	3,060,974	2,885,330
Revenues Over/(Under) Expenditures	\$ (374,461)	\$ (201,166)	\$ (543,635)	\$ 446,435	\$ 732,899
Total Active Retail Water					
Connections	508	509	503	504	503
Total Active Retail Wastewater					
Connections	441	443	436	439	439

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2024	2023	2022	2021	2020
23%	21%	24%	25%	24%
15%	14%	15%	14%	14%
13%	14%	15%	15%	14%
2%	1%	1%	1%	*
*	*	*	*	*
1%	3%	*	2%	5%
24%	27%	28%	29%	25%
18%	17%	17%	14%	15%
*	*	*	*	1%
4%	3%	*	*	2%
100%	100%	100%	100%	100%
12%	13%	11%	11%	8%
4%	4%	5%	5%	6%
29%	28%	23%	19%	18%
19%	22%	18%	19%	17%
2%	2%	1%	1%	2%
22%	27%	30%	28%	24%
2%	1%	2%	2%	2%
1%	1%	*	*	*
18%	7%	25%	2%	3%
		*		
109%	105%	115%	87%	80%
(9%)	(5%)	(15%)	13%	20%

Harris County Municipal Utility District No. 468
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Property taxes	\$ 3,181,155	\$ 3,242,433	\$ 3,128,542	\$ 2,995,723	\$ 2,944,403
Penalties and interest	21,282	19,963	16,244	54,757	7,756
Miscellaneous	4,678	2,350	25	27	
Investment earnings	173,229	107,342	9,695	12,461	64,609
Total Revenues	<u>3,380,344</u>	<u>3,372,088</u>	<u>3,154,506</u>	<u>3,062,968</u>	<u>3,016,768</u>
Expenditures					
Tax collection services	57,673	54,768	50,978	49,949	48,604
Debt service					
Principal	2,245,000	2,180,000	1,915,000	1,850,000	1,795,000
Interest and fees	1,142,390	1,197,484	1,237,644	1,214,186	1,243,931
Debt issuance costs				151,995	
Total Expenditures	<u>3,445,063</u>	<u>3,432,252</u>	<u>3,203,622</u>	<u>3,266,130</u>	<u>3,087,535</u>
Revenues Under Expenditures	<u>\$ (64,719)</u>	<u>\$ (60,164)</u>	<u>\$ (49,116)</u>	<u>\$ (203,162)</u>	<u>\$ (70,767)</u>

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2024	2023	2022	2021	2020
94%	96%	99%	98%	98%
1%	1%	1%	2%	*
*	*	*	*	
5%	3%	*	*	2%
100%	100%	100%	100%	100%
2%	2%	2%	2%	2%
66%	65%	61%	60%	60%
34%	36%	39%	40%	41%
			5%	
102%	103%	102%	107%	103%
(2%)	(3%)	(2%)	(7%)	(3%)

Harris County Municipal Utility District No. 468
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended May 31, 2024

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District Business Telephone Number: (713)860-6400
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): June 2, 2022
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				
Kenneth P. Carter	05/24 - 05/28	\$ 3,244	\$ 1,587	President
Blair M. Frederick	05/22 - 05/26	4,720	516	Vice President
Robert Moore	05/22 - 05/26	2,139	119	Secretary/Treasurer
William T. Evans	05/24 - 05/28	1,989	60	Assistant Vice President
Lawrence Kupstas	05/22 - 05/26	1,547	231	Assistant Secretary
Consultants				
Allen Boone Humphries Robinson LLP <i>General legal fees</i>	08/06	<u>\$ 87,931</u>		Attorney
Inframark, LLC	06/12	462,725		Operator
Municipal Accounts & Consulting, L.P.	04/20	78,923		Bookkeeper
Tax Tech, Inc.	04/07	12,492		Tax Collector
Harris County Appraisal District	Legislation	30,789		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/08	5,748		Delinquent Tax Attorney
BGE, Inc.	08/06	123,605		Engineer
McGrath & Co., PLLC	2011	17,500		Auditor
Robert W. Baird & Co. Incorporated	01/15			Financial Advisor
B & A Sales Tax Service	03/12	5,400		Sales Tax Consultant

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