



Control Number: 45510



Item Number: 50

Addendum StartPage: 0

SOAH DOCKET NO. 473-17-0249.WS  
PUC DOCKET NO. 45510

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APPLICATION OF HOE WATER §  
SUPPLY CORPORATION AND § BEFORE THE STATE OFFICE  
HARRIS COUNTY MUD NO. 480 § OF  
FOR SALE, TRANSFER, OR MERGER § ADMINISTRATIVE HEARINGS  
OF CERTIFICATE RIGHTS IN §  
HARRIS COUNTY §

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480'S EXCEPTION TO AND  
REQUEST FOR WITHDRAWAL OF PFD

COMES NOW Harris County Municipal Utility District No. 480 (the "District"), and files this exception to SOAH's Proposal For Decision, dated July 11, 2017, and request that it be withdrawn, for the following reasons :

I. BACKGROUND

HOE Water Supply Corporation ("HOE WSC") and the District filed an application relating to the transfer of a portion of HOE WSC's certificate of convenience and necessity ("CCN") rights to the District. The SOAH Administrative Law Judge ("ALJ") filed a Proposal For Decision (the "PFD") pursuant to which the matter would be dismissed, and the requested relief denied. The District respectfully requests that the proposed PFD be withdrawn.

II. BASIS FOR EXCEPTION AND REQUEST TO WITHDRAW THE PFD

The PFD is based on an error in the facts. It is stated in the PFD that the dismissal of the matter results from the Petitioners' failure to respond; however, please note that the PFD does not indicate that the District filed on May 2, 2017, a comprehensive Information Filing, responding in detail to all of the PUC's informational requests, and clearly stating why the application should be granted. A copy of its May 2, filing is attached hereto. Therefore, it would be indicated from the above that the District's filing somehow did not make it into the case file, or was otherwise not considered when the ALJ was considering the disposition of this matter.

The District considered the facts and statements in the May 2 filing to constitute a status report, as well as an informational filing, and perhaps it erred in that assumption. Therefore, the District respectfully requests that the ALJ take the above into consideration, and withdraw its PFD. We believe that justice and good government will

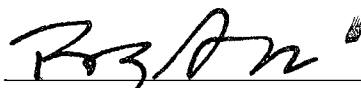
best be served if this matter is disposed of in favor of the application – as the District is a political subdivision and a governmental entity charged by the State with provision of water and wastewater services within its boundaries, coupled the fact that the existing CCN holder supports the request and is desirous of relief from its obligation to provide such service, there is real very little for the ALJ to consider. In addition, the subject land was a part of the District when it was created in 2007, and has been paying District taxes (and will continue to do so regardless of the outcome of this docket), which tax is in part dedicated to provision of water and wastewater services

### III. CONCLUSION

The denial of the application is not justified by the facts. The District respectfully requests that the PFD be set aside for the reasons stated above.

DATED: July 17, 2017.

Respectfully submitted,



Timothy Austin  
State Bar No. 01441500  
Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, Texas 77027  
(713) 860-6412  
(713) 860-6612 (facsimile)

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### CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on July , 2017, in accordance with 16 TAC §22.74.



Timothy Austin

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Delivered To	Recept./Inst./Front Desk	Total pieces	1
Total shipment weight	1 lbs 10.45 kgs	Terms	Not Available
Shipper reference	HAR 480-01 (App of HOE Water)	Packaging	FedEx Pak
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# ALLEN BOONE HUMPHRIES ROBINSON LLP

ATTORNEYS AT LAW

PHOENIX TOWER  
3200 SOUTHWEST FREEWAY  
SUITE 2600  
HOUSTON, TEXAS 77027  
TEL (713) 860-6400  
FAX (713) 860-6401  
abhr.com

May 2, 2017

## Letter of Transmittal

To: Docketing Clerk  
State Office of Administrative Hearings  
300 West 15<sup>th</sup> Street, Suite 502  
Austin, Texas 78711

Re: Harris County Municipal Utility District No. 480 (the "District")  
SOAH Docket No. 473-17-0249

Via: FedEx Delivery

---

WE ARE SENDING YOU the following items:

Copies	Date	No.	Description
			Application of HOE Water Supply Corporation and the District for Sale, Transfer, or Merger of Certificate Rights in Harris County

THESE ARE TRANSMITTED as checked below:

☐ For your approval

☐ For review and comment

☒ For your files

☐ For execution

☐ Per your request

☐ For execution and notarization

Remarks: Please contact me with any questions. Thank you for your assistance.

SIGNED:

  
Cheryl Panozzo  
(713) 800-8468  
Fax: (713) 800-1168  
cpanozzo@abhr.com

SOAH DOCKET NO. 473-17-0249.WS  
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APPLICATION OF HOE WATER	§	
SUPPLY CORPORATION AND	§	BEFORE THE STATE OFFICE
HARRIS COUNTY MUD NO. 480	§	OF
FOR SALE, TRANSFER, OR MERGER	§	ADMINISTRATIVE HEARINGS
OF CERTIFICATE RIGHTS IN	§	
HARRIS COUNTY	§	

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480'S INFORMATIONAL  
FILING

COMES NOW Harris County Municipal Utility District No. 480 (the "District"), and files this response to SOAH regarding the issues to be addressed in connection with the referenced action. Please note that much of the requested information was filed with the application for approval of the transfer, and in subsequent filings.

1. *What is the effective date of the proposed sale?*

There is no water supply system currently servicing the affected land; therefore, there is no sale of a system. The transfer of the HOE WSC certification to the District will be effective upon approve thereof by the Commission.

2. *Has the District demonstrated financial, managerial, and technical capability for providing continuous and adequate service to the requested area and any areas currently certificated to the District?*

Yes. Adequate financial information, including the audited financial statement of the District was provided to PUC Staff in the course of processing this application. The District's most recent audit is attached as Exhibit A. Please note that the District is a political subdivision of the State of Texas. It is managed by its Board of Directors, the members of which are elected by the voters of the District in accordance with the Texas Water Code. Its operations are overseen by an experienced operating company, Water District Management, and an experienced civil engineering firm, R.G. Miller, Inc., and by the TCEQ.

3. *Will approving the proposed sale serve the public interest?*

Yes, by providing water service to an currently unserved area.

a. *Did the District provide the required notice?*

Yes. Evidence of filing was provided with the initial application.

b. *Is the District capable of rendering adequate and continuous service to every customer within the certificated area?*

Yes.

i. *Is the service currently provided to the requested area adequate?*

No service is provided.

ii. *Is additional service needed in the requested area? Have any landowners, prospective landowners, tenants, or residents requested service? If so, has the requested service been provided?*

There is no service in the requested area. The sole owner of the requested area has asked that the District provide service, and has entered into agreements to finance and construct the needed improvements. A copy of the utility financing agreement between the District and the sole landowner is attached as Exhibit B.

iii. *What is the effect of approving the proposed sale on the District on the landowners in the area, and on any retail public utility of the same kind already serving the proximate area?*

The effect of the transfer will be that the sole landowner will receive water and wastewater service. The District is the only retail public utility providing water service in the requested area. No other retail public utility, including HOE WSC, is serving the area.

iv. *Taking into consideration the current and projected density and land use of the area, does the District have the ability to provide adequate service and meet TCEQ standards?*

Yes. There is no service to the area currently, and no one lives there or requires water at this time. The District is in the process of design and construction of water improvements, including improvements for the requested area.

v. *Is it feasible to obtain service from an adjacent retail public utility?*

No. The requested area is already within the District. As a municipal utility district, the District has exclusive rights to provide retail water service other than HOE WSC, which is requesting this transfer.

*vi. Is the District able to pay for facilities necessary to provide continuous and adequate service to the requested area?*

Yes. As a political subdivision with ad valorem taxing powers, the District is capable of funding the necessary facilities. The District is authorized to sell \$41,100,000 in general obligation bonds to finance its water and wastewater systems. \$4,300,000 of such authorized bond amount has already been sold to finance other areas served by the District.

*vii. Is the District financially stable considering, if applicable, the adequacy of debt-equity ratio of the District if the proposed sale is approved?*

Yes. See above answer. To ensure the financial stability of the District, its debt issuance is overseen by the TCEQ Districts Division.

*viii. What is the effect of approving the sale on environmental integrity?*

No effect.

*ix. What is the probable improvement of service or lowering of cost to consumers in the requested area resulting from approval of the proposed sale?*

NA. There are no consumers in the requested area, and no service is being provided to the area by HOE WSC.

*x. What is the effect on the land to be included in the amended certificated area?*

The effect on the land to be served is that it will be provided water and wastewater service by the District, without which it will not be capable of development.

*c. What is the experience of the District as a utility service provider?*

The District is experienced in providing water and wastewater services to residential customers outside the requested area. As of March 2017, it served 210 connections, with more development providing growth every month.



- d. *Does the District have a history of noncompliance with the requirements of the Commission, TCEQ, or the Texas Department of State Health Services, or mismanagement or misuse of revenues as a utility service provider?*

No.

- e. *Have the conditions of any judicial decree, compliance agreement, or other enforcement order not been substantially met?*

NA.

- f. *Has the District failed to comply with any order of the Commission?*

No.

- g. *Does the District have the financial ability to provide the necessary capital investment to ensure the provision of continuous service to customers of the water or sewer system?*

Yes. See answer to 3.b(vi), above.

- h. *Was the water system partially or wholly constructed with customer contributions in aid of construction derived from specific surcharges? If so, has the required disclosure been provided?*

NA. There is no current system.

4. *Does HOE Water Supply currently retain any customer deposits, including any membership fees or other types of retained funds for its members? If so, what is the total amount of those retained funds? Does HOE Water Supply have proper records to allow retained funds and any unpaid interest to be returned? Will retained funds be returned to customers or transferred to the District?*

HOE WSC does not serve the requested area, and has no customers there, and therefore, the District does not expect that HOE WSC has any funds or records relating to service in that area.

5. *Does the water system being purchased have any deficiencies or problems that need correction to be in compliance with the rules of the Commission or the TCEQ? If so, what are those deficiencies or problems?*

NA. No water system is being purchased because there is no such system.

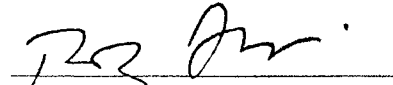
6. *If the District is not seeking the sale, transfer, or merger of the entire CCN service area, for what portion of the service area is the District seeking the sale, transfer, or merger?*

A map of the portion of the HOE WSC service area that is sought to be approved for transfer to the District is shown on the map, along with a map showing the location of the requested area within the HOE WSC CCN area, attached hereto as Exhibit C.

**Additional Information.** During the pendency of this matter, the District has proceeded with the design and approval of the water system to serve the requested area. Attached hereto as Exhibit D are copies of the approvals for such plans, provided by R.G. Miller, the District's engineer. Please note that the approvals are by the City of Houston, which has been delegated plan approval authority by the TCEQ (such delegation is documented as part of Exhibit D).

DATED: May 2, 2017.

Respectfully submitted,



Timothy Austin

State Bar No. 01441500

Allen Boone Humphries Robinson LLP

3200 Southwest Freeway, Suite 2600

Houston, Texas 77027

(713) 860-6412

(713) 860-6612 (facsimile)

SOAH DOCKET NO. 473-17-0249.WS

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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on May 2, 2017, in accordance with 16 TAC §22.74.



Timothy Austin

A

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**NOVEMBER 30, 2016**

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**NOVEMBER 30, 2016**

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# **McCALL GIBSON SWEDLUND BARFOOT PLLC**

*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708  
E-Mail [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

9600 Great Hills Trail  
Suite 150W  
Austin, Texas 78759  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Harris County Municipal  
Utility District No. 480  
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 480 (the "District"), as of and for the year ended November 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Member of*  
*American Institute of Certified Public Accountants*  
*Texas Society of Certified Public Accountants*

Board of Directors  
Harris County Municipal  
Utility District No. 480

### Opinions

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 November 30, 2016, 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.

### Other Matters

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 any 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

February 22, 2017

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED NOVEMBER 30, 2016**

Management's discussion and analysis of Harris County Municipal Utility District No. 480's (the "District") financial performance provides an overview of the District's financial activities for the year ended November 30, 2016. 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 portion of these statements provides 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 first of the government-wide statements is the Statement of Net Position. The Statement of Net Position is the District-wide statement of its financial position presenting information that includes all of the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors

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

**FUND FINANCIAL STATEMENTS**

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED NOVEMBER 30, 2016**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets by \$1,076,176 as of November 30, 2016. A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities, distribution lines and collection lines less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in the Statement of Net Position:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2016**

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

	Summary of Changes in the Statement of Net Position		
	2016	2015	Change Positive (Negative)
Current and Other Assets	\$ 1,887,030	\$ 1,122,323	\$ 764,707
Capital Assets (Net of Accumulated Depreciation)	5,150,764	4,373,361	777,403
Total Assets	\$ 7,037,794	\$ 5,495,684	\$ 1,542,110
Due to Developer	\$ 2,897,791	\$ 5,224,515	\$ 2,326,724
Bonds Payable	4,171,481		(4,171,481)
Other Liabilities	189,441	147,702	(41,739)
Total Liabilities	\$ 7,258,713	\$ 5,372,217	\$ (1,886,496)
Deferred Inflows of Resources	\$ 855,257	\$ 615,724	\$ (239,533)
Net Position:			
Net Investment in Capital Assets	\$ (1,728,089)	\$ (619,901)	\$ (1,108,188)
Restricted	147,601		147,601
Unrestricted	504,312	127,644	376,668
Total Net Position	\$ (1,076,176)	\$ (492,257)	\$ (583,919)

The following table provides a summary of the District's operations for the years ended November 30, 2016, and November 30, 2015.

	Summary of Changes in the Statement of Activities		
	2016	2015	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 747,318	\$ 528,024	\$ 219,294
Charges for Services	304,158	280,639	23,519
Other Revenues	6,192	5,032	1,160
Total Revenues	\$ 1,057,668	\$ 813,695	\$ 243,973
Expenses for Services	1,641,587	668,988	(972,599)
Change in Net Position	\$ (583,919)	\$ 144,707	\$ (728,626)
Net Position, Beginning of Year	(492,257)	(636,964)	144,707
Net Position, End of Year	\$ (1,076,176)	\$ (492,257)	\$ (583,919)

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED NOVEMBER 30, 2016**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND**

The District's combined fund balances as of November 30, 2016 were \$844,417, an increase of \$542,626 from the prior year

The General Fund fund balance increased by \$200,200, primarily due to property tax and service revenues exceeding operating costs.

The Debt Service Fund fund balance increased by \$152,007, primarily due to the structure of the District's debt service requirements and proceeds from the sale of bonds.

The Capital Projects Fund fund balance increased by \$190,419, primarily due to proceeds received from the sale of the Series 2016 bonds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The board of directors did not amend the budget during the current fiscal year. Actual revenues were \$86,686 more than budgeted revenues primarily due to higher than anticipated property tax collections. Actual expenditures were \$181,977 more than budgeted expenditures primarily due to higher than anticipated lease costs.

**CAPITAL ASSETS**

Capital assets as of November 30, 2016, total \$5,150,764 (net of accumulated depreciation) and include land as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2016	2015	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,145,908	\$ 1,145,908	\$
Capital Assets, Net of Accumulated Depreciation:			
Water System	266,892	252,600	14,292
Wastewater System	1,333,357	948,530	384,827
Drainage System	2,404,607	2,026,323	378,284
Total Net Capital Assets	<u>\$ 5,150,764</u>	<u>\$ 4,373,361</u>	<u>\$ 777,403</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED NOVEMBER 30, 2016**

**LONG-TERM DEBT ACTIVITY**

As of November 30, 2016, the District had total bond debt payable of \$4,300,000. The changes in the debt position of the District during the fiscal year ended November 30, 2016, are summarized as follows:

Bond Debt Payable, December 1, 2015	\$ - 0 -
Add: Bond Sale - Series 2016	<u>4,300,000</u>
Bond Debt Payable, November 30, 2016	<u>\$ 4,300,000</u>

As of November 30, 2016, no application has been made to a rating service.

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 480, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**NOVEMBER 30, 2016**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 563,908	\$ 209,825
Receivables:		
Property Taxes	592,635	243,070
Penalty and Interest on Delinquent Taxes		
Service Accounts	19,773	
Due from Other Funds	41,488	
Prepaid Costs	24,241	
Land		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<u>\$ 1,242,045</u>	<u>\$ 452,895</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 82,921	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		41,488
Security Deposits	48,005	
Accrued Interest at Time of Sale		9,950
Long Term Liabilities:		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<u>\$ 131,926</u>	<u>\$ 51,438</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	<u>\$ 608,128</u>	<u>\$ 249,450</u>
<b>FUND BALANCES/NET POSITION</b>		
<b>FUND BALANCES</b>		
Nonspendable: Prepaid Costs	\$ 24,241	\$
Restricted for Authorized Construction		
Restricted for Debt Service		152,007
Unassigned	477,750	
<b>TOTAL FUND BALANCES</b>	<u>\$ 501,991</u>	<u>\$ 152,007</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 1,242,045</u>	<u>\$ 452,895</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 232,921	\$ 1,006,654	\$	\$ 1,006,654
	835,705		835,705
		657	657
	19,773		19,773
	41,488	(41,488)	
	24,241		24,241
		1,145,908	1,145,908
		4,004,856	4,004,856
<u>\$ 232,921</u>	<u>\$ 1,927,861</u>	<u>\$ 5,109,933</u>	<u>\$ 7,037,794</u>
\$ 42,502	\$ 126,423	\$	\$ 126,423
		15,013	15,013
		2,897,791	2,897,791
	41,488	(41,488)	
	48,005		48,005
	9,950	(9,950)	
		4,171,481	4,171,481
<u>\$ 42,502</u>	<u>\$ 225,866</u>	<u>\$ 7,032,847</u>	<u>\$ 7,258,713</u>
<u>\$ -0-</u>	<u>\$ 857,578</u>	<u>\$ (2,321)</u>	<u>\$ 855,257</u>
\$	\$ 24,241	\$ (24,241)	\$
190,419	190,419	(190,419)	
	152,007	(152,007)	
	477,750	(477,750)	
<u>\$ 190,419</u>	<u>\$ 844,417</u>	<u>\$ (844,417)</u>	<u>\$ - 0 -</u>
<u>\$ 232,921</u>	<u>\$ 1,927,861</u>		
		\$ (1,728,089)	\$ (1,728,089)
		147,601	147,601
		504,312	504,312
		<u>\$ (1,076,176)</u>	<u>\$ (1,076,176)</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**NOVEMBER 30, 2016**

Total Fund Balances - Governmental Funds	\$	844,417
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds		5,150,764
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Deferred tax revenues and penalty and interest receivable on delinquent taxes for the 2015 and prior tax levies became part of recognized revenue in the governmental activities of the District.		2,978
---	--	-------

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	\$ (2,897,791)	
Accrued Interest Payable	(5,063)	
Bonds Payable	(4,171,481)	(7,074,335)

Total Net Position - Governmental Activities	\$	<u>(1,076,176)</u>
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The accompanying notes to the financial  
statements are an integral part of this report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED NOVEMBER 30, 2016**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 791,535	\$
Water Service	98,176	
Wastewater Service	77,507	
Regional Water Authority Fees	61,215	
Penalty and Interest	3,761	51,630
Tap Connection and Inspection Fees	21,780	
Miscellaneous Revenues	6,062	48
<b>TOTAL REVENUES</b>	<b>\$ 1,060,036</b>	<b>\$ 51,678</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations		
Professional Fees	\$ 119,455	\$ 24,203
Contracted Services	78,987	11,413
Utilities	26,362	
Regional Water Authority Assessments	58,644	
Repairs and Maintenance	148,309	
Operating Leases	357,878	
Depreciation		
Other	70,201	1,823
Capital Outlay		
Debt Service		
Bond Interest		
Bond and BAN Issuance Costs		
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 859,836</b>	<b>\$ 37,439</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	<b>\$ 200,200</b>	<b>\$ 14,239</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds From Issuance of Long-Term Debt	\$	\$ 137,768
Bond Discount		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ -0-</b>	<b>\$ 137,768</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 200,200</b>	<b>\$ 152,007</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - DECEMBER 1, 2015</b>	<b>301,791</b>	
<b>FUND BALANCES/NET POSITION - NOVEMBER 30, 2016</b>	<b>\$ 501,991</b>	<b>\$ 152,007</b>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 791,535	\$ (44,217)	\$ 747,318
	98,176		98,176
	77,507		77,507
	61,215		61,215
	55,391	(9,911)	45,480
	21,780		21,780
82	6,192		6,192
<u>\$ 82</u>	<u>\$ 1,111,796</u>	<u>\$ (54,128)</u>	<u>\$ 1,057,668</u>
\$ 123	\$ 143,781	\$	\$ 143,781
	90,400		90,400
	26,362		26,362
	58,644		58,644
	148,309		148,309
	357,878		357,878
		258,804	258,804
5,958	77,982		77,982
3,362,931	3,362,931	(3,362,931)	
		5,544	5,544
473,883	473,883		473,883
<u>\$ 3,842,895</u>	<u>\$ 4,740,170</u>	<u>\$ (3,098,583)</u>	<u>\$ 1,641,587</u>
<u>\$ (3,842,813)</u>	<u>\$ (3,628,374)</u>	<u>\$ 3,044,455</u>	<u>\$ (583,919)</u>
\$ 4,162,232	\$ 4,300,000	\$ (4,300,000)	\$
(129,000)	(129,000)	129,000	
<u>\$ 4,033,232</u>	<u>\$ 4,171,000</u>	<u>\$ (4,171,000)</u>	<u>\$ -0-</u>
\$ 190,419	\$ 542,626	\$ (542,626)	\$
		(583,919)	(583,919)
	301,791	(794,048)	(492,257)
<u>\$ 190,419</u>	<u>\$ 844,417</u>	<u>\$ (1,920,593)</u>	<u>\$ (1,076,176)</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED NOVEMBER 30, 2016**

Net Change in Fund Balances - Governmental Funds	\$ 542,626
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.	(44,217)
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.	(9,911)
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.	(258,804)
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	3,362,931
Governmental funds report bond discounts as other financing uses in the year paid. However, in the Statement of Net Position, bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	129,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(5,544)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position	(4,300,000)
Change in Net Position - Governmental Activities	<u>\$ (583,919)</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016**

**NOTE 1. CREATION OF DISTRICT**

Harris County Municipal Utility District No. 480 (the "District") was created effective January 30, 2007, by an Order of the Texas Commission on Environmental Quality, (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The Board of Directors held its first meeting on February 28, 2007.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting.

GASB Codification 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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016**

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

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. 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.

Fund Financial Statements

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016**

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

Fund Financial Statements (Continued)

The District has three governmental funds and considers these funds to be major funds.

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

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include the 2015 tax levy collections during the period October 1, 2015, to November 30, 2016, and taxes collected from December 1, 2015, to November 30, 2016, for the 2014 and prior tax levies. The 2016 tax levy has been fully deferred.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of November 30, 2016, the Debt Service Fund owed the General Fund \$41,488 for maintenance tax collections.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016**

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

Capital Assets

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

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

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

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pensions

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016**

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

Measurement Focus (Continued)

All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

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

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

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

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

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

*Unassigned:* all other spendable amounts in the General Fund.

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

Accounting Estimates

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016**

**NOTE 3. LONG-TERM DEBT**

	<u>Series 2016</u>
Amount Outstanding – November 30, 2016	\$ 4,300,000
Interest Rates	2.00% - 3.625%
Maturity Dates – Serially Beginning/Ending	April 1, 2019/2042
Interest Payment Dates	April 1/October 1
Callable Dates	April 21, 2021*

\* Or on any date thereafter, in whole or in part, at the option of the District, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2016 term bonds maturing on April 1, 2028, 2032, 2035, 2038 and 2042 are subject to mandatory redemption beginning April 1, 2027, 2031, 2033, 2036 and 2039, respectively.

The following is a summary of transactions regarding bonds payable for the year ended November 30, 2016:

	<u>December 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>November 30, 2016</u>
Bonds Payable	\$	\$ 4,300,000	\$	\$ 4,300,000
Unamortized Discount		(129,000)	(481)	(128,519)
Bonds Payable, Net	<u>\$ -0-</u>	<u>\$ 4,171,000</u>	<u>\$ (481)</u>	<u>\$ 4,171,481</u>
		Amount Due Within One Year		\$ -0-
		Amount Due After One Year		4,171,481
		Bonds Payable, Net		<u>\$ 4,171,481</u>

As of November 30, 2016, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	\$ 127,819	\$ 127,819
2018		137,769	137,769
2019	100,000	136,769	236,769
2020	100,000	134,719	234,719
2021	100,000	132,569	232,569
2022-2026	650,000	618,775	1,268,775
2027-2031	825,000	513,240	1,338,240
2032-2036	1,000,000	362,985	1,362,985
2037-2041	1,225,000	169,359	1,394,359
2042	300,000	5,437	305,437
	<u>\$ 4,300,000</u>	<u>\$ 2,339,441</u>	<u>\$ 6,639,441</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016**

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

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. As of November 30, 2016, the District had authorized but unissued bonds in the amount of \$36,800,000 for utility facilities and \$5,000,000 for recreational facilities.

During the year ended November 30, 2016, the District levied an ad valorem debt service tax at the rate of \$0.42 per \$100 of assessed valuation, which resulted in a tax levy of \$249,450 on the adjusted taxable valuation of \$59,392,863 for the 2016 tax year. The bond order requires 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's tax calendar is as follows:

Levy Date	- October 1 or as soon thereafter as practicable.
Lien Date	- January 1
Due Date	- Not later than January 31
Delinquent Date	- February 1, at which time the taxpayer is liable for penalty and interest.

**NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148 (f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each 5<sup>th</sup>-year anniversary of each issue.

The bond resolution states that the District is required to annually 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 within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016**

**NOTE 4.      SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**  
(Continued)

Series 2016 bond proceeds totaling \$137,768 was deposited into the Debt Service Fund and restricted for the payment of 24 months of bond interest

**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 \$1,006,654 and the bank balance was \$1,008,153. The District was not exposed to custodial credit risk at year-end.

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. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016**

**NOTE 5. DEPOSITS AND INVESTMENTS**

Investments (Continued)

instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligation 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, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain 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. As of November 30, 2016, the District had no investments.

Restrictions

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

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended November 30, 2016:

	December 1, 2015	Increases	Decreases	November 30, 2016
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 1,145,908	\$ - 0 -	\$ - 0 -	\$ 1,145,908
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 295,567	\$ 26,546	\$	\$ 322,113
Wastewater System	1,146,113	455,913		1,602,026
Drainage System	2,405,674	553,748		2,959,422
<b>Total Capital Assets Subject to Depreciation</b>	\$ 3,847,354	\$ 1,036,207	\$ - 0 -	\$ 4,883,561
<b>Less Accumulated Depreciation</b>				
Water System	\$ 42,967	\$ 12,254	\$	\$ 55,221
Wastewater System	197,583	71,086		268,669
Drainage System	379,351	175,464		554,815
<b>Total Accumulated Depreciation</b>	\$ 619,901	\$ 258,804	\$ - 0 -	\$ 878,705
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	\$ 3,227,453	\$ 777,403	\$ - 0 -	\$ 4,004,856
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	\$ 4,373,361	\$ 777,403	\$ - 0 -	\$ 5,150,764

## **HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**

### **NOTES TO THE FINANCIAL STATEMENTS**

**NOVEMBER 30, 2016**

#### **NOTE 7. MAINTENANCE TAX**

On May 12, 2007, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's water and wastewater system. During the year ended November 30, 2016, the District levied an ad valorem maintenance tax of \$1.02 per \$100 of assessed valuation, which resulted in a tax levy of \$605,807 on the adjusted taxable valuation of \$59,392,863 for the 2016 tax year.

#### **NOTE 8. UNREIMBURSED COSTS**

The District has entered into certain financing and reimbursement agreements with Developers within the District which provide for the Developers to make payments on behalf of the District for various projects and operating advances. The District has an obligation to reimburse the Developers for these costs from future bond issues to the extent approved by the Commission. The District has recorded a liability to the Developers of \$2,897,791 for completed projects as of November 30, 2016. The actual amounts owed, including developer interest, will be calculated at the time debt is issued to reimburse the Developers.

#### **NOTE 9. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide general liability, automobile, and errors and omissions coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise, they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

#### **NOTE 10. OPERATING LEASES**

##### Interim Wastewater Treatment Plant

The District leases an interim wastewater treatment plant from AUC Group, L.P. The monthly lease payments are \$4,800. On July 22, 2015, the District signed an agreement to expand the interim wastewater treatment plant to 240,000 gallons-per-day and increase the monthly lease payments by \$5,300. Current year lease payments totaled \$207,500, which included lease costs incurred in prior years on which payment had been deferred of \$102,200. The District also maintained a prepaid lease balance of \$10,600.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016**

**NOTE 10. OPERATING LEASES (Continued)**

Water Well and Water Treatment Plant

The District leases a potable water well and water treatment plant from Buswell & Sons, LLC. The monthly lease payments are \$12,532. Current year lease payments totaled \$150,378 with a prepaid balance of \$12,464.

**NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY**

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the "Act"), as passed by the 75<sup>th</sup> Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority currently charges a fee of \$2.40 per 1,000 gallons of water pumped from each well. The District made payments of \$58,644 to the Authority during the current fiscal year.

**NOTE 12. EMERGENCY WATER SUPPLY AGREEMENT**

On April 1, 2014, the District entered into an Emergency Water Supply Agreement (Agreement) with Dowdell Public Utility District (Dowdell). Each party will fund one-half of the design and construction of the interconnect facilities with Dowdell's share not to exceed \$25,000. Costs to maintain the point of connection facilities will be borne equally by both districts, with the costs to be billed by the District to Dowdell. The cost of water will be equal to the base rate per 1,000 gallons charged by the supplying district for single family residential users within its district at 5,000 gallons usage during a month, plus any pumpage fee, unless the fee is already included in the rate. The term of the agreement is 20 years, with automatic successive five-year renewals.

**NOTE 13. AGREEMENTS FOR WATER AND WASTEWATER SERVICE**

On September 24, 2014, the District entered into an agreement with Aqua Texas, Inc. (Aqua) for the provision of water services. Water supplied will be billed to the District at the volumetric rate established for wholesale water users as provided in the applicable tariff approved by the State agency with jurisdiction, currently \$5.01 per 1,000 gallons of water. The agreement expires May 1, 2054.

On September 24, 2014, the District entered into an agreement with Aqua Texas, Inc. (Aqua) for the provision of wastewater services. Wastewater treatment will be billed to the District based on the number of active single family connections for the preceding month at the rate established for retail residential wastewater users as provided in the applicable tariff approved by the State agency with jurisdiction, currently \$63.80 per single family equivalent connection. The agreement expires May 1, 2054.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2016**

**NOTE 14. BOND ANTICIPATION NOTE AND BOND SALE**

On February 9, 2016, the District sold its \$2,300,000 Bond Anticipation Note (BAN) to reimburse a Developer for Pine Trace Village Sections 1 and 2 water, sewer and drainage facilities and related clearing and grubbing; Pine Trace Village detention phase 1; Pine Trace Village lift station no. 1; and operating advances.

On October 27, 2016, the District closed on the sale of its Series 2016 Unlimited Tax Bonds in the amount of \$4,300,000. A portion of the proceeds were used to finance the following: (1) retiring the bond anticipation note; (2) developer interest and engineering expenses; (3) capitalized interest on the bonds; and (4) costs related to the issuance of the bonds.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**

**REQUIRED SUPPLEMENTARY INFORMATION**

**NOVEMBER 30, 2016**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED NOVEMBER 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 684,000	\$ 791,535	\$ 107,535
Water Service	125,000	98,176	(26,824)
Wastewater Service	72,000	77,507	5,507
Regional Water Authority Fees	52,000	61,215	9,215
Penalty and Interest	3,500	3,761	261
Tap Connection and Inspection Fees	36,300	21,780	(14,520)
Miscellaneous Revenues	550	6,062	5,512
<b>TOTAL REVENUES</b>	<u>\$ 973,350</u>	<u>\$ 1,060,036</u>	<u>\$ 86,686</u>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 122,750	\$ 119,455	\$ 3,295
Contracted Services	77,000	78,987	(1,987)
Utilities	20,000	26,362	(6,362)
Regional Water Authority Assessment	52,000	58,644	(6,644)
Repairs and Maintenance	130,000	148,309	(18,309)
Operating Leases	207,984	357,878	(149,894)
Other	68,125	70,201	(2,076)
<b>TOTAL EXPENDITURES</b>	<u>\$ 677,859</u>	<u>\$ 859,836</u>	<u>\$ (181,977)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 295,491</u>	<u>\$ 200,200</u>	<u>\$ (95,291)</u>
<b>FUND BALANCE - DECEMBER 1, 2015</b>	<u>301,791</u>	<u>301,791</u>	
<b>FUND BALANCE - NOVEMBER 30, 2016</b>	<u>\$ 597,282</u>	<u>\$ 501,991</u>	<u>\$ (95,291)</u>

See accompanying independent auditor's report

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**NOVEMBER 30, 2016**

FOR THE YEAR ENDED NOVEMBER 30, 2016

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

<u>  X  </u>	Retail Water	_____	Wholesale Water	<u>  X  </u>	Drainage
<u>  X  </u>	Retail Wastewater	_____	Wholesale Wastewater	_____	Irrigation
_____	Parks/Recreation	_____	Fire Protection	_____	Security
<u>  X  </u>	Solid Waste/Garbage	_____	Flood Control	_____	Roads
_____	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):

Based on the rate order approved November 19, 2014

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 24.19	8,000	N	\$ 1.50	8,001 to 15,000
				\$ 2.00	15,001 to 20,000
				\$ 2.50	20,001 to 30,000
				\$ 3.50	30,001 and up

WASTEWATER: \$ 24.34 Y

SURCHARGE:

Commission	0.5% of actual
Regulatory Assessments	water and sewer bill
Regional Water Authority Fee	\$2.64 per 1,000 gallons

District employs winter averaging for wastewater usage?

	X
Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$27.19 Wastewater: \$24.34 Surcharge: \$26.66

See accompanying independent auditor's report

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED NOVEMBER 30, 2016**

**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>278</u>	<u>278</u>	x 1.0	<u>278</u>
1"	<u>2</u>	<u>2</u>	x 2.5	<u>5</u>
1½"			x 5.0	
2"	<u>5</u>	<u>4</u>	x 8.0	<u>32</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>285</u>	<u>284</u>		<u>315</u>
Total Wastewater Connections	<u>277</u>	<u>276</u>	x 1.0	<u>276</u>

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

Gallons pumped into the system:	25,076,000	Water Accountability Ratio: 96.5%
		(Gallons billed/Gallons pumped)
Gallons billed to customers:	24,201,000	

See accompanying independent auditor's report

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED NOVEMBER 30, 2016**

**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.

Harris County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which the District is located

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

## GENERAL FUND EXPENDITURES FOR THE YEAR ENDED NOVEMBER 30, 2016

PROFESSIONAL FEES:	
Auditing	\$ 9,500
Engineering	23,776
Legal	<u>86,179</u>
TOTAL PROFESSIONAL FEES	<u>\$ 119,455</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 11,050
Operations and Billing	<u>18,137</u>
TOTAL CONTRACTED SERVICES	<u>\$ 29,187</u>
UTILITIES:	
Electricity	<u>\$ 26,362</u>
REPAIRS AND MAINTENANCE	<u>\$ 148,309</u>
ADMINISTRATIVE EXPENDITURES	
Director Fees	\$ 6,000
Dues	580
Insurance	4,749
Office Supplies and Postage	9,575
Payroll Taxes and Administration	506
Travel and Meetings	2,125
Other	<u>1,920</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 25,455</u>
TAP CONNECTIONS	<u>\$ 9,000</u>
SOLID WASTE DISPOSAL	<u>\$ 49,800</u>
OTHER EXPENDITURES:	
Chemicals	\$ 4,747
Laboratory Fees	10,659
Permit Fees	4,633
Reconnection Fees	2,789
Inspection Fees	4,340
Regulatory Assessment	767
Regional Water Authority Assessments	58,644
Sludge Hauling	7,811
Operating Leases	<u>357,878</u>
TOTAL OTHER EXPENDITURES	<u>\$ 452,268</u>
TOTAL EXPENDITURES	<u>\$ 859,836</u>

See accompanying independent auditor's report

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED NOVEMBER 30, 2016**

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
DECEMBER 1, 2015	\$ 655,022		\$ -0-	
Adjustments to Beginning				
Balance	<u>131,594</u>	\$ 786,616	<u>          </u>	\$ -0-
Original 2016 Tax Levy	\$ 579,054		\$ 238,434	
Adjustment to 2016 Tax Levy	<u>26,753</u>	<u>605,807</u>	<u>11,016</u>	<u>249,450</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,392,423		\$ 249,450
TAX COLLECTIONS:				
Prior Years	\$ 784,295		\$	
Current Year	<u>15,493</u>	<u>799,788</u>	<u>6,380</u>	<u>6,380</u>
TAXES RECEIVABLE -				
NOVEMBER 30, 2016		<u>\$ 592,635</u>		<u>\$ 243,070</u>
TAXES RECEIVABLE BY				
YEAR				
2016		\$ 590,314		\$ 243,070
2015		1,932		
2014		48		
2013		40		
2012		<u>301</u>		<u>          </u>
TOTAL		<u>\$ 592,635</u>		<u>\$ 243,070</u>

See accompanying independent auditor's report



# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

## TAXES LEVIED AND RECEIVABLE FOR THE YEAR ENDED NOVEMBER 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
PROPERTY VALUATIONS:				
Land	\$ 17,483,661	\$ 11,705,673	\$ 11,157,324	\$ 8,762,905
Improvements	42,473,604	29,715,506	21,915,465	10,718,744
Personal Property	532,191	368,123	342,963	338,202
Exemptions	<u>(1,096,593)</u>	<u>(186,303)</u>	<u>(220,010)</u>	<u>(1,717,837)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 59,392,863</u>	<u>\$ 41,602,999</u>	<u>\$ 33,195,742</u>	<u>\$ 18,102,014</u>
TAX RATES PER \$100 VALUATION				
Debt Service	\$ 0.42	\$ 0.00	\$ 0.00	\$ 0.00
Maintenance	<u>1.02</u>	<u>1.48</u>	<u>1.48</u>	<u>1.48</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.44</u>	<u>\$ 1.48</u>	<u>\$ 1.48</u>	<u>\$ 1.48</u>
ADJUSTED TAX LEVY*	<u>\$ 855,257</u>	<u>\$ 615,724</u>	<u>\$ 491,298</u>	<u>\$ 267,910</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>2.56 %</u>	<u>99.69 %</u>	<u>99.99 %</u>	<u>99.99 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on May 12, 2007.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**NOVEMBER 30, 2016**

S E R I E S - 2 0 1 6			
Due During Fiscal Years Ending November 30	Principal Due April 1	Interest Due April 1/ October 1	Total
2017	\$	\$ 127,819	\$ 127,819
2018		137,769	137,769
2019	100,000	136,769	236,769
2020	100,000	134,719	234,719
2021	100,000	132,569	232,569
2022	125,000	130,031	255,031
2023	125,000	127,094	252,094
2024	125,000	124,000	249,000
2025	125,000	120,719	245,719
2026	150,000	116,931	266,931
2027	150,000	112,581	262,581
2028	150,000	108,081	258,081
2029	175,000	103,119	278,119
2030	175,000	97,606	272,606
2031	175,000	91,853	266,853
2032	175,000	85,947	260,947
2033	200,000	79,594	279,594
2034	200,000	72,794	272,794
2035	200,000	65,994	265,994
2036	225,000	58,656	283,656
2037	225,000	50,781	275,781
2038	225,000	42,906	267,906
2039	250,000	34,438	284,438
2040	250,000	25,375	275,375
2041	275,000	15,859	290,859
2042	300,000	5,437	305,437
	<u>\$ 4,300,000</u>	<u>\$ 2,339,441</u>	<u>\$ 6,639,441</u>

See accompanying independent auditor's report

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**CHANGE IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED NOVEMBER 30, 2016**

Description	Original Bonds Issued	Bonds Outstanding December 1, 2015
Harris County Municipal Utility District No. 480 Unlimited Tax Bonds - Series 2016	\$ 4,300,000	\$ - 0 -

Bond Authority	Tax Bonds	Park Bonds
Amount Authorized by Voters	\$ 41,100,000	\$ 5,000,000
Amount Issued	4,300,000	
Remaining to be Issued	\$ 36,800,000	\$ 5,000,000

Debt Service Fund cash and investment balances as of November 30, 2016: \$ 209,825

Average annual debt service payment (principal and interest) for remaining term  
of all debt: \$ 255,363

See Note 3 for interest rates, 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 November 30, 2016</u>	
	<u>Principal</u>	<u>Interest</u>		
<u>\$ 4,300,000</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 4,300,000</u>	Amegy Bank, a division of ZB, N.A. Houston, TX

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2016	2015	2014
<b>REVENUES</b>			
Property Taxes	\$ 791,535	\$ 491,184	\$ 331,055
Water Service	98,176	93,875	71,928
Wastewater Service	77,507	73,570	56,930
Regional Water Authority Fees	61,215	46,688	35,333
Penalty and Interest	3,761	14,771	13,019
Tap Connection and Inspection Fees	21,780	43,727	50,480
Miscellaneous Revenues	<u>6,062</u>	<u>5,032</u>	<u>4,210</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,060,036</u>	<u>\$ 768,847</u>	<u>\$ 562,955</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 119,455	\$ 84,604	\$ 120,340
Contracted Services	78,987	70,058	58,902
Utilities	26,362	17,302	18,301
Regional Water Authority Assessments	58,644	46,998	36,522
Repairs and Maintenance	148,309	116,907	95,089
Operating Leases	357,878	170,384	57,600
Other	<u>70,201</u>	<u>74,850</u>	<u>74,325</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 859,836</u>	<u>\$ 581,103</u>	<u>\$ 461,079</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 200,200	\$ 187,744	\$ 101,876
<b>BEGINNING FUND BALANCE</b>	<u>301,791</u>	<u>114,047</u>	<u>12,171</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 501,991</u></u>	<u><u>\$ 301,791</u></u>	<u><u>\$ 114,047</u></u>

See accompanying independent auditor's report

		Percentage of Total Revenues				
2013	2012	2016	2015	2014	2013	2012
\$ 181,991	\$ 225,653	74.5 %	63.8 %	58.8 %	46.2 %	61.1 %
59,442	29,379	9.3	12.2	12.8	15.1	8.0
40,441	24,481	7.3	9.6	10.1	10.3	6.6
24,727	17,134	5.8	6.1	6.3	6.3	4.6
7,713	30,913	0.4	1.9	2.3	2.0	8.4
75,600	40,075	2.1	5.7	9.0	19.2	10.9
3,717	1,304	0.6	0.7	0.7	0.9	0.4
<u>\$ 393,631</u>	<u>\$ 368,939</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 87,318	\$ 56,883	11.3 %	11.0 %	21.4 %	22.2 %	15.4 %
39,058	22,977	7.5	9.1	10.5	9.9	6.2
15,457	16,807	2.5	2.3	3.3	3.9	4.6
22,286	19,156	5.5	6.1	6.5	5.7	5.2
46,494	78,795	14.0	15.2	16.9	11.8	21.4
101,339	101,339	33.8	22.2	10.2	25.7	27.5
<u>53,552</u>	<u>39,072</u>	<u>6.6</u>	<u>9.7</u>	<u>13.2</u>	<u>13.6</u>	<u>10.6</u>
<u>\$ 365,504</u>	<u>\$ 335,029</u>	<u>81.2 %</u>	<u>75.6 %</u>	<u>82.0 %</u>	<u>92.8 %</u>	<u>90.9 %</u>
\$ 28,127	\$ 33,910	<u>18.8 %</u>	<u>24.4 %</u>	<u>18.0 %</u>	<u>7.2 %</u>	<u>9.1 %</u>
<u>(15,956)</u>	<u>(49,866)</u>					
<u>\$ 12,171</u>	<u>\$ (15,956)</u>					

See accompanying independent auditor's report

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2016	2015	2014
<b>REVENUES</b>			
Penalty and Interest	\$ 51,630	\$	\$
Miscellaneous Revenues	<u>48</u>		
<b>TOTAL REVENUES</b>	<u>\$ 51,678</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	<u>\$ 37,439</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 14,239</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds From Issuance of Long-Term Debt	<u>\$ 137,768</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 152,007</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>BEGINNING FUND BALANCE</b>			
<b>ENDING FUND BALANCE</b>	<u><u>\$ 152,007</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>284</u>	<u>257</u>	<u>225</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>276</u>	<u>249</u>	<u>224</u>

See accompanying independent auditor's report

		Percentage of Total Revenues							
2013	2012	2016	2015	2014	2013	2012			
\$	\$	99.9 %	%	%	%	%	%		
		0.1							
\$ - 0 -	\$ - 0 -	100.0 %	N/A %	N/A %	N/A %	N/A %	N/A %		
\$ - 0 -	\$ - 0 -	72.4 %	N/A %	N/A %	N/A %	N/A %	N/A %		
\$ - 0 -	\$ - 0 -	27.6 %	N/A %	N/A %	N/A %	N/A %	N/A %		
\$ - 0 -	\$ - 0 -								
\$ - 0 -	\$ - 0 -								
\$ - 0 -	\$ - 0 -								
\$ - 0 -	\$ - 0 -								
177	102								
171	61								

See accompanying independent auditor's report.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**NOVEMBER 30, 2016**

District Mailing Address - Harris County Municipal Utility District No. 480  
c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, TX 77027

District Telephone Number - (713) 860-6400

<b>Board Members</b>	<b>Term of Office (Elected or Appointed)</b>	<b>Fees of Office for the year ended November 30, 2016</b>	<b>Expense Reimbursements for the year ended November 30, 2016</b>	<b>Title</b>
Josh Hawes	05/14 - 05/18 (Elected)	\$ 1,650	\$ -0-	President
Bill Ehler	05/14 - 05/18 (Elected)	\$ 1,950	\$ 1,137	Vice President
April Konopka	05/16 - 05/20 (Elected)	\$ 1,050	\$ -0-	Assistant Vice President
Gina Laroche	05/16 - 05/20 (Elected)	\$ 1,350	\$ 206	Secretary
Tony Garza	05/14 - 04/16	\$ 450	\$ -0-	Resigned

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

The submission date of the most recent District Registration Form was (TWC Sections 36.054 and 49.054) May 25, 2016.

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) on February 28, 2007. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**NOVEMBER 30, 2016**

Consultants:	Date Hired	Fees for the year ended November 30, 2016		Title
Allen Boone Humphries Robinson LLP	02/28/07	\$ 86,301		General Counsel/
		\$ 147,651		Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	01/29/08	\$ 9,500		Audit Related
		\$ 13,250		Bond Related
Myrtle Cruz, Inc.	04/12/07	\$ 19,121		Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L L P	05/08/08	\$ 24,203		Delinquent Tax Attorney
R.G. Miller Engineers, Inc.	04/12/07	\$ 59,778		Engineer
The GMS Group, LLC	05/23/07	\$ 111,625		Financial Advisor
Mary Jarmon	02/26/14	\$ -0-		Investment Officer
Water District Management	04/12/07	\$ 115,558		Operator
Assessments of the Southwest	04/12/07	\$ 6,937		Tax Assessor/ Collector

See accompanying independent auditor's report

## FINANCING AND REIMBURSEMENT AGREEMENT FOR WATER, SEWER, AND DRAINAGE FACILITIES

This FINANCING AND REIMBURSEMENT AGREEMENT FOR WATER, SEWER, AND DRAINAGE FACILITIES (the "Agreement"), is made and entered into as of the 26th day of June, 2013, by and between HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480 (the "District"), a body politic and corporate and a political subdivision of the State of Texas organized pursuant to Article 16, Section 59, of the Texas Constitution, and BBRR PARTNERS, LTD., a Texas limited partnership (the "Developer").

### RECITALS

The District was created and organized to provide water, wastewater, drainage, and park and recreational facilities for the areas within its boundaries and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended. The District is authorized to issue bonds for the purpose of acquiring and constructing water, wastewater, and drainage facilities, but does not have funds on hand for such purpose at the present time.

The Developer intends to develop its property in the District (the "Property"), for single family residential and commercial purposes. To develop the Property, water, sewer, and drainage facilities must be constructed (the "Facilities"). The District is willing to construct the Facilities, but does not have funds on hand for such purpose at the present time.

Subject to the terms of this Agreement, the Developer is willing to advance funds to the District for the construction of the Facilities. The District is willing to construct the Facilities with funds advanced by the Developer and has determined that it is in the best interest of the District to proceed with the construction of the Facilities immediately.

Subject to the terms of this Agreement, the District agrees to reimburse the Developer in the future for the funds advanced to or on behalf of the District for the design and construction of the Facilities as permitted under the rules of the Texas Commission on Environmental Quality (the "Commission").

### AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits in this Agreement, the District and the Developer agree as follows:

### ARTICLE I CONSTRUCTION

**Section 1.1: The Project.** The "Project" shall be and include the design and construction of the Facilities to serve the Property, whether designed and constructed in phases or at one time. Developer agrees to cooperate with the District's Engineer and to keep the District's Engineer fully advised of its development plans. Developer shall determine the timing of construction of the Project so that the Property may be developed pursuant to the development plans of Developer and shall notify the District and the District's Engineer in writing when the Project needs to proceed. Upon receipt of such notification, design and construction of the Project shall proceed in accordance with Sections 1.2 and 1.3 of this Agreement.

**Section 1.2: Project Costs.** The "Project Costs" include all the costs of design, materials, labor, construction, and inspection; engineering fees and expenses; legal fees and expenses; costs of easements and sites arising in connection with the Project; all payments arising under any contracts entered into as a part of the Project; all costs incurred in connection with obtaining governmental approvals, certificates or permits required as a part of the Project; and all out-of-pocket expenses incurred in connection therewith.

**Section 1.3: Design of the Project.** Facilities to be constructed as part of the Project shall be designed by the District's Engineer and approved by the District and Developer prior to the award of a construction contract. The design of the Project shall be subject to the approval of all governmental entities with jurisdiction, including, without limitation, the City of Houston, Harris County, the Commission, and the Texas Department of Health (where appropriate).

**Section 1.4: Construction and Acquisition of Project.**

(a) The Project shall be constructed, and all easements, rights-of-way, equipment, materials and supplies required in connection therewith shall be acquired, in the name of the District; provided, however, all construction contracts entered into by the District and approved by Developer shall be guaranteed for payment by Developer according to the terms and conditions of a special endorsement in the construction contracts approved by the District's attorney.

(b) The Project shall be installed, the construction contracts shall be awarded, and payment and performance bonds shall be obtained, all in the manner provided by general law for municipal utility districts and in full compliance with the rules and regulations of the Commission and any other local, state or federal agencies having jurisdiction.

(c) The Board of Directors of the District shall review all bids received for the construction of the Project and shall authorize the award of the construction contracts in accordance with state laws related to competitive bidding requirements for municipal utility districts, provided that Developer authorizes such award. If Developer fails to authorize the award of the construction contracts, the District shall reject the bids, and the District and Developer shall jointly determine whether to re-bid the Project or postpone construction.

(d) The District's Engineer shall serve as project engineer for the District on the Project, shall make monthly reports to the Board and Developer on the progress of construction, shall approve all pay estimates and change orders and shall submit the same

to the Board and Developer for approval, shall provide the appropriate level of inspection and observation during the construction of the Project to assure construction in substantial compliance with the approved plans, and shall recommend final acceptance of the Project to the Board when appropriate. No changes to the plans and specifications or change orders to any construction contracts shall be made without approval by the Board of Directors of the District and Developer, which approvals shall not be unreasonably withheld.

(e) The Project shall be constructed in public rights-of-way or utility easements, which easements within the District shall be dedicated by Developer, if required, without reimbursement, unless otherwise allowed by the rules of the Commission.

(f) The Project may be constructed in stages or by sections pursuant to development plans of Developer.

**Section 1.5: Advances by Developer.** Developer hereby agrees to promptly advance sufficient funds to or on behalf of the District to cover the Project Costs as and when needed to make payment as such amounts become due.

## **ARTICLE II**

### **REIMBURSEMENT OF THE DEVELOPER**

**Section 2.1: Reimbursement.** Subject to the conditions set forth in Section 2.2 below, the District agrees to reimburse the Developer, from the proceeds of a District bond issue or issues in the future, for the monies advanced by the Developer pursuant to this Agreement.

**Section 2.2: Conditions to Reimbursement.** The District agrees to make all reasonable efforts to (i) apply to the Commission for approval of the sale of bonds and (ii) sell the bonds for the purpose of reimbursing the Developer for the Project Costs at the earliest feasible date based upon the recommendation of its financial advisor, attorney, and engineer, and subject to the following:

- a) the Commission's approval of the issuance and sale of the bonds;
- b) the Commission's approval of the District's reimbursement to the Developer for amounts advanced pursuant to this Agreement from the proceeds of the District's bonds;
- c) receipt of a bona fide bid for the bonds;
- d) the Texas Attorney General's approval of the bonds;
- e) registration of the bonds by the Comptroller of Public Accounts of the State of Texas; and
- f) approval by the Board of Directors of the reimbursement audit performed in connection with each sale and the District's receipt of a release and receipt of payment (in a form acceptable to the District).

The bonds will be offered on terms and conditions generally accepted in the water district bond market, and the District shall not be obligated to offer the bonds on any terms and conditions in contravention of any laws of the State of Texas, the terms and conditions established by the City of Houston, or the rules of the Commission as the same may exist at the time the bonds are offered for sale.

In the event of multiple developers owed reimbursement by the District, the District will determine the amount and priority of bond reimbursement based on its determination of the relative taxable values created within land developed by the respective developers, including the Developer. The preceding sentence is subject to the rules of the Commission

**Section 2.3: Amount of Reimbursement.** Upon the consummation of the sale of the District's bonds, subject to the terms of Section 2.2 above, the District agrees that it will pay the Developer or its successors for the sums advanced by Developer pursuant to the terms of this Agreement to the maximum extent permitted under the rules of the Commission, including payment of interest on the funds so advanced by the Developer calculated from the date of advancement by the Developer to the time of payment by the District at either the borrowing rate of the Developer or the net effective interest rate of the bonds, whichever is lower, and approved by the Commission.

**Section 2.4: Developer's Obligations.** Developer shall comply with all of the conditions of the City of Houston's ordinance granting consent to the creation of the District and with all requirements of the Commission, as the same now exist or may hereafter exist relating to the development of the Property. Developer further agrees that the reimbursement by the District will be in stages as portions of the Property are developed and as the assessed valuation of the District increases. In connection with the reimbursements to Developer, Developer must provide all information that may be required by the District, its financial advisor, engineer and/or attorney in connection with the preparation of the bond application and the Preliminary Official Statement or other disclosure documents related to the sale of the bonds and must provide sufficient information to the District's auditor in order that the District's auditor may perform a reimbursement audit in accordance with the rules of the Commission following the sale of the bonds.

**Section 2.5: Alternative Source of Funds.** In the event that the District determines that it has surplus funds available from prior bond issues or operating funds which may be used for such purposes, the District may utilize such funds to reimburse Developer for payments made for the Project rather than to issue bonds; provided, however, the District and Developer shall be required to substantially comply with the same terms and conditions of this Article II as if bond funds were to be issued for such purpose.

**ARTICLE III**  
**MISCELLANEOUS**

**Section 3.1: Assignability.** This Agreement shall not be assignable by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld.

**Section 3.2: Waiver of Special Valuation.** Developer will not claim any agricultural or open space use valuation, or any other type of exemption or valuation, for the Property that would reduce the assessed value of the Property (including additional property owned by Developer that is subsequently annexed into the District) below its market value for purposes of ad valorem taxation by the District. A waiver of this special valuation shall be executed and delivered to the District as required by Commission rules. If any such use, exemption or valuation is claimed on the Property (including subsequently annexed property), this Agreement shall automatically terminate and be declared null and void.

**Section 3.3: Notice.** All notices provided or permitted to be given under this Agreement must be in writing and may be served by depositing same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested; by delivering the same in person to such party; by prepaid telegram or telex; or by facsimile copy transmission. Notice given by mail shall be effective upon deposit in the United States mail. Notice given in any other manner shall be effective upon receipt at the address of the addressee. For purposes of notice, the addresses of the parties shall be as follows:

If to the District: Harris County Municipal Utility District No. 480  
c/o Allen Boone Humphries Robinson LLP  
Attn: Tim Austin  
3200 Southwest Freeway  
Suite 2600  
Houston, Texas 77027  
Fax No. 713-860-6612

If to the Developer: BBRR Partners, Ltd.  
c/o John N. Taylor  
317 Lombardia Drive  
Lakeway, Texas 78734

Either party hereto may change its address for notice by giving three days prior written notice to the other party.

**Section 3.4: Waiver.** The failure of a party to insist upon strict performance of any provision of this Agreement shall not constitute a waiver of, or estoppel against asserting, the right to require that performance in the future, nor shall a waiver or estoppel in any one instance constitute a waiver or estoppel with respect to a later breach.

**Section 3.5: Entire Agreement; Modification; Exhibits.** This Agreement is the entire agreement between the District and the Developer concerning the financing of the Facilities and no modification hereof or subsequent agreement relative to the subject matter hereof shall be binding on either party unless reduced to writing and signed by the parties.

**Section 3.6: Severability.** If any terms and conditions of this Agreement are held by any court of competent jurisdiction to contravene, or to be invalid under, the laws of any political body having jurisdiction over its subject matter, that contravention or invalidity shall not invalidate the entire Agreement. Instead, this Agreement shall be construed as if it did not contain the particular provision or provisions held to be invalid, the rights and obligations of the parties shall be construed and enforced accordingly, and this Agreement shall remain in full force and effect, as construed.

**Section 3.7: Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

**Section 3.8: Default.** In the event of default by either party hereto, either party may employ attorneys to pursue its legal rights; and the prevailing party shall be entitled to payment by the other party of all reasonable attorneys' fees incurred by the prevailing party. In the event of default by Developer, the District shall be entitled to assume the outstanding contracts and prosecute construction of the facilities to conclusion. In the event the District exercises this option, the District shall reimburse Developer the amount of the advances, less all additional costs incurred by the District, if any, in prosecuting completion of the facilities due to the default, when it is able, as determined by the District, to issue bonds to finance the particular facilities.

**Section 3.9: Term.** Except as otherwise provided herein, this Agreement shall be in force and effect from the date of execution hereof for a term of forty (40) years or until the transactions contemplated herein are consummated, whichever first occurs.

**Section 3.10: Force Majeure.** If either party is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Agreement, then the obligations of either party to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure", as used herein, shall include, without limitation of the generality thereof, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water necessary for operation of the sewer system, or of the District to receive waste, and any other incapacities of either party, whether similar to those enumerated or otherwise, which are not within the control of either party, which either party could not have avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be

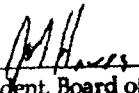


entirely within the discretion of either party, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demand of the opposing party or parties when such settlement is unfavorable to it in the judgment of the affected party.

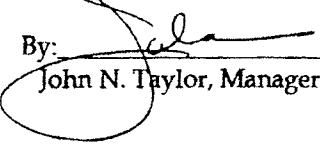
[EXECUTION PAGES FOLLOW]

EXECUTED AND AGREED to as of the date first set forth herein.

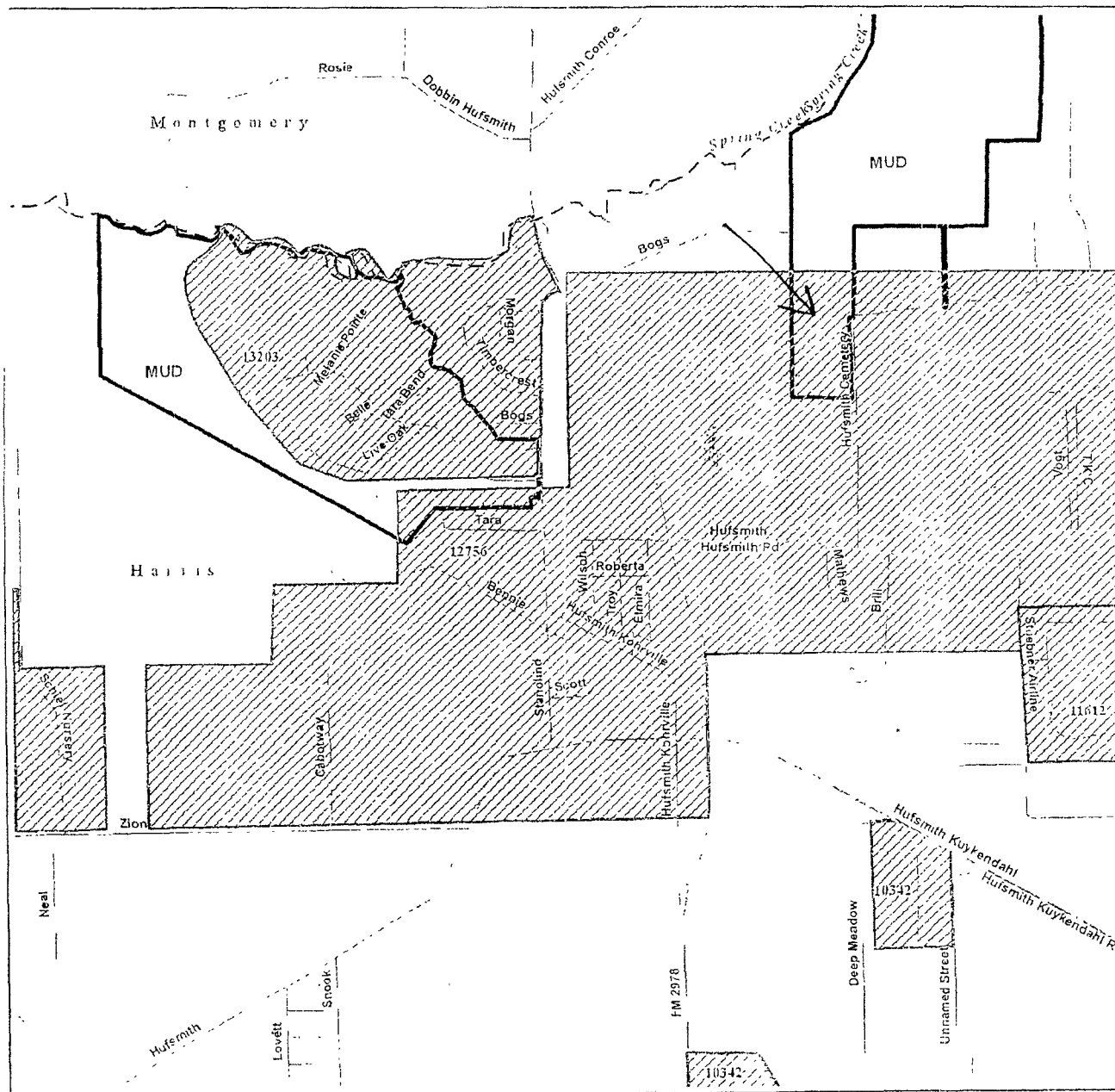
HARRIS COUNTY MUNICIPAL UTILITY  
DISTRICT NO. 480

  
\_\_\_\_\_  
President, Board of Directors

BBRR PARTNERS, LTD.,  
a Texas limited partnership  
By Boggs & Roads LLC,  
a Texas limited liability company,  
and its general partner

By:   
John N. Taylor, Manager

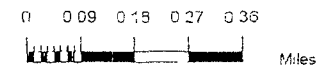




Protecting Texas by  
Reducing and  
Preventing Pollution

Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin, Texas 78711-3087  
For more information  
concerning this map, please contact the  
Water Supply Division at (512) 239-4651.  
08/01/2013

### The Selected Area of Interest



### Legend

- Water CCN Facility Line
- Sewer CCN Facility Line
- Senate - Districts
- House - Districts
- TCEQ Service Region Boundary
- County Boundary
- ▨ Sewer CCN Service Area
- ▨ Water CCN Service Area
- City Boundary
- CCN Overlap Key
- ▨ Sewer-Water CCN Service Area



### Disclaimer

This map was generated by the Integrated Water Utilities Database (IWUD) from the Texas Commission on Environmental Quality. No claims are made to the accuracy or completeness of the data or to its suitability for a particular use.



April 27, 2017

Mr. Tim Austin  
Allen Boone Humphries Robinson, LLP  
3200 Southwest Frwy, Suite 2600  
Houston, TX 77027

RE: Harris County Municipal Utility District No. 480  
Water Improvements for Fairway Farms Section 1  
Public Water System ID No. 1013400

Dear Mr. Austin:

This letter serves as notification that the TCEQ was notified on October 21, 2015 of the proposed water distribution system improvements associated with the above referenced project in accordance with TAC §290.39(j).

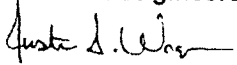
The project is designed in substantial conformance with the requirements of Chapter 290 of the TCEQ Rules, Public Drinking Water. Construction plans have been reviewed and approved by the City of Houston, as evidenced by the attached signature on the construction plan cover sheet. In accordance with the terms of the Memorandum of Understanding dated May 4, 2009 between TCEQ and the City, we understand plan review by the TCEQ will not be required.

In addition, an on-site TCEQ final inspection for the above referenced project was held Friday, April 7, 2017 and no deficiencies were noted

Please do not hesitate to contact us should you have any questions or require further information.

Sincerely,

**R. G. Miller Engineers, Inc.**

  
Justin S. Wagner, P.E.  
Engineers for the District

JSW/aa

Enclosures

cc. Tim Austin – ABHR, LLP.

P 3787.01/C  
L:\3235\_HCMUD\_480\Fairway\_Farms\3787-01\_Sec\_1\Admin\Correspondence\L-12 TCEQ 217 Summary Transmittal.doc

**16340 Park Ten Place . Suite 350 . Houston, Texas 77084 . 713.461.9600**  
**Texas Registered Engineering Firm F-487**



October 21, 2015

Texas Commission on Environmental Quality  
Water Supply Division  
P.O. Box 13087  
Austin, TX 78711-3087

RE: Harris County Municipal Utility District No. 480  
Water Improvements for Fairway Farms Section 1  
Public Water System ID No. 1013400

Dear Sir/Madam:

This letter serves as notification to the Executive Director in accordance with TAC §290.39(j). The proposed water distribution system improvements associated with the above referenced project includes modification of an existing distribution system.

Water distribution facilities proposed for construction include approximately:

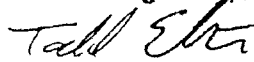
- 6,780 L.F. of 8-inch AWWA C-900 Class 150 PVC water lines
- 1,100 L.F. of 6-inch AWWA C-900 Class 150 PVC water lines
- 700 L.F. of 4-inch AWWA C-900 Class 150 PVC water lines
- Various valves, fittings and appurtenances

The project is designed in substantial conformance with the requirements of Chapter 290 of the TCEQ Rules, Public Drinking Water. Construction plans have been reviewed and approved by the City of Houston, as evidenced by the attached signature on the construction plan cover sheet. In accordance with the terms of the Memorandum of Understanding dated May 4, 2009 between TCEQ and the City, we understand plan review by the TCEQ will not be required.

Please do not hesitate to contact us should you have any questions or require further information.

Sincerely,

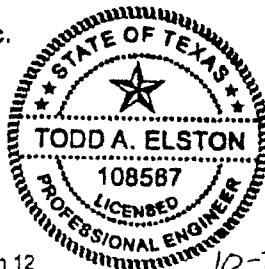
R. G. Miller Engineers, Inc.

  
Todd Elston, P.E.  
Project Manager

TE/amg

Enclosures

cc: TCEQ Houston – Region 12  
City of Houston – Office of City Engineer



10-21-15

P 3787.01/C

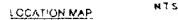
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16340 Park Ten Place . Suite 350 . Houston, Texas 77084 . 713.461.9600  
Texas Registered Engineering Firm F-487

## FAIRWAY FARMS SECTION ONE 3/5/01

PAVING, STORM SEWER, SANITARY SEWER, FORCE MAIN, AND WATER LINES  
TO SERVE

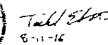
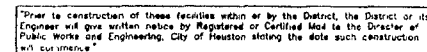
## INDEX



ZIP CODE 77375

- PLAT NAME FAIRWAY FARMS  
SECTION ONE  
CPC 101 REFERENCE NO. 2016-0316 - 2016-1336

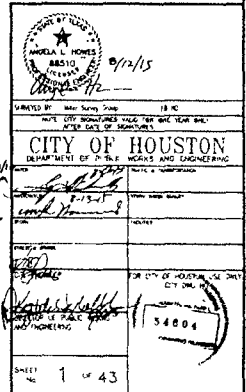
**RECORD  
DRAWING**



INDEX SHEETS  
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## CITY OF HOUSTON

Public Works & Engineering Department

Annise D. Parker

Mayor

Daniel W. Krueger, P.E.,  
Director  
P.O. Box 1562  
Houston, Texas 77251-1562

[www.houstontx.gov](http://www.houstontx.gov)

July 3, 2014

Ms. Linda Brookins, Division Director  
Water Supply Division, MC-154  
Texas Commission on Environmental Quality  
P.O. Box 13087  
Austin Texas 78711-3087

**RE: Extension the Memorandum of Understanding (MOU)  
Public Drinking Water System Reviews/Approvals**

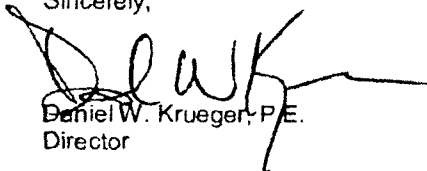
Dear Ms. Brookins:

On May 4, 2009, the City of Houston and the Texas Commission on Environmental Quality (TCEQ) entered into a Memorandum of Understanding (copy attached) for the purpose of delegating authority under 30 TAC 290.39(j)(2)(C) to the City of Houston. Per the MOU, the City of Houston is authorized to review and approve plans and specifications of public drinking water systems within the City of Houston and special purpose districts within the City of Houston's extraterritorial jurisdiction district (ETJ), when those systems propose to make water distribution line improvements, as specified in 30 TAC 290.39(j)(1)(D). The original term for the MOU was a five-year period.

The City of Houston agrees to accept this delegation of authority for another five year period per the Term of Agreement under the executed Memorandum of Understanding stated above.

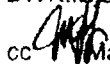
If you have any questions, please contact City Engineer, Tim Lincoln, at 832-394-9140.

Sincerely,



Daniel W. Krueger, P.E.  
Director

DWK:ksjb

cc  Mark L. Loethen, P.E., CFM, PTOE  
J. Timothy Lincoln, P.E.  
Kathlie S. Jeng-Bullock, Ph.D., P.E., D. WRE, CFM

THE STATE OF TEXAS §  
§  
COUNTY OF TRAVIS §

## MEMORANDUM OF UNDERSTANDING

Regarding the submission and review of utility expansion plans submitted by Public Drinking Water Systems within the City of Houston:

### I. AUTHORITY

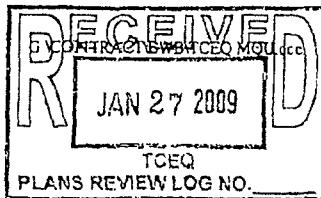
This Memorandum of Understanding is entered into by and between the City of Houston (the "City") and the Texas Commission on Environmental Quality (TCEQ), pursuant to the authority granted and in compliance with the provisions of the Texas Interlocal Cooperation Act, Tex. Gov't code, Chapter 791 (Vernon 2004). The TCEQ further certifies that it has the authority to contract as provided by the Texas Water Code § 5.229 (Vernon 2008). The City of Houston further certifies that it is a home-rule city under Article XI, Section 5 of the Texas Constitution and is authorized by that provision and Article II, Section 1 of its home-rule charter to enter into contracts.

### II. PURPOSE

The TCEQ and the City of Houston enter into this Memorandum of Understanding for the purpose of delegating authority under 30 TAC 290.39(j)(2)(C) to the City of Houston to review the plans and specifications of public drinking water systems within the City of Houston and special purpose districts within the City of Houston's extraterritorial jurisdiction district (ETJ), when those systems propose to make water distribution line improvements, as specified in 30 TAC 290.39(j)(1)(D).

### III. BACKGROUND

30 TAC 290.39(j) requires public water systems to notify the TCEQ Executive Director prior to making any significant change or addition to the system's production, treatment, storage, pressure maintenance, or distribution facilities. Pursuant to local authority, the City of Houston reviews the plans and specifications of a public drinking water system whenever a system within the City of Houston and special purpose districts within the City of Houston's ETJ proposes to make changes of the nature delineated in 30 TAC 290.39(j). The City of Houston's review process employs design standards equivalent to the water distribution design standards set forth in 30 TAC 290.44. Under 30 TAC 290.39(j), TCEQ may request public drinking water systems to submit plans and specifications of proposed changes, which review TCEQ will conduct against the same design standards, 30 TAC 290.44. Under 30 TAC 290.39(j)(2)(C), TCEQ will not require planning material on water distribution line improvements from any public water system that is required to submit planning materials to another political subdivision, if the political



subdivision maintains the staffing and review requirements specified in 30 TAC 290.39(j)(2)(B). It would be redundant and burdensome for both the City of Houston and TCEQ to subject public drinking water systems to the same review process twice. Both parties agree that the City of Houston's review process is necessary and sufficient, obviating the need for TCEQ's review.

#### **IV. SCOPE OF ACTIVITIES**

- A. Pursuant to local authority, the City of Houston shall review the plans and specifications of public drinking water systems within the City of Houston and special purpose districts within the City of Houston's ETJ, whenever such system proposes to make water distribution line improvements.
- B. The City of Houston's review process will ensure that the plans and specifications for proposed changes meet the water distribution design standards set forth in 30 TAC 290.44.
- C. No approvals from the City of Houston shall be granted for plans and specifications that fail to meet the standards in 30 TAC 290.44 for any public drinking water system whose plans and specifications the City of Houston reviews pursuant to this Memorandum of Agreement.

#### **V. RESPONSIBILITIES**

##### **A. Responsibilities of TCEQ:**

- 1. TCEQ shall notify the City of Houston of any public drinking water system who notifies TCEQ that the system plans to make water distribution line improvements, as defined by 30 TAC 290.39(j)(1)(D).
- 2. TCEQ shall not request review of plans and specifications of a public drinking water system's proposed water distribution line improvements, provided that the City of Houston conducts the review required under this Memorandum of Agreement.

##### **B. Responsibilities of the City of Houston:**

- 1. City of Houston shall request plan and specification applicants to notify the TCEQ in writing upon City of Houston approval of any public drinking water system within the City of Houston or special purpose district within the City of Houston's ETJ. Such written notification shall include executed form letter attached as Exhibit "A" to this Memorandum of Agreement and a copy of Project Plan Cover Sheet bearing all necessary City of Houston Approvals. Copies of the executed form letter shall be provided to City of Houston

2. The City of Houston shall review the plans and specifications of public drinking water systems within the City of Houston and special purpose districts within the City of Houston's ETJ, whenever such system proposes to make water distribution line improvements, as defined by 30 TAC 290.39(i)(1)(D).
3. The City of Houston shall maintain a review process with design standards that meet or exceed the standards set forth in 30 TAC 290.44.
4. The City of Houston shall notify TCEQ if and when the City no longer maintains a review process incorporating design standards at least substantially equivalent to the standards set forth in 30 TAC 290.44.

#### **VI. TERM OF AGREEMENT**

The term of this agreement is five years from the date this agreement is executed, and is renewable for a five-year term thereafter, upon written consent by duly authorized officials of the respective parties.

#### **VII. FUNDING**

The respective parties are responsible for procuring funds to complete their respective responsibilities under the Agreement.

#### **VIII. AMENDMENT, CHANGE OR TERMINATION**

- A. This Agreement may be modified by amendment or change request duly executed by authorized officials of the respective parties.
- B. The obligation of any party hereto may be terminated by that party upon 90 (ninety) days notice, said notice to be computed from the date of mailing of the written notice.
- C. This Agreement terminates automatically if and when the City of Houston no longer maintains a review process incorporating design standards at least substantially equivalent to the standards set forth in 30 TAC 290.44.

## IX. CONTACTS

Any correspondence, notice, or deliverable among parties shall be mailed to:

A. TCEQ:

Texas Commission on Environmental Quality  
MC-165  
P. O. Box 13087  
Austin, TX 78711-3087  
Attn: Patrick Roques

B. CITY OF HOUSTON:

Public Works and Engineering  
P.O. Box 1562  
Houston, Texas 77251  
Attn: Mark L. Loethen, P.E., City Engineer

## X. DESCRIPTION OF MEMORANDUM OF AGREEMENT

A. Documents Included. This Memorandum of Agreement consists of the following documents:

Agreement  
Exhibit A

B. Entire Agreement. This Agreement, as defined in Section 1, sets forth the full and complete understanding of the parties with regard to the subject matter hereof as of the date first above stated, and it supersedes any and all agreements and representations made or dated prior thereto with regard to the same subject matter.

EXHIBIT "A"

Date

Texas Commission on Environmental Quality  
Water Supply Division  
P.O. Box 13087  
Austin, Texas 78711-3087

Reference: Harris County Municipal Utility District No. \_\_\_\_\_  
Water Improvements for Happy Acres, Section 1  
Public Water System ID No. \_\_\_\_\_

Dear Sir/Madam:

This letter serves as notification to the Executive Director in accordance with TAC 290.39(j). The proposed water distribution system improvements associated with the above referenced project includes modification of an existing distribution system *{or new distribution system, if applicable}*

Water distribution facilities proposed for construction include approximately:

100 linear feet of 4-inch AWWA C-900 Class 150 PVC water lines  
100 linear feet of 6-inch AWWA C-900 Class 150 PVC water lines  
100 linear feet of 8-inch AWWA C-900 Class 150 PVC water lines  
100 linear feet of 12-inch AWWA C-900 Class 150 PVC water lines  
Valves, fittings, and related appurtenances.

The project is designed in substantial conformance with the requirements of Chapter 290 of the TCEQ Rules, Public Drinking Water. Construction plans have been reviewed and approved by the City of Houston, as evidenced by the attached signature on the construction plan cover sheet. In accordance with the terms of the Memorandum of Understanding dated \_\_\_\_\_ between TCEQ and the City, we understand plan review by the TCEQ will not be required.

Please do not hesitate to contact us should you have any questions or require further information.

Sincerely,

Joe Engineer, P.E.

Enclosure

cc: TCEQ Region 12

G:\CONTRACTS\WB\TCEQ MOU.doc

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date of last signature below, in one or more counterparts, any one of which may be considered an original.

TEXAS COMMISSION ON  
ENVIRONMENTAL QUALITY

CITY OF HOUSTON, TEXAS

By: Mark R. Vickery  
Mark R. Vickery, P.G.  
Executive Director

By: Bill White  
Bill White  
Mayor

5-4-09  
Date

1-6-09  
Date

ATTEST/SEAL:

Christine Russell  
City Secretary

APPROVED:

By: Michael S. Marcotte <sup>BM</sup>  
Michael S. Marcotte, P.E., D.WRE, BCEE  
Director of Public Works and Engineering

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: E. W. Beauchamp  
E. W. Beauchamp  
Sr. Assistant City Attorney