

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2021

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304

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ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal Utility District No. 304
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. 304 (the "District"), as of and for the year ended August 31, 2021, 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.

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 August 31, 2021, 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 Balance – 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
Certified Public Accountants
Houston, Texas

December 16, 2021

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2021**

Management’s discussion and analysis of the financial performance of Harris County Municipal Utility District No. 304 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended August 31, 2021. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes 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 is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has two 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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2021**

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 the Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$5,315,323 as of August 31, 2021. A portion of the District's net position reflects its net investment in capital assets (land, recreational facilities, and the water and wastewater systems, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 9,525,432	\$ 8,138,387	\$ 1,387,045
Capital Assets (Net of Accumulated Depreciation)	<u>10,508,585</u>	<u>10,770,611</u>	<u>(262,026)</u>
Total Assets	<u>\$ 20,034,017</u>	<u>\$ 18,908,998</u>	<u>\$ 1,125,019</u>
Deferred Outflows of Resources	<u>\$ 281,464</u>	<u>\$ 293,996</u>	<u>\$ (12,532)</u>
Bonds Payable	\$ 14,185,294	\$ 14,930,921	\$ 745,627
Other Liabilities	<u>814,864</u>	<u>1,005,008</u>	<u>190,144</u>
Total Liabilities	<u>\$ 15,000,158</u>	<u>\$ 15,935,929</u>	<u>\$ 935,771</u>
Net Investment in Capital Assets	\$ (3,589,044)	\$ (4,060,113)	\$ 471,069
Restricted	1,243,934	1,287,304	(43,370)
Unrestricted	<u>7,660,433</u>	<u>6,039,874</u>	<u>1,620,559</u>
Total Net Position	<u><u>\$ 5,315,323</u></u>	<u><u>\$ 3,267,065</u></u>	<u><u>\$ 2,048,258</u></u>

The following table provides a summary of the District's operations for the years ended August 31, 2021, and August 31, 2020.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,812,068	\$ 2,613,153	\$ 198,915
Charges for Services	2,612,811	2,618,183	(5,372)
Other Revenues	<u>423,063</u>	<u>167,887</u>	<u>255,176</u>
Total Revenues	<u>\$ 5,847,942</u>	<u>\$ 5,399,223</u>	<u>\$ 448,719</u>
Expenses for Services	<u>3,799,684</u>	<u>3,701,816</u>	<u>(97,868)</u>
Change in Net Position	\$ 2,048,258	\$ 1,697,407	\$ 350,851
Net Position, Beginning of Year	<u>3,267,065</u>	<u>1,569,658</u>	<u>1,697,407</u>
Net Position, End of Year	<u><u>\$ 5,315,323</u></u>	<u><u>\$ 3,267,065</u></u>	<u><u>\$ 2,048,258</u></u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2021, were \$8,442,518, an increase of \$1,256,977 from the prior year.

The General Fund fund balance increased by \$1,306,572, primarily due to service and tax revenues exceeding operating and capital expenditures.

The Debt Service Fund fund balance decreased by \$49,595, primarily due to the structure of the District's outstanding debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$385,467 less than budgeted revenues and actual expenditures were \$1,224,639 less than budgeted expenditures which resulted in a positive variance of \$839,172. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of August 31, 2021, total \$10,508,585 (net of accumulated depreciation) and include land, water and wastewater systems, and recreational facilities. Current year additions included the new motor at the water plant, rock road at wastewater treatment plant, new pump for lift station no. 1 and new pump relay at wastewater treatment plant.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 2,461,721	\$ 2,461,721	\$
Construction in Progress	123,680	71,560	52,120
Capital Assets, Net of Accumulated Depreciation:			
Recreational Facilities	1,421,767	1,540,698	(118,931)
Water System	2,961,919	3,081,201	(119,282)
Wastewater System	3,539,498	3,615,431	(75,933)
Total Net Capital Assets	\$ 10,508,585	\$ 10,770,611	\$ (262,026)

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2021**

LONG-TERM DEBT ACTIVITY

At year end, the District had total bond debt payable of \$13,725,000. The changes in the debt position of the District during the fiscal year ended August 31, 2021, are summarized as follows:

Bond Debt Payable, September 1, 2020	\$ 14,435,000
Less: Bond Principal Paid	<u>710,000</u>
Bond Debt Payable, August 31, 2021	<u>\$ 13,725,000</u>

Series 2012 Refunding Bonds and Series 2016 Refunding Bonds carry insured ratings of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corp and Build America Mutual Assurance Company, respectively, and underlying ratings of "BBB". These ratings are as of August 31, 2021, and reflect any changes through that date.

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. 304, c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 1400, Houston, Texas 77056-3012.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2021

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 291,269	\$ 68,268
Investments	7,008,873	1,099,373
Receivables:		
Property Taxes	26,599	49,993
Penalty and Interest on Delinquent Taxes		
Service Accounts	541,806	
Accrued Interest	8,134	88
Other	8,826	7,242
Due from Other Funds	8,801	
Prepaid Costs	24,790	
Capital Costs Due from Regional Water Authority		
Advance for Regional Water Authority Operations	4,914	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 7,924,012	\$ 1,224,964
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunded Bonds	\$ - 0 -	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 7,924,012	\$ 1,224,964

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 359,537	\$	\$ 359,537
8,108,246		8,108,246
76,592		76,592
	34,107	34,107
541,806		541,806
8,222		8,222
16,068		16,068
8,801	(8,801)	
24,790	41,495	66,285
	309,655	309,655
4,914		4,914
	2,461,721	2,461,721
	123,680	123,680
	7,923,184	7,923,184
\$ 9,148,976	\$ 10,885,041	\$ 20,034,017
\$ - 0 -	\$ 281,464	\$ 281,464
\$ 9,148,976	\$ 11,166,505	\$ 20,315,481

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2021

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 236,001	\$ 6,336
Due to Developer		
Due to Other Funds		8,801
Security Deposits	378,728	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 614,729	\$ 15,137
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 26,599	\$ 49,993
 FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 24,790	\$
Advance For Regional Water Authority Operations	4,914	
Restricted for Debt Service		1,159,834
Committed for Construction Projects	1,228,235	
Unassigned	6,024,745	
TOTAL FUND BALANCES	\$ 7,282,684	\$ 1,159,834
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,924,012	\$ 1,224,964
 NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 242,337	\$	\$ 242,337
	193,799	193,799
8,801	(8,801)	
378,728		378,728
	735,000	735,000
	<u>13,450,294</u>	<u>13,450,294</u>
<u>\$ 629,866</u>	<u>\$ 14,370,292</u>	<u>\$ 15,000,158</u>
<u>\$ 76,592</u>	<u>\$ (76,592)</u>	<u>\$ - 0 -</u>
\$ 24,790	\$ (24,790)	\$
4,914	(4,914)	
1,159,834	(1,159,834)	
1,228,235	(1,228,235)	
6,024,745	(6,024,745)	
<u>\$ 8,442,518</u>	<u>\$ (8,442,518)</u>	<u>\$ - 0 -</u>
<u>\$ 9,148,976</u>		
	\$ (3,589,044)	\$ (3,589,044)
	1,243,934	1,243,934
	<u>7,660,433</u>	<u>7,660,433</u>
	<u>\$ 5,315,323</u>	<u>\$ 5,315,323</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2021**

Total Fund Balances - Governmental Funds	\$	8,442,518
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital costs due from the Central Harris County Regional Water Authority are recorded in the government-wide financial statements.		309,655
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Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		281,464
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Prepaid bond insurance in governmental activities is not a current financial resource and, therefore, is not reported as an asset in the governmental funds.		41,495
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		10,508,585
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenue in the governmental activities of the District.		110,699
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (193,799)	
Bonds Payable	<u>(14,185,294)</u>	<u>(14,379,093)</u>
Total Net Position - Governmental Activities		<u><u>\$ 5,315,323</u></u>

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2021

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,527,819	\$ 1,275,823
Water Service	798,612	
Wastewater Service	1,182,897	
Water Authority Fees	537,149	
Penalty and Interest	44,820	18,968
Tap Connection and Inspection Fees	26,386	
Investment and Miscellaneous Revenues	103,400	10,008
TOTAL REVENUES	\$ 4,221,083	\$ 1,304,799
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 279,232	\$ 5,274
Contracted Services	639,174	59,087
Utilities	99,774	
Water Authority Costs	656,875	
Repairs and Maintenance	684,999	
Depreciation		
Other	395,947	8,633
Capital Outlay	158,510	
Debt Service:		
Bond Principal		710,000
Bond Interest		571,400
TOTAL EXPENDITURES/EXPENSES	\$ 2,914,511	\$ 1,354,394
NET CHANGE IN FUND BALANCES	\$ 1,306,572	\$ (49,595)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2020	5,976,112	1,209,429
FUND BALANCES/NET POSITION - AUGUST 31, 2021	\$ 7,282,684	\$ 1,159,834

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

Total	Adjustments	Statement of Activities
\$ 2,803,642	\$ 8,426	\$ 2,812,068
798,612		798,612
1,182,897		1,182,897
537,149		537,149
63,788	3,979	67,767
26,386		26,386
113,408	309,655	423,063
<u>\$ 5,525,882</u>	<u>\$ 322,060</u>	<u>\$ 5,847,942</u>
\$ 284,506	\$	\$ 284,506
698,261		698,261
99,774		99,774
656,875		656,875
684,999		684,999
	420,536	420,536
404,580		404,580
158,510	(158,510)	
710,000	(710,000)	
571,400	(21,247)	550,153
<u>\$ 4,268,905</u>	<u>\$ (469,221)</u>	<u>\$ 3,799,684</u>
\$ 1,256,977	\$ (1,256,977)	\$
	2,048,258	2,048,258
7,185,541	(3,918,476)	3,267,065
<u>\$ 8,442,518</u>	<u>\$ (3,127,195)</u>	<u>\$ 5,315,323</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021**

Net Change in Fund Balances - Governmental Funds	\$ 1,256,977
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	8,426
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Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	3,979
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Reimbursements to be received from the Central Harris County Regional Water Authority are recorded in the Statement of Activities.	309,655
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Governmental funds do not account for depreciation. However, depreciation expense is recorded in the Statement of Activities.	(420,536)
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Governmental funds report capital 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.	158,510
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Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	710,000
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	21,247
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Change in Net Position - Governmental Activities	\$ <u>2,048,258</u>
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The accompanying notes to the financial statements are an integral part of this report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 304, located in Harris County, Texas (the “District”) was created by an Order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”), effective May 1, 1985. 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 service, wastewater service, storm sewer drainage and recreational services for residents of the District.

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

Financial Statement Presentation

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

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, 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. 304
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

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 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 to obtain net total revenues and expenses in the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Funds

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

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.

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. However, as allowed by accounting standards, the District recorded its September 1, 2021, debt service payments as expenditures during the current fiscal year when they were actually paid.

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. At August 31, 2021, the Debt Service Fund owed the General Fund \$8,801 for maintenance tax collections.

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 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, including engineering, that extend the life of an asset, are capitalized and depreciated over the estimated useful life of the asset.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Assets are capitalized, including infrastructure assets, if they have an original cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Recreational Facilities	5-20
Water and Sewer Systems	10-45

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service determined that directors are considered to be “employees” for federal payroll tax purposes only.

Measurement Focus

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

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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 committed \$1,228,235 of its General Fund fund balance for the payment of infrastructure rehabilitation and park construction costs in the upcoming fiscal year.

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended August 31, 2021:

	September 1, 2020	Additions	Retirements	August 31, 2021
Bonds Payable	\$ 14,435,000	\$	\$ 710,000	\$ 13,725,000
Unamortized Discounts	(71,667)		(6,661)	(65,006)
Unamortized Premiums	567,588		42,288	525,300
Bonds Payable, Net	<u>\$ 14,930,921</u>	<u>\$ -0-</u>	<u>\$ 745,627</u>	<u>\$ 14,185,294</u>
			Amount Due Within One Year	\$ 735,000
			Amount Due After One Year	<u>13,450,294</u>
			Bonds Payable, Net	<u>\$ 14,185,294</u>

	Refunding Series 2012	Refunding Series 2016
Amount Outstanding - August 31, 2021	\$ 6,785,000	\$ 6,940,000
Interest Rates	4.00%	3.00% – 4.00%
Maturity Dates-Beginning/Ending	September 1, 2022/2031	September 1, 2022/2035
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	March 1, 2020*	September 1, 2023*

* Or on any date thereafter, in whole or in part, at the option of the District, at par plus accrued interest to the date of redemption.

As of August 31, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 735,000	\$ 544,950	\$ 1,279,950
2023	760,000	517,550	1,277,550
2024	790,000	489,200	1,279,200
2025	825,000	457,600	1,282,600
2026	855,000	424,600	1,279,600
2027-2031	4,815,000	1,582,200	6,397,200
2032-2035	4,945,000	504,800	5,449,800
	<u>\$ 13,725,000</u>	<u>\$ 4,520,900</u>	<u>\$ 18,245,900</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 3. LONG-TERM DEBT (Continued)

As of August 31, 2021, the District had authorized but unissued bonds in the amount of \$8,101,760 for utility facilities and \$29,272,627 for refunding bonds. 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.

For the 2020 tax year, the District levied an ad valorem debt service tax rate of \$0.35 per \$100 of assessed valuation, which resulted in a tax levy of \$1,279,592 on the adjusted taxable valuation of \$365,598,929. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information is of the general type included in 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.

The bond orders state that the District should 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.

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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 \$4,509,537 and the bank balance was \$4,526,516. The District was not exposed to custodial credit risk at year end.

The carrying value of the deposits is included in the Governmental Funds Balance Sheet and the Statement of Net Position at August 31, 2021, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 291,269	\$ 3,170,000	\$ 3,461,269
DEBT SERVICE FUND	68,268	980,000	1,048,268
TOTAL DEPOSITS	\$ 359,537	\$ 4,150,000	\$ 4,509,537

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The District’s investment in TexPool is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool. The District’s investments in certificates of deposit are recorded at acquisition cost. As of August 31, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$3,838,873	\$ 3,838,873
Certificates of Deposit	3,170,000	3,170,000
<u>DEBT SERVICE FUND</u>		
TexPool	119,373	119,373
Certificates of Deposit	980,000	980,000
TOTAL INVESTMENTS	\$8,108,246	\$ 8,108,246

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At August 31, 2021, the District’s investment in TexPool was rated “AAAm” by Standard and Poor’s. The District also addresses credit risk by investing in certificates of deposit with balances below FDIC insurance coverage. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also addresses interest rate risk by investing in certificates of deposit with maturities of less than one year.

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2021, is as follows:

	September 1, 2020	Increases	Decreases	August 31, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 2,461,721	\$	\$	\$ 2,461,721
Construction in Progress	71,560	158,510	106,390	123,680
Total Capital Assets Not Being Depreciated	<u>\$ 2,533,281</u>	<u>\$ 158,510</u>	<u>\$ 106,390</u>	<u>\$ 2,585,401</u>
Capital Assets Subject to Depreciation				
Recreational Facilities	\$ 2,220,360	\$	\$	\$ 2,220,360
Water System	5,114,709	33,160		5,147,869
Wastewater System	6,561,704	73,230		6,634,934
Total Capital Assets Subject to Depreciation	<u>\$ 13,896,773</u>	<u>\$ 106,390</u>	<u>\$ - 0 -</u>	<u>\$ 14,003,163</u>
Less Accumulated Depreciation				
Recreational Facilities	\$ 679,662	\$ 118,931	\$	\$ 798,593
Water System	2,033,508	152,442		2,185,950
Wastewater System	2,946,273	149,163		3,095,436
Total Accumulated Depreciation	<u>\$ 5,659,443</u>	<u>\$ 420,536</u>	<u>\$ - 0 -</u>	<u>\$ 6,079,979</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,237,330</u>	<u>\$ (314,146)</u>	<u>\$ - 0 -</u>	<u>\$ 7,923,184</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 10,770,611</u>	<u>\$ (155,636)</u>	<u>\$ 106,390</u>	<u>\$ 10,508,585</u>

Drainage facilities are conveyed to Harris County once constructed and placed in service. The County operates the facilities and is responsible for the maintenance. To date, drainage facilities in the Silverchase development and Silverglen North have been constructed and conveyed to the County.

NOTE 7. MAINTENANCE TAX

On January 20, 1996, the voters of the District approved the levy and collection of a maintenance tax 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. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$0.42 per \$100 of assessed valuation, which resulted in a tax levy of \$1,535,511 on the adjusted taxable valuation of \$365,598,929 for the 2020 tax year.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 8. WASTE DISPOSAL AGREEMENT

On May 6, 1985, General Homes Corporation, on behalf of the District, entered into a waste disposal agreement with Harris County Municipal Utility District No. 279 (“District No. 279”) and Rankin Road West Municipal Utility District (“Rankin Road West”) providing for the construction and operation of a regional sewage treatment plant. District No. 279 has now been dissolved and a portion of the land previously within District No. 279 has been annexed into the District. The agreement was amended in July 1998, to reflect that fact. The amended agreement provides that the participants will share the costs of operating the plant based upon their percentage of capacity. A 650,000 gallons-per-day initial phase of the plant was constructed in 1986. Rankin Road West was not a participant in the initial phase of the plant. The amended agreement provides that Rankin Road West has no right to utilize any of the capacity in the initial phase unless agreed to by the District. The agreement allows for future expansion of the plant up to 1,000,000 gallons-per-day, with Rankin Road West being allocated 400,000 gallons-per-day and the District being allocated 600,000 gallons-per-day of such ultimate capacity. The term of the amended agreement is 50 years commencing in July 1998.

NOTE 9. WATER SUPPLY CONTRACTS

On January 29, 1986, the District executed an Emergency Water Supply Contract with Rankin Road West Municipal Utility District (“Rankin Road West”). The term of the emergency water service agreement is 35 years. The price of the water is \$.075 per thousand gallons of usage as reflected by the metering equipment at the point of interconnect.

On August 24, 2000, the District and Harris County Municipal Utility District No. 217 (“District No. 217”) entered into an emergency water supply contract. The interconnect facilities for the District were constructed and paid for by the District. The price to be paid for water furnished under the agreement is primarily the resupply of water in kind. If the water cannot be repaid in kind within two years, the water may be paid for at a rate of \$0.75 per 1,000 gallons of water used, plus any required regulatory fees. The term of the agreement is 50 years.

NOTE 10. CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

On December 13, 2002, the District, Fallbrook Utility District, Harris County Municipal Utility District No. 33, Harris County Municipal Utility District No. 150, Harris County Municipal Utility District No. 200, Harris County Municipal Utility District No. 205, Harris County Municipal Utility District No. 215, Harris County Municipal Utility District No. 217, Harris County Utility District No. 16, and Rankin Road West Municipal Utility District entered into a water consortium agreement and formed the Central Harris County Water Users Consortium (the “Consortium”). In October of 2004, the agreement was amended to include Harris County Municipal Utility District No. 399.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 10. CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

Effective June 17, 2005, the Central Harris County Regional Water Authority (the “Authority”) was created to assume the duties of the Consortium. The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 3181, as passed by the 79th Texas Legislature. The Authority encompasses essentially the same entities as the Consortium.

The Consortium assigned its agreements and transferred its assets to the Authority. The purpose of the Authority is to assure that its participants comply with the Harris-Galveston Subsidence District (“HGSD”) pumpage requirements, which mandate that districts within HGSD boundaries, including the District, convert a percentage of its water use to surface water over a period of time.

The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions and is subject to change at any time by the Authority. The current fee charged is \$3.01 per 1,000 gallons of water pumped from each well. The Authority charges \$3.35 per 1,000 gallons of surface water purchased. The District recorded expenditures of \$656,875 for fees assessed and surface water purchased during the current fiscal year and had an operating deposit with the Authority of \$4,914.

On September 1, 2015, the District entered into an agreement with the Authority authorizing the Authority to construct a supply line from the system to the District’s water plant. Such construction was completed in a prior year. The agreement will remain in full force and effect until one year after the date upon which the Authority has completed full and final reimbursement to the District, or December 31, 2021, whichever is later. As of the date of this report, no reimbursement has been made. However, the District is in discussions with the Authority and anticipates reimbursement will be made in the approximate amount of \$309,655.

NOTE 11. RISK MANAGEMENT

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 12. UNREIMBURSED COSTS

Developers of the District have constructed underground utilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the Developers for these construction costs and interest to the extent approved by the Commission. The August 31, 2021, balance was \$193,799, which was unchanged from the previous fiscal year.

NOTE 13. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2021

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,486,050	\$ 1,527,819	\$ 41,769
Water Service	867,500	798,612	(68,888)
Wastewater Service	1,346,400	1,182,897	(163,503)
Water Authority Fees	684,500	537,149	(147,351)
Penalty and Interest	25,000	44,820	19,820
Tap Connection and Inspection Fees	133,600	26,386	(107,214)
Investment and Miscellaneous Revenues	<u>63,500</u>	<u>103,400</u>	<u>39,900</u>
TOTAL REVENUES	\$ 4,606,550	\$ 4,221,083	\$ (385,467)
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 165,200	\$ 279,232	\$ (114,032)
Contracted Services	530,700	639,174	(108,474)
Utilities	93,700	99,774	(6,074)
Water Authority Costs/Purchased Water Service	824,500	656,875	167,625
Repairs and Maintenance	457,100	684,999	(227,899)
Other	642,950	395,947	247,003
Capital Outlay	<u>1,425,000</u>	<u>158,510</u>	<u>1,266,490</u>
TOTAL EXPENDITURES	\$ 4,139,150	\$ 2,914,511	\$ 1,224,639
NET CHANGE IN FUND BALANCE	\$ 467,400	\$ 1,306,572	\$ 839,172
FUND BALANCE - SEPTEMBER 1, 2020	<u>5,976,112</u>	<u>5,976,112</u>	
FUND BALANCE - AUGUST 31, 2021	<u><u>\$ 6,443,512</u></u>	<u><u>\$ 7,282,684</u></u>	<u><u>\$ 839,172</u></u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

AUGUST 31, 2021

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2021

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective February 25, 2021.

	<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:	\$ 23.00	9,000	N	\$ 2.80	9,001 and up
WASTEWATER:	\$ 51.60		Y		
SURCHARGE:					
Water Authority Fees	\$ 3.58	Per 1,000 gallons			

District employs winter averaging for wastewater usage? X
Yes No

Total charges per 10,000 gallons usage: Water: \$25.80 Wastewater: \$51.60 Surcharge: \$35.80 Total: \$113.20

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2021

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"	1,842	1,830	x 1.0	1,830
1"	6	6	x 2.5	15
1½"	2	2	x 5.0	10
2"	16	16	x 8.0	128
3"			x 15.0	
4"	3	3	x 25.0	75
6"			x 50.0	
8"	2	2	x 80.0	160
10"			x 115.0	
Total Water Connections	<u>1,871</u>	<u>1,859</u>		<u>2,218</u>
Total Wastewater Connections	<u>1,848</u>	<u>1,838</u>	x 1.0	<u>1,838</u>

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

Gallons pumped into system: 216,022,000 Water Accountability Ratio: 95%
(Gallons billed/Gallons pumped)

Gallons billed to customers: 205,527,000

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2021

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 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. 304
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2021

PROFESSIONAL FEES:	
Audit	\$ 18,000
Engineering	84,257
Legal	176,975
TOTAL PROFESSIONAL FEES	<u>\$ 279,232</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 35,892
Operations and Billing	150,440
Security	72,397
Solid Waste Disposal	367,202
General Managers	13,243
TOTAL CONTRACTED SERVICES	<u>\$ 639,174</u>
UTILITIES	<u>\$ 99,774</u>
REPAIRS AND MAINTENANCE	<u>\$ 684,999</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 34,363
Consumer Confidence Report	7,648
Public Information Act Requests	18,317
Insurance	22,587
Office Supplies and Postage	58,877
Election Costs	23,182
Travel and Meetings	8,028
Other	9,531
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 182,533</u>
CAPITAL OUTLAY	<u>\$ 158,510</u>
OTHER EXPENDITURES:	
Chemicals	\$ 43,495
Laboratory Fees	17,560
Permit Fees	7,159
Building Payroll Costs	9,013
Tap Connection, Inspection and Reconnection Fees	13,591
Water Authority Costs	656,875
Regulatory Assessment	9,916
Sludge Hauling	112,680
TOTAL OTHER EXPENDITURES	<u>\$ 870,289</u>
TOTAL EXPENDITURES	<u>\$ 2,914,511</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
INVESTMENTS
AUGUST 31, 2021

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 3,838,873	\$
Certificate of Deposit	XXXX3950	0.15%	05/04/22	245,000	85
Certificate of Deposit	XXXX1855	0.48%	05/05/22	245,000	380
Certificate of Deposit	XXXX1843	0.50%	06/08/22	245,000	282
Certificate of Deposit	XXXX1505	0.30%	03/01/22	245,000	366
Certificate of Deposit	XXXX2340	0.53%	01/02/22	240,000	840
Certificate of Deposit	XXXX0607	0.90%	12/02/21	245,000	1,643
Certificate of Deposit	XXXX4634	0.39%	11/16/21	245,000	762
Certificate of Deposit	XXXX8516	0.35%	12/06/21	245,000	630
Certificate of Deposit	XXXX0131	0.25%	02/24/22	245,000	315
Certificate of Deposit	XXXX5576	0.55%	10/29/21	240,000	1,107
Certificate of Deposit	XXXX0499	0.16%	07/19/22	245,000	48
Certificate of Deposit	XXXX8264	0.75%	10/05/21	245,000	1,656
Certificate of Deposit	XXXX1624	0.30%	08/20/22	240,000	20
TOTAL GENERAL FUND				<u>\$ 7,008,873</u>	<u>\$ 8,134</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 119,373	\$
Certificate of Deposit	XXXX1339	0.44%	08/16/22	245,000	38
Certificate of Deposit	XXXX2495	0.40%	02/20/22	245,000	22
Certificate of Deposit	XXXX1139	0.25%	02/21/22	245,000	10
Certificate of Deposit	XXXX0581	0.30%	02/18/22	245,000	18
TOTAL DEBT SERVICE FUND				<u>\$ 1,099,373</u>	<u>\$ 88</u>
TOTAL				<u>\$ 8,108,246</u>	<u>\$ 8,222</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2021

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
SEPTEMBER 1, 2020	\$	20,419		\$ 47,747
Adjustments to Beginning				
Balance		<u>(1,512)</u>	\$ 18,907	<u>(1,523)</u> \$ 46,224
Original 2020 Tax Levy	\$	1,349,010		\$ 1,124,175
Adjustment to 2020 Tax Levy		<u>186,501</u>	<u>1,535,511</u>	<u>155,417</u> <u>1,279,592</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,554,418		\$ 1,325,816
TAX COLLECTIONS:				
Prior Years	\$	6,294		\$ 7,885
Current Year		<u>1,521,525</u>	<u>1,527,819</u>	<u>1,267,938</u> <u>1,275,823</u>
TAXES RECEIVABLE -				
AUGUST 31, 2021		<u>\$ 26,599</u>		<u>\$ 49,993</u>
TAXES RECEIVABLE BY				
YEAR:				
2020		\$ 13,986		\$ 11,654
2019		4,017		3,723
2018		1,770		2,057
2017		1,396		2,327
2016		1,079		2,042
2015 and Prior		<u>4,351</u>		<u>28,190</u>
TOTAL		<u>\$ 26,599</u>		<u>\$ 49,993</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2021

	2020	2019	2018	2017
PROPERTY VALUATIONS:				
Land	\$ 74,461,790	\$ 72,621,558	\$ 70,520,442	\$ 63,703,192
Improvements	350,779,258	320,160,132	271,007,114	242,891,615
Personal Property	6,534,407	5,351,260	4,965,637	4,935,747
Exemptions	<u>(66,176,526)</u>	<u>(66,310,664)</u>	<u>(63,242,543)</u>	<u>(55,246,094)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 365,598,929</u>	<u>\$ 331,822,286</u>	<u>\$ 283,250,650</u>	<u>\$ 256,284,460</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.35	\$ 0.38	\$ 0.43	\$ 0.50
Maintenance	<u>0.42</u>	<u>0.41</u>	<u>0.37</u>	<u>0.30</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.77</u>	<u>\$ 0.79</u>	<u>\$ 0.80</u>	<u>\$ 0.80</u>
ADJUSTED TAX LEVY*	<u>\$ 2,815,103</u>	<u>\$ 2,621,380</u>	<u>\$ 2,265,999</u>	<u>\$ 2,050,269</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.09 %</u>	<u>99.70 %</u>	<u>99.83 %</u>	<u>99.82 %</u>

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

** Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation was approved by voters on January 20, 1996.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2021

SERIES - 2012 REFUNDING

Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 535,000	\$ 271,400	\$ 806,400
2023	555,000	250,000	805,000
2024	585,000	227,800	812,800
2025	605,000	204,400	809,400
2026	630,000	180,200	810,200
2027	655,000	155,000	810,000
2028	750,000	128,800	878,800
2029	785,000	98,800	883,800
2030	825,000	67,400	892,400
2031	860,000	34,400	894,400
2032			
2033			
2034			
2035			
	<u>\$ 6,785,000</u>	<u>\$ 1,618,200</u>	<u>\$ 8,403,200</u>

The District records the amount due September 1 as an expenditure in the prior fiscal year (see Note 2). This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2021

SERIES - 2016 REFUNDING

Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 200,000	\$ 273,550	\$ 473,550
2023	205,000	267,550	472,550
2024	205,000	261,400	466,400
2025	220,000	253,200	473,200
2026	225,000	244,400	469,400
2027	230,000	235,400	465,400
2028	175,000	226,200	401,200
2029	180,000	219,200	399,200
2030	175,000	212,000	387,000
2031	180,000	205,000	385,000
2032	1,160,000	197,800	1,357,800
2033	1,210,000	151,400	1,361,400
2034	1,260,000	103,000	1,363,000
2035	<u>1,315,000</u>	<u>52,600</u>	<u>1,367,600</u>
	<u>\$ 6,940,000</u>	<u>\$ 2,902,700</u>	<u>\$ 9,842,700</u>

The District records the amount due September 1 as an expenditure in the prior fiscal year (see Note 2). This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2021

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 735,000	\$ 544,950	\$ 1,279,950
2023	760,000	517,550	1,277,550
2024	790,000	489,200	1,279,200
2025	825,000	457,600	1,282,600
2026	855,000	424,600	1,279,600
2027	885,000	390,400	1,275,400
2028	925,000	355,000	1,280,000
2029	965,000	318,000	1,283,000
2030	1,000,000	279,400	1,279,400
2031	1,040,000	239,400	1,279,400
2032	1,160,000	197,800	1,357,800
2033	1,210,000	151,400	1,361,400
2034	1,260,000	103,000	1,363,000
2035	<u>1,315,000</u>	<u>52,600</u>	<u>1,367,600</u>
	<u>\$ 13,725,000</u>	<u>\$ 4,520,900</u>	<u>\$ 18,245,900</u>

The District records the amount due September 1 as an expenditure in the prior fiscal year (See Note 2). This schedule shows the amounts expended within the fiscal years assuming this practice will continue in the future.

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2021

Description	Original Bonds Issued	Bonds Outstanding September 1, 2020
Harris County Municipal Utility District No. 304 Unlimited Tax Refunding Bonds - Series 2012	\$ 9,605,000	\$ 7,300,000
Harris County Municipal Utility District No. 304 Unlimited Tax Refunding Bonds - Series 2016	<u>8,030,000</u>	<u>7,135,000</u>
TOTAL	<u>\$ 17,635,000</u>	<u>\$ 14,435,000</u>
Bond Authority:	<u>Utility Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 30,271,760	\$ 30,271,760
Amount Issued	<u>22,170,000</u>	<u>999,133</u>
Remaining to be Issued	<u>\$ 8,101,760</u>	<u>\$ 29,272,627</u>

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>			
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding August 31, 2021</u>
	<u>Principal</u>	<u>Interest</u>	
\$	\$ 515,000	\$ 292,000	\$ 6,785,000
	<u>195,000</u>	<u>279,400</u>	<u>6,940,000</u>
<u>\$ - 0 -</u>	<u>\$ 710,000</u>	<u>\$ 571,400</u>	<u>\$ 13,725,000</u>

The Bank of New York
Mellon Trust Company, N.A.
Dallas, TX

The Bank of New York
Mellon Trust Company, N.A.
Dallas, TX

Debt Service Fund cash and investment balances as of August 31, 2021:	<u>\$ 1,167,641</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 1,303,279</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 1,527,819	\$ 1,354,820	\$ 1,046,130
Water Service	798,612	641,753	748,459
Wastewater Service	1,182,897	1,168,085	791,331
Water Authority Fees	537,149	585,909	552,388
Penalty and Interest	44,820	32,595	62,463
Tap Connection and Inspection Fees	26,386	166,955	121,509
Investment and Miscellaneous Revenues	103,400	133,922	164,961
TOTAL REVENUES	\$ 4,221,083	\$ 4,084,039	\$ 3,487,241
EXPENDITURES			
Professional Fees	\$ 279,232	\$ 219,207	\$ 205,890
Contracted Services	639,174	562,691	212,538
Utilities	99,774	92,325	101,017
Water Authority Costs/Purchased Water Service	656,875	789,688	603,472
Repairs and Maintenance	684,999	508,647	416,277
Other	395,947	467,477	582,910
Capital Outlay	158,510	1,420,779	1,097,002
TOTAL EXPENDITURES	\$ 2,914,511	\$ 4,060,814	\$ 3,219,106
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,306,572	\$ 23,225	\$ 268,135
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ -0-	\$ -0-	\$ 220,637
NET CHANGE IN FUND BALANCE	\$ 1,306,572	\$ 23,225	\$ 488,772
BEGINNING FUND BALANCE	5,976,112	5,952,887	5,464,115
ENDING FUND BALANCE	\$ 7,282,684	\$ 5,976,112	\$ 5,952,887

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 763,839	\$ 614,280	36.3 %	33.2 %	30.0 %	24.6 %	23.4 %
684,119	651,203	18.9	15.7	21.5	22.0	24.8
733,119	666,513	28.0	28.6	22.7	23.6	25.3
515,637	442,638	12.7	14.3	15.8	16.6	16.8
57,243	53,000	1.1	0.8	1.8	1.8	2.0
248,435	127,399	0.6	4.1	3.5	8.0	4.8
104,236	75,807	2.4	3.3	4.7	3.4	2.9
<u>\$ 3,106,628</u>	<u>\$ 2,630,840</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 158,855	\$ 167,389	6.6 %	5.4 %	5.9 %	5.1 %	6.4 %
182,838	176,446	15.1	13.8	6.1	5.9	6.7
102,321	103,381	2.4	2.3	2.9	3.3	3.9
573,244	478,430	15.6	19.3	17.3	18.5	18.2
294,052	384,654	16.2	12.5	11.9	9.5	14.6
497,104	379,050	9.4	11.4	16.7	16.0	14.4
158,118	1,697,109	3.8	34.8	31.5	5.1	64.5
<u>\$ 1,966,532</u>	<u>\$ 3,386,459</u>	<u>69.1 %</u>	<u>99.5 %</u>	<u>92.3 %</u>	<u>63.4 %</u>	<u>128.7 %</u>
\$ 1,140,096	\$ (755,619)	30.9 %	0.5 %	7.7 %	36.6 %	(28.7) %
\$ 550	\$ -0-					
\$ 1,140,646	\$ (755,619)					
4,323,469	5,079,088					
<u>\$ 5,464,115</u>	<u>\$ 4,323,469</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 1,275,823	\$ 1,260,486	\$ 1,218,872
Penalty and Interest	18,968	21,614	16,736
Investment and Miscellaneous Revenues	<u>10,008</u>	<u>33,965</u>	<u>40,725</u>
TOTAL REVENUES	<u>\$ 1,304,799</u>	<u>\$ 1,316,065</u>	<u>\$ 1,276,333</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 71,744	\$ 77,276	\$ 70,780
Debt Service Principal	710,000	685,000	670,000
Debt Service Interest and Fees	<u>572,650</u>	<u>598,150</u>	<u>618,250</u>
TOTAL EXPENDITURES	<u>\$ 1,354,394</u>	<u>\$ 1,360,426</u>	<u>\$ 1,359,030</u>
NET CHANGE IN FUND BALANCE	\$ (49,595)	\$ (44,361)	\$ (82,697)
BEGINNING FUND BALANCE	<u>1,209,429</u>	<u>1,253,790</u>	<u>1,336,487</u>
ENDING FUND BALANCE	<u>\$ 1,159,834</u>	<u>\$ 1,209,429</u>	<u>\$ 1,253,790</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>1,859</u>	<u>1,849</u>	<u>1,809</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>1,838</u>	<u>1,828</u>	<u>1,788</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 1,272,913	\$ 1,162,555	97.7 %	95.8 %	95.5 %	96.4 %	97.8 %
17,682	15,145	1.5	1.6	1.3	1.3	1.3
<u>30,405</u>	<u>10,808</u>	<u>0.8</u>	<u>2.6</u>	<u>3.2</u>	<u>2.3</u>	<u>0.9</u>
\$ <u>1,321,000</u>	\$ <u>1,188,508</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 66,286	\$ 55,403	5.5 %	5.9 %	5.5 %	5.0 %	4.7 %
645,000	495,000	54.4	52.0	52.5	48.8	41.6
<u>635,750</u>	<u>648,800</u>	<u>43.9</u>	<u>45.4</u>	<u>48.4</u>	<u>48.1</u>	<u>54.6</u>
\$ <u>1,347,036</u>	\$ <u>1,199,203</u>	<u>103.8 %</u>	<u>103.3 %</u>	<u>106.4 %</u>	<u>101.9 %</u>	<u>100.9 %</u>
\$ (26,036)	\$ (10,695)	<u>(3.8) %</u>	<u>(3.3) %</u>	<u>(6.4) %</u>	<u>(1.9) %</u>	<u>(0.9) %</u>
<u>1,362,523</u>	<u>1,373,218</u>					
\$ <u>1,336,487</u>	\$ <u>1,362,523</u>					
<u>1,673</u>	<u>1,567</u>					
<u>1,582</u>	<u>1,465</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2021

District Mailing Address - Harris County Municipal Utility District No. 304
c/o Schwartz Page & Harding, L.L.P.
1300 Post Oak Blvd., Suite 1400
Houston, TX 77056-3012

District Telephone Number - (713) 623-4531

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended August 31, 2021	Expense Reimbursements for the year ended August 31, 2021	Title
Ann-Toinette Johnson Preston	11/20- 11/24 (Elected)	\$ 3,450	\$ -0-	President
Rosalind Caesar	11/20- 11/24 (Elected)	\$ 4,800	\$ -0-	Vice President
Elvis Anderson	05/18- 05/22 (Elected)	\$ 6,450	\$ -0-	Secretary
Leonard Cummings, Jr.	11/20- 11/24 (Elected)	\$ 7,200	\$ 2,382	Assistant Secretary
Debra Williams	05/18- 05/22 (Elected)	\$ 4,950	\$ -0-	Director

Note: 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 developer or with any of the District's consultants.

Submission date of most recent District Registration Form: July 21, 2021

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year. One Director was over paid due to an accounting error during the current year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 304
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2021

	<u>Date Hired</u>	<u>Fees for the year ended August 31, 2021</u>	<u>Title</u>
Employees:			
Jonathan Ward	02/24/16- 11/17/20	\$ 6,810	Former Co-General Manager
Leonard Cummings, Jr.	02/24/16- 12/09/20	\$ 5,600	Former Co-General Manager
Consultants:			
Schwartz Page & Harding, L.L.P.	07/22/85	\$ 199,108	General Counsel
McCall Gibson Swedlund Barfoot PLLC	11/03/10	\$ 18,000 \$ 500	Audit/ SB 625
Municipal Accounts & Consulting, L.P.	07/22/85	\$ 39,222	Bookkeeper
Ted A. Cox, P.C.	Prior to 09/01/01	\$ 5,274	Delinquent Tax Attorney
Edminster Hinshaw Russ & Associates, Inc.	08/20/15	\$ 121,171	Engineer
Rathmann & Associates, L.P.	04/24/03	\$ -0-	Financial Advisor
JePa Services, Inc.	03/06/12	\$ 431,670	Operator
Wheeler and Associates	08/29/85	\$ 44,101	Tax Assessor/ Collector

See accompanying independent auditor's report.

