

Harris County Municipal Utility District No. 419

Harris County, Texas

Independent Auditor's Report and Financial Statements

May 31, 2018



Harris County Municipal Utility District No. 419
May 31, 2018

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 419
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. 419 (the District), as of and for the year ended May 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 entity'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 May 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Houston, Texas
October 2, 2018

Harris County Municipal Utility District No. 419

Management's Discussion and Analysis

May 31, 2018

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

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Management's Discussion and Analysis (Continued)
May 31, 2018

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental Funds

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

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Management's Discussion and Analysis (Continued)
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Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 17,580,198	\$ 16,875,107
Capital assets	<u>66,200,310</u>	<u>59,862,180</u>
Total assets	<u>83,780,508</u>	<u>76,737,287</u>
Deferred outflows of resources	<u>3,456,085</u>	<u>2,706,592</u>
Total assets and deferred outflows of resources	<u>\$ 87,236,593</u>	<u>\$ 79,443,879</u>
Long-term liabilities	\$ 133,809,028	\$ 124,990,955
Other liabilities	<u>2,220,249</u>	<u>1,900,810</u>
Total liabilities	<u>136,029,277</u>	<u>126,891,765</u>
Net position:		
Net investment in capital assets	(62,384,845)	(60,226,169)
Restricted	9,942,151	9,028,373
Unrestricted	<u>3,650,010</u>	<u>3,749,910</u>
Total net position	<u>\$ (48,792,684)</u>	<u>\$ (47,447,886)</u>

The total net position of the District decreased by \$1,344,798, or about 3 percent. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity for maintenance. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

At May 31, 2018, the net investment in capital assets was \$(62,384,845). This amount was negative because not all expenditures from long-term debt were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District.

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Management's Discussion and Analysis (Continued)
May 31, 2018

Summary of Changes in Net Position

	2018	2017
Revenues:		
Property taxes	\$ 9,807,247	\$ 8,679,022
Charges for services	4,114,377	3,631,944
Other revenues	535,604	766,017
Total revenues	14,457,228	13,076,983
Expenses:		
Services	6,118,876	7,308,796
Conveyance of capital assets	1,710,542	3,375,839
Depreciation	2,608,070	2,195,151
Debt service	5,364,538	5,149,581
Total expenses	15,802,026	18,029,367
Change in net position	(1,344,798)	(4,952,384)
Net position, beginning of year	(47,447,886)	(42,495,502)
Net position, end of year	\$ (48,792,684)	\$ (47,447,886)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended May 31, 2018, were \$16,236,099, an increase of \$460,400 from the prior year.

The general fund's fund balance decreased by \$99,620 primarily due to capital outlay expenditures incurred.

The debt service fund's fund balance increased by \$761,647 due to property tax revenues exceeding bond principal and interest requirements, as well as capitalized interest received from bond sales.

The capital projects fund's fund balance decreased by \$201,627 due to debt issuance costs and capital outlay expenditures exceeding proceeds received from the sale of bonds.

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Management's Discussion and Analysis (Continued)
May 31, 2018

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes, service and regional water fee revenues as well as purchased services and repairs and maintenance expenditures being greater than anticipated and tap connection revenues and related expenditures and regional water fee expenditures being less than anticipated. The fund balance as of May 31, 2018, was expected to be \$3,970,192 and the actual end-of-year fund balance was \$3,634,837.

Capital Assets and Related Debt

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below.

Capital Assets (Net of Accumulated Depreciation)

	2018	2017
Land and improvements	\$ 3,905,278	\$ 3,820,704
Water facilities	10,702,981	9,880,493
Wastewater facilities	16,599,470	14,641,943
Drainage facilities	280,911	158,091
Road facilities	26,868,750	27,577,592
Recreational facilities	7,842,920	3,783,357
Total capital assets	\$ 66,200,310	\$ 59,862,180

During the current year, additions to capital assets were as follows:

Water and wastewater utilities to serve Westcreek Bend Drive, Sections 1 and 2; Hidden Creek, Sections 13, 16-21, 24, 30, 32 and 33; Lakeland Heights, Section 6; Bridgeland Creek Parkway, Section 3; Bridgeland Lakeland Village Center; and Josey Ranch Road at Central Creek Drive and 30-inch force main extension and Josey Ranch Road, Hidden Pass Drive and B-10 Crossing	\$ 2,219,243
Water, wastewater and drainage facilities to serve Lakeland Heights, Section 9	242,497
Landscaping and irrigation improvements to serve Water Haven, Sections 3, 6 and 9 and Oak Meadow Park; Water Haven, Section 5 Reserves A, B and C; Water Haven, Section 7, Reserve A and B; Hidden Creek, Section 2 Reserves A, B and C; Fry Road from North Bridgeland Parkway to Paynes Creek; Lakeland Heights, Section 1 restricted Reserves J, L, P, Q, R, S and A; and Lakeland Heights, Section 1 Phase II Reserves E, F, U, V and partial Reserves A and T	4,296,318
Hidden Creek lift station Nos. 2 and 3	843,358
Lift Station No. 1 and force main manhole rehabilitation and screwsucker pump	185,500

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May 31, 2018

Water Haven Phase II and III detention and spoil disposal; Lakeland Heights mass grading and detention facilities	\$ 84,574
Fry Road right turn lane and water line extension	662,209
Lakeland Heights Pavilion	412,501
Total additions to capital assets	\$ 8,946,200

The developer within the District has constructed water, sewer and drainage facilities, recreational facilities and road facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission. As of May 31, 2018, a liability for developer-constructed capital assets of \$12,108,146 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended May 31, 2018, are as follows:

Long-term debt payable, beginning of year	\$ 124,990,955
Increases in long-term debt	29,579,963
Decreases in long-term debt	(20,761,890)
Long-term debt payable, end of year	\$ 133,809,028

On November 16, 2017, the District sold its Series 2017 unlimited tax bonds in the amount of \$12,400,000 at a net effective interest rate of approximately 3.34 percent. The bonds were sold to finance water, sewer and drainage facilities to serve the District.

Also, on November 16, 2017, the District sold its Series 2017A unlimited tax park bonds in the amount of \$5,400,000 at a net effective interest rate of approximately 3.34 percent. The bonds were sold to finance recreational facilities to serve the District.

Finally, on November 28, 2017, the District sold \$11,615,000 in unlimited tax refunding bonds to advance-refund \$7,800,000 of outstanding Series 2011 and \$2,620,000 of outstanding Series 2012 bonds. The District refunded the bonds to reduce total debt service payments over future years by \$891,360 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$638,848.

At May 31, 2018, the District had \$115,725,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving water, sanitary sewer and drainage systems within the District, \$8,875,000 for financing and constructing recreational facilities, and \$9,255,000 for financing and constructing roads.

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Management's Discussion and Analysis (Continued)
May 31, 2018

The District's bonds carry underlying ratings of "BBB-" from Standard & Poor's and "A2" from Moody's Investors Service. The Series 2008 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Corp. The Series 2014 park bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Municipal Assurance Corp. The Series 2014A, Series 2016 road, Series 2017, Series 2017A park and Series 2017B refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2014 road, Series 2015 refunding, Series 2015A, Series 2016 refunding, Series 2016A and Series 2017 road refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. Effective December 1, 2017, prior to annexation, the City would be required to hold an election in the District whereby the qualified voters of the District would approve the annexation. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Contingencies

The developer of the District is constructing water, sewer, drainage and paving facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$9,900,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Harris County Municipal Utility District No. 419
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 592,694	\$ 2,348,746	\$ 674,881	\$ 3,616,321	\$ -	\$ 3,616,321
Certificates of deposit	2,540,000	1,920,000	-	4,460,000	-	4,460,000
Short-term investments	863,925	6,719,509	1,067,000	8,650,434	-	8,650,434
Receivables:						
Property taxes	15,173	84,671	-	99,844	-	99,844
Service accounts	247,972	-	-	247,972	-	247,972
Accrued interest	13,386	12,368	-	25,754	-	25,754
Accrued penalty and interest	-	-	-	-	23,299	23,299
Interfund receivable	127,754	1,556	-	129,310	(129,310)	-
Due from others	1,741	-	-	1,741	-	1,741
Prepaid expenditures	12,395	-	-	12,395	-	12,395
Operating deposits	442,438	-	-	442,438	-	442,438
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	3,905,278	3,905,278
Infrastructure	-	-	-	-	27,583,362	27,583,362
Roads	-	-	-	-	26,868,750	26,868,750
Recreational facilities	-	-	-	-	7,842,920	7,842,920
Total assets	<u>4,857,478</u>	<u>11,086,850</u>	<u>1,741,881</u>	<u>17,686,209</u>	<u>66,094,299</u>	<u>83,780,508</u>
Deferred Outflows of Resources						
Deferred amount on debt refundings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,456,085</u>	<u>3,456,085</u>
Total assets and deferred outflows of resources	<u>\$ 4,857,478</u>	<u>\$ 11,086,850</u>	<u>\$ 1,741,881</u>	<u>\$ 17,686,209</u>	<u>\$ 69,550,384</u>	<u>\$ 87,236,593</u>

Harris County Municipal Utility District No. 419
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
May 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 855,162	\$ 14,905	\$ 139	\$ 870,206	\$ -	\$ 870,206
Accrued interest payable	-	-	-	-	999,293	999,293
Customer deposits	332,036	-	-	332,036	-	332,036
Unearned tap connection fee	18,450	-	-	18,450	-	18,450
Due to others	264	-	-	264	-	264
Interfund payable	1,556	27,514	100,240	129,310	(129,310)	-
Long-term liabilities:						
Due within one year	-	-	-	-	5,210,000	5,210,000
Due after one year	-	-	-	-	128,599,028	128,599,028
Total liabilities	1,207,468	42,419	100,379	1,350,266	134,679,011	136,029,277
Deferred Inflows of Resources						
Deferred property tax revenues	15,173	84,671	0	99,844	(99,844)	0
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	12,395	-	-	12,395	(12,395)	-
Restricted:						
Unlimited tax bonds	-	8,996,506	-	8,996,506	(8,996,506)	-
Water, sewer and drainage	-	-	1,169,561	1,169,561	(1,169,561)	-
Parks and recreation	-	-	317,966	317,966	(317,966)	-
Roads	-	1,963,254	153,975	2,117,229	(2,117,229)	-
Assigned, operating deposits	442,438	-	-	442,438	(442,438)	-
Unassigned	3,180,004	-	-	3,180,004	(3,180,004)	-
Total fund balances	3,634,837	10,959,760	1,641,502	16,236,099	(16,236,099)	0
Total liabilities, deferred inflows of resources and fund balances	\$ 4,857,478	\$ 11,086,850	\$ 1,741,881	\$ 17,686,209		
Net position:						
Net investment in capital assets					(62,384,845)	(62,384,845)
Restricted for debt service					9,891,261	9,891,261
Restricted for capital projects					50,890	50,890
Unrestricted					3,650,010	3,650,010
Total net position					\$ (48,792,684)	\$ (48,792,684)

Harris County Municipal Utility District No. 419
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended May 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,460,836	\$ 8,345,906	\$ -	\$ 9,806,742	\$ 505	\$ 9,807,247
Water service	1,273,384	-	-	1,273,384	-	1,273,384
Sewer service	1,418,986	-	-	1,418,986	-	1,418,986
Regional water fee	1,422,007	-	-	1,422,007	-	1,422,007
Penalty and interest	70,634	39,634	-	110,268	2,418	112,686
Tap connection and inspection fees	276,113	-	-	276,113	-	276,113
Investment income	33,628	101,246	11,039	145,913	-	145,913
Other income	-	892	-	892	-	892
	<u>5,955,588</u>	<u>8,487,678</u>	<u>11,039</u>	<u>14,454,305</u>	<u>2,923</u>	<u>14,457,228</u>
Total revenues						
Expenditures/Expenses						
Service operations:						
Purchased services	2,353,528	-	-	2,353,528	-	2,353,528
Regional water fee	732,438	-	-	732,438	-	732,438
Professional fees	223,982	10,636	-	234,618	19,625	254,243
Contracted services	1,075,499	111,472	-	1,186,971	1,144	1,188,115
Utilities	211,237	-	-	211,237	-	211,237
Repairs and maintenance	1,080,043	-	-	1,080,043	-	1,080,043
Other expenditures	201,006	2,371	820	204,197	-	204,197
Tap connections	95,075	-	-	95,075	-	95,075
Capital outlay	82,400	-	16,336,502	16,418,902	(16,418,902)	-
Conveyance of capital assets	-	-	-	-	1,710,542	1,710,542
Depreciation	-	-	-	-	2,608,070	2,608,070
Debt service:						
Principal retirement	-	4,340,000	-	4,340,000	(4,340,000)	-
Interest and fees	-	3,555,963	-	3,555,963	392,130	3,948,093
Debt issuance costs	-	392,395	1,024,050	1,416,445	-	1,416,445
	<u>6,055,208</u>	<u>8,412,837</u>	<u>17,361,372</u>	<u>31,829,417</u>	<u>(16,027,391)</u>	<u>15,802,026</u>
Total expenditures/expenses						
Excess (Deficiency) of Revenues Over Expenditures	<u>(99,620)</u>	<u>74,841</u>	<u>(17,350,333)</u>	<u>(17,375,112)</u>	<u>16,030,314</u>	

Harris County Municipal Utility District No. 419
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances (Continued)
Year Ended May 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
General obligation bonds issued	\$ -	\$ 11,910,294	\$ 17,504,706	\$ 29,415,000	\$ (29,415,000)	
Discount on debt issued	-	(141,246)	(356,000)	(497,246)	497,246	
Deposit with escrow agent	-	(11,082,242)	-	(11,082,242)	11,082,242	
	<u>0</u>	<u>686,806</u>	<u>17,148,706</u>	<u>17,835,512</u>	<u>(17,835,512)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses						
	(99,620)	761,647	(201,627)	460,400	(460,400)	
Change in Net Position					(1,344,798)	\$ (1,344,798)
Fund Balances/Net Position						
Beginning of year	<u>3,734,457</u>	<u>10,198,113</u>	<u>1,843,129</u>	<u>15,775,699</u>	<u>-</u>	<u>(47,447,886)</u>
End of year	<u>\$ 3,634,837</u>	<u>\$ 10,959,760</u>	<u>\$ 1,641,502</u>	<u>\$ 16,236,099</u>	<u>\$ 0</u>	<u>\$ (48,792,684)</u>

Harris County Municipal Utility District No. 419
Notes to Financial Statements
May 31, 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Harris County Municipal Utility District No. 419 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective February 21, 2005, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District. The District is also authorized by the Texas Water Code, Chapter 49, to provide recreational facilities and has acquired the authority to provide road facilities under the Texas Water Code, Chapter 54.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

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The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

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The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

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Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of 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 amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Investments and Investment Income

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal

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district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended May 31, 2018, include collections during the current period or within 60 days of year-end related to the 2017 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended May 31, 2018, the 2017 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Recreational facilities	15-20
Road facilities	20

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

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Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 66,200,310
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	99,844
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	23,299

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Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	\$ 3,456,085
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(999,293)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(133,809,028)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (65,028,783)</u></u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ 460,400
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense, noncapitalized costs and conveyed capital assets in the current period.	12,079,521
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of the transactions, however, have any effect on net position.	(13,992,758)
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	497,246
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities.	2,923
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(392,130)</u>
Change in net position of governmental activities.	<u><u>\$ (1,344,798)</u></u>

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Notes to Financial Statements
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Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At May 31, 2018, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

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At May 31, 2018, the District had the following investments and maturities:

Type	Maturities in Years				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Texas CLASS	\$ 8,650,434	\$ 8,650,434	\$ 0	\$ 0	\$ 0

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2018, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at May 31, 2018, as follows:

Carrying value:	
Deposits	\$ 8,076,321
Investments	8,650,434
Total	\$ 16,726,755

Included in the following statement of net position captions:

Cash	\$ 3,616,321
Certificates of deposit	4,460,000
Short-term investments	8,650,434
Total	\$ 16,726,755

Investment Income

Investment income of \$145,913 for the year ended May 31, 2018, consisted of interest income.

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Notes to Financial Statements
May 31, 2018

Fair Value Measurements

The District has the following recurring fair value measurements as of May 31, 2018:

- Pooled investments of \$8,650,434 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended May 31, 2018, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 3,820,704	\$ 84,574	\$ 3,905,278
Capital assets, depreciable:			
Water production and distribution facilities	11,354,452	1,106,463	12,460,915
Wastewater collection and treatment facilities	16,935,192	2,395,727	19,330,919
Drainage facilities	180,188	129,848	310,036
Roads	34,367,309	520,769	34,888,078
Recreational facilities	5,399,061	4,708,819	10,107,880
Total capital assets, depreciable	<u>68,236,202</u>	<u>8,861,626</u>	<u>77,097,828</u>
Less accumulated depreciation:			
Water production and distribution facilities	(1,473,959)	(283,975)	(1,757,934)
Wastewater collection and treatment facilities	(2,293,249)	(438,200)	(2,731,449)
Drainage facilities	(22,097)	(7,028)	(29,125)
Roads	(6,789,717)	(1,229,611)	(8,019,328)
Recreational facilities	(1,615,704)	(649,256)	(2,264,960)
Total accumulated depreciation	<u>(12,194,726)</u>	<u>(2,608,070)</u>	<u>(14,802,796)</u>
Total governmental activities, net	<u>\$ 59,862,180</u>	<u>\$ 6,338,130</u>	<u>\$ 66,200,310</u>

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Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended May 31, 2018, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 108,220,000	\$ 29,415,000	\$ 14,760,000	\$ 122,875,000	\$ 5,210,000
Add premiums on bonds	522,954	-	19,663	503,291	-
Less discounts on bonds	1,610,073	497,246	421,373	1,685,946	-
	107,132,881	28,917,754	14,358,290	121,692,345	5,210,000
Developer advances	8,537	-	-	8,537	-
Due to developer	17,849,537	662,209	6,403,600	12,108,146	-
Total governmental activities long-term liabilities	<u>\$ 124,990,955</u>	<u>\$ 29,579,963</u>	<u>\$ 20,761,890</u>	<u>\$ 133,809,028</u>	<u>\$ 5,210,000</u>

General Obligation Bonds

	Series 2008	Series 2009
Amounts outstanding, May 31, 2018	\$260,000	\$385,000
Interest rates	4.90%	5.25% to 5.50%
Maturity dates, serially beginning/ending	September 1, 2018	September 1, 2018/2020
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2017	September 1, 2018
	Series 2010 Road	Series 2010
Amounts outstanding, May 31, 2018	\$900,000	\$1,345,000
Interest rates	4.00% to 4.50%	3.80% to 4.10%
Maturity dates, serially beginning/ending	September 1, 2018/2022	September 1, 2018/2021
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2018	September 1, 2018

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

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Notes to Financial Statements
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	Series 2011	Series 2012
Amounts outstanding, May 31, 2018	\$2,600,000	\$585,000
Interest rates	3.20% to 4.00%	2.30% to 3.60%
Maturity dates, serially beginning/ending	September 1, 2018/2022	September 1, 2018/2023
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2019	September 1, 2019
	Series 2012A Park	Series 2012 Road
Amounts outstanding, May 31, 2018	\$2,310,000	\$8,400,000
Interest rates	2.75% to 4.35%	2.20% to 3.75%
Maturity dates, serially beginning/ending	September 1, 2018/2038	September 1, 2018/2038
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2019	September 1, 2019
	Series 2014 Park	Series 2014A
Amounts outstanding, May 31, 2018	\$2,730,000	\$7,480,000
Interest rates	3.000% to 4.875%	2.00% to 3.75%
Maturity dates, serially beginning/ending	September 1, 2018/2038	September 1, 2018/2039
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2021	September 1, 2022
	Series 2014 Road	Refunding Series 2015
Amounts outstanding, May 31, 2018	\$4,730,000	\$5,075,000
Interest rates	2.00% to 4.00%	2.000% to 3.625%
Maturity dates, serially beginning/ending	September 1, 2018/2039	September 1, 2018/2032
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2022	September 1, 2022

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

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	Series 2015A	Series 2015 Road
Amounts outstanding, May 31, 2018	\$8,575,000	\$3,800,000
Interest rates	2.00% to 4.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2018/2041	September 1, 2018/2041
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2023	September 1, 2023
	Refunding Series 2016	Series 2016A
Amounts outstanding, May 31, 2018	\$20,295,000	\$17,300,000
Interest rates	2.00% to 4.00%	3.00% to 3.25%
Maturity dates, serially beginning/ending	September 1, 2018/2035	September 1, 2018/2041
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2023	September 1, 2023
	Series 2016 Road	Road Refunding Series 2017
Amounts outstanding, May 31, 2018	\$2,550,000	\$4,140,000
Interest rates	2.00% to 4.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2018/2041	September 1, 2018/2035
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2023	September 1, 2024
	Series 2017	Series 2017A Park
Amounts outstanding, May 31, 2018	\$12,400,000	\$5,400,000
Interest rates	3.00% to 4.00%	3.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2018/2042	September 1, 2018/2042
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2024	September 1, 2024

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

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	Refunding Series 2017B
Amount outstanding, May 31, 2018	\$11,615,000
Interest rates	2.50% to 3.50%
Maturity dates, serially beginning/ending	September 1, 2018/2038
Interest payment dates	September 1/March 1
Callable date*	September 1, 2024

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at May 31, 2018.

Year	Principal	Interest	Total
2019	\$ 5,210,000	\$ 3,915,776	\$ 9,125,776
2020	5,150,000	3,754,794	8,904,794
2021	5,210,000	3,591,288	8,801,288
2022	5,290,000	3,425,433	8,715,433
2023	5,360,000	3,259,784	8,619,784
2024-2028	27,985,000	13,859,108	41,844,108
2029-2033	29,800,000	9,363,649	39,163,649
2034-2038	26,060,000	4,395,036	30,455,036
2039-2043	12,810,000	893,830	13,703,830
Total	\$ 122,875,000	\$ 46,458,698	\$ 169,333,698

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Bonds voted:

Water, sewer and drainage facilities	\$ 211,320,000
Recreational facilities	20,360,000
Road facilities	37,500,000

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Notes to Financial Statements
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Bonds sold:	
Water, sewer and drainage facilities	\$ 95,595,000
Recreational facilities	11,485,000
Road facilities	28,245,000
Refunding bonds voted	269,180,000
Refunding bonds authorization used	4,005,000

Due to Developer

The developer of the District has constructed underground utilities, recreational facilities and road facilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission. The District's engineer estimates reimbursable costs for completed projects are \$12,108,146, including approximately \$2,016,622 of water, sewer and drainage projects, and recreational facilities, and approximately \$10,091,524 of road projects. The District has agreed to reimburse these amounts, plus interest, to the extent approved by the Commission (as required) from the proceeds of future bond sales. Recreational facilities bonds are limited in issuance to 1 percent of the taxable value of property within the District. These amounts have been recorded in the financial statements as long-term liabilities.

The developer of the District has advanced \$8,537 to the District for operating expenses. The District has agreed to pay these amounts, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. These amounts have been recorded in the financial statements as long-term liabilities.

Defeased Debt

During a prior year, the District defeased part of its Series 2009 and 2010 bonds by creating a separate irrevocable trust fund. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed from the District's long-term liabilities. As of May 31, 2018, the amount of defeased debt outstanding but removed from long-term liabilities is \$11,135,000.

Note 5: Significant Bond Order and Commission Requirements

- A. The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended May 31, 2018, the District levied an ad valorem debt service tax at the rate of \$0.8000 per \$100 of assessed valuation, which resulted in a tax levy of \$8,341,267 on the taxable valuation of \$1,042,659,915

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for the 2017 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$8,972,779 of which \$1,764,194 has been paid and \$7,208,585 is due September 1, 2018.

- B. In accordance with the Series 2016A, Series 2017 and Series 2017A Park Bond Orders, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year		\$	393,556
Additions:			
Series 2017	\$		205,781
Series 2017A Park			89,513
			295,294
Accrued interest received on bonds at date of sale:			
Series 2017			20,578
Series 2017A Park			8,951
			29,529
Deductions--Appropriations from bond interest paid:			
Series 2016A			393,556
Series 2017			102,891
Series 2017A Park			44,756
			541,203
Bond interest reserve, end of year		\$	177,176

Note 6: Maintenance Taxes

At an election held May 7, 2005, voters authorized a general operations and maintenance tax not to exceed \$1.50 per \$100 valuation on all property within the District subject to taxation. During the year ended May 31, 2018, the District levied an ad valorem general operations and maintenance tax at the rate of \$0.1400 per \$100 of assessed valuation, which resulted in a tax levy of \$1,459,722 on the taxable valuation of \$1,042,659,915 for the 2017 tax year. The maintenance tax is being used by the general fund to pay general expenditures of operating the District.

At an election held May 7, 2005, voters authorized a recreational facilities maintenance tax not to exceed \$0.10 per \$100 valuation on all property within the District subject to taxation. During the year ended May 31, 2018, the District did not levy an ad valorem recreational facilities maintenance tax.

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Notes to Financial Statements
May 31, 2018

Note 7: Contract With Other District

The District is served by a regional water supply and wastewater treatment system that is owned and operated by Harris County Municipal Utility District No. 418 (District No. 418), in its capacity as "Master District," pursuant to that certain Contract for Financing, Operation, and Maintenance of Master Water and Sanitary Sewer Facilities, dated August 1, 2006, as amended from time to time, by and among District No. 418, Harris County Municipal Utility District Nos. 489, 490, 491, 492 and 493, and the District. District No. 418 will acquire, construct, own, operate, and/or maintain central water supply and wastewater treatment facilities, as well as major trunk lines related to said facilities necessary to serve itself, the District and other municipal utility districts that comprise the Bridgeland community.

District No. 418 charges a connection charge to pay for the costs of constructing regional facilities. The current charge is \$4,058 per equivalent single-family connection for water supply capacity and \$3,252 for wastewater treatment capacity. District No. 418 also charges a wastewater collection connection charge, which varies based on the location of the area to be served by the system, ranging from \$0 to \$1,295 per equivalent single-family connection. These charges are subject to adjustment annually. Through May 31, 2018, the District has been credited with water and sewer connections with a value of \$19,746,736. In addition, District No. 418 is authorized, in certain circumstances, to issue contract revenue bonds sufficient to complete acquisition and construction of the facilities, as needed, to serve all districts in the service area. Once bonds are issued, each participating district would contribute to the debt service requirements of the bonds. The District's voters have approved such a contract-revenue tax proposition.

The contract requires that operations and maintenance costs and a percentage of the administrative costs be paid to the master district on a monthly basis. Additionally, each participant is required to advance funds to the master district to create a reserve for the benefit of such participant in an amount equal to the participant's projected share of operations and maintenance costs for a two-month period commencing at the beginning of the master district's fiscal year (currently June 1). During the current year, the District incurred operating charges of \$1,638,524 for water supply and \$715,004 for wastewater services. In addition, the District has contributed \$297,501 for its share of the water supply reserve and \$144,937 for the wastewater treatment reserve. The reserves are subject to adjustment annually.

Note 8: 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. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Harris County Municipal Utility District No. 419

Notes to Financial Statements

May 31, 2018

Note 9: Contingencies

The developer of the District is constructing water, sewer, drainage and paving facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$9,900,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 10: Refunding Bonds

On November 28, 2017, the District sold \$11,615,000 in unlimited tax refunding bonds to advance-refund \$7,800,000 of outstanding Series 2011 bonds and \$2,620,000 of outstanding Series 2012 bonds. The net proceeds of \$11,082,242 were placed in an irrevocable trust with an escrow agent and used to purchase U.S. Government securities. The escrow fund is to be used to provide for all future debt service payments on the refunded bonds until they are redeemed. The District refunded the bonds to reduce total debt service payments over future years by \$891,360 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$638,848.

Required Supplementary Information

Harris County Municipal Utility District No. 419
Budgetary Comparison Schedule – General Fund
Year Ended May 31, 2018

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 1,364,572	\$ 1,364,572	\$ 1,460,836	\$ 96,264
Water service	1,107,000	1,107,000	1,273,384	166,384
Sewer service	1,156,000	1,156,000	1,418,986	262,986
Regional water fee	1,351,250	1,351,250	1,422,007	70,757
Penalty and interest	63,100	63,100	70,634	7,534
Tap connection and inspection fees	400,666	400,666	276,113	(124,553)
Investment income	15,460	15,460	33,628	18,168
Total revenues	<u>5,458,048</u>	<u>5,458,048</u>	<u>5,955,588</u>	<u>497,540</u>
Expenditures				
Service operations:				
Purchased services	1,761,035	1,761,035	2,353,528	(592,493)
Regional water fee	787,814	787,814	732,438	55,376
Professional fees	193,000	193,000	223,982	(30,982)
Contracted services	1,065,370	1,091,170	1,075,499	15,671
Utilities	202,900	202,900	211,237	(8,337)
Repairs and maintenance	693,895	693,895	1,080,043	(386,148)
Other expenditures	226,699	226,699	201,006	25,693
Tap connections	175,800	175,800	95,075	80,725
Capital outlay	90,000	90,000	82,400	7,600
Total expenditures	<u>5,196,513</u>	<u>5,222,313</u>	<u>6,055,208</u>	<u>(832,895)</u>
Excess (Deficiency) of Revenues Over Expenditures	261,535	235,735	(99,620)	(335,355)
Fund Balance, Beginning of Year	<u>3,734,457</u>	<u>3,734,457</u>	<u>3,734,457</u>	-
Fund Balance, End of Year	<u>\$ 3,995,992</u>	<u>\$ 3,970,192</u>	<u>\$ 3,634,837</u>	<u>\$ (335,355)</u>

Harris County Municipal Utility District No. 419
Notes to Required Supplementary Information
May 31, 2018

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was amended during fiscal 2018.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Other Information

Harris County Municipal Utility District No. 419
Other Schedules Included Within This Report
May 31, 2018

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 14-31
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Harris County Municipal Utility District No. 419

Schedule of Services and Rates

Year Ended May 31, 2018

1. Services provided by the District:

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 18.00	5,000	N	\$ 1.75	5,001 to 10,000
				\$ 2.00	10,001 to 20,000
				\$ 2.50	20,001 to No Limit
Wastewater:	\$ 36.28	0	Y		
Regional water fee:	\$ 3.40	1,000	N	\$ 3.40	1,001 to No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 60.75	Wastewater \$ 36.28

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	2,514	2,503	x1.0	2,503
1"	687	685	x2.5	1,713
1 1/2"	9	9	x5.0	45
2"	25	25	x8.0	200
3"	1	-	x15.0	-
4"	-	-	x25.0	-
6"	2	2	x50.0	100
8"	2	2	x80.0	160
10"	-	-	x115.0	-
Total water	3,240	3,226		4,721
Total wastewater	3,170	3,157	x1.0	3,157

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	453,167
Gallons billed to customers:	453,167
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 419
Schedule of General Fund Expenditures
Year Ended May 31, 2018

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 22,700	
Legal	67,191	
Engineering	134,091	
Financial advisor	-	223,982
Purchased Services for Resale		
Bulk water and wastewater service purchases		2,353,528
Regional Water Fee		732,438
Contracted Services		
Bookkeeping	31,876	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	287,908	
Other contracted services	158,085	477,869
Utilities		211,237
Repairs and Maintenance		1,080,043
Administrative Expenditures		
Directors' fees	9,150	
Office supplies	14,581	
Insurance	15,403	
Other administrative expenditures	161,872	201,006
Capital Outlay		
Capitalized assets	82,400	
Expenditures not capitalized	-	82,400
Tap Connection Expenditures		95,075
Solid Waste Disposal		597,630
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		\$ 6,055,208

Harris County Municipal Utility District No. 419
Schedule of Temporary Investments
May 31, 2018

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 1002101937	1.30%	03/11/19	\$ 240,000	\$ 692
No. 100141673	2.00%	05/01/19	240,000	381
No. 317	1.00%	08/11/18	240,000	1,927
No. 66000349	1.25%	09/03/18	240,000	2,219
No. 6745757667	1.31%	11/02/18	240,000	1,809
No. 6743976345	1.85%	10/19/18	240,000	499
No. 9009004090	0.70%	06/21/18	240,000	1,579
No. 485235	1.25%	02/05/19	240,000	962
No. 306597	1.00%	10/10/18	240,000	1,532
No. 3116002895	2.00%	04/24/19	240,000	486
No. 7709	1.10%	07/27/18	140,000	1,300
Texas CLASS	2.11%	Demand	863,925	-
			<u>3,403,925</u>	<u>13,386</u>
Debt Service Fund				
Certificates of Deposit				
No. 66000399	1.25%	08/07/18	240,000	912
No. 9009003882	0.95%	08/05/18	240,000	706
No. 475830	0.90%	08/20/18	240,000	1,681
No. 0460018958	1.10%	08/21/18	240,000	2,061
No. 15495	1.10%	08/21/18	240,000	2,047
No. 3116003353	1.25%	08/19/18	240,000	2,342
No. 6000019940	1.05%	08/19/18	240,000	1,968
No. 8075	0.90%	08/08/18	240,000	651
Texas CLASS	2.11%	Demand	4,758,520	-
Texas CLASS	2.11%	Demand	1,960,989	-
			<u>8,639,509</u>	<u>12,368</u>
Capital Projects Fund				
Texas CLASS	2.11%	Demand	762,219	-
Texas CLASS	2.11%	Demand	304,781	-
			<u>1,067,000</u>	<u>0</u>
Totals			<u>\$ 13,110,434</u>	<u>\$ 25,754</u>

Harris County Municipal Utility District No. 419
Analysis of Taxes Levied and Receivable
Year Ended May 31, 2018

	Maintenance Taxes	Debt Service Taxes
	<u> </u>	<u> </u>
Receivable, Beginning of Year	\$ 15,453	\$ 83,886
Additions and corrections to prior years' taxes	<u>834</u>	<u>5,424</u>
Adjusted receivable, beginning of year	<u>16,287</u>	<u>89,310</u>
2017 Original Tax Levy	1,373,191	7,846,804
Additions and corrections	<u>86,531</u>	<u>494,463</u>
Adjusted tax levy	<u>1,459,722</u>	<u>8,341,267</u>
Total to be accounted for	1,476,009	8,430,577
Tax collections: Current year	(1,449,785)	(8,284,487)
Prior years	<u>(11,051)</u>	<u>(61,419)</u>
Receivable, end of year	<u>\$ 15,173</u>	<u>\$ 84,671</u>
Receivable, by Years		
2017	\$ 9,937	\$ 56,780
2016	1,764	10,082
2015	1,349	6,349
2014	921	6,165
2013	622	2,652
2012	<u>580</u>	<u>2,643</u>
Receivable, end of year	<u>\$ 15,173</u>	<u>\$ 84,671</u>

Harris County Municipal Utility District No. 419
Analysis of Taxes Levied and Receivable (Continued)
Year Ended May 31, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Property Valuations				
Land	\$ 222,018,160	\$ 196,856,300	\$ 175,547,234	\$ 147,499,102
Improvements	838,918,521	739,790,159	645,595,354	554,404,918
Personal property	5,864,088	5,087,345	5,400,874	4,668,541
Exemptions	<u>(24,140,854)</u>	<u>(22,174,083)</u>	<u>(20,075,673)</u>	<u>(21,233,848)</u>
Total property valuations	<u>\$1,042,659,915</u>	<u>\$ 919,559,721</u>	<u>\$ 806,467,789</u>	<u>\$ 685,338,713</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.8000	\$ 0.8000	\$ 0.8000	\$ 0.8700
Maintenance tax rates*	<u>0.1400</u>	<u>0.1400</u>	<u>0.1700</u>	<u>0.1300</u>
Total tax rates per \$100 valuation	<u>\$ 0.9400</u>	<u>\$ 0.9400</u>	<u>\$ 0.9700</u>	<u>\$ 1.0000</u>
Tax Levy	<u>\$ 9,800,989</u>	<u>\$ 8,643,850</u>	<u>\$ 7,822,724</u>	<u>\$ 6,853,388</u>
Percent of Taxes Collected to Taxes Levied**	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$1.50 on May 7, 2005

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

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2008		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	<u>\$ 260,000</u>	<u>\$ 6,370</u>	<u>\$ 266,370</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2009		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 120,000	\$ 17,562	\$ 137,562
2020	130,000	10,919	140,919
2021	135,000	3,713	138,713
Totals	<u>\$ 385,000</u>	<u>\$ 32,194</u>	<u>\$ 417,194</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2010 Road		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 160,000	\$ 35,175	\$ 195,175
2020	170,000	28,469	198,469
2021	180,000	21,138	201,138
2022	190,000	13,156	203,156
2023	200,000	4,500	204,500
Totals	<u>\$ 900,000</u>	<u>\$ 102,438</u>	<u>\$ 1,002,438</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2010		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 310,000	\$ 47,655	\$ 357,655
2020	325,000	35,265	360,265
2021	345,000	21,865	366,865
2022	365,000	7,483	372,483
Totals	<u>\$ 1,345,000</u>	<u>\$ 112,268</u>	<u>\$ 1,457,268</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2011		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 520,000	\$ 86,320	\$ 606,320
2020	520,000	69,160	589,160
2021	520,000	50,700	570,700
2022	520,000	30,940	550,940
2023	520,000	10,400	530,400
Totals	\$ 2,600,000	\$ 247,520	\$ 2,847,520

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2012		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 85,000	\$ 16,450	\$ 101,450
2020	90,000	14,302	104,302
2021	95,000	11,779	106,779
2022	100,000	8,925	108,925
2023	105,000	5,693	110,693
2024	110,000	1,980	111,980
Totals	<u>\$ 585,000</u>	<u>\$ 59,129</u>	<u>\$ 644,129</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2012A Park		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 110,000	\$ 89,898	\$ 199,898
2020	110,000	86,735	196,735
2021	110,000	83,298	193,298
2022	110,000	79,585	189,585
2023	110,000	75,598	185,598
2024	110,000	71,335	181,335
2025	110,000	66,935	176,935
2026	110,000	62,535	172,535
2027	110,000	58,135	168,135
2028	110,000	53,735	163,735
2029	110,000	49,253	159,253
2030	110,000	44,687	154,687
2031	110,000	40,122	150,122
2032	110,000	35,558	145,558
2033	110,000	30,992	140,992
2034	110,000	26,317	136,317
2035	110,000	21,532	131,532
2036	110,000	16,747	126,747
2037	110,000	11,962	121,962
2038	110,000	7,178	117,178
2039	110,000	2,393	112,393
Totals	<u>\$ 2,310,000</u>	<u>\$ 1,014,530</u>	<u>\$ 3,324,530</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2012 Road		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 400,000	\$ 274,100	\$ 674,100
2020	400,000	264,900	664,900
2021	400,000	254,900	654,900
2022	400,000	244,100	644,100
2023	400,000	232,500	632,500
2024	400,000	220,500	620,500
2025	400,000	208,250	608,250
2026	400,000	195,500	595,500
2027	400,000	182,500	582,500
2028	400,000	169,000	569,000
2029	400,000	155,000	555,000
2030	400,000	141,000	541,000
2031	400,000	126,750	526,750
2032	400,000	112,250	512,250
2033	400,000	97,500	497,500
2034	400,000	82,500	482,500
2035	400,000	67,500	467,500
2036	400,000	52,500	452,500
2037	400,000	37,500	437,500
2038	400,000	22,500	422,500
2039	400,000	7,500	407,500
Totals	<u>\$ 8,400,000</u>	<u>\$ 3,148,750</u>	<u>\$ 11,548,750</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Series 2014 Park			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 130,000	\$ 109,038	\$ 239,038
2020	130,000	105,137	235,137
2021	130,000	101,238	231,238
2022	130,000	97,337	227,337
2023	130,000	93,438	223,438
2024	130,000	88,887	218,887
2025	130,000	83,688	213,688
2026	130,000	78,487	208,487
2027	130,000	73,288	203,288
2028	130,000	68,087	198,087
2029	130,000	62,888	192,888
2030	130,000	57,524	187,524
2031	130,000	51,919	181,919
2032	130,000	46,231	176,231
2033	130,000	40,463	170,463
2034	130,000	34,531	164,531
2035	130,000	28,437	158,437
2036	130,000	22,181	152,181
2037	130,000	15,843	145,843
2038	130,000	9,506	139,506
2039	130,000	3,169	133,169
Totals	<u>\$ 2,730,000</u>	<u>\$ 1,271,317</u>	<u>\$ 4,001,317</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2014A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 340,000	\$ 222,275	\$ 562,275
2020	340,000	215,475	555,475
2021	340,000	208,675	548,675
2022	340,000	201,875	541,875
2023	340,000	194,438	534,438
2024	340,000	186,150	526,150
2025	340,000	177,438	517,438
2026	340,000	167,875	507,875
2027	340,000	157,675	497,675
2028	340,000	147,475	487,475
2029	340,000	137,275	477,275
2030	340,000	126,650	466,650
2031	340,000	115,600	455,600
2032	340,000	104,337	444,337
2033	340,000	92,650	432,650
2034	340,000	80,750	420,750
2035	340,000	68,850	408,850
2036	340,000	56,950	396,950
2037	340,000	44,625	384,625
2038	340,000	31,875	371,875
2039	340,000	19,125	359,125
2040	340,000	6,375	346,375
Totals	<u>\$ 7,480,000</u>	<u>\$ 2,764,413</u>	<u>\$ 10,244,413</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2014 Road		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 215,000	\$ 152,113	\$ 367,113
2020	215,000	147,813	362,813
2021	215,000	142,437	357,437
2022	215,000	135,987	350,987
2023	215,000	129,537	344,537
2024	215,000	123,087	338,087
2025	215,000	116,637	331,637
2026	215,000	110,187	325,187
2027	215,000	103,737	318,737
2028	215,000	97,019	312,019
2029	215,000	90,031	305,031
2030	215,000	83,044	298,044
2031	215,000	75,922	290,922
2032	215,000	68,666	283,666
2033	215,000	61,275	276,275
2034	215,000	53,750	268,750
2035	215,000	46,091	261,091
2036	215,000	38,297	253,297
2037	215,000	30,100	245,100
2038	215,000	21,500	236,500
2039	215,000	12,900	227,900
2040	215,000	4,300	219,300
Totals	<u>\$ 4,730,000</u>	<u>\$ 1,844,430</u>	<u>\$ 6,574,430</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Refunding Series 2015		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 50,000	\$ 151,663	\$ 201,663
2020	55,000	150,612	205,612
2021	310,000	145,413	455,413
2022	320,000	137,563	457,563
2023	330,000	130,236	460,236
2024	340,000	121,863	461,863
2025	355,000	112,731	467,731
2026	365,000	102,375	467,375
2027	375,000	91,275	466,275
2028	390,000	79,800	469,800
2029	405,000	67,622	472,622
2030	420,000	54,469	474,469
2031	435,000	40,303	475,303
2032	455,000	25,000	480,000
2033	470,000	8,519	478,519
Totals	<u>\$ 5,075,000</u>	<u>\$ 1,419,444</u>	<u>\$ 6,494,444</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2015A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 260,000	\$ 278,875	\$ 538,875
2020	300,000	270,475	570,475
2021	300,000	261,475	561,475
2022	300,000	253,975	553,975
2023	300,000	247,787	547,787
2024	300,000	241,225	541,225
2025	300,000	234,100	534,100
2026	300,000	226,225	526,225
2027	300,000	217,600	517,600
2028	300,000	208,600	508,600
2029	300,000	199,413	499,413
2030	300,000	189,850	489,850
2031	300,000	179,912	479,912
2032	300,000	169,600	469,600
2033	300,000	159,100	459,100
2034	300,000	148,600	448,600
2035	300,000	137,913	437,913
2036	500,000	123,413	623,413
2037	500,000	104,975	604,975
2038	500,000	86,225	586,225
2039	500,000	67,475	567,475
2040	500,000	48,725	548,725
2041	500,000	29,975	529,975
2042	515,000	10,300	525,300
Totals	<u>\$ 8,575,000</u>	<u>\$ 4,095,813</u>	<u>\$ 12,670,813</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2015 Road		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 150,000	\$ 116,375	\$ 266,375
2020	150,000	113,375	263,375
2021	150,000	110,375	260,375
2022	150,000	107,375	257,375
2023	150,000	104,375	254,375
2024	150,000	101,188	251,188
2025	150,000	97,719	247,719
2026	150,000	94,063	244,063
2027	150,000	89,938	239,938
2028	150,000	85,436	235,436
2029	150,000	80,938	230,938
2030	150,000	76,438	226,438
2031	150,000	71,843	221,843
2032	150,000	67,063	217,063
2033	150,000	62,094	212,094
2034	150,000	56,937	206,937
2035	150,000	51,688	201,688
2036	150,000	46,343	196,343
2037	150,000	40,812	190,812
2038	175,000	34,500	209,500
2039	175,000	27,500	202,500
2040	175,000	20,500	195,500
2041	210,000	12,800	222,800
2042	215,000	4,300	219,300
Totals	<u>\$ 3,800,000</u>	<u>\$ 1,673,975</u>	<u>\$ 5,473,975</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Refunding Series 2016		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 440,000	\$ 610,463	\$ 1,050,463
2020	735,000	592,837	1,327,837
2021	500,000	574,313	1,074,313
2022	665,000	556,837	1,221,837
2023	1,075,000	530,738	1,605,738
2024	1,120,000	503,412	1,623,412
2025	1,155,000	480,663	1,635,663
2026	1,185,000	455,781	1,640,781
2027	1,215,000	427,262	1,642,262
2028	1,255,000	396,388	1,651,388
2029	1,295,000	354,800	1,649,800
2030	1,360,000	308,500	1,668,500
2031	1,405,000	267,025	1,672,025
2032	1,455,000	224,125	1,679,125
2033	1,510,000	179,650	1,689,650
2034	1,565,000	125,700	1,690,700
2035	1,635,000	61,700	1,696,700
2036	725,000	14,500	739,500
Totals	<u>\$ 20,295,000</u>	<u>\$ 6,664,694</u>	<u>\$ 26,959,694</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2016A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 700,000	\$ 521,937	\$ 1,221,937
2020	700,000	500,938	1,200,938
2021	700,000	479,937	1,179,937
2022	700,000	458,938	1,158,938
2023	700,000	437,937	1,137,937
2024	700,000	416,938	1,116,938
2025	700,000	395,937	1,095,937
2026	700,000	374,938	1,074,938
2027	700,000	353,937	1,053,937
2028	700,000	332,938	1,032,938
2029	700,000	311,937	1,011,937
2030	700,000	290,938	990,938
2031	700,000	269,937	969,937
2032	700,000	248,935	948,935
2033	700,000	227,938	927,938
2034	700,000	206,938	906,938
2035	700,000	185,500	885,500
2036	750,000	162,843	912,843
2037	750,000	138,938	888,938
2038	750,000	114,563	864,563
2039	750,000	90,188	840,188
2040	800,000	65,000	865,000
2041	800,000	39,000	839,000
2042	800,000	13,000	813,000
Totals	<u>\$ 17,300,000</u>	<u>\$ 6,640,030</u>	<u>\$ 23,940,030</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2016 Road		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 100,000	\$ 82,020	\$ 182,020
2020	100,000	80,020	180,020
2021	100,000	77,770	177,770
2022	100,000	75,270	175,270
2023	100,000	72,770	172,770
2024	100,000	70,270	170,270
2025	100,000	67,520	167,520
2026	100,000	64,520	164,520
2027	100,000	61,520	161,520
2028	100,000	58,520	158,520
2029	100,000	55,520	155,520
2030	100,000	52,395	152,395
2031	100,000	49,145	149,145
2032	100,000	45,795	145,795
2033	100,000	42,345	142,345
2034	115,000	38,521	153,521
2035	115,000	34,324	149,324
2036	115,000	30,069	145,069
2037	115,000	25,756	140,756
2038	115,000	21,300	136,300
2039	115,000	16,700	131,700
2040	120,000	12,000	132,000
2041	120,000	7,200	127,200
2042	120,000	2,400	122,400
Totals	<u>\$ 2,550,000</u>	<u>\$ 1,143,670</u>	<u>\$ 3,693,670</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	<u>Road Refunding Series 2017</u>		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 15,000	\$ 164,350	\$ 179,350
2020	20,000	163,900	183,900
2021	20,000	163,300	183,300
2022	20,000	162,700	182,700
2023	20,000	162,100	182,100
2024	235,000	157,100	392,100
2025	245,000	147,500	392,500
2026	260,000	137,400	397,400
2027	265,000	126,900	391,900
2028	280,000	116,000	396,000
2029	290,000	104,600	394,600
2030	310,000	92,600	402,600
2031	320,000	80,000	400,000
2032	340,000	66,800	406,800
2033	350,000	53,000	403,000
2034	365,000	38,700	403,700
2035	385,000	23,700	408,700
2036	400,000	8,000	408,000
Totals	<u>\$ 4,140,000</u>	<u>\$ 1,968,650</u>	<u>\$ 6,108,650</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2017		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 450,000	\$ 402,562	\$ 852,562
2020	400,000	385,562	785,562
2021	400,000	369,562	769,562
2022	400,000	353,562	753,562
2023	400,000	337,562	737,562
2024	400,000	321,562	721,562
2025	425,000	305,062	730,062
2026	425,000	290,188	715,188
2027	425,000	277,438	702,438
2028	425,000	264,688	689,688
2029	425,000	251,938	676,938
2030	425,000	239,188	664,188
2031	425,000	226,438	651,438
2032	425,000	213,688	638,688
2033	425,000	200,938	625,938
2034	600,000	185,562	785,562
2035	600,000	167,562	767,562
2036	600,000	149,188	749,188
2037	600,000	130,438	730,438
2038	600,000	111,312	711,312
2039	600,000	91,812	691,812
2040	600,000	72,312	672,312
2041	600,000	52,812	652,812
2042	650,000	32,500	682,500
2043	675,000	10,969	685,969
Totals	<u>\$ 12,400,000</u>	<u>\$ 5,444,405</u>	<u>\$ 17,844,405</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Series 2017A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 200,000	\$ 175,025	\$ 375,025
2020	170,000	167,625	337,625
2021	170,000	160,825	330,825
2022	170,000	154,025	324,025
2023	170,000	147,225	317,225
2024	170,000	140,425	310,425
2025	195,000	133,125	328,125
2026	195,000	126,300	321,300
2027	195,000	120,450	315,450
2028	195,000	114,600	309,600
2029	195,000	108,750	303,750
2030	195,000	102,900	297,900
2031	195,000	97,050	292,050
2032	195,000	91,200	286,200
2033	195,000	85,350	280,350
2034	245,000	78,750	323,750
2035	260,000	71,175	331,175
2036	260,000	63,213	323,213
2037	260,000	55,088	315,088
2038	260,000	46,800	306,800
2039	260,000	38,350	298,350
2040	260,000	29,900	289,900
2041	260,000	21,450	281,450
2042	265,000	12,919	277,919
2043	265,000	4,306	269,306
Totals	<u>\$ 5,400,000</u>	<u>\$ 2,346,826</u>	<u>\$ 7,746,826</u>

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Refunding Series 2017B		
	Principal Due September 1	Interest Due September 1, March 1	Total
2019	\$ 195,000	\$ 355,550	\$ 550,550
2020	90,000	351,275	441,275
2021	90,000	348,575	438,575
2022	95,000	345,800	440,800
2023	95,000	342,950	437,950
2024	620,000	332,225	952,225
2025	730,000	311,975	1,041,975
2026	735,000	288,163	1,023,163
2027	740,000	266,050	1,006,050
2028	735,000	247,153	982,153
2029	735,000	227,400	962,400
2030	735,000	206,269	941,269
2031	730,000	184,294	914,294
2032	730,000	162,394	892,394
2033	725,000	140,116	865,116
2034	725,000	117,006	842,006
2035	725,000	93,444	818,444
2036	725,000	69,428	794,428
2037	725,000	44,506	769,506
2038	725,000	19,584	744,584
2039	210,000	3,675	213,675
Totals	\$ 11,615,000	\$ 4,457,832	\$ 16,072,832

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2019	\$ 5,210,000	\$ 3,915,776	\$ 9,125,776
2020	5,150,000	3,754,794	8,904,794
2021	5,210,000	3,591,288	8,801,288
2022	5,290,000	3,425,433	8,715,433
2023	5,360,000	3,259,784	8,619,784
2024	5,440,000	3,098,147	8,538,147
2025	5,550,000	2,939,280	8,489,280
2026	5,610,000	2,774,537	8,384,537
2027	5,660,000	2,607,705	8,267,705
2028	5,725,000	2,439,439	8,164,439
2029	5,790,000	2,257,365	8,047,365
2030	5,890,000	2,066,452	7,956,452
2031	5,955,000	1,876,260	7,831,260
2032	6,045,000	1,681,642	7,726,642
2033	6,120,000	1,481,930	7,601,930
2034	5,960,000	1,274,562	7,234,562
2035	6,065,000	1,059,416	7,124,416
2036	5,420,000	853,672	6,273,672
2037	4,295,000	680,543	4,975,543
2038	4,320,000	526,843	4,846,843
2039	3,805,000	380,787	4,185,787
2040	3,010,000	259,112	3,269,112
2041	2,490,000	163,237	2,653,237
2042	2,565,000	75,419	2,640,419
2043	940,000	15,275	955,275
Totals	<u>\$ 122,875,000</u>	<u>\$ 46,458,698</u>	<u>\$ 169,333,698</u>

Harris County Municipal Utility District No. 419

Changes in Long-term Bonded Debt

Year Ended May 31, 2018

	Bond			
	Series 2007	Series 2008	Series 2009	Series 2010 Road
Interest rates	4.30%	4.90%	5.25% to 5.50%	4.00% to 4.50%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates		September 1, 2018	September 1, 2018/2020	September 1, 2018/2022
Bonds outstanding, beginning of current year	\$ 220,000	\$ 505,000	\$ 500,000	\$ 1,055,000
Bonds sold during current year	-	-	-	-
Principal refunded	-	-	-	-
Retirements, principal	<u>220,000</u>	<u>245,000</u>	<u>115,000</u>	<u>155,000</u>
Bonds outstanding, end of current year	<u>\$ 0</u>	<u>\$ 260,000</u>	<u>\$ 385,000</u>	<u>\$ 900,000</u>
Interest paid during current year	<u>\$ 4,730</u>	<u>\$ 19,723</u>	<u>\$ 23,588</u>	<u>\$ 41,184</u>

Paying agent's name and address:

Series 2007	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2008	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2009	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2010 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2010	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2011	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2012	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2012A Park	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2012 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2014 Park	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2014A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2014 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2015	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2015A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2015 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2016	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2016A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2016 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017 Road Ref	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017A Park	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017B	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	Tax Bonds	Recreational Bonds	Road Bonds	Refunding Bonds
Amount authorized by voters	\$ 211,320,000	\$ 20,360,000	\$ 37,500,000	\$ 269,180,000
Amount issued	<u>\$ 95,595,000</u>	<u>\$ 11,485,000</u>	<u>\$ 28,245,000</u>	<u>\$ 4,005,000</u>
Remaining to be issued	<u>\$ 115,725,000</u>	<u>\$ 8,875,000</u>	<u>\$ 9,255,000</u>	<u>\$ 265,175,000</u>

Debt service fund cash and temporary investment balances as of May 31, 2018:

\$ 10,988,255

Average annual debt service payment (principal and interest) for remaining term of all debt:

\$ 6,773,348

Issues

Series 2010	Series 2011	Series 2012	Series 2012A Park	Series 2012 Road	Series 2014 Park
3.80% to 4.10%	3.20% to 4.00%	2.30% to 3.60%	2.75% to 4.35%	2.20% to 3.75%	3.000% to 4.875%
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
September 1, 2018/2021	September 1, 2018/2022	September 1, 2018/2023	September 1, 2018/2038	September 1, 2018/2038	September 1, 2018/2038
\$ 1,635,000	\$ 10,920,000	\$ 3,285,000	\$ 2,420,000	\$ 8,800,000	\$ 2,860,000
-	-	-	-	-	-
-	7,800,000	2,620,000	-	-	-
290,000	520,000	80,000	110,000	400,000	130,000
<u>\$ 1,345,000</u>	<u>\$ 2,600,000</u>	<u>\$ 585,000</u>	<u>\$ 2,310,000</u>	<u>\$ 8,400,000</u>	<u>\$ 2,730,000</u>
<u>\$ 58,765</u>	<u>\$ 287,625</u>	<u>\$ 74,469</u>	<u>\$ 92,785</u>	<u>\$ 282,500</u>	<u>\$ 112,940</u>

Harris County Municipal Utility District No. 419
Changes in Long-term Bonded Debt (Continued)
Year Ended May 31, 2018

	Bond			
	Series 2014A	Series 2014 Road	Refunding Series 2015	Series 2015A
Interest rates	2.00% to 3.75%	2.00% to 4.00%	2.000% to 3.625%	2.00% to 4.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2018/2039	September 1, 2018/2039	September 1, 2018/2032	September 1, 2018/2041
Bonds outstanding, beginning of current year	\$ 7,820,000	\$ 4,945,000	\$ 5,125,000	\$ 8,800,000
Bonds sold during current year	-	-	-	-
Principal refunded	-	-	-	-
Retirements, principal	<u>340,000</u>	<u>215,000</u>	<u>50,000</u>	<u>225,000</u>
Bonds outstanding, end of current year	<u>\$ 7,480,000</u>	<u>\$ 4,730,000</u>	<u>\$ 5,075,000</u>	<u>\$ 8,575,000</u>
Interest paid during current year	<u>\$ 229,075</u>	<u>\$ 156,413</u>	<u>\$ 152,662</u>	<u>\$ 286,150</u>

Issues

Series 2015 Road	Refunding Series 2016	Series 2016A	Series 2016 Road	Road Refunding Series 2017
2.00% to 4.00%	2.00% to 4.00%	3.00% to 3.25%	2.00% to 4.00%	2.00% to 4.00%
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
September 1, 2018/2041	September 1, 2018/2035	September 1, 2018/2041	September 1, 2018/2041	September 1, 2018/2035
\$ 3,950,000	\$ 20,500,000	\$ 18,000,000	\$ 2,650,000	\$ 4,230,000
-	-	-	-	-
-	-	-	-	-
150,000	205,000	700,000	100,000	90,000
<u>\$ 3,800,000</u>	<u>\$ 20,295,000</u>	<u>\$ 17,300,000</u>	<u>\$ 2,550,000</u>	<u>\$ 4,140,000</u>
<u>\$ 119,375</u>	<u>\$ 620,137</u>	<u>\$ 542,938</u>	<u>\$ 84,020</u>	<u>\$ 179,258</u>

Harris County Municipal Utility District No. 419
Changes in Long-term Bonded Debt (Continued)
Year Ended May 31, 2018

	Bond Issues			Totals
	Series 2017	Series 2017A Park	Refunding Series 2017B	
Interest rates	3.00% to 4.00%	3.00% to 4.00%	2.50% to 3.50%	
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	
Maturity dates	September 1, 2018/2042	September 1, 2018/2042	September 1, 2018/2038	
Bonds outstanding, beginning of current year	\$ -	\$ -	\$ -	\$ 108,220,000
Bonds sold during current year	12,400,000	5,400,000	11,615,000	29,415,000
Principal refunded	-	-	-	10,420,000
Retirements, principal	-	-	-	4,340,000
Bonds outstanding, end of current year	<u>\$ 12,400,000</u>	<u>\$ 5,400,000</u>	<u>\$ 11,615,000</u>	<u>\$ 122,875,000</u>
Interest paid during current year	<u>\$ 102,891</u>	<u>\$ 44,756</u>	<u>\$ 89,618</u>	<u>\$ 3,605,602</u>

Harris County Municipal Utility District No. 419
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended May 31,

	Amounts				
	2018	2017	2016	2015	2014
General Fund					
Revenues					
Property taxes	\$ 1,460,836	\$ 1,291,552	\$ 1,373,218	\$ 887,331	\$ 1,081,895
Water service	1,273,384	1,089,939	949,902	852,123	918,427
Sewer service	1,418,986	1,177,566	1,034,886	938,339	889,190
Regional water fee	1,422,007	1,364,439	1,032,145	789,633	769,810
Penalty and interest	70,634	59,125	58,471	65,077	104,602
Tap connection and inspection fees	276,113	483,985	575,764	245,410	279,403
Investment income	33,628	16,642	12,146	10,963	7,913
Total revenues	<u>5,955,588</u>	<u>5,483,248</u>	<u>5,036,532</u>	<u>3,788,876</u>	<u>4,051,240</u>
Expenditures					
Service operations:					
Purchased services	2,353,528	1,402,394	1,183,797	865,967	857,313
Regional water fee	732,438	1,138,992	1,017,750	843,022	885,415
Professional fees	223,982	186,661	199,650	157,752	165,261
Contracted services	1,075,499	973,740	844,204	772,711	674,985
Utilities	211,237	210,985	192,594	164,748	143,456
Repairs and maintenance	1,080,043	765,929	467,256	456,799	308,487
Other expenditures	201,006	185,269	192,404	170,047	188,267
Tap connections	95,075	175,980	213,205	85,432	35,143
Capital outlay	82,400	-	214,169	44,135	-
Total expenditures	<u>6,055,208</u>	<u>5,039,950</u>	<u>4,525,029</u>	<u>3,560,613</u>	<u>3,258,327</u>
Excess (Deficiency) of Revenues Over Expenditures	(99,620)	443,298	511,503	228,263	792,913
Other Financing Uses					
Interfund transfers out	-	(4,188)	-	-	-
Excess (Deficiency) of Revenues and Transfers In Over Expenditures and Transfers Out	(99,620)	439,110	511,503	228,263	792,913
Fund Balance, Beginning of Year	<u>3,734,457</u>	<u>3,295,347</u>	<u>2,783,844</u>	<u>2,555,581</u>	<u>1,762,668</u>
Fund Balance, End of Year	<u>\$ 3,634,837</u>	<u>\$ 3,734,457</u>	<u>\$ 3,295,347</u>	<u>\$ 2,783,844</u>	<u>\$ 2,555,581</u>
Total Active Retail Water Connections	<u>3,226</u>	<u>3,011</u>	<u>2,542</u>	<u>2,338</u>	<u>2,166</u>
Total Active Retail Wastewater Connections	<u>3,157</u>	<u>2,947</u>	<u>2,474</u>	<u>2,287</u>	<u>2,126</u>

Percent of Fund Total Revenues

2018	2017	2016	2015	2014
24.5 %	23.5 %	27.3 %	23.4 %	26.7 %
21.4	2.8	18.9	22.5	22.7
23.8	21.5	20.5	24.8	21.9
23.9	42.0	20.5	20.8	19.0
1.2	1.1	1.2	1.7	2.6
4.6	8.8	11.4	6.5	6.9
0.6	0.3	0.2	0.3	0.2
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
39.5	25.6	23.5	22.9	21.2
12.3	20.8	20.2	22.2	21.8
3.8	3.4	4.0	4.2	4.1
18.1	17.8	16.8	20.4	16.7
3.5	3.8	3.8	4.3	3.5
18.1	14.0	9.3	12.1	7.6
3.4	3.4	3.8	4.5	4.6
1.6	3.2	4.2	2.3	0.9
1.4	-	4.3	1.1	-
<u>101.7</u>	<u>92.0</u>	<u>89.9</u>	<u>94.0</u>	<u>80.4</u>
<u>(1.7) %</u>	<u>8.0 %</u>	<u>10.1 %</u>	<u>6.0 %</u>	<u>19.6 %</u>

Harris County Municipal Utility District No. 419
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended May 31,

	Amounts				
	2018	2017	2016	2015	2014
Debt Service Fund					
Revenues					
Property taxes	\$ 8,345,906	\$ 7,366,679	\$ 6,484,359	\$ 5,928,228	\$ 4,613,199
Penalty and interest	39,634	34,463	25,008	17,360	25,570
Investment income	101,246	41,146	18,449	12,837	15,636
Other income	892	132,938	27,964	763	197,485
Total revenues	<u>8,487,678</u>	<u>7,575,226</u>	<u>6,555,780</u>	<u>5,959,188</u>	<u>4,851,890</u>
Expenditures					
Current:					
Professional fees	10,636	8,348	6,365	2,583	7,424
Contracted services	111,472	101,534	93,424	81,883	69,272
Other expenditures	2,371	2,655	3,080	3,612	2,653
Debt service:					
Principal retirement	4,340,000	3,300,000	2,695,000	2,070,000	1,805,000
Interest and fees	3,555,963	3,155,403	3,285,363	2,968,907	2,774,214
Debt issuance costs	392,395	172,231	880,336	-	-
Debt defeasance	-	-	17,000	-	-
Total expenditures	<u>8,412,837</u>	<u>6,740,171</u>	<u>6,980,568</u>	<u>5,126,985</u>	<u>4,658,563</u>
Excess (Deficiency) of Revenues Over Expenditures					
	<u>74,841</u>	<u>835,055</u>	<u>(424,788)</u>	<u>832,203</u>	<u>193,327</u>
Other Financing Sources (Uses)					
General obligation bonds issued	11,910,294	4,783,437	26,180,600	413,137	125,837
Premium on debt issued	-	248,909	284,576	-	-
Discount on debt issued	(141,246)	-	(79,171)	-	-
Deposit with escrow agent	<u>(11,082,242)</u>	<u>(4,302,600)</u>	<u>(25,082,444)</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>686,806</u>	<u>729,746</u>	<u>1,303,561</u>	<u>413,137</u>	<u>125,837</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses					
	761,647	1,564,801	878,773	1,245,340	319,164
Fund Balance, Beginning of Year	<u>10,198,113</u>	<u>8,633,312</u>	<u>7,754,539</u>	<u>6,509,199</u>	<u>6,190,035</u>
Fund Balance, End of Year	<u><u>\$ 10,959,760</u></u>	<u><u>\$ 10,198,113</u></u>	<u><u>\$ 8,633,312</u></u>	<u><u>\$ 7,754,539</u></u>	<u><u>\$ 6,509,199</u></u>

Percent of Fund Total Revenues

2018	2017	2016	2015	2014
98.3 %	97.2 %	98.9 %	99.5 %	95.1 %
0.5	0.5	0.8	0.3	0.6
1.2	0.5	0.3	0.2	0.3
0.0	1.8	0.0	0.0	4.0
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.1	0.1	0.1	0.0	0.2
1.3	1.3	1.4	1.4	1.4
0.0	0.0	0.0	0.1	0.0
51.2	43.6	41.1	34.7	37.2
41.9	41.7	50.1	49.8	57.2
4.6	2.3	13.4	-	-
-	-	0.3	-	-
<u>99.1</u>	<u>89.0</u>	<u>106.4</u>	<u>86.0</u>	<u>96.0</u>
<u>0.9 %</u>	<u>11.0 %</u>	<u>(6.4) %</u>	<u>14.0 %</u>	<u>4.0 %</u>

Harris County Municipal Utility District No. 419
Board Members, Key Personnel and Consultants
Year Ended May 31, 2018

Complete District mailing address:	Harris County Municipal Utility District No. 419 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 1400 Houston, Texas 77056
District business telephone number:	713.623.4531
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	April 18, 2017
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Robert G. Thomas	Elected 05/16- 05/20	\$ 2,250	\$ 74	President
Radney Poole	Elected 05/16- 05/20	1,950	0	Vice President
Ed Conger	Appointed 08/17- 05/20	1,500	302	Secretary
Shea Thielen	Elected 05/18- 05/22	150	0	Assistant Secretary
Sandra Kalb	Elected 05/18- 05/22	150	0	Director
Stephanie Gay	Elected 05/14- 05/18	1,800	0	Term Expired
Pamela Gray	Appointed 06/15- 05/18	1,350	262	Term Expired

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

Harris County Municipal Utility District No. 419
Board Members, Key Personnel and Consultants (Continued)
Year Ended May 31, 2018

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BGE, Inc.	04/15/05	\$ 259,194	Engineer
BKD, LLP	06/12/06	65,200	Auditor
Harris County Appraisal District	Legislative Action	69,106	Appraiser
Hilltop Securities Inc.	04/15/05	426,361	Former Financial Advisor
Inframark, LLC	06/13/05	1,282,309	Operator
Masterson Advisors LLC	05/14/18	0	Financial Advisor
Municipal Accounts & Consulting, L.P.	03/03/05	44,335	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	02/21/06	10,636	Delinquent Tax Attorney
Schwartz, Page & Harding, L.L.P.	03/03/05	92,675 559,653	General Counsel/ Bond Counsel
Wheeler & Associates, Inc.	03/03/05	46,496	Tax Assessor/ Collector
Investment Officers			
Mark M. Burton and Ghia Lewis	06/13/05	N/A	Bookkeepers