

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1**

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2022

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1**

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ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southwest Harris County Municipal
Utility District No. 1
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Southwest Harris County Municipal Utility District No. 1 (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Board of Directors
Southwest Harris County Municipal Utility District No. 1

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

May 9, 2023

**SOUTHWEST HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Management’s discussion and analysis of Southwest Harris County Municipal Utility District No. 1’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

**SOUTHWEST HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$1,783,264 as of December 31, 2022.

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

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

**SOUTHWEST HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 1,845,859	\$ 1,598,021	\$ 247,838
Capital Assets (Net of Accumulated Depreciation)	<u>1,562,044</u>	<u>1,600,634</u>	<u>(38,590)</u>
Total Assets	<u>\$ 3,407,903</u>	<u>\$ 3,198,655</u>	<u>\$ 209,248</u>
Long -Term Liabilities	\$ 782,953	\$ 953,955	\$ 171,002
Other Liabilities	<u>360,271</u>	<u>286,443</u>	<u>(73,828)</u>
Total Liabilities	<u>\$ 1,143,224</u>	<u>\$ 1,240,398</u>	<u>\$ 97,174</u>
Deferred Inflows of Resources	<u>\$ 481,415</u>	<u>\$ 427,596</u>	<u>\$ (53,819)</u>
Net Position:			
Net Investment in Capital Assets	\$ 604,091	\$ 481,679	\$ 122,412
Restricted	210,008	237,817	(27,809)
Unrestricted	<u>969,165</u>	<u>811,165</u>	<u>158,000</u>
Total Net Position	<u>\$ 1,783,264</u>	<u>\$ 1,530,661</u>	<u>\$ 252,603</u>

The following table provides a summary of the District's operations for the years ending December 31, 2022 and December 31, 2021. The District net position increased by \$252,603, accounting for a 16.5% increase in net position.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 427,291	\$ 410,497	\$ 16,794
Charges for Services	702,635	708,517	(5,882)
Other Revenues	<u>21,185</u>	<u>190,272</u>	<u>(169,087)</u>
Total Revenues	<u>\$ 1,151,111</u>	<u>\$ 1,309,286</u>	<u>\$ (158,175)</u>
Expenses for Services	<u>\$ 898,508</u>	<u>\$ 1,014,455</u>	<u>\$ 115,947</u>
Change in Net Position	\$ 252,603	\$ 294,831	\$ (42,228)
Net Position, Beginning of Year	<u>1,530,661</u>	<u>1,235,830</u>	<u>294,831</u>
Net Position, End of Year	<u>\$ 1,783,264</u>	<u>\$ 1,530,661</u>	<u>\$ 252,603</u>

**SOUTHWEST HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of December 31, 2022, were \$1,152,771, an increase of \$120,008 from the prior year.

The General Fund fund balance increased by \$154,274, primarily due to current year revenues exceeding current year operating costs and capital outlay.

The Debt Service Fund fund balance decreased by \$34,266, primarily due to the structure of the District’s outstanding debt service.

The Capital Projects Fund did not change with a zero fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts an unappropriated budget for the General Fund and did not amend the budget during the current fiscal year. Actual revenues were \$23,527 more than budgeted revenues and actual expenditures were \$21,147 less than budgeted expenditures resulting in a positive variance of \$44,674. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets amount to \$1,562,044 (net of accumulated depreciation) and include land and the water and wastewater systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 102,000	\$ 102,000	\$
Capital Assets, Net of Accumulated Depreciation:			
Water System	445,835	438,329	7,506
Wastewater System	1,014,209	1,060,305	(46,096)
Total Net Capital Assets	\$ 1,562,044	\$ 1,600,634	\$ (38,590)

**SOUTHWEST HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

LONG-TERM DEBT ACTIVITY

As of December 31, 2022, the District had total bond debt payable of \$975,000. The changes in the debt position of the District during the fiscal year ended December 31, 2022, are summarized as follows:

Bond Debt Payable, January 1, 2022	\$ 1,140,000
Less: Bond Principal Paid	<u>165,000</u>
Bond Debt Payable, December 31, 2022	<u>\$ 975,000</u>

The District’s Series 2008 Unlimited Tax and Revenue Bonds carry an insured rating of “AA” by virtue of Assured Guaranty’s rating. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The above ratings are as of December 31, 2022 and reflect any rating changes of the bond insurers through the fiscal year end.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2023 projects a General Fund fund balance increase of \$196,900.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Southwest Harris County Municipal Utility District No. 1, c/o Smith, Murdaugh, Little & Bonham, 2727 Allen Parkway, Suite 1100, Houston, TX 77019.

**SOUTHWEST HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 1
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2022**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 107,521	\$ 324,717
Investments	976,424	94,285
Receivables:		
Property Taxes	141,666	102,198
Penalty and Interest on Delinquent Taxes		
Service Accounts, net of \$3,000 provision for uncollectible accounts	62,536	
Due from Other Funds	117,591	
Prepaid Costs	13,980	
Due from Other Governmental Units	8,464	
Land and Land Improvements		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 1,428,182	\$ 521,200

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 432,238	\$	\$ 432,238
4,804	1,075,513		1,075,513
	243,864		243,864
		9,264	9,264
	62,536		62,536
	117,591	(117,591)	
	13,980		13,980
	8,464		8,464
		102,000	102,000
		<u>1,460,044</u>	<u>1,460,044</u>
<u>4,804</u>	<u>1,954,186</u>	<u>1,453,717</u>	<u>3,407,903</u>

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

**SOUTHWEST HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 1
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2022**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 114,460	\$
Accrued Interest Payable		
Due to Other Funds		112,787
Due to Taxpayers		1,781
Security Deposits	58,000	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 172,460	\$ 114,568
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 299,832	\$ 209,751
 FUND BALANCES		
Nonspendable -		
Prepaid Costs	\$ 13,980	\$
Restricted for Debt Service		196,881
Unassigned	941,910	
TOTAL FUND BALANCES	\$ 955,890	\$ 196,881
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,428,182	\$ 521,200
 NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 114,460	\$	\$ 114,460
		11,030	11,030
4,804	117,591	(117,591)	
	1,781		1,781
	58,000		58,000
		175,000	175,000
		782,953	782,953
<u>\$ 4,804</u>	<u>\$ 291,832</u>	<u>\$ 851,392</u>	<u>\$ 1,143,224</u>
<u>\$ - 0 -</u>	<u>\$ 509,583</u>	<u>\$ (28,168)</u>	<u>\$ 481,415</u>
\$	\$ 13,980	\$ (13,980)	\$
	196,881	(196,881)	
	941,910	(941,910)	
<u>\$ - 0 -</u>	<u>\$ 1,152,771</u>	<u>\$ (1,152,771)</u>	<u>\$ - 0 -</u>
<u>\$ 4,804</u>	<u>\$ 1,954,186</u>		
		\$ 604,091	\$ 604,091
		210,008	210,008
		969,165	969,165
		<u>\$ 1,783,264</u>	<u>\$ 1,783,264</u>

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

**SOUTHWEST HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022**

Total Fund Balances - Governmental Funds	\$ 1,152,771
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	1,562,044
Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District.	37,432
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:	
Accrued Interest Payable	\$ (11,030)
Bonds Payable Within One Year	(175,000)
Bonds Payable After One Year	<u>(782,953)</u>
Total Net Position - Governmental Activities	<u>\$ 1,783,264</u>

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

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**SOUTHWEST HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 225,082	\$ 195,738
Water Service	375,940	
Wastewater Service	304,168	
Penalty and Interest	13,580	5,717
Tap Connection and Inspection Fees	1,333	
Investment Revenues	15,181	1,561
Miscellaneous Revenues	4,443	
TOTAL REVENUES	\$ 939,727	\$ 203,016
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 103,907	\$ 3,742
Contracted Services	130,472	11,845
Purchased Water Service	160,640	
Purchased Wastewater Service	9,600	
Utilities	24,542	
Repairs and Maintenance	197,338	
Depreciation		
Other	127,311	8,945
Capital Outlay	31,643	
Debt Service:		
Bond Principal		165,000
Bond Interest		47,750
TOTAL EXPENDITURES/EXPENSES	\$ 785,453	\$ 237,282
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	\$ 154,274	\$ (34,266)
FUND BALANCES/NET POSITION - JANUARY 1, 2022	801,616	231,147
FUND BALANCES/NET POSITION - DECEMBER 31, 2022	\$ 955,890	\$ 196,881

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 420,820	\$ 6,471	\$ 427,291
375,940		375,940
304,168		304,168
19,297	1,897	21,194
1,333		1,333
16,742		16,742
4,443		4,443
<u>\$ 1,142,743</u>	<u>\$ 8,368</u>	<u>\$ 1,151,111</u>
\$ 107,649	\$	\$ 107,649
142,317		142,317
160,640		160,640
9,600		9,600
24,542		24,542
197,338		197,338
	70,233	70,233
136,256		136,256
31,643	(31,643)	
165,000	(165,000)	
47,750	2,183	49,933
<u>\$ 1,022,735</u>	<u>\$ (124,227)</u>	<u>\$ 898,508</u>
\$ 120,008	\$ 132,595	\$ 252,603
<u>1,032,763</u>	<u>497,898</u>	<u>1,530,661</u>
<u>\$ 1,152,771</u>	<u>\$ 630,493</u>	<u>\$ 1,783,264</u>

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

**SOUTHWEST HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds	\$ 120,008
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	6,471
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	1,897
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(70,233)
Governmental funds report bond discounts as an other financing use. In the Statement of Net Assets, the bond discount is amortized over the life of the bonds and the amortized portion is recorded in the Statement of Activities.	(3,998)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	165,000
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	31,643
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	1,815
Change in Net Position - Governmental Activities	<u>\$ 252,603</u>

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

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1. CREATION OF DISTRICT

Southwest Harris County Municipal Utility District No. 1 located in Harris County, Texas (the “District”) was created effective February 2, 1975, by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on March 6, 1975, and the first bonds were sold on December 5, 1979.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

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

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

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

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

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

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

Basis of Accounting

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

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include 2021 taxes collected during the period October 1, 2021, to December 31, 2022. In addition, taxes collected from January 1, 2022, to December 31, 2022, for the 2020 and prior tax levies are included in revenue. The 2022 tax levy has been fully deferred to meet the District's planned expenditures in 2023.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Accounts Receivable

The District provides for uncollectible service accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. The District had an allowance for uncollectible accounts at December 31, 2022 of \$3,000.

Capital Assets

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

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$20,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

Budgeting

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

Pensions

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

Measurement Focus

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

SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3. LONG-TERM DEBT

	Unlimited Tax and Revenue Bonds Series 2008
Amount Outstanding - December 31, 2022	\$ 975,000
Interest Rates	4.40% - 4.60%
Maturity Dates – Serially Beginning/Ending	April 1, 2023/2027
Interest Payment Dates	April 1/ October 1
Callable Dates	April 1, 2017*

* At the option of the District as a whole or in part on the call option date or any date hereafter, at par plus accrued interest to the date of redemption. Series 2008 term bonds due April 1, 2023, April 1, 2025, and April 1, 2027, are subject to mandatory redemption by random selection beginning April 1, 2022, April 1, 2024, and April 1, 2026, respectively.

The following is a summary of transactions regarding long-term liabilities for the year ended December 31, 2022:

	January 1, 2022	Additions	Retirements	December 31, 2022
Bonds Payable	\$ 1,140,000	\$	\$ 165,000	\$ 975,000
Unamortized Discounts	(21,045)		(3,998)	(17,047)
Total Long-Term Liabilities	\$ 1,118,955	\$ -0-	\$ 161,002	\$ 957,953
			Amount Due Within One Year	\$ 175,000
			Amount Due After One Year	782,953
			Total Long-Term Liabilities	\$ 957,953

As of December 31, 2022, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 175,000	\$ 40,270	\$ 215,270
2024	185,000	32,258	217,258
2025	195,000	23,708	218,708
2026	205,000	14,605	219,605
2027	215,000	4,945	219,945
	\$ 975,000	\$ 115,786	\$ 1,090,786

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3. LONG-TERM DEBT (Continued)

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount, and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and wastewater system.

During the year ended December 31, 2022, the District levied an ad valorem debt service tax rate of \$0.17 per \$100 of assessed valuation, which resulted in a tax levy of \$194,858 on the adjusted taxable valuation of \$114,622,686 for the 2022 tax year. The bond order requires the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond order states that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Texas statutes require that the cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation, or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District’s deposits was \$432,238 and the bank balance was \$287,505. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2022, as listed below:

	Cash
GENERAL FUND	\$ 107,521
DEBT SERVICE FUND	324,717
TOTAL DEPOSITS	\$ 432,238

Investments

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

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investment in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of December 31, 2022, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 976,424	\$ 976,424			
<u>DEBT SERVICE FUND</u>					
TexPool	94,285	94,285			
<u>CAPITAL PROJECTS FUND</u>					
TexPool	4,804	4,804			
TOTAL INVESTMENTS	<u>\$ 1,075,513</u>	<u>\$ 1,075,513</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2022, the District's TexPool investment was rated AAAM by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers its investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

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

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022:

	January 1, 2022	Increases	Decreases	December 31, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 102,000	\$ - 0 -	\$ - 0 -	\$ 102,000
Capital Assets Subject to Depreciation				
Water System	\$ 1,082,772	\$ 31,643	\$	\$ 1,114,415
Wastewater System	2,507,421			2,507,421
Total Capital Assets Subject to Depreciation	\$ 3,590,193	\$ 31,643	\$ - 0 -	\$ 3,621,836
Less Accumulated Depreciation				
Water System	\$ 644,443	\$ 24,137	\$	\$ 668,580
Wastewater System	1,447,116	46,096		1,493,212
Total Accumulated Depreciation	\$ 2,091,559	\$ 70,233	\$ - 0 -	\$ 2,161,792
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 1,498,634	\$ (38,590)	\$ - 0 -	\$ 1,460,044
Total Capital Assets, Net of Accumulated Depreciation	\$ 1,600,634	\$ (38,590)	\$ - 0 -	\$ 1,562,044

NOTE 7. MAINTENANCE TAX

On November 6, 1979, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the year ended December 31, 2022, the District levied a maintenance tax of \$0.25 per \$100 of assessed valuation, which resulted in a tax levy of \$286,557 on the adjusted taxable valuation of \$114,622,686 for the 2022 tax year. Revenue from the 2022 tax levy has been fully deferred to meet the District's 2023 budgeted expenditures.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8. WATER SUPPLY CONTRACTS

On November 17, 1986, the District entered into a 40 year permanent water supply agreement with Harris County Water Control and Improvement District - Fondren Road (“Fondren Road”) whereby Fondren Road is to provide water service to the District’s sewage treatment plant which is best served by Fondren Road even though the sewage treatment plant is located within the District’s boundaries. Under the terms of the agreement, the Districts constructed certain facilities necessary to connect the Districts’ water distribution systems. This agreement was amended on March 8, 2011.

Under the terms of the agreement, billings for water service are based upon usage. The District provides Fondren Road with monthly meter readings of water consumed. Fondren Road bills the District at 1.25 times the “in District rate” charged by Fondren Road to single family residential consumers within its boundaries.

On May 13, 2014, the District entered into a permanent water supply contract with Fondren Road. As of December 31, 2022, the District had approximately 657 equivalent connections. Fondren Road agrees to provide up to but not exceed 1,358 equivalent connections to the District. Fondren Road will determine the costs for receipt, repressurization, storage, and transfer of surface water purchased pursuant to this Contract. Such costs include, but are not limited to, applicable power and chemical costs, operational and maintenance costs, and related repairs to the connection facilities, distribution facilities and pressurization and storage facilities (“Transportation Costs”). Fondren Road will review and adopt a budget for transportation costs once per annum on the anniversary of the effective date of this Contract, the District's share, the Cost of Production, shall be its pro-rata share of the Transportation Cost budget for the then current year, with such proration based upon the District's average monthly metered flow for the previous year. The term of this contract is 40 years. During the current year, the District recorded \$160,640 as purchased water in the General Fund.

On October 13, 2020, the District entered into the first amendment to the permanent water supply contract with Fondren Road in order to add one additional point of delivery for water supplied to the District in the form of an emergency interconnect valve and master meter at the District’s sole cost and expense.

On December 13, 2022, the District approved an additional amendment to the permanent water supply contract which included: 1) a maximum purchase amount of 9,638,000 gallons per month, 2) system capacity data be provided to TCEQ by Fondren Road, 3) maximum hourly purchase rate of 20,000 plus actual service pump capacity of at least 2.0 gallons per minute (“gpm”) per connection or provide at least 1,000 gpm and be able to meet peak hourly demands, whichever is less and 4) pressure tank capacity of 20 gallons per connection.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9. CONTRACT FOR WATER SUPPLY AND WASTE DISPOSAL SERVICES

On February 8, 1977, the District executed an agreement with Fondren Road. Fondren Road agreed initially to supply water service and wastewater service to the District for a maximum of 25 residential connections. The District agreed to make an initial capital contribution of \$275 for each residential water connection and \$200 for each residential sewer connection. In addition, the District owes an amount equal to the amount of taxes, which would have been due Fondren Road if the residence in question were in Fondren Road. On December 12, 1977, the District and Fondren Road entered into an agreement for the installation and operation of a temporary wastewater treatment facility. On December 21, 1983, the District and Fondren Road approved the Sanitary Sewer and Termination Agreement (the "Agreement"). In accordance with this Agreement, the February 8, 1977, agreement was terminated. Fondren Road agreed to continue to provide wastewater service to 20 connections as listed in an attachment to the Agreement. The initial rate was \$11.50 per month per connection. The District is currently being billed \$40 per month per connection. During the current year, the District recorded \$9,600 as purchased wastewater in the General Fund.

NOTE 10. RISK MANAGEMENT

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

NOTE 11. INTERFUND RECEIVABLES/PAYABLES

As of December 31, 2022, the District had the following significant interfund liabilities: the Debt Service Fund owed the General Fund \$112,787 for maintenance tax collections. The Capital Projects Fund owed the General Fund \$4,804 to close the Capital Projects Fund.

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**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1**

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022

**SOUTHWEST HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 220,000	\$ 225,082	\$ 5,082
Water Service	370,000	375,940	5,940
Wastewater Service	300,000	304,168	4,168
Penalty and Interest	25,000	13,580	(11,420)
Tap Connection and Inspection Fees		1,333	1,333
Investment Revenues	1,200	15,181	13,981
Miscellaneous Revenues		4,443	4,443
TOTAL REVENUES	<u>\$ 916,200</u>	<u>\$ 939,727</u>	<u>\$ 23,527</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 87,000	\$ 103,907	\$ (16,907)
Contracted Services	134,000	130,472	3,528
Purchased Water Service	140,000	160,640	(20,640)
Purchased Wastewater Service	10,000	9,600	400
Utilities	31,500	24,542	6,958
Repairs and Maintenance	275,000	197,338	77,662
Other	129,100	127,311	1,789
Capital Outlay		31,643	(31,643)
TOTAL EXPENDITURES	<u>\$ 806,600</u>	<u>\$ 785,453</u>	<u>\$ 21,147</u>
NET CHANGE IN FUND BALANCE	\$ 109,600	\$ 154,274	\$ 44,674
FUND BALANCE - JANUARY 1, 2022	<u>801,616</u>	<u>801,616</u>	
FUND BALANCE - DECEMBER 31, 2022	<u>\$ 911,216</u>	<u>\$ 955,890</u>	<u>\$ 44,674</u>

See accompanying independent auditor's report.

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**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

DECEMBER 31, 2022

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective November 13, 2018.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 40.00	1,000	N	\$ 4.00 4.50	1,001 to 5,000 5,001 and up
WASTEWATER:	\$ 46.00		Y		

SURCHARGE:

- Solid Waste/
Garbage
- Commission
- Regulatory
- Assessments
- Regional Water
- Authority Fees
- Other (Name)

District employs winter averaging for wastewater usage?

_____ X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$78.50 Wastewater: 46.00 Surcharge: \$-0-

See accompanying independent auditor's report.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2022**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	519	511	x 1.0	511
1"	8	8	x 2.5	20
1½"	1	1	x 5.0	5
2"	2	2	x 8.0	16
3"			x 15.0	
4"	1	1	x 25.0	25
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water Connections	<u>532</u>	<u>524</u>		<u>657</u>
Total Wastewater Connections	<u>527</u>	<u>519</u>	x 1.0	<u>519</u>

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

Water Accountability Ratio: 102%*
(Gallons billed and sold/Gallons
pumped and purchased)

Gallons billed to customers: 35,276,000*

Gallons purchased: 34,754,000* From: Fondren Road Water Control
Improvement District

*The meter where the gallons purchased number is obtained might be running slow showing a lower number of gallons than actually went through the meter. When monthly flushing is performed, leak repairs, or any other activity where water is lost out of the system that is not going through a meter, a calculation is performed to estimate how much water was lost. This number is estimated based on the flow rate and size of the line and is not exact. All these calculated estimates are added to the gallons billed to customers. Due to these factors, the water accountability ratio can end up over 100%.

See accompanying independent auditor's report.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

City or Cities in which District is located:

City of Missouri City, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022**

PROFESSIONAL FEES:	
Auditing	\$ 14,250
Engineering	35,468
Legal	<u>54,189</u>
TOTAL PROFESSIONAL FEES	<u>\$ 103,907</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 160,640
Purchased Wastewater Service	<u>9,600</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 170,240</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 14,657
Operations and Billing	25,858
Solid Waste Disposal	<u>89,957</u>
TOTAL CONTRACTED SERVICES	<u>\$ 130,472</u>
UTILITIES:	
Electricity	\$ 23,498
Telephone	<u>1,044</u>
TOTAL UTILITIES	<u>\$ 24,542</u>
REPAIRS AND MAINTENANCE	<u>\$ 197,338</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 8,700
Insurance	13,748
Office Supplies and Postage	16,018
Payroll Taxes	666
Election	7,037
Travel and Meetings	502
Other	<u>24,248</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 70,919</u>
CAPITAL OUTLAY	<u>\$ 31,643</u>

See accompanying independent auditor's report.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022**

OTHER EXPENDITURES:	
Chemicals	\$ 4,861
Laboratory Fees	21,668
Permit Fees	3,607
Inspection Fees	1,668
Sludge Hauling	11,356
Storm Water Management	<u>13,232</u>
TOTAL OTHER EXPENDITURES	<u>\$ 56,392</u>
 TOTAL EXPENDITURES	 <u><u>\$ 785,453</u></u>

See accompanying independent auditor's report.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
INVESTMENTS
DECEMBER 31, 2022**

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 976,424	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 94,285	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 4,804	\$ - 0 -
TOTAL - ALL FUNDS				<u>\$ 1,075,513</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JANUARY 1, 2022	\$	92,237	\$	83,921
Adjustments to Beginning				
Balance		<u>(98)</u>	\$	<u>83,714</u>
Original 2022 Tax Levy	\$	267,700	\$	182,036
Adjustment to 2022 Tax Levy		<u>18,857</u>	<u>286,557</u>	<u>194,858</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	378,696	\$
				278,572
TAX COLLECTIONS:				
Prior Years	\$	78,864	\$	68,821
Current Year		<u>158,166</u>	<u>237,030</u>	<u>176,374</u>
TAXES RECEIVABLE -				
DECEMBER 31, 2022		<u>\$</u>	<u>141,666</u>	<u>\$</u>
				<u>102,198</u>
TAXES RECEIVABLE BY				
YEAR:				
2022	\$	128,391	\$	87,305
2021		5,723		4,968
2020		1,874		1,845
2019		1,696		1,899
2018		1,153		1,471
2017		1,090		1,613
2016		635		991
2015		533		916
2014		135		291
2013		117		268
2012		102		232
2011 and prior		<u>217</u>		<u>399</u>
TOTAL	\$	<u>141,666</u>	\$	<u>102,198</u>

See accompanying independent auditor's report.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY VALUATIONS:				
Land	\$ 23,602,348	\$ 18,255,956	\$ 18,171,540	\$ 18,303,966
Improvements	102,293,855	85,273,740	73,694,438	67,952,407
Personal Property	2,114,911	1,438,507	1,307,631	1,218,526
Exemptions	<u>(13,388,428)</u>	<u>(13,405,946)</u>	<u>(9,253,912)</u>	<u>(9,653,660)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 114,622,686</u>	<u>\$ 91,562,257</u>	<u>\$ 83,919,697</u>	<u>\$ 77,821,239</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.17	\$ 0.217	\$ 0.246	\$ 0.28
Maintenance	<u>0.25</u>	<u>0.250</u>	<u>0.250</u>	<u>0.25</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.42</u>	<u>\$ 0.467</u>	<u>\$ 0.496</u>	<u>\$ 0.53</u>
ADJUSTED TAX LEVY*	<u>\$ 481,415</u>	<u>\$ 427,596</u>	<u>\$ 416,242</u>	<u>\$ 412,453</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>55.20 %</u>	<u>97.50 %</u>	<u>99.11 %</u>	<u>99.13 %</u>

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

Maintenance Tax – Maximum tax rate of \$0.25 per \$100 of assessed valuation approved by voters on November 6, 1979.

See accompanying independent auditor's report.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2022**

S E R I E S - 2 0 0 8

Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2023	\$ 175,000	\$ 40,270	\$ 215,270
2024	185,000	32,258	217,258
2025	195,000	23,708	218,708
2026	205,000	14,605	219,605
2027	215,000	4,945	219,945
	<u>\$ 975,000</u>	<u>\$ 115,786</u>	<u>\$ 1,090,786</u>

See accompanying independent auditor's report.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2022**

Description	Original Bonds Issued	Bonds Outstanding January 1, 2022
Southwest Harris County Municipal Utility District No. 1 Unlimited Tax and Revenue Bonds - Series 2008	<u>\$ 2,575,000</u>	<u>\$ 1,140,000</u>
Bond Authority:	Tax Bonds*	Refunding Bonds
Amount Authorized by Voters	\$ 5,700,000	\$ 7,000,000
Amount Issued	<u>5,700,000</u>	<u>2,835,000</u>
Remaining to be Issued	<u>\$ - 0 -</u>	<u>\$ 4,165,000</u>
Debt Service Fund cash and investments balances as of December 31, 2022:		<u>\$ 419,002</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 218,157</u>

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

For interest rates, interest payment dates and maturity dates, see Note 3.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				<u>Bonds Outstanding December 31, 2022</u>	<u>Paying Agent</u>
<u>Bonds Sold</u>	<u>Retirements</u>				
	<u>Principal</u>	<u>Interest</u>			
<u>\$ - 0 -</u>	<u>\$ 165,000</u>	<u>\$ 47,750</u>	<u>\$ 975,000</u>	The Bank of New York Mellon Trust	

See accompanying independent auditor's report.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 225,082	\$ 210,952	\$ 191,168
Water Service	375,940	382,693	348,636
Wastewater Service	304,168	300,940	287,641
Penalty and Interest	13,580	11,079	9,829
Tap Connection and Inspection Fees	1,333	3,160	2,400
Investment Revenues	15,181	297	3,820
Miscellaneous Revenues	4,443	7,816	3,605
TOTAL REVENUES	\$ 939,727	\$ 916,937	\$ 847,099
EXPENDITURES			
Professional Fees	\$ 103,907	\$ 101,760	\$ 92,228
Purchased and Contracted Services	300,712	269,487	267,392
Utilities	24,542	23,849	27,212
Repairs and Maintenance	197,338	324,846	304,059
Other	127,311	140,933	183,307
Capital Outlay	31,643		
TOTAL EXPENDITURES	\$ 785,453	\$ 860,875	\$ 874,198
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 154,274	\$ 56,062	\$ (27,099)
OTHER FINANCING SOURCES			
Developer Contributions	\$ - 0 -	\$ 181,824	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 154,274	\$ 237,886	\$ (27,099)
BEGINNING FUND BALANCE	801,616	563,730	590,829
ENDING FUND BALANCE	\$ 955,890	\$ 801,616	\$ 563,730

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2019	2018	2022	2021	2020	2019	2018
\$ 169,558	\$ 161,111	23.9 %	23.1 %	22.4 %	19.3 %	18.6 %
369,336	364,780	39.9	41.7	41.2	42.5	42.4
290,907	293,274	32.4	32.8	34.0	33.4	34.1
15,712	24,654	1.4	1.2	1.2	1.8	2.9
1,800	400	0.1	0.3	0.3	0.2	
16,392	8,852	1.8		0.5	2.1	1.2
6,162	7,211	0.5	0.9	0.4	0.7	0.8
<u>\$ 869,867</u>	<u>\$ 860,282</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 92,111	\$ 91,184	11.1 %	11.1 %	10.9 %	10.6 %	10.6 %
369,909	262,557	32.0	29.4	31.6	42.5	30.5
30,873	36,596	2.6	2.6	3.2	3.5	4.3
229,269	220,983	21.0	35.4	35.9	26.4	25.7
111,074	108,992	13.5	15.4	21.6	12.8	12.7
98,000		3.4			11.3	
<u>\$ 931,236</u>	<u>\$ 720,312</u>	<u>83.6 %</u>	<u>93.9 %</u>	<u>103.2 %</u>	<u>107.1 %</u>	<u>83.8 %</u>
\$ (61,369)	\$ 139,970	16.4 %	6.1 %	(3.2) %	(7.1) %	16.2 %
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ (61,369)	\$ 139,970					
<u>652,198</u>	<u>512,228</u>					
<u>\$ 590,829</u>	<u>\$ 652,198</u>					

See accompanying independent auditor's report.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 195,738	\$ 208,618	\$ 214,892
Penalty and Interest	5,717	13,179	5,657
Interest on Investments	1,561	87	1,708
Miscellaneous Revenues	<u>248</u>	<u>248</u>	<u>4,725</u>
TOTAL REVENUES	<u>\$ 203,016</u>	<u>\$ 222,132</u>	<u>\$ 226,982</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 23,782	\$ 25,586	\$ 21,310
Debt Service Principal	165,000	160,000	150,000
Debt Service Interest and Fees	<u>48,500</u>	<u>55,570</u>	<u>62,535</u>
TOTAL EXPENDITURES	<u>\$ 237,282</u>	<u>\$ 241,156</u>	<u>\$ 233,845</u>
NET CHANGE IN FUND BALANCE	\$ (34,266)	\$ (19,024)	\$ (6,863)
BEGINNING FUND BALANCE	<u>231,147</u>	<u>250,171</u>	<u>257,034</u>
ENDING FUND BALANCE	<u>\$ 196,881</u>	<u>\$ 231,147</u>	<u>\$ 250,171</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>524</u>	<u>525</u>	<u>528</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>519</u>	<u>520</u>	<u>523</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2019	2018	2022	2021	2020	2019	2018
\$ 216,864	\$ 239,269	96.4 %	94.0 %	94.7 %	94.5 %	97.2 %
8,016	3,248	2.8	5.9	2.5	3.5	1.3
4,601	3,622	0.8		0.7	2.0	1.5
10	89		0.1	2.1		
<u>\$ 229,491</u>	<u>\$ 246,228</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 17,354	\$ 18,149	11.7 %	11.5 %	9.4 %	7.6 %	7.4 %
140,000	135,000	81.3	72.0	66.1	61.0	54.8
68,330	74,268	23.9	25.0	27.6	29.8	30.2
<u>\$ 225,684</u>	<u>\$ 227,417</u>	<u>116.9 %</u>	<u>108.5 %</u>	<u>103.1 %</u>	<u>98.4 %</u>	<u>92.4 %</u>
\$ 3,807	\$ 18,811	(16.9) %	(8.5) %	(3.1) %	1.6 %	7.6 %
<u>253,227</u>	<u>234,416</u>					
<u>\$ 257,034</u>	<u>\$ 253,227</u>					
<u>522</u>	<u>525</u>					
<u>518</u>	<u>521</u>					

See accompanying independent auditor's report.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2022**

District Mailing Address - Southwest Harris County Municipal Utility District No. 1
c/o Smith, Murdaugh, Little & Bonham, L.L.P.
2727 Allen Parkway, Suite 1100
Houston, TX 77019

District Telephone Number - (713) 652-6500

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2022	Expense Reimbursements for the year ended December 31, 2022	Title
Keith W. Bynam	11/2020 05/2024 (Elected)	\$ 1,800	\$ -0-	President
Jo Ann W. Miller	05/2022 05/2026 (Elected)	\$ 1,650	\$ 257	Vice President
Stephanie Ann Johnson	05/2022 05/2026 (Elected)	\$ 1,650	\$ 245	Secretary
Bruce Zaborowski	05/2022 05/2026 (Elected)	\$ 1,800	\$ -0-	Director
Horace Q. Buckley	11/2020 05/2024 (Elected)	\$ 1,800	\$ -0-	Director

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

Submission date of most recent District Registration Form: October 11, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is \$6,000 as set by Board Resolution (TWC Section 49.060) on September 12, 1995. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**SOUTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2022**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2022</u>	<u>Title</u>
Smith, Murdaugh, Little & Bonham, L.L.P.	03/06/75	\$ 61,226 \$ 3,742	Attorney/ Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot PLLC	12/10/91	\$ 14,250	Auditor
Municipal Business Services, Inc.	02/77	\$ 14,657	Bookkeeper
Sander Engineering Corporation	03/06/75	\$ 35,468	Engineer
Masterson Advisors LLC	06/12/18	\$ -0-	Financial Advisor
Bob Ideus	07/13/99	\$ -0-	Investment Officer
Inframark, LLC	08/82	\$ 278,766	Operator
Bob Leared Interests	02/08/77	\$ 15,403	Tax Assessor/ Collector

See accompanying independent auditor's report.

