



Harris County Municipal Utility District No. 355 Harris County, Texas

**Independent Auditor's Report and
Financial Statements**

September 30, 2023



Harris County Municipal Utility District No. 355
September 30, 2023

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 355
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 355 (the District), as of and for the year ended September 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 these 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 12 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 GAAS 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 GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule, as listed in the table of contents, 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.

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 accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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.

FORVIS,LLP

Houston, Texas
February 7, 2024

Harris County Municipal Utility District No. 355

Management's Discussion and Analysis

September 30, 2023

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 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 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.

Harris County Municipal Utility District No. 355
Management's Discussion and Analysis (Continued)
September 30, 2023

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 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.

Harris County Municipal Utility District No. 355
Management's Discussion and Analysis (Continued)
September 30, 2023

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

	2023	2022
Current and other assets	\$ 2,837,420	\$ 2,194,261
Deferred outflows of resources	59,589	71,393
Total assets and deferred outflows of resources	\$ 2,897,009	\$ 2,265,654
Long-term liabilities	\$ 2,995,000	3,720,000
Other liabilities	74,237	71,264
Total liabilities	3,069,237	3,791,264
Net position:		
Restricted	376,999	482,852
Unrestricted	(549,227)	(2,008,462)
Total net position	\$ (172,228)	\$ (1,525,610)

The total net position of the District increased by \$1,353,382, or about 89 percent. The majority of the increase in net position is related to property tax revenues and City of Houston (the City) rebates exceeding service operating and debt service expenses.

At September 30, 2023, unrestricted net position was \$(549,227). This amount was negative because pursuant to a contract between the District and the City, all water, sanitary sewer and storm sewer facilities purchased or constructed by the District or its developer are conveyed to the City for operation and maintenance. Accordingly, these assets are not recorded in the financial statements of the District.

Summary of Changes in Net Position

	2023	2022
Revenues:		
Property taxes	\$ 423,525	\$ 414,531
City of Houston rebates	1,416,559	1,264,445
Other revenues	113,919	25,501
Total revenues	1,954,003	1,704,477

Harris County Municipal Utility District No. 355
Management's Discussion and Analysis (Continued)
September 30, 2023

Summary of Changes in Net Position (Continued)

	2023	2022
Expenses:		
Services	\$ 401,950	\$ 385,414
Conveyance of capital assets	95,987	73,260
Debt service	102,684	119,245
Total expenses	600,621	577,919
Change in net position	1,353,382	1,126,558
Net position, beginning of year	(1,525,610)	(2,652,168)
Net position, end of year	\$ (172,228)	\$ (1,525,610)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2023, were \$2,249,572, an increase of \$306,348 from the prior year.

The general fund's fund balance increased by \$414,177. This increase was due to property tax and City rebate revenues exceeding service operation and capital outlay expenditures and a transfer to the debt service fund.

The debt service fund's fund balance decreased by \$107,829, due to bond principal and interest requirements exceeding property tax and City rebate revenues and a transfer from the general fund.

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 City rebate revenues and investment income being greater than anticipated and capital outlay expenditures being less than anticipated. The fund balance as of September 30, 2023, was expected to be \$1,445,564 and the actual end-of-year fund balance was \$1,883,315.

Capital Assets and Related Debt

Capital Assets

Pursuant to a contract between the District and the City, the District has conveyed title of its capital assets to the City. As such, the District reports no capital assets.

Harris County Municipal Utility District No. 355
Management's Discussion and Analysis (Continued)
September 30, 2023

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows:

Long-term debt payable, beginning of year	\$ 3,720,000
Decreases in long-term debt	<u>(725,000)</u>
Long-term debt payable, end of year	<u>\$ 2,995,000</u>

At September 30, 2023, the District had \$2,690,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's bonds are not rated.

Other Relevant Factors

Relationship to the City of Houston

The District lies within the City. The District, or its developer, has constructed or purchased water and sanitary sewer facilities and all such facilities have been or will be conveyed to the City pursuant to a 40-year contract entered into in 1990. The District retains a security interest in the facilities until the bonds issued to pay for the facilities are paid off. The City is the owner and operator of the facilities. The District receives monthly water and sewer revenue and annual tax rebate payments from the City. During the year ended September 30, 2023, the District recorded \$1,416,559 in revenue and tax rebates from the City.

Harris County Municipal Utility District No. 355
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2023

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets					
Cash	\$ 150,708	\$ 15,311	\$ 166,019	\$ -	\$ 166,019
Certificates of deposit	250,000	-	250,000	-	250,000
Short-term investments	1,447,972	357,918	1,805,890	-	1,805,890
Receivables:					
Property taxes	6,579	8,257	14,836	-	14,836
City of Houston rebates	88,903	-	88,903	496,290	585,193
Accrued penalty and interest	-	-	-	8,769	8,769
Accrued interest	6,713	-	6,713	-	6,713
Interfund receivable	978	-	978	(978)	-
	<u>1,951,853</u>	<u>381,486</u>	<u>2,333,339</u>	<u>504,081</u>	<u>2,837,420</u>
Deferred Outflows of Resources					
Deferred amount on debt refundings	<u>0</u>	<u>0</u>	<u>0</u>	<u>59,589</u>	<u>59,589</u>
Total assets and deferred outflows of resources	<u>\$ 1,951,853</u>	<u>\$ 381,486</u>	<u>\$ 2,333,339</u>	<u>\$ 563,670</u>	<u>\$ 2,897,009</u>

Harris County Municipal Utility District No. 355
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
September 30, 2023

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Liabilities					
Accounts payable	\$ 61,959	\$ 5,994	\$ 67,953	\$ -	\$ 67,953
Accrued interest payable	-	-	-	6,284	6,284
Interfund payable	-	978	978	(978)	-
Long-term liabilities:					
Due within one year	-	-	-	715,000	715,000
Due after one year	-	-	-	2,280,000	2,280,000
Total liabilities	<u>61,959</u>	<u>6,972</u>	<u>68,931</u>	<u>3,000,306</u>	<u>3,069,237</u>
Deferred Inflows of Resources					
Deferred property tax revenues	<u>6,579</u>	<u>8,257</u>	<u>14,836</u>	<u>(14,836)</u>	<u>0</u>
Fund Balances/Net Position					
Fund balances:					
Restricted, debt service on unlimited tax bonds	-	366,257	366,257	(366,257)	-
Assigned, future expenditures	71,562	-	71,562	(71,562)	-
Unassigned	<u>1,811,753</u>	<u>-</u>	<u>1,811,753</u>	<u>(1,811,753)</u>	<u>-</u>
Total fund balances	<u>1,883,315</u>	<u>366,257</u>	<u>2,249,572</u>	<u>(2,249,572)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,951,853</u>	<u>\$ 381,486</u>	<u>\$ 2,333,339</u>		
Net position:					
Restricted for debt service				376,999	376,999
Unrestricted				<u>(549,227)</u>	<u>(549,227)</u>
Total net position				<u>\$ (172,228)</u>	<u>\$ (172,228)</u>

Harris County Municipal Utility District No. 355
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended September 30, 2023

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues					
Property taxes	\$ 197,263	\$ 227,170	\$ 424,433	\$ (908)	\$ 423,525
City of Houston rebates	1,013,734	70,330	1,084,064	332,495	1,416,559
Penalty and interest	-	7,751	7,751	872	8,623
Investment income	76,301	28,995	105,296	-	105,296
	<u>1,287,298</u>	<u>334,246</u>	<u>1,621,544</u>	<u>332,459</u>	<u>1,954,003</u>
Expenditures/Expenses					
Service operations:					
Purchased services	18,327	-	18,327	-	18,327
Professional fees	115,997	1,675	117,672	-	117,672
Contracted services	53,075	15,434	68,509	-	68,509
Utilities	126,578	-	126,578	-	126,578
Repairs and maintenance	16,860	-	16,860	-	16,860
Other expenditures	46,297	7,707	54,004	-	54,004
Capital outlay	95,987	-	95,987	(95,987)	-
Conveyance of capital assets	-	-	-	95,987	95,987
Debt service:					
Principal retirement	-	725,000	725,000	(725,000)	-
Interest and fees	-	92,259	92,259	10,425	102,684
	<u>473,121</u>	<u>842,075</u>	<u>1,315,196</u>	<u>(714,575)</u>	<u>600,621</u>
Excess (Deficiency) of Revenues Over Expenditures	814,177	(507,829)	306,348	1,047,034	
Other Financing Sources (Uses)					
Interfund transfers in (out)	(400,000)	400,000	-	-	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	414,177	(107,829)	306,348	(306,348)	
Change in Net Position				1,353,382	1,353,382
Fund Balances/Net Position					
Beginning of year	1,469,138	474,086	1,943,224	-	(1,525,610)
End of year	<u>\$ 1,883,315</u>	<u>\$ 366,257</u>	<u>\$ 2,249,572</u>	<u>\$ 0</u>	<u>\$ (172,228)</u>

Harris County Municipal Utility District No. 355

Notes to Financial Statements

September 30, 2023

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

Harris County Municipal Utility District No. 355 (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective June 25, 1991, 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 and construct waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District lies within the City of Houston (the City). The District, or its developer, has constructed or purchased water and sanitary sewer facilities and all such facilities have been or will be conveyed to the City. The District has contracted with the City to supply water and wastewater services to the District's customers (see Note 5).

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.

Harris County Municipal Utility District No. 355

Notes to Financial Statements

September 30, 2023

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.

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.

Harris County Municipal Utility District No. 355

Notes to Financial Statements

September 30, 2023

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. 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. 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.

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.

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2023

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. 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, 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

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2023

the year on the property. After the District receives its certified appraisal roll from the appraisal 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 September 30, 2023, include collections during the current period or within 60 days of year-end related to the 2022 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 September 30, 2023, the 2022 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

Pursuant to a contract between the District and the City, all water, sanitary sewer and storm sewer facilities purchased or constructed by the District or its developer are conveyed to the City for operation and maintenance. Accordingly, these assets are not recorded in the financial statements of the District.

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.

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.

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2023

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.

The components of unrestricted net position at September 30, 2023, are as follows:

General fund, unrestricted fund balance including deferred taxes and amounts due from the City	\$ 2,386,184
Long-term debt in excess of capital assets	<u>(2,935,411)</u>
Total	<u><u>\$ (549,227)</u></u>

The District has financed water, sewer and drainage facilities, which have been conveyed to the City or assumed by Harris County for maintenance and other incidents of ownership, which has caused long-term debt to be in excess of capital assets.

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:

Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	\$ 14,836
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	8,769
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	59,589

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2023

Receivable from the City is not available in the current period and is not reported in the funds.	\$ 496,290
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(6,284)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(2,995,000)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (2,421,800)</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.	\$ 306,348
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	725,000
Revenues that do not provide current financial resources are not reported as revenues in the funds, but are reported as revenues for the statement of activities.	332,459
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 the funds.	<u>(10,425)</u>
Change in net position of governmental activities.	<u>\$ 1,353,382</u>

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.

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2023

At September 30, 2023, 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. The District's investments in Texas CLASS are reported at net asset value.

At September 30, 2023, the District had the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Texas CLASS	\$ 1,805,890	\$ 1,805,890	\$ 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.

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2023

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, 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 September 30, 2023, as follows:

Carrying value:		
Deposits	\$	416,019
Investments		1,805,890
Total	\$	2,221,909

Included in the following statement of net position captions:

Cash	\$	166,019
Certificates of deposit		250,000
Short-term investments		1,805,890
Total	\$	2,221,909

Investment income of \$105,296 for the year ended September 30, 2023, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of September 30, 2023:

- Pooled investments of \$1,805,890 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2023, were as follows.

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2023

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
Bonds from direct placements	<u>\$ 3,720,000</u>	<u>\$ 725,000</u>	<u>\$ 2,995,000</u>	<u>\$ 715,000</u>

Direct Placement Bonds

	Refunding Series 2013	Refunding Series 2015
Amounts outstanding, September 30, 2023	\$380,000	\$2,615,000
Interest rates	2.02%	2.59%
Maturity dates, serially beginning/ending	September 1, 2024	September 1, 2024/2029
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2018	September 1, 2021

*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 direct placement bonds outstanding at September 30, 2023:

Year	Principal	Interest	Total
2024	\$ 715,000	\$ 75,405	\$ 790,405
2025	330,000	59,052	389,052
2026	500,000	50,505	550,505
2027	490,000	37,555	527,555
2028	485,000	24,864	509,864
2029	<u>475,000</u>	<u>12,302</u>	<u>487,302</u>
Total	<u>\$ 2,995,000</u>	<u>\$ 259,683</u>	<u>\$ 3,254,683</u>

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.

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2023

Bonds voted	\$ 18,870,000
Bonds sold	16,180,000
Refunding bonds voted	12,500,000
Refunding bond authorization used	350,000

Note 4: Significant Bond Resolution and Commission Requirements

- A. The Bond Resolutions 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 September 30, 2023, the District levied an ad valorem debt service tax at the rate of \$0.0300 per \$100 of assessed valuation, which resulted in a tax levy of \$226,972 on the taxable valuation of \$756,573,471 for the 2022 tax year. The interest and principal requirements paid from the tax revenues were \$816,959. The District utilized available debt service fund resources and a transfer from the general fund to satisfy the requirements.

- B. In the Bond Resolutions, the District has the following agreement for the benefit of the holders and beneficial owners of the bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the bonds. Under the agreement, the District is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board. The Municipal Securities Rulemaking Board has established the Electronic Municipal Market Access system.

Note 5: Contract With the City of Houston

In 1990, the District's developer entered into a 40-year contract with the City to provide water and sewer services to customers of the District. Under the terms of the agreement, the District will construct or purchase all facilities necessary to provide water and sewer service and convey those facilities to the City. The District retains a security interest in the facilities.

The City is the owner and operator of the facilities and is responsible for all operating costs. The City also bills all customers within the boundaries at rates comparable to in-City customers.

The contract provides for monthly revenue rebate payments by the City based on net revenues collected and annual tax rebate payments. During the year ended September 30, 2023, the District recorded rebate revenue totaling \$1,416,559.

Harris County Municipal Utility District No. 355

Notes to Financial Statements

September 30, 2023

Note 6: Maintenance Taxes

At an election held January 15, 1994, voters authorized a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended September 30, 2023, the District levied an ad valorem maintenance tax at the rate of \$0.0260 per \$100 of assessed valuation, which resulted in a tax levy of \$196,709 on the taxable valuation of \$756,573,471 for the 2022 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: 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 participates along with other entities in the Texas Municipal League's Intergovernmental Risk Pool (the Pool). The Pool purchases commercial insurance at group rates for participants in the Pool. The District has no additional risk or responsibility to the Pool, outside of payment of insurance premiums. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Required Supplementary Information

Harris County Municipal Utility District No. 355
Budgetary Comparison Schedule – General Fund
Year Ended September 30, 2023

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 192,029	\$ 192,029	\$ 197,263	\$ 5,234
City of Houston rebates	700,000	700,000	1,013,734	313,734
Investment income	20,000	20,000	76,301	56,301
Total revenues	<u>912,029</u>	<u>912,029</u>	<u>1,287,298</u>	<u>375,269</u>
Expenditures				
Service operations:				
Purchased services	20,493	20,493	18,327	2,166
Professional fees	113,300	113,300	115,997	(2,697)
Contracted services	36,520	36,520	53,075	(16,555)
Utilities	120,500	120,500	126,578	(6,078)
Repairs and maintenance	18,560	18,560	16,860	1,700
Other expenditures	45,230	45,230	46,297	(1,067)
Capital outlay	150,000	181,000	95,987	85,013
Total expenditures	<u>504,603</u>	<u>535,603</u>	<u>473,121</u>	<u>62,482</u>
Excess of Revenues Over Expenditures	407,426	376,426	814,177	437,751
Other Financing Uses				
Interfund transfers out	(400,000)	(400,000)	(400,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	7,426	(23,574)	414,177	437,751
Fund Balance, Beginning of Year	<u>1,469,138</u>	<u>1,469,138</u>	<u>1,469,138</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,476,564</u>	<u>\$ 1,445,564</u>	<u>\$ 1,883,315</u>	<u>\$ 437,751</u>

Harris County Municipal Utility District No. 355
Notes to Required Supplementary Information
September 30, 2023

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 2023.

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.

Supplementary Information

Harris County Municipal Utility District No. 355
Other Schedules Included Within This Report
September 30, 2023

(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 12-23
- [X] Schedule of Services
- [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. 355
Schedule of Services
Year Ended September 30, 2023

1. Services provided by the District:

- | | | |
|---|--|--|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input checked="" type="checkbox"/> Other | <u>The City of Houston provides services to the District's customers pursuant to a contract between the District and the City of Houston. See Note 5 in the notes to financial statements.</u> | |

Harris County Municipal Utility District No. 355
Schedule of General Fund Expenditures
Year Ended September 30, 2023

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 18,300	
Legal	70,665	
Engineering	27,032	
Financial advisor	-	
	-	115,997
Purchased Services for Resale		
Bulk water and wastewater service purchases		18,327
Regional Water Fee		-
Contracted Services		
Bookkeeping	50,375	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	2,700	
	2,700	53,075
Utilities		126,578
Repairs and Maintenance		16,860
Administrative Expenditures		
Directors' fees	15,022	
Office supplies	1,208	
Insurance	3,065	
Other administrative expenditures	27,002	
	27,002	46,297
Capital Outlay		
Capitalized assets	-	
Expenditures not capitalized	95,987	
	95,987	95,987
Tap Connection Expenditures		-
Solid Waste Disposal		-
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
		-
Total expenditures		\$ 473,121

Harris County Municipal Utility District No. 355
Schedule of Temporary Investments
September 30, 2023

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 91300012035173	4.50%	02/06/24	\$ 50,000	\$ 1,455
No. 12986	5.00%	07/08/24	50,000	568
No. 440021424	4.75%	02/06/24	50,000	1,535
No. 197876980	3.50%	10/11/23	50,000	1,712
No. 9009004775	4.54%	02/10/24	50,000	1,443
Texas CLASS	5.54%	Demand	<u>1,447,972</u>	<u>-</u>
			1,697,972	6,713
Debt Service Fund				
Texas CLASS	5.54%	Demand	<u>357,918</u>	<u>-</u>
Totals			<u>\$ 2,055,890</u>	<u>\$ 6,713</u>

Harris County Municipal Utility District No. 355
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2023

	Maintenance Taxes	Debt Service Taxes
	<u> </u>	<u> </u>
Receivable, Beginning of Year	\$ 7,212	\$ 8,532
Additions and corrections to prior years' taxes	<u>(79)</u>	<u>(77)</u>
Adjusted receivable, beginning of year	<u>7,133</u>	<u>8,455</u>
 2022 Original Tax Levy	 189,881	 219,093
Additions and corrections	<u>6,828</u>	<u>7,879</u>
Adjusted tax levy	<u>196,709</u>	<u>226,972</u>
Total to be accounted for	203,842	235,427
 Tax collections: Current year	 (194,391)	 (224,297)
Prior years	<u>(2,872)</u>	<u>(2,873)</u>
Receivable, end of year	<u>\$ 6,579</u>	<u>\$ 8,257</u>
 Receivable, by Years		
2022	\$ 2,318	\$ 2,675
2021	603	603
2020	619	619
2019	565	565
2018	365	365
2017	561	561
2016	491	614
2015	466	699
2014	453	906
2013	<u>138</u>	<u>650</u>
Receivable, end of year	<u>\$ 6,579</u>	<u>\$ 8,257</u>

Harris County Municipal Utility District No. 355
Analysis of Taxes Levied and Receivable (Continued)
Year Ended September 30, 2023

	2022	2021	2020	2019
Property Valuations				
Land	\$ 274,111,165	\$ 273,843,870	\$ 302,324,931	\$ 299,232,432
Improvements	546,669,965	440,700,542	429,188,964	415,144,985
Personal property	9,486,151	6,334,220	5,046,747	3,815,638
Exemptions	<u>(73,693,810)</u>	<u>(29,920,591)</u>	<u>(33,162,688)</u>	<u>(25,576,516)</u>
 Total property valuations	 <u>\$ 756,573,471</u>	 <u>\$ 690,958,041</u>	 <u>\$ 703,397,954</u>	 <u>\$ 692,616,539</u>
 Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.0300	\$ 0.0300	\$ 0.0300	\$ 0.0300
Maintenance tax rates*	<u>0.0260</u>	<u>0.0300</u>	<u>0.0300</u>	<u>0.0300</u>
 Total tax rates per \$100 valuation	 <u>\$ 0.0560</u>	 <u>\$ 0.0600</u>	 <u>\$ 0.0600</u>	 <u>\$ 0.0600</u>
 Tax Levy				
	<u>\$ 423,681</u>	<u>\$ 414,574</u>	<u>\$ 422,040</u>	<u>\$ 415,570</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: \$1.00 on January 15, 1994

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

Harris County Municipal Utility District No. 355
Schedule of Long-term Debt Service Requirements by Years
September 30, 2023

Due During Fiscal Years Ending September 30	Refunding Series 2013		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	<u>\$ 380,000</u>	<u>\$ 7,676</u>	<u>\$ 387,676</u>

Harris County Municipal Utility District No. 355
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Refunding Series 2015		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 335,000	\$ 67,729	\$ 402,729
2025	330,000	59,052	389,052
2026	500,000	50,505	550,505
2027	490,000	37,555	527,555
2028	485,000	24,864	509,864
2029	475,000	12,302	487,302
Totals	\$ 2,615,000	\$ 252,007	\$ 2,867,007

Harris County Municipal Utility District No. 355
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 715,000	\$ 75,405	\$ 790,405
2025	330,000	59,052	389,052
2026	500,000	50,505	550,505
2027	490,000	37,555	527,555
2028	485,000	24,864	509,864
2029	475,000	12,302	487,302
Totals	\$ 2,995,000	\$ 259,683	\$ 3,254,683

Harris County Municipal Utility District No. 355
Changes in Long-term Bonded Debt
Year Ended September 30, 2023

	Bond Issues		
	Refunding Series 2013	Refunding Series 2015	Totals
Interest rates	2.02%	2.59%	
Dates interest payable	March 1/ September 1	March 1/ September 1	
Maturity dates	September 1, 2024	September 1, 2024/2029	
Bonds outstanding, beginning of current year	\$ 770,000	\$ 2,950,000	\$ 3,720,000
Retirements, principal	<u>390,000</u>	<u>335,000</u>	<u>725,000</u>
Bonds outstanding, end of current year	<u>\$ 380,000</u>	<u>\$ 2,615,000</u>	<u>\$ 2,995,000</u>
Interest paid during current year	<u>\$ 15,554</u>	<u>\$ 76,405</u>	<u>\$ 91,959</u>

Paying agent's name and address:

Series 2013 - Branch Banking and Trust Company, Charlotte, North Carolina

Series 2015 - BOK Financial, N.A., Houston, Texas

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 18,870,000	0	\$ 12,500,000
Amount issued	<u>\$ 16,180,000</u>	<u>0</u>	<u>\$ 350,000</u>
Remaining to be issued	<u>\$ 2,690,000</u>	<u>0</u>	<u>\$ 12,150,000</u>

Debt service fund cash and temporary investment balances as of September 30, 2023: \$ 373,229

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 542,447

Harris County Municipal Utility District No. 355
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
General Fund					
Revenues					
Property taxes	\$ 197,263	\$ 207,342	\$ 208,360	\$ 208,363	\$ 219,454
City of Houston rebates	1,013,734	1,097,725	688,709	701,284	679,213
Investment income	76,301	8,974	5,816	24,813	27,099
Total revenues	<u>1,287,298</u>	<u>1,314,041</u>	<u>902,885</u>	<u>934,460</u>	<u>925,766</u>
Expenditures					
Service operations:					
Purchased services	18,327	17,891	17,455	17,891	17,891
Professional fees	115,997	106,100	153,200	137,883	104,126
Contracted services	53,075	34,412	25,914	25,907	25,125
Utilities	126,578	129,311	121,059	130,009	138,146
Repairs and maintenance	16,860	24,062	17,185	15,560	17,890
Other expenditures	46,297	48,110	55,446	47,406	41,010
Capital outlay	95,987	73,260	211,232	199,864	68,887
Total expenditures	<u>473,121</u>	<u>433,146</u>	<u>601,491</u>	<u>574,520</u>	<u>413,075</u>
Excess of Revenues Over Expenditures	814,177	880,895	301,394	359,940	512,691
Other Financing Uses					
Interfund transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>(425,000)</u>	<u>(500,000)</u>	<u>(280,000)</u>
Excess (Deficiency) of Revenues and Other Financial Sources Over Expenditures and Other Financial Uses	414,177	480,895	(123,606)	(140,060)	232,691
Fund Balance, Beginning of Year	<u>1,469,138</u>	<u>988,243</u>	<u>1,111,849</u>	<u>1,251,909</u>	<u>1,019,218</u>
Fund Balance, End of Year	<u>\$ 1,883,315</u>	<u>\$ 1,469,138</u>	<u>\$ 988,243</u>	<u>\$ 1,111,849</u>	<u>\$ 1,251,909</u>
Total Active Retail Water Connections	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Active Retail Wastewater Connections	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
15.3 %	15.8 %	23.1 %	22.3 %	23.7 %
78.8	83.5	76.3	75.0	73.4
5.9	0.7	0.6	2.7	2.9
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
1.4	1.4	1.9	1.9	1.9
9.0	8.1	17.0	14.7	11.3
4.1	2.6	2.9	2.8	2.7
9.8	9.8	13.4	13.9	14.9
1.3	1.8	1.9	1.7	1.9
3.6	3.7	6.1	5.1	4.4
7.5	5.6	23.4	21.4	7.5
<u>36.7</u>	<u>33.0</u>	<u>66.6</u>	<u>61.5</u>	<u>44.6</u>
<u>63.3 %</u>	<u>67.0 %</u>	<u>33.4 %</u>	<u>38.5 %</u>	<u>55.4 %</u>

Harris County Municipal Utility District No. 355
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
Debt Service Fund					
Revenues					
Property taxes	\$ 227,170	\$ 207,342	\$ 208,407	\$ 208,452	\$ 219,553
City of Houston rebates	70,330	72,733	83,935	95,626	109,092
Penalty and interest	7,751	7,330	5,892	5,930	3,684
Investment income	28,995	5,784	3,347	16,534	28,637
Total revenues	<u>334,246</u>	<u>293,189</u>	<u>301,581</u>	<u>326,542</u>	<u>360,966</u>
Expenditures					
Current:					
Professional fees	1,675	2,206	1,319	1,922	2,382
Contracted services	15,434	15,403	15,325	16,216	17,530
Other expenditures	7,707	7,919	5,906	4,936	4,449
Debt service:					
Principal retirement	725,000	740,000	740,000	725,000	720,000
Interest and fees	92,259	109,145	128,194	150,684	172,154
Total expenditures	<u>842,075</u>	<u>874,673</u>	<u>890,744</u>	<u>898,758</u>	<u>916,515</u>
Deficiency of Revenues Over Expenditures	(507,829)	(581,484)	(589,163)	(572,216)	(555,549)
Other Financing Sources					
Interfund transfers in	<u>400,000</u>	<u>400,000</u>	<u>425,000</u>	<u>500,000</u>	<u>280,000</u>
Deficiency of Revenues and Other Financial Sources Over Expenditures and Other Financial Uses	(107,829)	(181,484)	(164,163)	(72,216)	(275,549)
Fund Balance, Beginning of Year	<u>474,086</u>	<u>655,570</u>	<u>819,733</u>	<u>891,949</u>	<u>1,167,498</u>
Fund Balance, End of Year	<u>\$ 366,257</u>	<u>\$ 474,086</u>	<u>\$ 655,570</u>	<u>\$ 819,733</u>	<u>\$ 891,949</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
68.0 %	70.7 %	69.1 %	63.8 %	60.8 %
21.0	24.8	27.8	29.3	30.2
2.3	2.5	2.0	1.8	1.0
8.7	2.0	1.1	5.1	8.0
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.5	0.8	0.4	0.6	0.7
4.6	5.2	5.1	5.0	4.8
2.3	2.7	2.0	1.5	1.2
216.9	252.4	245.4	222.0	199.5
<u>27.6</u>	<u>37.2</u>	<u>42.5</u>	<u>46.1</u>	<u>47.7</u>
<u>251.9</u>	<u>298.3</u>	<u>295.4</u>	<u>275.2</u>	<u>253.9</u>
<u>(151.9) %</u>	<u>(198.3) %</u>	<u>(195.4) %</u>	<u>(175.2) %</u>	<u>(153.9) %</u>

Harris County Municipal Utility District No. 355
Board Members, Key Personnel and Consultants
Year Ended September 30, 2023

Complete District mailing address:	Harris County Municipal Utility District No. 355 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	April 14, 2023
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
Kurt A. Baerenstecher	Elected 05/20- 05/24	\$ 5,652	\$ 3,073	President
Claude A. Zackary	Elected 05/22- 05/26	1,413	40	Vice President
Jon Elmendorf	Elected 05/20- 05/24	3,947	2,717	Secretary
Christopher J. Mudd	Appointed 04/23- 05/24	963	0	Assistant Vice President
Letha P. Slagle	Elected 05/22- 05/26	2,747	1,314	Assistant Secretary
Gary D. Lower	Elected 05/20- 03/23	300	53	Resigned

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

Harris County Municipal Utility District No. 355
Board Members, Key Personnel and Consultants (Continued)
Year Ended September 30, 2023

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	07/28/03	\$ 78,203	Attorney
BGE, Inc.	11/23/93	77,032	Engineer
Bob Leared Interests	10/04/95	20,040	Tax Assessor/ Collector
FORVIS, LLP	09/06/95	18,300	Auditor
Harris Central Appraisal District	Legislative Action	3,101	Appraiser
Masterson Advisors LLC	05/16/18	0	Financial Advisor
Municipal Accounts & Consulting, L.P.	03/03/05	52,424	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/06/96	1,675	Delinquent Tax Attorney
Investment Officers			
Mark M. Burton	10/06/05	N/A	Bookkeeper
Ghia Lewis	08/06/09	N/A	Bookkeeper