



Harris County Municipal Utility District No. 70, of Harris County, Texas

Independent Auditor's Report and Financial Statements

September 30, 2023



**Harris County Municipal Utility District No. 70,
of Harris County, Texas
September 30, 2023**

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 70,
of 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. 70, of Harris County, Texas (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 schedules, 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 12, 2024

Harris County Municipal Utility District No. 70, of Harris County, Texas

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. 70, of Harris County, Texas

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. 70, of Harris County, Texas

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	\$ 8,466,456	\$ 7,820,307
Capital assets	7,942,805	8,015,546
Total assets	16,409,261	15,835,853
Deferred outflows of resources	352,737	413,334
Total assets and deferred outflows of resources	\$ 16,761,998	\$ 16,249,187
Long-term liabilities	\$ 7,163,737	\$ 8,427,435
Other liabilities	558,755	552,891
Total liabilities	7,722,492	8,980,326
Net position:		
Net investment in capital assets	1,131,805	1,445
Restricted	2,050,607	1,995,002
Unrestricted	5,857,094	5,272,414
Total net position	\$ 9,039,506	\$ 7,268,861

The total net position of the District increased by \$1,770,645 or about 24%. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Harris County Municipal Utility District No. 70, of Harris County, Texas

Management's Discussion and Analysis (Continued)

September 30, 2023

Summary of Changes in Net Position

	2023	2022
Revenues:		
Property taxes	\$ 2,612,504	\$ 2,527,067
Charges for services	2,633,371	2,427,035
Other revenues	506,585	215,610
Total revenues	5,752,460	5,169,712
Expenses:		
Services	3,320,910	3,080,387
Depreciation	384,519	364,193
Debt service	276,386	317,797
Total expenses	3,981,815	3,762,377
Change in net position	1,770,645	1,407,335
Net position, beginning of year	7,268,861	5,861,526
Net position, end of year	\$ 9,039,506	\$ 7,268,861

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 \$7,786,886, an increase of \$638,055 from the prior year.

The general fund's fund balance increased by \$583,732, primarily because of property taxes and services revenues and investment income exceeding service operation expenditures.

The special revenue fund's fund balance increased by \$580 due to an increase in the District's share of the operating reserve.

The debt service fund's fund balance increased by \$53,743, primarily due to investment income and property tax revenues generated exceeding bond principal and interest requirements.

Harris County Municipal Utility District No. 70, of Harris County, Texas

Management's Discussion and Analysis (Continued)

September 30, 2023

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 investment income, sewer service and regional water fee revenues and purchased services expenditures being greater than anticipated as well as regional water fee and capital outlay expenditures being less than anticipated. The fund balance as of September 30, 2023, was expected to be \$5,258,880 and the actual end-of-year fund balance was \$5,830,712.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2023	2022
Land and improvements	\$ 1,005,004	\$ 1,005,004
Construction in progress	-	50,603
Water facilities	2,628,718	2,540,876
Wastewater facilities	4,309,083	4,419,063
Total capital assets	\$ 7,942,805	\$ 8,015,546

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

Water well control panel replacement and ground storage tank No. 2 rehabilitation	\$ 218,209
Lift pump Nos. 2 and 3 improvements	7,678
Wastewater treatment plant improvements	85,891
Total additions to capital assets	\$ 311,778

**Harris County Municipal Utility District No. 70,
of Harris County, Texas**
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	\$	8,427,435
Decreases in long-term debt		<u>(1,263,698)</u>
Long-term debt payable, end of year	\$	<u><u>7,163,737</u></u>

At September 30, 2023, the District had \$9,350,000 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 carry an underlying rating of "A" from Standard & Poor's. The Series 2012 and Series 2019 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2015 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Co.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

**Harris County Municipal Utility District No. 70,
of Harris County, Texas**
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 257,154	\$ 110,705	\$ 36,639	\$ 404,498	\$ -	\$ 404,498
Certificates of deposit	2,370,000	-	935,000	3,305,000	-	3,305,000
Short-term investments	3,327,591	-	901,889	4,229,480	-	4,229,480
Receivables:						
Property taxes	26,382	-	43,622	70,004	-	70,004
Service accounts	280,696	-	-	280,696	-	280,696
Participants	-	85,852	-	85,852	(29,852)	56,000
Accrued penalty and interest	-	-	-	-	50,811	50,811
Accrued interest	54,891	-	15,076	69,967	-	69,967
Interfund receivables	3,043	-	11,349	14,392	(14,392)	-
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	1,005,004	1,005,004
Infrastructure	-	-	-	-	6,937,801	6,937,801
Total assets	6,319,757	196,557	1,943,575	8,459,889	7,949,372	16,409,261
Deferred Outflows of Resources						
Deferred amount on debt refundings	0	0	0	0	352,737	352,737
Total assets and deferred outflows of resources	\$ 6,319,757	\$ 196,557	\$ 1,943,575	\$ 8,459,889	\$ 8,302,109	\$ 16,761,998

**Harris County Municipal Utility District No. 70,
of Harris County, Texas**
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 237,614	\$ 52,750	\$ 6,372	\$ 296,736	\$ (29,852)	\$ 266,884
Customer deposits	213,700	-	-	213,700	-	213,700
Operating deposits	-	78,171	-	78,171	-	78,171
Interfund payables	11,349	3,043	-	14,392	(14,392)	-
Long-term liabilities:						
Due within one year	-	-	-	-	1,035,000	1,035,000
Due after one year	-	-	-	-	6,128,737	6,128,737
Total liabilities	<u>462,663</u>	<u>133,964</u>	<u>6,372</u>	<u>602,999</u>	<u>7,119,493</u>	<u>7,722,492</u>
Deferred Inflows of Resources						
Deferred property tax revenues	<u>26,382</u>	<u>0</u>	<u>43,622</u>	<u>70,004</u>	<u>(70,004)</u>	<u>0</u>
Fund Balances/Net Position						
Fund balances:						
Restricted, unlimited tax bonds	-	-	1,893,581	1,893,581	(1,893,581)	-
Committed, wastewater collection and treatment	-	62,593	-	62,593	(62,593)	-
Unassigned	<u>5,830,712</u>	<u>-</u>	<u>-</u>	<u>5,830,712</u>	<u>(5,830,712)</u>	<u>-</u>
Total fund balances	<u>5,830,712</u>	<u>62,593</u>	<u>1,893,581</u>	<u>7,786,886</u>	<u>(7,786,886)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,319,757</u>	<u>\$ 196,557</u>	<u>\$ 1,943,575</u>	<u>\$ 8,459,889</u>		
Net position:						
Net investment in capital assets					1,131,805	1,131,805
Restricted for plant operations					62,593	62,593
Restricted for debt service					1,988,014	1,988,014
Unrestricted					<u>5,857,094</u>	<u>5,857,094</u>
Total net position					<u>\$ 9,039,506</u>	<u>\$ 9,039,506</u>

Harris County Municipal Utility District No. 70, of Harris County, Texas

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,145,176	\$ -	\$ 1,466,745	\$ 2,611,921	\$ 583	\$ 2,612,504
Water service	376,243	-	-	376,243	-	376,243
Sewer service	750,194	-	-	750,194	-	750,194
Regional water fee	936,090	-	-	936,090	-	936,090
Service to other districts	-	969,226	-	969,226	(571,648)	397,578
Security service	173,266	-	-	173,266	-	173,266
Penalty and interest	74,197	-	26,150	100,347	1,647	101,994
Tap connection and inspection fees	34,810	-	-	34,810	-	34,810
Investment income	258,304	2	103,441	361,747	-	361,747
Other income	52,687	-	-	52,687	(44,653)	8,034
Total revenues	3,800,967	969,228	1,596,336	6,366,531	(614,071)	5,752,460
Expenditures/Expenses						
Service operations:						
Purchased services	1,347,145	-	-	1,347,145	(454,808)	892,337
Regional water fee	16,748	-	-	16,748	-	16,748
Professional fees	143,967	15,038	5,504	164,509	-	164,509
Contracted services	992,183	66,996	45,491	1,104,670	-	1,104,670
Utilities	28,244	96,910	-	125,154	-	125,154
Repairs and maintenance	311,554	483,971	-	795,525	-	795,525
Other expenditures	129,676	95,903	12,111	237,690	(44,653)	193,037
Tap connections	28,930	-	-	28,930	-	28,930
Capital outlay	218,208	210,410	-	428,618	(428,618)	-
Depreciation	-	-	-	-	384,519	384,519
Debt service:						
Principal retirement	-	-	1,215,000	1,215,000	(1,215,000)	-
Interest and fees	-	-	264,487	264,487	11,899	276,386
Total expenditures/expenses	3,216,655	969,228	1,542,593	5,728,476	(1,746,661)	3,981,815
Excess of Revenues Over Expenditures	584,312	0	53,743	638,055	1,132,590	

Harris County Municipal Utility District No. 70, of Harris County, Texas

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances (Continued)

Year Ended September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
Interfund transfers in (out)	\$ (580)	\$ 580	\$ -	\$ -	\$ -	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	583,732	580	53,743	638,055	(638,055)	
Change in Net Position					1,770,645	\$ 1,770,645
Fund Balances/Net Position						
Beginning of year	5,246,980	62,013	1,839,838	7,148,831	-	7,268,861
End of year	\$ 5,830,712	\$ 62,593	\$ 1,893,581	\$ 7,786,886	\$ 0	\$ 9,039,506

**Harris County Municipal Utility District No. 70,
of Harris County, Texas**
Notes to Financial Statements
September 30, 2023

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

Harris County Municipal Utility District No. 70 (the District) was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective May 1, 1973, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is 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.

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.

**Harris County Municipal Utility District No. 70,
of Harris County, Texas**
Notes to Financial Statements
September 30, 2023

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.

Special Revenue Fund – The special revenue fund accounts for revenues and expenditures involving specific revenue sources that are legally restricted to expenditures for specified purposes. The primary source of revenue is participant fees.

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. 70,
of Harris County, Texas**
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.

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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 the year on the property. After the District receives its certified appraisal roll from the appraisal

**Harris County Municipal Utility District No. 70,
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district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended 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

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

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

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

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45

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.

**Harris County Municipal Utility District No. 70,
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September 30, 2023

Debt Issuance Costs

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

Long-term Obligations

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

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

Net Position /Fund Balances

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 7,942,805
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	70,004

**Harris County Municipal Utility District No. 70,
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September 30, 2023

Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds. \$ 50,811

Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds. 352,737

Long-term debt obligations are not due and payable in the current period and are not reported in the funds. (7,163,737)

Adjustment to fund balances to arrive at net position. \$ 1,252,620

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. \$ 638,055

Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and noncapitalized (72,741)

Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position. 1,215,000

Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities. 2,230

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (11,899)

Change in net position of governmental activities. \$ 1,770,645

**Harris County Municipal Utility District No. 70,
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Notes to Financial Statements
September 30, 2023

Note 2: Deposits, Investments and Investment Income

Deposits

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

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

At 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.

**Harris County Municipal Utility District No. 70,
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September 30, 2023

Type	Maturities in Years				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Texas CLASS	<u>\$ 4,229,480</u>	<u>\$ 4,229,480</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At 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	\$ 3,709,498
Investments	<u>4,229,480</u>
Total	<u>\$ 7,938,978</u>

Included in the following statement of net position captions:

Cash	\$ 404,498
Certificates of deposit	3,305,000
Short-term investments	<u>4,229,480</u>
Total	<u>\$ 7,938,978</u>

Investment Income

Investment income of \$361,747 for the year ended September 30, 2023, consisted of interest income.

**Harris County Municipal Utility District No. 70,
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Notes to Financial Statements
September 30, 2023

Fair Value Measurements

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

- Pooled investments of \$4,229,480 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended September 30, 2023, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Reclassi- fications	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	\$ 1,005,004	\$ -	\$ -	\$ 1,005,004
Construction in progress	50,603	-	(50,603)	-
Total capital assets, non-depreciable	<u>1,055,607</u>	<u>0</u>	<u>(50,603)</u>	<u>1,005,004</u>
Capital assets, depreciable:				
Water production and distribution facilities	4,959,282	218,209	38,306	5,215,797
Wastewater collection and treatment facilities	7,934,478	93,569	12,297	8,040,344
Total capital assets, depreciable	<u>12,893,760</u>	<u>311,778</u>	<u>50,603</u>	<u>13,256,141</u>
Less accumulated depreciation:				
Water production and distribution facilities	(2,418,406)	(168,673)	-	(2,587,079)
Wastewater collection and treatment facilities	(3,515,415)	(215,846)	-	(3,731,261)
Total accumulated depreciation	<u>(5,933,821)</u>	<u>(384,519)</u>	<u>0</u>	<u>(6,318,340)</u>
Total governmental activities, net	<u>\$ 8,015,546</u>	<u>\$ (72,741)</u>	<u>\$ 0</u>	<u>\$ 7,942,805</u>

Note 4: Long-term Liabilities

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

**Harris County Municipal Utility District No. 70,
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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:				
General obligation bonds	\$ 8,160,000	\$ 1,215,000	\$ 6,945,000	\$ 1,035,000
Add premiums on bonds	267,435	48,698	218,737	-
Total governmental activities long-term liabilities	<u>\$ 8,427,435</u>	<u>\$ 1,263,698</u>	<u>\$ 7,163,737</u>	<u>\$ 1,035,000</u>

General Obligation Bonds

	Refunding Series 2012	Refunding Series 2015
Amounts outstanding, September 30, 2023	\$180,000	\$2,650,000
Interest rates	4.000%	3.00% to 4.00%
Maturity dates, serially beginning/ending	April 1, 2024	October 1, 2024/2029
Interest payment dates	April 1/ October 1	April 1/ October 1
Callable dates*	April 1, 2020	October 1, 2023
		Refunding Series 2019
Amount outstanding, September 30, 2023		\$4,115,000
Interest rates		3.00%
Maturity dates, serially beginning/ending		April 1, 2024/2031
Interest payment dates		April 1/ October 1
Callable date*		April 1, 2025

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

**Harris County Municipal Utility District No. 70,
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Notes to Financial Statements
September 30, 2023

Annual Debt Service Requirements

The District has been paying the amount due October 1 within the fiscal year preceding this due date, and the following schedule has been prepared assuming that this practice will be followed in future years. The schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2023:

Year	Principal	Interest	Total
2024	\$ 1,035,000	\$ 227,425	\$ 1,262,425
2025	1,035,000	190,900	1,225,900
2026	1,050,000	154,825	1,204,825
2027	940,000	118,050	1,058,050
2028	955,000	85,975	1,040,975
2029-2031	<u>1,930,000</u>	<u>82,150</u>	<u>2,012,150</u>
Total	<u>\$ 6,945,000</u>	<u>\$ 859,325</u>	<u>\$ 7,804,325</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.

Bonds voted	\$ 33,495,000
Bonds sold	24,145,000
Refunding bonds voted	26,180,000
Refunding bond authorization used	1,378,652*

*The District has issued \$21,520,000 of refunding bonds; however, of such amount, \$1,378,652 has been applied to the voter-authorized bonds and the remaining \$20,141,348 has been issued pursuant to Chapter 1207 of the Texas Government Code.

Note 5: Significant Bond Order and Commission Requirements

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2023, the District levied an ad valorem debt service tax at the rate of \$0.3200 per \$100 of assessed valuation,

**Harris County Municipal Utility District No. 70,
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Notes to Financial Statements
September 30, 2023

which resulted in a tax levy of \$1,481,725 on the taxable valuation of \$463,038,748 for the 2022 tax year. The interest and principal requirements paid from the tax revenues were \$1,477,325. The District utilized available debt service fund resources to satisfy the requirements.

Note 6: Maintenance Taxes

At an election held August 13, 1983, voters authorized a maintenance tax not to exceed \$0.25 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 \$0.2500 per \$100 of assessed valuation, which resulted in a tax levy of \$1,157,597 on the taxable valuation of \$463,038,748 for the 2022 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Regional Wastewater Treatment Contract

The District entered into 40-year contracts on June 27, 1983, with Harris County Municipal Utility District No. 144 (District No. 144) and on April 26, 1984, with Harris County Municipal Utility District No. 264 (District No. 264) whereby the District agreed to provide, or cause to be provided, the regional waste collection, treatment and disposal facilities necessary to serve the participating districts. These contracts were amended on December 20, 1984. On January 23, 1991, the participants entered into a restated agreement, which terminated the prior agreements. This agreement has also been amended on May 27, 1992, January 24, 1995, July 26, 2001, March 1, 2008, and September 19, 2022.

Facility Construction and Expansion

The agreements between the participants provide that construction and related costs be shared by the participants based on the pro rata amount of capacity acquired. Construction of the initial 650,000 gallons-per-day (gpd) treatment facilities was completed in a prior year. District No. 144 acquired 333,000 gpd of capacity and the District acquired 317,000 gpd of capacity.

The facility was then expanded to 1,200,000 gpd. During fiscal year 1987, the District sold 100,000 gpd of capacity to District No. 264. During 2002, the District purchased 50,000 gpd of capacity from District No. 264. In 2008, the facility was expanded to 1,500,000 gpd, with the additional 300,000 gpd paid for by the District. Reserved capacity (gpd) is as follows.

**Harris County Municipal Utility District No. 70,
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September 30, 2023

	The District	District No. 144	District No. 264	Total
Original construction	217,000	333,000	100,000	650,000
Expansion	400,000	-	450,000	850,000
Purchase	50,000	-	(50,000)	-
Total reserved capacity	<u>667,000</u>	<u>333,000</u>	<u>500,000</u>	<u>1,500,000</u>

Operating Agreement

The District operates the facilities and holds title for the benefit of the participants. Under the terms of the revised agreement, monthly operating costs are shared by the participants based on the number of active single-family equivalent connections served by the waste treatment facilities.

Transactions for the current year are as follows:

	The District	District No. 144	District No. 264	Total
Receivable, beginning of year	\$ 52,072	\$ 31,261	\$ 53,221	\$ 136,554
Amounts invoiced	454,808	230,397	284,021	969,226
Collections and interest	<u>(477,028)</u>	<u>(236,599)</u>	<u>(306,301)</u>	<u>(1,019,928)</u>
Receivable, end of year	<u>\$ 29,852</u>	<u>\$ 25,059</u>	<u>\$ 30,941</u>	<u>\$ 85,852</u>

At September 30, 2023, the participants' respective shares of fund balance of the facilities' general fund are as follows:

The District	\$ 62,593
District No. 144	31,250
District No. 264	<u>46,921</u>
Total	<u>\$ 140,764</u>

The District's share is reflected as fund equity, and District No. 144's and District No. 264's shares are reflected as liabilities in the special revenue fund.

**Harris County Municipal Utility District No. 70,
of Harris County, Texas**
Notes to Financial Statements
September 30, 2023

Note 8: Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority), which was created by the Texas Legislature to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of September 30, 2023, the Authority was billing the District \$3.95 per 1,000 gallons of water pumped from its wells and \$4.35 per 1,000 gallons of surface water received. These amounts are subject to future increases.

Note 9: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Required Supplementary Information

Harris County Municipal Utility District No. 70, of Harris County, Texas

Budgetary Comparison Schedule – General Fund Year Ended September 30, 2023

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,114,440	\$ 1,145,176	\$ 30,736
Water service	346,700	376,243	29,543
Sewer service	674,000	750,194	76,194
Regional water fee	831,200	936,090	104,890
Security service	181,700	173,266	(8,434)
Penalty and interest	108,300	74,197	(34,103)
Tap connection and inspection fees	-	34,810	34,810
Investment income	45,543	258,304	212,761
Other income	41,595	52,687	11,092
Total revenues	3,343,478	3,800,967	457,489
Expenditures			
Service operations:			
Purchased services	379,897	1,347,145	(967,248)
Regional water fee	780,800	16,748	764,052
Professional fees	206,710	143,967	62,743
Contracted services	937,420	992,183	(54,763)
Utilities	29,533	28,244	1,289
Repairs and maintenance	257,900	311,554	(53,654)
Other expenditures	120,030	129,676	(9,646)
Tap connections	-	28,930	(28,930)
Capital outlay	619,288	218,208	401,080
Total expenditures	3,331,578	3,216,655	114,923
Excess of Revenues Over Expenditures	11,900	584,312	572,412
Other Financing Uses			
Interfund transfers out	-	(580)	(580)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	11,900	583,732	571,832
Fund Balance, Beginning of Year	5,246,980	5,246,980	-
Fund Balance, End of Year	\$ 5,258,880	\$ 5,830,712	\$ 571,832

Harris County Municipal Utility District No. 70, of Harris County, Texas

Budgetary Comparison Schedule – Special Revenue Fund Year Ended September 30, 2023

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Service to other districts	\$ 1,265,385	\$ 969,226	\$ (296,159)
Investment income	-	2	2
	1,265,385	969,228	(296,157)
Expenditures			
Service operations:			
Professional fees	92,700	15,038	77,662
Contracted services	59,600	66,996	(7,396)
Utilities	93,000	96,910	(3,910)
Repairs and maintenance	504,800	483,971	20,829
Other expenditures	94,485	95,903	(1,418)
Capital outlay	420,800	210,410	210,390
	1,265,385	969,228	296,157
Excess of Revenues Over Expenditures	-	-	-
Other Financing Sources			
Interfund transfers in	-	580	580
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	580	580
Fund Balance, Beginning of Year	62,013	62,013	-
Fund Balance, End of Year	\$ 62,013	\$ 62,593	\$ 580

Harris County Municipal Utility District No. 70, of Harris County, Texas

Notes to Required Supplementary Information September 30, 2023

Budgets and Budgetary Accounting

Annual operating budgets are prepared for the general and special revenue funds by the District's consultants. The budgets reflect resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budgets prior to the start of its fiscal year. The budgets are not a spending limitation (a legally restricted appropriation). The original budgets of the general fund and the special revenue fund were not amended during fiscal year 2023.

The District prepares its annual operating budgets on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedules – General Fund and Special Revenue Fund present 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. 70,
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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 14-28
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Harris County Municipal Utility District No. 70, of Harris County, Texas

Schedule of Services and Rates Year Ended September 30, 2023

1. Services provided by the District:

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 11.00	5,000	N	\$ 1.00 \$ 1.25	5,001 to 20,000 20,001 to No Limit
Wastewater:	\$ 31.09	0	Y		
Regional water fee:	\$ 4.78	1	N	\$ 4.78	1 to No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 63.80	Wastewater \$ 31.09

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	1,885	1,874	x1.0	1,874
1"	28	28	x2.5	70
1 1/2"	8	8	x5.0	40
2"	29	28	x8.0	224
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	1,950	1,938		2,208
Total wastewater	1,889	1,880	x1.0	1,880

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

Gallons pumped into the system:	212,220
Gallons billed to customers:	203,314
Water accountability ratio (gallons billed/gallons pumped):	95.80%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 70, of Harris County, Texas

Schedule of General Fund Expenditures Year Ended September 30, 2023

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 21,800	
Legal	91,452	
Engineering	30,715	
Financial advisor	-	
	-	143,967
Purchased Services for Resale		
Bulk water and wastewater service purchases		1,347,145
Regional Water Fee		16,748
Contracted Services		
Bookkeeping	59,804	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	350,202	
Other contracted services	207,579	
	207,579	617,585
Utilities		28,244
Repairs and Maintenance		311,554
Administrative Expenditures		
Directors' fees	19,956	
Office supplies	25,605	
Insurance	17,106	
Other administrative expenditures	67,009	
	67,009	129,676
Capital Outlay		
Capitalized assets	218,208	
Expenditures not capitalized	-	
	-	218,208
Tap Connection Expenditures		28,930
Solid Waste Disposal		374,598
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
		-
Total expenditures		\$ 3,216,655

**Harris County Municipal Utility District No. 70,
of Harris County, Texas**

**Schedule of Temporary Investments
September 30, 2023**

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 3031000262	5.00%	09/13/24	\$ 235,000	\$ 515
No. 913000120444913	4.50%	03/08/24	235,000	5,939
No. 11978	4.25%	10/30/23	240,000	9,317
No. 440005445	3.50%	10/26/23	240,000	7,779
No. 6990670	4.75%	03/20/24	235,000	5,932
No. 2000000363	5.00%	05/25/24	235,000	2,962
No. 104612	5.36%	06/30/24	235,000	3,175
No. 6000022837	4.00%	02/28/24	240,000	5,602
No. 6002400250	3.99%	11/13/23	240,000	8,422
No. 6550125707	5.00%	04/20/24	235,000	5,248
Texas CLASS	5.54%	Demand	3,327,591	-
			<u>5,697,591</u>	<u>54,891</u>
Debt Service Fund				
Certificates of Deposit				
No. 440037554	5.15%	02/28/24	235,000	2,951
No. 6768152	5.00%	09/14/24	235,000	515
No. 6000052461	4.94%	03/16/24	235,000	6,266
No. 1001100526	4.44%	03/22/24	230,000	5,344
Texas CLASS	5.54%	Demand	901,889	-
			<u>1,836,889</u>	<u>15,076</u>
Totals			<u>\$ 7,534,480</u>	<u>\$ 69,967</u>

Harris County Municipal Utility District No. 70, of Harris County, Texas

Analysis of Taxes Levied and Receivable Year Ended September 30, 2023

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 25,434	\$ 43,987
Additions and corrections to prior years' taxes	(11,473)	(15,345)
Adjusted receivable, beginning of year	13,961	28,642
2022 Original Tax Levy	1,056,930	1,352,871
Additions and corrections	100,667	128,854
Adjusted tax levy	1,157,597	1,481,725
Total to be accounted for	1,171,558	1,510,367
Tax (collections) refunds:		
Current year	(1,146,781)	(1,467,881)
Prior years'	1,605	1,136
Receivable, end of year	\$ 26,382	\$ 43,622
Receivable, by Years		
2022	\$ 10,816	\$ 13,844
2021	3,381	4,462
2020	2,262	3,334
2019	1,611	2,448
2018	1,403	2,132
2017	1,912	3,059
2016	614	1,105
2015	585	1,123
2014	513	1,109
2013	392	925
2012	381	975
2011	381	1,036
2010	381	1,036
2009	381	1,036
2008	245	666
2007	287	926
2006	227	1,125
2005	224	1,113
2004	123	638
2003 and prior	263	1,530
Receivable, end of year	\$ 26,382	\$ 43,622

Harris County Municipal Utility District No. 70, of Harris County, Texas

Analysis of Taxes Levied and Receivable (Continued) Year Ended September 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Property Valuations				
Land	\$ 91,201,546	\$ 91,154,849	\$ 80,649,515	\$ 72,135,619
Improvements	454,559,861	348,606,145	331,198,012	322,465,719
Personal property	14,008,557	11,703,512	11,692,432	10,492,138
Exemptions	<u>(96,731,216)</u>	<u>(14,464,641)</u>	<u>(13,726,715)</u>	<u>(13,087,846)</u>
Total property valuations	<u>\$ 463,038,748</u>	<u>\$ 436,999,865</u>	<u>\$ 409,813,244</u>	<u>\$ 392,005,630</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.3200	\$ 0.3300	\$ 0.3685	\$ 0.3800
Maintenance tax rates*	<u>0.2500</u>	<u>0.2500</u>	<u>0.2500</u>	<u>0.2500</u>
Total tax rates per \$100 valuation	<u>\$ 0.5700</u>	<u>\$ 0.5800</u>	<u>\$ 0.6185</u>	<u>\$ 0.6300</u>
Tax Levy	<u>\$ 2,639,322</u>	<u>\$ 2,534,600</u>	<u>\$ 2,534,695</u>	<u>\$ 2,469,636</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: \$0.25 on August 13, 1983

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

**Harris County Municipal Utility District No. 70,
of Harris County, Texas**
Schedule of Long-term Debt Service Requirements by Years
September 30, 2023

	Refunding Series 2012		
Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due April 1, October 1	Total
2024	<u>\$ 180,000</u>	<u>\$ 3,600</u>	<u>\$ 183,600</u>

The District pays the amount due October 1 prior to that date. This schedule shows the amounts due within the fiscal years assuming this practice will continue in the future.

**Harris County Municipal Utility District No. 70,
of Harris County, Texas**

**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 October 1	Interest Due April 1, October 1	Total
2024	\$ 480,000	\$ 106,000	\$ 586,000
2025	495,000	86,800	581,800
2026	505,000	67,000	572,000
2027	380,000	46,800	426,800
2028	390,000	31,600	421,600
2029	400,000	16,000	416,000
Totals	\$ 2,650,000	\$ 354,200	\$ 3,004,200

The District pays the amount due October 1 prior to that date. This schedule shows the amounts due within the fiscal years assuming this practice will continue in the future.

**Harris County Municipal Utility District No. 70,
of Harris County, Texas**

**Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023**

Due During Fiscal Years Ending September 30	Refunding Series 2019		
	Principal Due April 1	Interest Due April 1, October 1	Total
2024	\$ 375,000	\$ 117,825	\$ 492,825
2025	540,000	104,100	644,100
2026	545,000	87,825	632,825
2027	560,000	71,250	631,250
2028	565,000	54,375	619,375
2029	575,000	37,275	612,275
2030	470,000	21,600	491,600
2031	485,000	7,275	492,275
Totals	\$ 4,115,000	\$ 501,525	\$ 4,616,525

The District pays the amount due October 1 prior to that date. This schedule shows the amounts due within the fiscal years assuming this practice will continue in the future.

**Harris County Municipal Utility District No. 70,
of Harris County, Texas**

**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	\$ 1,035,000	\$ 227,425	\$ 1,262,425
2025	1,035,000	190,900	1,225,900
2026	1,050,000	154,825	1,204,825
2027	940,000	118,050	1,058,050
2028	955,000	85,975	1,040,975
2029	975,000	53,275	1,028,275
2030	470,000	21,600	491,600
2031	485,000	7,275	492,275
Totals	\$ 6,945,000	\$ 859,325	\$ 7,804,325

Harris County Municipal Utility District No. 70, of Harris County, Texas

Changes in Long-term Bonded Debt Year Ended September 30, 2023

	Bond Issues			
	Refunding Series 2012	Refunding Series 2015	Refunding Series 2019	Totals
Interest rates	4.000%	3.00% to 4.00%	3.00%	
Dates interest payable	April 1/ October 1	April 1/ October 1	April 1/ October 1	
Maturity dates	April 1, 2024	October 1, 2024/2029	April 1, 2024/2031	
Bonds outstanding, beginning of current year	\$ 890,000	\$ 2,910,000	\$ 4,360,000	\$ 8,160,000
Retirements, principal	710,000	260,000	245,000	1,215,000
Bonds outstanding, end of current year	\$ 180,000	\$ 2,650,000	\$ 4,115,000	\$ 6,945,000
Interest paid during current year	\$ 21,400	\$ 113,800	\$ 127,125	\$ 262,325

Paying agent's name and address:

Series 2012R - U.S. Bank, N.A., Houston, Texas

Series 2015R - Regions Bank, Houston, Texas

Series 2019R - Regions Bank, Houston, Texas

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 33,495,000	0	\$ 26,180,000
Amount issued	\$ 24,145,000	0	\$ 1,378,652 *
Remaining to be issued	\$ 9,350,000	0	\$ 24,801,348

Debt service fund cash and temporary investment balances as of September 30, 2023: \$ 1,873,528

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 975,541

*As of September 30, 2023, the District has issued \$21,520,000 of refunding bonds; however, of such amount, \$1,378,652 has been applied to the voter-authorized bonds and the remaining \$20,141,348 has been issued pursuant to Chapter 1207 of the Texas Government Code.

**Harris County Municipal Utility District No. 70,
of Harris County, Texas**
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
General Fund					
Revenues					
Property taxes	\$ 1,145,176	\$ 1,089,070	\$ 1,015,140	\$ 977,107	\$ 925,950
Water service	376,243	334,957	305,811	307,008	335,209
Sewer service	750,194	664,215	608,185	599,640	613,460
Regional water fee	936,090	781,961	680,436	690,860	655,336
Security service	173,266	178,110	177,524	177,373	176,649
Penalty and interest	74,197	109,036	89,787	136,239	108,786
Tap connection and inspection fees	34,810	-	-	16,351	-
Investment income	258,304	32,654	19,647	75,003	86,917
Other income	52,687	46,534	54,739	32,990	56,266
Total revenues	<u>3,800,967</u>	<u>3,236,537</u>	<u>2,951,269</u>	<u>3,012,571</u>	<u>2,958,573</u>
Expenditures					
Service operations:					
Purchased services	1,347,145	1,180,203	1,154,121	1,032,859	1,147,138
Regional water fee	16,748	12,605	13,164	17,651	3,058
Professional fees	143,967	152,295	220,553	194,137	188,616
Contracted services	992,183	902,966	858,336	853,505	848,238
Utilities	28,244	23,584	23,955	24,973	26,865
Repairs and maintenance	311,554	252,923	214,669	217,854	262,405
Other expenditures	129,676	123,678	110,995	93,011	99,860
Tap connections	28,930	-	-	9,390	-
Capital outlay	218,208	153,389	12,451	85,037	170,663
Total expenditures	<u>3,216,655</u>	<u>2,801,643</u>	<u>2,608,244</u>	<u>2,528,417</u>	<u>2,746,843</u>
Excess of Revenues Over Expenditures	<u>584,312</u>	<u>434,894</u>	<u>343,025</u>	<u>484,154</u>	<u>211,730</u>
Other Financing Sources (Uses)					
Interfund transfers in (out)	(580)	23,676	-	10,144	(15,436)
Insurance proceeds	-	-	-	37,796	-
Reimbursement from governmental agency	-	31,723	65,896	-	-
Total other financing sources (uses)	<u>(580)</u>	<u>55,399</u>	<u>65,896</u>	<u>47,940</u>	<u>(15,436)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	583,732	490,293	408,921	532,094	196,294
Fund Balance, Beginning of Year	<u>5,246,980</u>	<u>4,756,687</u>	<u>4,347,766</u>	<u>3,815,672</u>	<u>3,619,378</u>
Fund Balance, End of Year	<u>\$ 5,830,712</u>	<u>\$ 5,246,980</u>	<u>\$ 4,756,687</u>	<u>\$ 4,347,766</u>	<u>\$ 3,815,672</u>
Total Active Retail Water Connections	<u>1,938</u>	<u>1,928</u>	<u>1,929</u>	<u>1,928</u>	<u>1,929</u>
Total Active Retail Wastewater Connections	<u>1,880</u>	<u>1,873</u>	<u>1,874</u>	<u>1,873</u>	<u>1,874</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
30.1 %	33.7 %	34.4 %	32.4 %	31.3 %
9.9	10.3	10.4	10.2	11.3
19.7	20.5	20.6	19.9	20.7
24.6	24.2	23.0	22.9	22.2
4.6	5.5	6.0	5.9	6.0
1.9	3.4	3.0	4.5	3.7
1.0	-	-	0.6	-
6.8	1.0	0.7	2.5	2.9
1.4	1.4	1.9	1.1	1.9
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
35.5	36.5	39.1	34.3	38.8
0.4	0.4	0.4	0.6	0.1
3.8	4.7	7.5	6.5	6.4
26.1	27.9	29.1	28.3	28.7
0.7	0.7	0.8	0.8	0.9
8.2	7.8	7.3	7.2	8.8
3.4	3.8	3.8	3.1	3.4
0.8	-	-	0.3	-
5.7	4.8	0.4	2.8	5.7
<u>84.6</u>	<u>86.6</u>	<u>88.4</u>	<u>83.9</u>	<u>92.8</u>
<u>15.4 %</u>	<u>13.4 %</u>	<u>11.6 %</u>	<u>16.1 %</u>	<u>7.2 %</u>

**Harris County Municipal Utility District No. 70,
of Harris County, Texas**
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	\$ 1,466,745	\$ 1,440,701	\$ 1,496,250	\$ 1,485,366	\$ 1,408,649
Penalty and interest	26,150	31,627	19,446	17,931	10,998
Investment income	103,441	10,908	14,665	43,162	51,701
Total revenues	<u>1,596,336</u>	<u>1,483,236</u>	<u>1,530,361</u>	<u>1,546,459</u>	<u>1,471,348</u>
Expenditures					
Current:					
Professional fees	5,504	7,752	5,191	4,457	7,101
Contracted services	45,491	44,770	44,637	49,143	43,303
Other expenditures	12,111	12,078	8,859	8,734	5,165
Debt service:					
Principal retirement	1,215,000	1,135,000	1,090,000	1,100,000	820,000
Interest and fees	264,487	306,263	346,088	379,596	439,444
Debt issuance costs	-	-	-	-	171,275
Total expenditures	<u>1,542,593</u>	<u>1,505,863</u>	<u>1,494,775</u>	<u>1,541,930</u>	<u>1,486,288</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>53,743</u>	<u>(22,627)</u>	<u>35,586</u>	<u>4,529</u>	<u>(14,940)</u>
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	-	-	4,880,000
Premium on debt issued	-	-	-	-	80,204
Deposit with escrow agent	-	-	-	-	(4,785,232)
Interfund transfer in	-	6,592	-	-	-
Total other financing sources	<u>0</u>	<u>6,592</u>	<u>0</u>	<u>0</u>	<u>174,972</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>53,743</u>	<u>(16,035)</u>	<u>35,586</u>	<u>4,529</u>	<u>160,032</u>
Fund Balance, Beginning of Year	<u>1,839,838</u>	<u>1,855,873</u>	<u>1,820,287</u>	<u>1,815,758</u>	<u>1,655,726</u>
Fund Balance, End of Year	<u>\$ 1,893,581</u>	<u>\$ 1,839,838</u>	<u>\$ 1,855,873</u>	<u>\$ 1,820,287</u>	<u>\$ 1,815,758</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
91.9 %	97.1 %	97.8 %	96.0 %	95.7 %
1.6	2.1	1.3	1.2	0.8
6.5	0.8	0.9	2.8	3.5
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.3	0.5	0.4	0.3	0.5
2.8	3.0	2.9	3.2	2.9
0.8	0.8	0.6	0.6	0.4
76.1	76.5	71.2	71.1	55.7
16.6	20.7	22.6	24.5	29.9
-	-	-	-	11.6
<u>96.6</u>	<u>101.5</u>	<u>97.7</u>	<u>99.7</u>	<u>101.0</u>
<u><u>3.4 %</u></u>	<u><u>(1.5) %</u></u>	<u><u>2.3 %</u></u>	<u><u>0.3 %</u></u>	<u><u>(1.0) %</u></u>

Harris County Municipal Utility District No. 70, of Harris County, Texas

Board Members, Key Personnel and Consultants Year Ended September 30, 2023

Complete District mailing address:	Harris County Municipal Utility District No. 70 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 2400 Houston, Texas 77056
District business telephone number:	713.623.4531
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	January 18, 2022
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
Stephanie Peters	Elected 05/22- 05/26	\$ 3,576	\$ 3,559	President
Ron Sanches	Elected 05/22- 05/26	3,047	1,576	Vice President
Rudolph Lange	Appointed 11/20- 05/24	6,339	2,575	Secretary
Ronald Garcia	Appointed 12/21- 05/24	3,497	2,078	Assistant Secretary
Rachel Knight	Elected 05/22- 05/26	3,497	1,365	Assistant Secretary

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

**Harris County Municipal Utility District No. 70,
of Harris County, Texas
Board Members, Key Personnel and Consultants (Continued)
Year Ended September 30, 2023**

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Bob Leared Interests	07/10/78	\$ 37,465	Tax Assessor/ Collector
Cobb, Fendley & Associates, Inc.	07/22/21	73,799	Engineer
FORVIS, LLP	11/13/85	24,500	Auditor
Harris Central Appraisal District	Legislative Action	19,088	Appraiser
Masterson Advisors LLC	05/24/18	0	Financial Advisor
Municipal Accounts & Consulting, L.P.	10/30/90	89,264	Bookkeeper
Municipal Operations and Consulting, Inc.	12/01/16	997,959	Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/02/97	5,504	Delinquent Tax Attorney
Schwartz, Page & Harding, L.L.P.	01/29/86	94,213	General Counsel
Investment Officers			
Mark M. Burton and Ghia Lewis	07/22/04	N/A	Bookkeepers