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# **Harris County Municipal Utility District No. 158 Harris County, Texas**

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

September 30, 2023

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**Harris County Municipal Utility District No. 158**  
**September 30, 2023**

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## Independent Auditor's Report

Board of Directors  
Harris County Municipal Utility District No. 158  
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. 158 (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  
March 21, 2024

# Harris County Municipal Utility District No. 158

## 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. 158**  
**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. 158**  
**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**

	<b>2023</b>	<b>2022</b>
Current and other assets	\$ 7,420,965	\$ 8,625,681
Capital assets	11,221,111	9,390,385
Total assets	\$ 18,642,076	\$ 18,016,066
Long-term liabilities	\$ 4,586,305	\$ 5,366,798
Other liabilities	970,762	572,127
Total liabilities	5,557,067	5,938,925
Net position:		
Net investment in capital assets	6,397,833	4,520,935
Restricted	1,017,494	1,300,957
Unrestricted	5,669,682	6,255,249
Total net position	\$ 13,085,009	\$ 12,077,141

The total net position of the District increased by \$1,007,868, or about 8%. The majority of the increase in net position is related to property 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.

**Summary of Changes in Net Position**

	<b>2023</b>	<b>2022</b>
Revenues:		
Property taxes	\$ 2,010,696	\$ 1,919,991
Charges for services	1,968,899	2,062,894
Other revenues	477,073	839,713
Total revenues	4,456,668	4,822,598



**Harris County Municipal Utility District No. 158**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2023**

**Summary of Changes in Net Position (Continued)**

	<b>2023</b>	<b>2022</b>
Expenses:		
Services	\$ 2,967,032	\$ 2,711,209
Depreciation	330,266	330,266
Debt service	151,502	165,901
Total expenses	3,448,800	3,207,376
Change in net position	1,007,868	1,615,222
Net position, beginning of year	12,077,141	10,461,919
Net position, end of year	\$ 13,085,009	\$ 12,077,141

**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 \$6,303,493, a decrease of \$1,613,385 from the prior year.

The general fund's fund balance decreased by \$822,540 due to service operations and capital outlay expenditures exceeding property tax and service revenues and investment income.

The debt service fund's fund balance decreased by \$107,315 because bond principal and interest requirements were greater than property tax revenues generated.

The capital projects fund's fund balance decreased by \$683,530 due to capital outlay expenditures exceeding investment income.

**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 and purchased services and repairs and maintenance expenditures being greater than anticipated, as well as property tax revenues being less than anticipated. In addition, other income received and capital outlay expenditures were not included in the budget. The fund balance as of September 30, 2023, was expected to be \$7,369,038 and the actual end-of-year fund balance was \$5,389,498.

**Harris County Municipal Utility District No. 158**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2023**

**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)**

	<b>2023</b>	<b>2022</b>
Land and improvements	\$ 2,671,758	\$ 2,671,758
Construction in progress	2,272,314	111,322
Water facilities	4,135,337	4,263,508
Wastewater facilities	2,141,702	2,343,797
Total capital assets	<b>\$ 11,221,111</b>	<b>\$ 9,390,385</b>

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

Construction in progress related to water line rehabilitation in Pheasant Run Village	<b>\$ 2,160,992</b>
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**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	\$ 5,366,798
Decreases in long-term debt	(780,493)
Long-term debt payable, end of year	<b>\$ 4,586,305</b>

At September 30, 2023, the District had \$5,865,000 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 "A2" from Moody's Investors Service. The Series 2012 bonds carry an "A1" rating from Moody's Investors Service by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2016 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

**Harris County Municipal Utility District No. 158**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2023**

**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.

Subsequent Event

On November 16, 2023, the District issued its Series 2023 unlimited tax bonds in the amount of \$5,500,000 at a net effective interest rate of approximately 4.72%. The bonds were sold to fund construction projects within the District.

**Harris County Municipal Utility District No. 158**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**September 30, 2023**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>						
Cash	\$ 106,909	\$ 58,471	\$ 2,688	\$ 168,068	\$ -	\$ 168,068
Certificates of deposit	441,719	524,888	-	966,607	-	966,607
Short-term investments	5,617,183	304,891	13,304	5,935,378	-	5,935,378
Receivables:						
Property taxes	43,211	57,771	-	100,982	-	100,982
Service accounts	192,012	-	-	192,012	-	192,012
Accrued penalty and interest	-	-	-	-	56,116	56,116
Accrued interest	1,017	785	-	1,802	-	1,802
Interfund receivables	4,197	24,842	-	29,039	(29,039)	-
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	2,671,758	2,671,758
Construction in progress	-	-	-	-	2,272,314	2,272,314
Infrastructure	-	-	-	-	6,277,039	6,277,039
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total assets	<u>\$ 6,406,248</u>	<u>\$ 971,648</u>	<u>\$ 15,992</u>	<u>\$ 7,393,888</u>	<u>\$ 11,248,188</u>	<u>\$ 18,642,076</u>

**Harris County Municipal Utility District No. 158**  
**Statement of Net Position and Governmental Funds Balance Sheet (Continued)**  
**September 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Liabilities</b>						
Accounts payable	\$ 521,793	\$ 11,677	\$ -	\$ 533,470	\$ -	\$ 533,470
Accrued interest payable	-	-	-	-	10,388	10,388
Retainage payable	150,869	-	-	150,869	-	150,869
Customer deposits	276,035	-	-	276,035	-	276,035
Interfund payables	24,842	4,197	-	29,039	(29,039)	-
Long-term liabilities:						
Due within one year	-	-	-	-	820,000	820,000
Due after one year	-	-	-	-	3,766,305	3,766,305
	<u>973,539</u>	<u>15,874</u>	<u>0</u>	<u>989,413</u>	<u>4,567,654</u>	<u>5,557,067</u>
Total liabilities						
	<u>973,539</u>	<u>15,874</u>	<u>0</u>	<u>989,413</u>	<u>4,567,654</u>	<u>5,557,067</u>
<b>Deferred Inflows of Resources</b>						
Deferred property tax revenues	<u>43,211</u>	<u>57,771</u>	<u>0</u>	<u>100,982</u>	<u>(100,982)</u>	<u>0</u>
<b>Fund Balances/Net Position</b>						
Fund balances:						
Restricted:						
Unlimited tax bonds	-	898,003	-	898,003	(898,003)	-
Water, sewer and drainage	-	-	15,992	15,992	(15,992)	-
Unassigned	<u>5,389,498</u>	<u>-</u>	<u>-</u>	<u>5,389,498</u>	<u>(5,389,498)</u>	<u>-</u>
Total fund balances	<u>5,389,498</u>	<u>898,003</u>	<u>15,992</u>	<u>6,303,493</u>	<u>(6,303,493)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,406,248</u>	<u>\$ 971,648</u>	<u>\$ 15,992</u>	<u>\$ 7,393,888</u>		
<b>Net position:</b>						
Net investment in capital assets					6,397,833	6,397,833
Restricted for debt service					1,001,502	1,001,502
Restricted for capital projects					15,992	15,992
Unrestricted					<u>5,669,682</u>	<u>5,669,682</u>
Total net position					<u>\$ 13,085,009</u>	<u>\$ 13,085,009</u>

**Harris County Municipal Utility District No. 158**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended September 30, 2023**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 1,185,056	\$ 824,683	\$ -	\$ 2,009,739	\$ 957	\$ 2,010,696
Water service	1,352,583	-	-	1,352,583	-	1,352,583
Sewer service	616,316	-	-	616,316	-	616,316
Penalty and interest	40,552	23,362	-	63,914	7,614	71,528
Tap connection and inspection fees	13,230	-	-	13,230	-	13,230
Investment income	305,527	44,106	17,259	366,892	-	366,892
Other income	25,423	-	-	25,423	-	25,423
<b>Total revenues</b>	<b>3,538,687</b>	<b>892,151</b>	<b>17,259</b>	<b>4,448,097</b>	<b>8,571</b>	<b>4,456,668</b>
<b>Expenditures/Expenses</b>						
Service operations:						
Purchased services	1,465,029	-	-	1,465,029	-	1,465,029
Professional fees	165,501	7,678	-	173,179	-	173,179
Contracted services	107,328	44,649	-	151,977	-	151,977
Utilities	11,580	-	-	11,580	-	11,580
Repairs and maintenance	1,004,498	-	-	1,004,498	-	1,004,498
Other expenditures	145,117	13,681	1,971	160,769	-	160,769
Capital outlay	1,462,174	-	698,818	2,160,992	(2,160,992)	-
Depreciation	-	-	-	-	330,266	330,266
Debt service:						
Principal retirement	-	790,000	-	790,000	(790,000)	-
Interest and fees	-	143,458	-	143,458	8,044	151,502
<b>Total expenditures/expenses</b>	<b>4,361,227</b>	<b>999,466</b>	<b>700,789</b>	<b>6,061,482</b>	<b>(2,612,682)</b>	<b>3,448,800</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(822,540)</b>	<b>(107,315)</b>	<b>(683,530)</b>	<b>(1,613,385)</b>	<b>1,613,385</b>	
<b>Change in Net Position</b>					<b>1,007,868</b>	<b>1,007,868</b>
<b>Fund Balances/Net Position</b>						
Beginning of year	6,212,038	1,005,318	699,522	7,916,878	-	12,077,141
End of year	\$ 5,389,498	\$ 898,003	\$ 15,992	\$ 6,303,493	\$ 0	\$ 13,085,009

# Harris County Municipal Utility District No. 158

## Notes to Financial Statements

### September 30, 2023

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

Harris County Municipal Utility District No. 158 (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective February 23, 1978, 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. 158

## 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.

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

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

#### **Fund Balances – Governmental Funds**

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

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

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

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

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

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

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.



**Harris County Municipal Utility District No. 158**  
**Notes to Financial Statements**  
**September 30, 2023**

***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.

***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.

**Harris County Municipal Utility District No. 158**  
**Notes to Financial Statements**  
**September 30, 2023**

***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 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.

**Harris County Municipal Utility District No. 158**  
**Notes to Financial Statements**  
**September 30, 2023**

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:

	<b>Years</b>
Water distribution facilities	10-45
Wastewater collection facilities	10-45

**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. 158**  
**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.

**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.	\$ 11,221,111
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	100,982
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	56,116
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(10,388)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(4,586,305)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ 6,781,516</u></u>

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

**Harris County Municipal Utility District No. 158**  
**Notes to Financial Statements**  
**September 30, 2023**

Change in fund balances.	\$ (1,613,385)
Governmental funds report capital outlay as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense in the current year.	1,830,726
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	790,000
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.	8,571
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(8,044)</u>
Change in net position of governmental activities.	<u><u>\$ 1,007,868</u></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.

At September 30, 2023, none of the District's bank balances were exposed to custodial credit risk.

**Harris County Municipal Utility District No. 158**  
**Notes to Financial Statements**  
**September 30, 2023**

**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 TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. The District's investments in TexPool are reported at amortized cost.

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

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 5,935,378	\$ 5,935,378	\$ 0	\$ 0	\$ 0

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

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, the District's investments in TexPool 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.

**Harris County Municipal Utility District No. 158**  
**Notes to Financial Statements**  
**September 30, 2023**

Carrying value:		
Deposits		\$ 1,134,675
Investments		5,935,378
Total		\$ 7,070,053

Included in the following statement of net position captions:

Cash		\$ 168,068
Certificates of deposit		966,607
Short-term investments		5,935,378
Total		\$ 7,070,053

**Investment Income**

Investment income of \$366,892 for the year ended September 30, 2023, consisted of interest income.

**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	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 2,671,758	\$ -	\$ 2,671,758
Construction in progress	111,322	2,160,992	2,272,314
Total capital assets, non-depreciable	2,783,080	2,160,992	4,944,072
Capital assets, depreciable:			
Water production and distribution facilities	5,691,171	-	5,691,171
Wastewater collection and treatment facilities	9,885,747	-	9,885,747
Total capital assets, depreciable	15,576,918	0	15,576,918
Less accumulated depreciation:			
Water production and distribution facilities	(1,427,663)	(128,171)	(1,555,834)
Wastewater collection and treatment facilities	(7,541,950)	(202,095)	(7,744,045)
Total accumulated depreciation	(8,969,613)	(330,266)	(9,299,879)
Total governmental activities, net	\$ 9,390,385	\$ 1,830,726	\$ 11,221,111

**Harris County Municipal Utility District No. 158**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note 4: Long-Term Liabilities**

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

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Decreases</b>	<b>Balances, End of Year</b>	<b>Amounts Due in One Year</b>
Bonds payable:				
General obligation bonds	\$ 5,450,000	\$ 790,000	\$ 4,660,000	\$ 820,000
Less discounts on bonds	<u>83,202</u>	<u>9,507</u>	<u>73,695</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 5,366,798</u>	<u>\$ 780,493</u>	<u>\$ 4,586,305</u>	<u>\$ 820,000</u>

**General Obligation Bonds**

	<b>Series 2012</b>	<b>Series 2016</b>
Amounts outstanding, September 30, 2023	\$2,265,000	\$2,395,000
Interest rates	2.50%	2.00% to 3.25%
Maturity dates, serially beginning/ending	September 1, 2024/2026	September 1, 2024/2040
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2020	September 1, 2025

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

**Annual Debt Service Requirements**

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2023.



**Harris County Municipal Utility District No. 158**  
**Notes to Financial Statements**  
**September 30, 2023**

Year	Principal	Interest	Total
2024	\$ 820,000	\$ 124,657	\$ 944,657
2025	850,000	104,632	954,632
2026	885,000	83,762	968,762
2027	105,000	61,936	166,936
2028	115,000	59,322	174,322
2029-2033	655,000	246,822	901,822
2034-2038	835,000	139,450	974,450
2039-2040	395,000	18,850	413,850
Total	<u>\$ 4,660,000</u>	<u>\$ 839,431</u>	<u>\$ 5,499,431</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	\$ 33,700,000
Bonds sold	27,835,000
Refunding bonds voted	13,700,000
Refunding bond authorization used	12,054,047

**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 \$0.1600 per \$100 of assessed valuation, which resulted in a tax levy of \$827,285 on the taxable valuation of \$517,053,062 for the 2022 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$932,208.

**Note 6: Maintenance Taxes**

At an election held November 2, 1987, voters authorized a maintenance tax not to exceed \$0.50 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 \$0.2300 per \$100 of assessed valuation, which resulted in a tax levy of \$1,189,223 on the taxable valuation of \$517,053,062 for the 2022 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

**Harris County Municipal Utility District No. 158**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note 7: Contracts With Other Governmental Units**

***Sewer Service Contract***

On October 20, 1986, the District entered into an agreement with the City of Houston (the City), Harris County Municipal Utility District No. 243 (District No. 243) and Harris County Municipal Utility District No. 246 to provide for the construction of conveyance facilities to the City's Beltway Regional Wastewater Treatment Plant (the Plant) and for permanent sewage treatment capacity in the Plant. In a prior year, the District annexed the property in District No. 243, and District No. 243 was dissolved.

According to the contract, the City will accept for treatment the sewage collected within the District, and the District will pay a monthly service charge to the City as compensation for the City's operation and maintenance costs. During the current year, the District incurred costs of \$465,514.

***Water Supply Contract***

On June 28, 1995, the District entered into a 20-year water supply agreement with the City. In 2015, the District entered into a new contract with the City for a 40-year term. The charge for the water used is computed in accordance with the rates established by the City ordinances. During the current year, the District purchased water from the City in the amount of \$999,515.

**Note 8: Risk Management**

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

**Note 9: Subsequent Event**

On November 16, 2023, the District issued its Series 2023 unlimited tax bonds in the amount of \$5,500,000 at a net effective interest rate of approximately 4.72%. The bonds were sold to fund construction projects within the District.

## **Required Supplementary Information**

**Harris County Municipal Utility District No. 158**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended September 30, 2023**

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 1,290,000	\$ 1,185,056	\$ (104,944)
Water service	1,350,000	1,352,583	2,583
Sewer service	600,000	616,316	16,316
Penalty and interest	55,000	40,552	(14,448)
Tap connection and inspection fees	12,000	13,230	1,230
Investment income	150,000	305,527	155,527
Other income	-	25,423	25,423
	<u>3,457,000</u>	<u>3,538,687</u>	<u>81,687</u>
<b>Expenditures</b>			
Service operations:			
Purchased services	1,240,000	1,465,029	(225,029)
Professional fees	180,000	165,501	14,499
Contracted services	105,500	107,328	(1,828)
Utilities	15,000	11,580	3,420
Repairs and maintenance	635,000	1,004,498	(369,498)
Other expenditures	124,500	145,117	(20,617)
Capital outlay	-	1,462,174	(1,462,174)
	<u>2,300,000</u>	<u>4,361,227</u>	<u>(2,061,227)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	1,157,000	(822,540)	(1,979,540)
<b>Fund Balance, Beginning of Year</b>	<u>6,212,038</u>	<u>6,212,038</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 7,369,038</u>	<u>\$ 5,389,498</u>	<u>\$ (1,979,540)</u>

**Harris County Municipal Utility District No. 158**  
**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 not 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. 158**  
**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 13-24
- [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. 158

## 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 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 type="checkbox"/> Security
<input 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):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
Water:	\$ 35.07	3,000	N	\$ 3.70	3,001 to 8,000
				\$ 4.37	8,001 to No Limit
Wastewater:	\$ 20.56	10,000	N	\$ 1.28	10,001 to No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 62.31	Wastewater \$ 20.56

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	1,847	1,836	x1.0	1,836
1"	316	315	x2.5	788
1 1/2"	6	6	x5.0	30
2"	18	17	x8.0	136
3"	-	-	x15.0	-
4"	1	1	x25.0	25
6"	2	2	x50.0	100
8"	3	3	x80.0	240
10"	-	-	x115.0	-
Total water	2,193	2,180		3,155
Total wastewater	2,179	2,168	x1.0	2,168

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

Gallons pumped into the system:	199,004
Gallons billed to customers:	193,614
Water accountability ratio (gallons billed/gallons pumped):	97.29%

\*"ESFC" means equivalent single-family connections



**Harris County Municipal Utility District No. 158**  
**Schedule of General Fund Expenditures**  
**Year Ended September 30, 2023**

<b>Personnel (including benefits)</b>		\$	-
<b>Professional Fees</b>			
Auditing	\$	22,000	
Legal		121,100	
Engineering		22,401	
Financial advisor		-	165,501
		<hr/>	
<b>Purchased Services for Resale</b>			
Bulk water and wastewater service purchases			1,465,029
<b>Regional Water Fee</b>			-
<b>Contracted Services</b>			
Bookkeeping		14,491	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		92,837	107,328
		<hr/>	
<b>Utilities</b>			11,580
<b>Repairs and Maintenance</b>			1,004,498
<b>Administrative Expenditures</b>			
Directors' fees		10,144	
Office supplies		87,698	
Insurance		18,132	
Other administrative expenditures		23,721	139,695
		<hr/>	
<b>Capital Outlay</b>			
Capitalized assets		1,462,174	
Expenditures not capitalized		-	1,462,174
		<hr/>	
<b>Tap Connection Expenditures</b>			-
<b>Solid Waste Disposal</b>			-
<b>Fire Fighting</b>			-
<b>Parks and Recreation</b>			-
<b>Other Expenditures</b>			5,422
			<hr/>
Total expenditures		\$	<u><u>4,361,227</u></u>

**Harris County Municipal Utility District No. 158**  
**Schedule of Temporary Investments**  
**September 30, 2023**

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Accrued Interest Receivable</b>
<b>General Fund</b>				
Certificates of Deposit				
No. 0070	4.35%	03/23/24	\$ 98,000	\$ 117
No. 3300041051	5.29%	01/06/24	245,000	781
No. 4011904	2.25%	01/24/24	98,719	119
TexPool	5.35%	Demand	5,617,183	-
			<u>6,058,902</u>	<u>1,017</u>
<b>Debt Service Fund</b>				
Certificates of Deposit				
No. 1205	0.15%	08/10/24	245,000	126
No. 9220	0.15%	03/05/24	84,142	30
No. 4010005	3.00%	02/26/24	97,027	239
No. 4011912	2.25%	01/24/24	98,719	390
TexPool	5.35%	Demand	304,891	-
			<u>829,779</u>	<u>785</u>
<b>Capital Projects Fund</b>				
TexPool	5.35%	Demand	13,304	0
Totals			<u>\$ 6,901,985</u>	<u>\$ 1,802</u>

**Harris County Municipal Utility District No. 158**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended September 30, 2023**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 43,211	\$ 56,814
Additions and corrections to prior years' taxes	(4,167)	(1,645)
Adjusted receivable, beginning of year	39,044	55,169
 <b>2022 Original Tax Levy</b>	 1,051,703	 731,619
Additions and corrections	137,520	95,666
Adjusted tax levy	1,189,223	827,285
Total to be accounted for	1,228,267	882,454
Tax collections: Current year	(1,172,023)	(815,320)
Prior years	(13,033)	(9,363)
Receivable, end of year	\$ 43,211	\$ 57,771
 <b>Receivable, by Years</b>		
2022	\$ 17,200	\$ 11,965
2021	9,318	6,336
2020	6,303	4,538
2019	3,157	3,994
2018	1,696	5,229
2017	1,797	6,038
2016	1,624	5,122
2015	962	5,652
2014	966	5,073
2013	188	2,634
2012	-	381
2011	-	439
2010	-	320
2009	-	36
2008	-	4
2007	-	4
2006	-	6
Receivable, end of year	\$ 43,211	\$ 57,771

**Harris County Municipal Utility District No. 158**  
**Analysis of Taxes Levied and Receivable (Continued)**  
**Year Ended September 30, 2023**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Property Valuations</b>				
Land	\$ 138,684,187	\$ 121,025,759	\$ 108,730,858	\$ 89,923,514
Improvements	460,452,645	373,112,611	358,847,572	356,930,786
Personal property	10,941,590	8,960,728	9,647,255	8,884,391
Exemptions	<u>(93,025,360)</u>	<u>(45,575,935)</u>	<u>(43,576,892)</u>	<u>(41,688,976)</u>
Total property valuations	<u>\$ 517,053,062</u>	<u>\$ 457,523,163</u>	<u>\$ 433,648,793</u>	<u>\$ 414,049,715</u>
<b>Tax Rates per \$100 Valuation</b>				
Debt service tax rates	\$ 0.1600	\$ 0.1700	\$ 0.1800	\$ 0.2100
Maintenance tax rates*	<u>0.2300</u>	<u>0.2500</u>	<u>0.2500</u>	<u>0.2500</u>
Total tax rates per \$100 valuation	<u>\$ 0.3900</u>	<u>\$ 0.4200</u>	<u>\$ 0.4300</u>	<u>\$ 0.4600</u>
<b>Tax Levy</b>	<u>\$ 2,016,508</u>	<u>\$ 1,921,597</u>	<u>\$ 1,864,690</u>	<u>\$ 1,904,629</u>
<b>Percent of Taxes Collected to Taxes Levied**</b>	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

\*Maximum tax rate approved by voters: \$0.50 on November 2, 1987

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

**Harris County Municipal Utility District No. 158**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**September 30, 2023**

<b>Due During Fiscal Years Ending September 30</b>	<b>Series 2012</b>		
	<b>Principal Due September 1</b>	<b>Interest Due March 1, September 1</b>	<b>Total</b>
2024	\$ 725,000	\$ 56,625	\$ 781,625
2025	755,000	38,500	793,500
2026	<u>785,000</u>	<u>19,625</u>	<u>804,625</u>
Totals	<u>\$ 2,265,000</u>	<u>\$ 114,750</u>	<u>\$ 2,379,750</u>

**Harris County Municipal Utility District No. 158**  
**Schedule of Long-Term Debt Service Requirements by Years (Continued)**  
**September 30, 2023**

<b>Due During Fiscal Years Ending September 30</b>	<b>Series 2016</b>		
	<b>Principal Due September 1</b>	<b>Interest Due March 1, September 1</b>	<b>Total</b>
2024	\$ 95,000	\$ 68,032	\$ 163,032
2025	95,000	66,132	161,132
2026	100,000	64,137	164,137
2027	105,000	61,936	166,936
2028	115,000	59,322	174,322
2029	120,000	56,436	176,436
2030	125,000	53,136	178,136
2031	130,000	49,700	179,700
2032	135,000	45,800	180,800
2033	145,000	41,750	186,750
2034	150,000	37,400	187,400
2035	160,000	32,900	192,900
2036	165,000	28,100	193,100
2037	175,000	23,150	198,150
2038	185,000	17,900	202,900
2039	195,000	12,350	207,350
2040	200,000	6,500	206,500
Totals	<u>\$ 2,395,000</u>	<u>\$ 724,681</u>	<u>\$ 3,119,681</u>

**Harris County Municipal Utility District No. 158**  
**Schedule of Long-Term Debt Service Requirements by Years (Continued)**  
**September 30, 2023**

<b>Due During Fiscal Years Ending September 30</b>	<b>Annual Requirements For All Series</b>		
	<b>Total Principal Due</b>	<b>Total Interest Due</b>	<b>Total Principal and Interest Due</b>
2024	\$ 820,000	\$ 124,657	\$ 944,657
2025	850,000	104,632	954,632
2026	885,000	83,762	968,762
2027	105,000	61,936	166,936
2028	115,000	59,322	174,322
2029	120,000	56,436	176,436
2030	125,000	53,136	178,136
2031	130,000	49,700	179,700
2032	135,000	45,800	180,800
2033	145,000	41,750	186,750
2034	150,000	37,400	187,400
2035	160,000	32,900	192,900
2036	165,000	28,100	193,100
2037	175,000	23,150	198,150
2038	185,000	17,900	202,900
2039	195,000	12,350	207,350
2040	200,000	6,500	206,500
Totals	<u>\$ 4,660,000</u>	<u>\$ 839,431</u>	<u>\$ 5,499,431</u>

**Harris County Municipal Utility District No. 158**  
**Changes in Long-Term Bonded Debt**  
**Year Ended September 30, 2023**

	<b>Bond Issues</b>		
	<b>Series 2012</b>	<b>Series 2016</b>	<b>Totals</b>
Interest rates	2.50%	2.00% to 3.25%	
Dates interest payable	March 1/ September 1	March 1/ September 1	
Maturity dates	September 1, 2024/2026	September 1, 2024/2040	
Bonds outstanding, beginning of current year	\$ 2,965,000	\$ 2,485,000	\$ 5,450,000
Retirements, principal	<u>700,000</u>	<u>90,000</u>	<u>790,000</u>
Bonds outstanding, end of current year	<u>\$ 2,265,000</u>	<u>\$ 2,395,000</u>	<u>\$ 4,660,000</u>
Interest paid during current year	<u>\$ 72,375</u>	<u>\$ 69,833</u>	<u>\$ 142,208</u>

Paying agent's name and address:

**Series 2012** - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

**Series 2016** - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	<b>Tax Bonds</b>	<b>Refunding Bonds</b>
	Amount authorized by voters	\$ 33,700,000
Amount issued	<u>\$ 27,835,000</u>	<u>\$ 12,054,047</u>
Remaining to be issued	<u>\$ 5,865,000</u>	<u>\$ 1,645,953</u>

Debt service fund cash and temporary investment balances as of September 30, 2023: \$ 888,250

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 323,496



**Harris County Municipal Utility District No. 158**  
**Comparative Schedule of Revenues and Expenditures – General Fund**  
**Five Years Ended September 30,**

	Amounts				
	2023	2022	2021	2020	2019
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 1,185,056	\$ 1,128,634	\$ 1,076,121	\$ 1,028,718	\$ 469,134
Water service	1,352,583	1,410,688	1,252,096	1,329,506	1,307,132
Sewer service	616,316	652,206	534,935	589,975	590,079
Penalty and interest	40,552	46,003	41,756	45,298	47,895
Tap connection and inspection fees	13,230	682,853	9,240	8,470	8,320
Investment income	305,527	43,206	3,951	32,637	58,505
Other income	25,423	25,006	25,644	20,418	24,768
Total revenues	<u>3,538,687</u>	<u>3,988,596</u>	<u>2,943,743</u>	<u>3,055,022</u>	<u>2,505,833</u>
<b>Expenditures</b>					
Service operations:					
Purchased services	1,465,029	1,399,327	1,168,673	1,268,105	1,026,072
Professional fees	165,501	180,656	162,362	172,060	145,487
Contracted services	107,328	96,755	101,649	96,743	96,743
Utilities	11,580	9,085	8,528	10,958	15,133
Repairs and maintenance	1,004,498	629,078	528,813	444,408	311,899
Other expenditures	145,117	127,139	112,082	111,200	110,569
Tap connections	-	201,640	900	900	-
Capital outlay	1,462,174	27,500	-	-	12,214
Total expenditures	<u>4,361,227</u>	<u>2,671,180</u>	<u>2,083,007</u>	<u>2,104,374</u>	<u>1,718,117</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(822,540)	1,317,416	860,736	950,648	787,716
<b>Fund Balance, Beginning of Year</b>	<u>6,212,038</u>	<u>4,894,622</u>	<u>4,033,886</u>	<u>3,083,238</u>	<u>2,295,522</u>
<b>Fund Balance, End of Year</b>	<u>\$ 5,389,498</u>	<u>\$ 6,212,038</u>	<u>\$ 4,894,622</u>	<u>\$ 4,033,886</u>	<u>\$ 3,083,238</u>
<b>Total Active Retail Water Connections</b>	<u>2,180</u>	<u>2,167</u>	<u>2,168</u>	<u>2,164</u>	<u>2,161</u>
<b>Total Active Retail Wastewater Connections</b>	<u>2,168</u>	<u>2,145</u>	<u>2,145</u>	<u>2,137</u>	<u>2,134</u>

**Percent of Fund Total Revenues**

<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
33.5 %	28.3 %	36.6 %	33.7 %	18.7 %
38.2	35.4	42.5	43.5	52.2
17.4	16.4	18.2	19.3	23.5
1.2	1.1	1.4	1.4	2.0
0.4	17.1	0.3	0.3	0.3
8.6	1.1	0.1	1.1	2.3
0.7	0.6	0.9	0.7	1.0
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
41.4	35.1	39.7	41.5	40.9
4.7	4.5	5.5	5.6	5.8
3.0	2.4	3.5	3.2	3.9
0.3	0.2	0.3	0.4	0.6
28.4	15.8	18.0	14.6	12.4
4.1	3.2	3.8	3.6	4.4
-	5.1	0.0	0.0	-
41.3	0.7	-	-	0.5
<u>123.2</u>	<u>67.0</u>	<u>70.8</u>	<u>68.9</u>	<u>68.5</u>
<u>(23.2) %</u>	<u>33.0 %</u>	<u>29.2 %</u>	<u>31.1 %</u>	<u>31.5 %</u>

**Harris County Municipal Utility District No. 158**  
**Comparative Schedule of Revenues and Expenditures – Debt Service Fund**  
**Five Years Ended September 30,**

	Amounts				
	2023	2022	2021	2020	2019
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 824,683	\$ 769,806	\$ 780,369	\$ 879,136	\$ 1,448,221
Penalty and interest	23,362	18,643	24,539	27,890	22,051
Investment income	44,106	7,958	1,348	17,999	42,213
Total revenues	<u>892,151</u>	<u>796,407</u>	<u>806,256</u>	<u>925,025</u>	<u>1,512,485</u>
<b>Expenditures</b>					
Current:					
Professional fees	7,678	4,860	6,533	8,326	5,011
Contracted services	44,649	44,124	43,491	43,994	44,184
Other expenditures	13,681	17,535	7,640	8,921	8,526
Debt service:					
Principal retirement	790,000	760,000	730,000	905,000	975,000
Interest and fees	143,458	157,908	176,506	203,730	232,560
Total expenditures	<u>999,466</u>	<u>984,427</u>	<u>964,170</u>	<u>1,169,971</u>	<u>1,265,281</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(107,315)	(188,020)	(157,914)	(244,946)	247,204
<b>Fund Balance, Beginning of Year</b>	<u>1,005,318</u>	<u>1,193,338</u>	<u>1,351,252</u>	<u>1,596,198</u>	<u>1,348,994</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 898,003</u></u>	<u><u>\$ 1,005,318</u></u>	<u><u>\$ 1,193,338</u></u>	<u><u>\$ 1,351,252</u></u>	<u><u>\$ 1,596,198</u></u>

**Percent of Fund Total Revenues**

<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
92.4 %	96.7 %	96.8 %	95.0 %	95.7 %
2.6	2.3	3.0	3.0	1.5
5.0	1.0	0.2	2.0	2.8
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.9	0.6	0.8	0.9	0.3
5.0	5.6	5.4	4.8	2.9
1.5	2.2	1.0	1.0	0.6
88.5	95.4	90.5	97.8	64.5
<u>16.1</u>	<u>19.8</u>	<u>21.9</u>	<u>22.0</u>	<u>15.4</u>
<u>112.0</u>	<u>123.6</u>	<u>119.6</u>	<u>126.5</u>	<u>83.7</u>
<u>(12.0) %</u>	<u>(23.6) %</u>	<u>(19.6) %</u>	<u>(26.5) %</u>	<u>16.3 %</u>

**Harris County Municipal Utility District No. 158**  
**Board Members, Key Personnel and Consultants**  
**Year Ended September 30, 2023**

Complete District mailing address:	Harris County Municipal Utility District No. 158 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019
District business telephone number:	713.652.6500
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	November 18, 2021
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Robert S. Lewis	Elected 05/20- 05/24	\$ 2,013	\$ 164	President
Wayne McLemore	Elected 05/20- 05/24	2,163	6	Vice President
Tony Pilegge	Elected 05/22- 05/26	2,092	206	Secretary
Paul Daigle, Jr.	Appointed 11/22- 05/24	1,863	0	Director
R. Ladd Johnson	Elected 05/22- 05/26	1,713	588	Director
Floyd E. Bigelow	Elected 05/20- 10/22	300	0	Resigned

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

**Harris County Municipal Utility District No. 158**  
**Board Members, Key Personnel and Consultants (Continued)**  
**Year Ended September 30, 2023**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
Bob Leared Interests	04/11/78	\$ 37,817	Tax Assessor/ Collector
EHRA Engineering, Inc.	10/29/04	137,088	Engineer
FORVIS, LLP	10/17/85	22,000	Auditor
Gordon & Gordon	05/27/83	7,678	Delinquent Tax Attorney
Harris Central Appraisal District	Legislative Action	14,664	Appraiser
Municipal Business Services, Inc.	Prior to 10/01/82	14,491	Bookkeeper
Municipal Operations & Consulting, Inc.	04/15/11	1,385,771	Operator
RBC Capital Markets, LLC	07/18/03	0	Financial Advisor
Smith, Murdaugh, Little & Bonham, L.L.P.	03/13/78	121,100	Attorney
<b>Investment Officer</b>			
Robert L. Ideus	09/15/95	N/A	Bookkeeper