

HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 11
HARRIS COUNTY, TEXAS
ANNUAL AUDIT REPORT
DECEMBER 31, 2023

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	10
NOTES TO THE FINANCIAL STATEMENTS	11-20
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND	21
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	22
SCHEDULE OF SERVICES AND RATES	23-24
EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2023	25-26
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS, ALL GOVERNMENTAL FUND TYPES	27
SCHEDULE OF TEMPORARY INVESTMENTS	28
TAXES LEVIED AND RECEIVABLE	29-30
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS	31-35
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT	36-37
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND	38
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND	39
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	40-41

Mark C. Eyring, CPA, PLLC

12702 Century Drive • Suite C2 • Stafford, Texas 77477 • 281-277-9595 • Mark@EyringCPA.com

April 24, 2024

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 11
Harris County, Texas

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Harris County Municipal Utility District No. 11 as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Harris County Municipal Utility District No. 11's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Harris County Municipal Utility District No. 11, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Harris County Municipal Utility District No. 11, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Harris County Municipal Utility District No. 11's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, I: 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 Harris County Municipal Utility District No. 11'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Harris County Municipal Utility District No. 11's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 information 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)**Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harris County Municipal Utility District No. 11's basic financial statements. The supplementary information on Pages 22 to 41 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in dark ink, appearing to read "M. A. J.", is located in the lower right quadrant of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Harris County Municipal Utility District No. 11 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2023.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. 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. In the District's case, the single governmental program is provision of water and sewer services. Other activities, such as security services, 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 and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position*, and this difference is similar to the total owners' 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. 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 period.

Although the statement of activities looks different from a commercial enterprise's income statement, 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 fund financial statements consist of a balance sheet and statement of revenues, expenditures and change 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 and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities 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 are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the 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.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current and other assets	\$ 8,435,561	\$ 7,730,932	\$ 704,629
Capital assets	10,165,580	10,391,279	(225,699)
Total assets	<u>18,601,141</u>	<u>18,122,211</u>	<u>478,930</u>
Long-term liabilities	13,264,530	13,722,385	(457,855)
Other liabilities	1,054,150	1,127,580	(73,430)
Total liabilities	<u>14,318,680</u>	<u>14,849,965</u>	<u>(531,285)</u>
Total deferred inflows of resources	<u>1,938,851</u>	<u>1,668,912</u>	<u>269,939</u>
Net position:			
Invested in capital assets, net of related debt	(3,547,291)	(3,774,974)	227,683
Restricted	1,482,048	1,307,041	175,007
Unrestricted	4,408,853	4,071,268	337,585
Total net position	<u>\$ 2,343,610</u>	<u>\$ 1,603,335</u>	<u>\$ 740,275</u>

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 1,702,174	\$ 1,545,710	\$ 156,464
Charges for services	1,375,905	1,136,015	239,890
Other revenues	370,648	151,449	219,199
Total revenues	<u>3,448,727</u>	<u>2,833,174</u>	<u>615,553</u>
Expenses:			
Service operations	2,165,124	1,765,404	399,720
Debt service	543,328	516,899	26,429
Total expenses	<u>2,708,452</u>	<u>2,282,303</u>	<u>426,149</u>
Change in net position	740,275	550,871	189,404
Net position, beginning of year	<u>1,603,335</u>	<u>1,052,464</u>	<u>550,871</u>
Net position, end of year	<u>\$ 2,343,610</u>	<u>\$ 1,603,335</u>	<u>\$ 740,275</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2023, were \$5,986,066, an increase of \$537,507 from the prior year.

The General Fund balance increased by \$333,737, in accordance with the District's financial plan.

The Debt Service Fund balance increased by \$195,731, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by \$8,039, as interest earnings exceeded authorized expenditures.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A detailed comparison of budgeted and actual revenues and expenditures is presented on Page 21 of this report. The budgetary fund balance as of December 31, 2023, was expected to be \$4,351,350 and the actual end of year fund balance was \$4,385,087.

Capital Asset and Debt Administration

Capital Assets

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 768,241	\$ 768,241	\$ 0
Detention ponds	1,640,695	1,640,695	0
Construction in progress	4,884		4,884
Water facilities	2,748,266	2,813,880	(65,614)
Sewer facilities	<u>5,003,494</u>	<u>5,168,463</u>	<u>(164,969)</u>
Totals	<u>\$ 10,165,580</u>	<u>\$ 10,391,279</u>	<u>\$ (225,699)</u>

Changes to capital assets during the fiscal year ended December 31, 2023, are summarized as follows:

Additions:		
Water system improvements		\$ 106,088
Sewer system improvements		<u>17,425</u>
Total additions to capital assets		123,513
Decreases:		
Depreciation		<u>(349,212)</u>
Net change to capital assets		<u>\$ (225,699)</u>

Debt

Changes in the bonded debt position of the District during the fiscal year ended December 31, 2023, are summarized as follows:

Bonds payable, beginning of year	\$ 14,035,000
Bonds paid	<u>(420,000)</u>
Bonds payable, end of year	<u>\$ 13,615,000</u>

At December 31, 2023, the District had \$38,319,863 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District's Series 2016, 2019, 2020 and 2021 bonds have an underlying rating of Baa1 from Moody's. The Series 2019 and 2020 bonds are insured by Assured Guaranty Municipal Corp. and the Series 2016 and 2021 bonds are insured by Build America Mutual Assurance Company. The insured rating of the Series 2016, 2019, 2020 and 2021 bonds is AA by Standard & Poor's. The Series 2014 bonds are not rated or insured. There were no changes in the bond ratings during the fiscal year ended December 31, 2023.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$38,060,000 for the 2023 tax year (approximately 16%), due to the addition of new houses to the tax base and the increase in the average assessed valuations on existing property.

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 District must conform to a City of Houston ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Houston. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

Utilizing a provision of Texas law, the City of Houston ("City") and the District entered into a Strategic Partnership Agreement ("SPA") effective as of July 11, 2006 (amended and restated effective December 13, 2010). The SPA provides for the limited purpose annexation of certain developed commercial tracts within the District into the City for the limited purposes of imposition of the City's Sales and Use Tax, certain municipal court jurisdictions, and health inspection services and enforcement. No other City services are provided. The properties made subject to the SPA may not be taxed for ad valorem purposes by the City. Additional properties may become subject to the SPA by further amending the SPA upon the consent of the City and the District. The City pays the District an amount equal to 50 percent of all Sales and Use Tax revenues generated from the properties subject to the SPA and received by the City from the Comptroller of Public Accounts of the State of Texas. The term of the SPA is 30 years from the original date of the SPA, July 11, 2006. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

Water Supply Issues

The Harris-Galveston Subsidence District (the "Subsidence District") was created by the Texas Legislature to reduce subsidence by regulating the withdrawal of groundwater within Harris and Galveston Counties. In 1999, the Subsidence District adopted its District Regulatory Plan ("Regulatory Plan") to control groundwater withdrawals. The Regulatory Plan divides the Subsidence District's jurisdiction into regulatory areas. The Subsidence District's Regulatory Area 3 ("Area 3") generally encompasses northwest and western Harris County, including the District. Pursuant to the Regulatory Plan, specific major water users, including those in Area 3, must reduce groundwater withdrawals to no more than 70% by January 2010, to no more than 40% by January 2025 and to no more than 20% by January 2035. Additionally, each such water user, including the District, is required to have either a certified Groundwater Reduction Plan ("GRP") on file with the Subsidence District or to be part of a regional GRP; otherwise, the District risks being assessed the Subsidence District's disincentive fee against groundwater pumped from wells located within the District. The District has opted to become part of the City of Houston (the "City") GRP pursuant to a contract entered into between the District and the City. As a participant in the City's GRP, the District has complied with all Subsidence District requirements in regard to the conversion to surface water, but is obligated to pay to the City a groundwater withdrawal fee for all groundwater produced and used by the District and a water purchase fee for any water actually purchased from the City by the District in the future. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future in order to develop surface water conversion infrastructure should the City require the District to convert to surface water and connect to the City's water supply system or should the District determine that it would be in the District's best interest to supplement or replace its groundwater supply with surface water.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

DECEMBER 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
ASSETS						
Cash, including interest-bearing accounts, Note 7	\$ 140,055	\$ 476,673	\$ 3,644	\$ 620,372	\$	\$ 620,372
Temporary investments, at cost, Note 7	4,522,576	1,356,024	294,929	6,173,529		6,173,529
Receivables:						
Property taxes	456,226	982,784		1,439,010		1,439,010
Accrued penalty and interest on property taxes				0	30,028	30,028
Service accounts	141,439			141,439		141,439
Sales and Use taxes, Note 10	13,397			13,397		13,397
Other	4,206			4,206		4,206
Maintenance taxes collected not yet transferred from other fund	132,907			132,907	(132,907)	0
Prepaid expenditures	13,580			13,580		13,580
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	2,413,820	2,413,820
Depreciable capital assets				0	7,751,760	7,751,760
Total assets	<u>\$5,424,386</u>	<u>\$2,815,481</u>	<u>\$ 298,573</u>	<u>\$ 8,538,440</u>	<u>10,062,701</u>	<u>18,601,141</u>
LIABILITIES						
Accounts payable	\$ 183,685	\$ 4,887	\$ 1,105	\$ 189,677		189,677
Accrued interest payable				0	198,021	198,021
Customer and builder deposits	218,111			218,111		218,111
Maintenance taxes collected not yet transferred to other fund		132,907		132,907	(132,907)	0
Long-term liabilities, Note 5:						
Due within one year				0	448,341	448,341
Due in more than one year				0	13,264,530	13,264,530
Total liabilities	<u>401,796</u>	<u>137,794</u>	<u>1,105</u>	<u>540,695</u>	<u>13,777,985</u>	<u>14,318,680</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	<u>637,503</u>	<u>1,374,176</u>	<u>0</u>	<u>2,011,679</u>	<u>(72,828)</u>	<u>1,938,851</u>
FUND BALANCES / NET POSITION						
Fund balances:						
Assigned to:						
Debt service		1,303,511		1,303,511	(1,303,511)	0
Capital projects			297,468	297,468	(297,468)	0
Unassigned	4,385,087			4,385,087	(4,385,087)	0
Total fund balances	<u>4,385,087</u>	<u>1,303,511</u>	<u>297,468</u>	<u>5,986,066</u>	<u>(5,986,066)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$5,424,386</u>	<u>\$2,815,481</u>	<u>\$ 298,573</u>	<u>\$ 8,538,440</u>		
Net position:						
Invested in capital assets, net of related debt, Note 4					(3,547,291)	(3,547,291)
Restricted for debt service					1,184,580	1,184,580
Restricted for capital projects					297,468	297,468
Unrestricted					4,408,853	4,408,853
Total net position					<u>\$ 2,343,610</u>	<u>\$ 2,343,610</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 547,800	\$ 1,107,371	\$	\$ 1,655,171	\$ 11,940	\$ 1,667,111
Water service	645,420			645,420		645,420
Sewer service	402,248			402,248		402,248
Surface water fees, Note 9	227,899			227,899		227,899
Penalty and interest	25,243	29,407		54,650	5,656	60,306
Sales and Use Taxes, Note 10	59,481			59,481		59,481
Tap connection and inspection fees	36,679			36,679		36,679
Interest on deposits and investments	226,784	69,110	15,273	311,167		311,167
Other revenues	<u>38,416</u>			<u>38,416</u>		<u>38,416</u>
Total revenues	<u>2,209,970</u>	<u>1,205,888</u>	<u>15,273</u>	<u>3,431,131</u>	<u>17,596</u>	<u>3,448,727</u>
EXPENDITURES / EXPENSES						
Service operations:						
Professional fees	279,499	11,423		290,922		290,922
Contracted services	121,503	38,799		160,302		160,302
Utilities	140,104			140,104		140,104
Groundwater pumpage fees, Note 9	218,346			218,346		218,346
Repairs and maintenance	526,338			526,338		526,338
Other operating expenditures	207,845			207,845		207,845
Security service	84,562			84,562		84,562
Administrative expenditures	166,646	5,736		172,382		172,382
Depreciation				0	349,212	349,212
Capital outlay / non-capital outlay	131,390		7,234	138,624	(123,513)	15,111
Debt service:						
Principal retirement		420,000		420,000	(420,000)	0
Interest and fees		534,199		534,199	9,129	543,328
Total expenditures / expenses	<u>1,876,233</u>	<u>1,010,157</u>	<u>7,234</u>	<u>2,893,624</u>	<u>(185,172)</u>	<u>2,708,452</u>
Excess (deficiency) of revenues over expenditures	<u>333,737</u>	<u>195,731</u>	<u>8,039</u>	<u>537,507</u>	<u>202,768</u>	<u>740,275</u>
Net change in fund balances / net position	333,737	195,731	8,039	537,507	202,768	740,275
Beginning of year	<u>4,051,350</u>	<u>1,107,780</u>	<u>289,429</u>	<u>5,448,559</u>	<u>(3,845,224)</u>	<u>1,603,335</u>
End of year	<u>\$ 4,385,087</u>	<u>\$ 1,303,511</u>	<u>\$ 297,468</u>	<u>\$ 5,986,066</u>	<u>\$ (3,642,456)</u>	<u>\$ 2,343,610</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1: REPORTING ENTITY

Harris County Municipal Utility District No. 11 (the "District") was created by an order of the Texas Water Rights Commission (now the Texas Commission on Environmental Quality) effective March 15, 1972, and operates in accordance with Texas Water Code, Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five-member Board of Directors. The Board of Directors held its first meeting on March 24, 1972, and the first bonds were sold on April 9, 1973. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality, and other governmental entities having jurisdiction, to establish, operate, and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are either nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied, and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, 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 expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 5,986,066
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total capital assets, net		10,165,580
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (13,615,000)	
Deferred charge on refunding (to be amortized as interest expense)	395,192	
Issuance (premium) net of discount (to be amortized as interest expense)	(489,658)	
Accreted interest payable	<u>(3,405)</u>	(13,712,871)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	30,028	
Uncollected property taxes	<u>72,828</u>	102,856
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(198,021)</u>
Net position, end of year		<u>\$ 2,343,610</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ 537,507
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 123,513	
Depreciation	<u>(349,212)</u>	(225,699)
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Principal reduction		420,000
<p>The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Refunding charges	(40,035)	
Issuance discount, net of premium	<u>72,540</u>	32,505
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	5,656	
Uncollected property taxes	<u>11,940</u>	17,596
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:</p>		
Accreted interest	877	
Accrued interest	<u>(42,511)</u>	<u>(41,634)</u>
Change in net position		<u>\$ 740,275</u>

NOTE 4: CAPITAL ASSETS

At December 31, 2023, "Invested in capital assets, net of related debt" was \$(3,547,291). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of \$5,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 768,241	\$	\$	\$ 768,241
Detention ponds	1,640,695			1,640,695
Construction in progress	<u>0</u>	<u>4,884</u>		<u>4,884</u>
Total capital assets not being depreciated	<u>2,408,936</u>	<u>4,884</u>	<u>0</u>	<u>2,413,820</u>
Depreciable capital assets:				
Water system	6,019,692	106,088		6,125,780
Sewer system	<u>8,159,960</u>	<u>12,541</u>		<u>8,172,501</u>
Total depreciable capital assets	<u>14,179,652</u>	<u>118,629</u>	<u>0</u>	<u>14,298,281</u>
Less accumulated depreciation for:				
Water system	(3,205,812)	(171,702)		(3,377,514)
Sewer system	<u>(2,991,497)</u>	<u>(177,510)</u>		<u>(3,169,007)</u>
Total accumulated depreciation	<u>(6,197,309)</u>	<u>(349,212)</u>	<u>0</u>	<u>(6,546,521)</u>
Total depreciable capital assets, net	<u>7,982,343</u>	<u>(230,583)</u>	<u>0</u>	<u>7,751,760</u>
Total capital assets, net	<u>\$ 10,391,279</u>	<u>\$ (225,699)</u>	<u>\$ 0</u>	<u>\$ 10,165,580</u>
Changes to capital assets:				
Capital outlay		\$ 123,513	\$	
Less depreciation expense for the fiscal year		<u>(349,212)</u>		
Net increases / decreases to capital assets		<u>\$ (225,699)</u>	<u>\$ 0</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 14,035,000	\$	\$ 420,000	\$ 13,615,000	\$ 430,000
Add interest accreted	4,282	637	1,514	3,405	2,506
Less deferred amounts:					
For issuance (discounts) premiums	562,198		72,540	489,658	72,959
On refunding	<u>(435,227)</u>		<u>(40,035)</u>	<u>(395,192)</u>	<u>(57,124)</u>
Total bonds payable	<u>14,166,253</u>	<u>637</u>	<u>454,019</u>	<u>13,712,871</u>	<u>448,341</u>
Total long-term liabilities	<u>\$ 14,166,253</u>	<u>\$ 637</u>	<u>\$ 454,019</u>	<u>\$ 13,712,871</u>	<u>\$ 448,341</u>

Developer Construction Commitments and Liabilities

At December 31, 2023, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of December 31, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 430,000	\$ 517,667	\$ 947,667
2025	520,000	446,768	966,768
2026	550,000	412,143	962,143
2027	570,000	391,843	961,843
2028	595,000	371,019	966,019
2029 - 2033	3,255,000	1,513,269	4,768,269
2034 - 2038	3,940,000	938,593	4,878,593
2039 - 2043	<u>3,755,000</u>	<u>319,726</u>	<u>4,074,726</u>
	<u>\$ 13,615,000</u>	<u>\$ 4,911,028</u>	<u>\$ 18,526,028</u>

Construction bonds voted	\$ 7,040,000
Construction bonds approved for sale and sold	7,040,000
Construction bonds voted and not issued	0
Construction and refunding bonds voted	55,317,000
Construction and refunding bonds sold	17,199,176
Construction and refunding bonds voted and not issued	38,117,824

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

The bond issues payable at December 31, 2023, were as follows:

	Refunding Series 2014	Refunding Series 2016	Series 2019
Amounts outstanding, December 31, 2023	\$185,000	\$4,605,000	\$3,595,000
Interest rates	2.35%	3.00% to 4.00%	3.00% to 5.50%
Maturity dates, serially beginning/ending	March 1, 2024	March 1, 2024/2034	March 1, 2024/2043
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	March 1, 2022*	March 1, 2023*	March 1, 2024*

*Or any date thereafter at the option of the District, in whole or in part, at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>Refunding Series 2020</u>	<u>Refunding Series 2021</u>
Amounts outstanding, December 31, 2023	\$2,515,000	\$2,715,000
Interest rates	2.00% to 3.00%	3.00%
Maturity dates, serially beginning/ending	March 1, 2024/2037	March 1, 2024/2040
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates	March 1, 2026*	March 1, 2027*

*Or any date thereafter at the option of the District, in whole or in part, at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption.

NOTE 6: PROPERTY TAXES

The Harris County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

At an election held September 14, 2002, the voters within the District authorized a maintenance tax without limitation as to rate or amount on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On October 25, 2023, the District levied the following ad valorem taxes for the 2023 tax year and the 2024 fiscal year on the adjusted taxable valuation of \$278,971,329:

	<u>Rate</u>	<u>Amount</u>
Debt service	\$ 0.4750	\$ 1,325,114
Maintenance	<u>0.2200</u>	<u>613,737</u>
	<u>\$ 0.6950</u>	<u>\$ 1,938,851</u>

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2023 tax year total property tax levy	\$ 1,938,851
2023 tax year total property tax levy deferred to 2024 fiscal year	(1,938,851)
2022 tax year total property tax levy deferred to 2023 fiscal year	1,668,911
Appraisal district adjustments to prior year taxes	<u>(1,800)</u>
Statement of Activities property tax revenues	<u>\$ 1,667,111</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and in TexPool, a local government investment pool sponsored by the State Comptroller. TexPool is rated AAAM by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was \$620,372 and the bank balance was \$616,974. Of the bank balance, \$500,000 was covered by federal insurance and \$116,974 was covered by a letter of credit in favor of the District issued by the Federal Home Loan Bank of Dallas.

At the balance sheet date the carrying value and market value of the investments in TexPool was \$6,173,529.

Deposits and temporary investments restricted by contracts and state statutes and Bond Resolutions:

Debt Service Fund

For payment of debt principal and interest,
paying agent fees and costs of assessing and
collecting taxes:

Cash	\$ 476,673
Temporary investments	<u>1,356,024</u>
	<u>\$ 1,832,697</u>

Capital Projects Fund

For construction of capital assets:

Cash	\$ 3,644
Temporary investments	<u>294,929</u>
	<u>\$ 298,573</u>

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; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At December 31, 2023, the District had physical damage and boiler and machinery coverage of \$10,482,500, mobile equipment coverage of \$42,500, general liability coverage with a per occurrence limit of \$5,000,000 and \$10,000,000 general aggregate, pollution liability coverage of \$2,000,000, automobile liability coverage of \$2,000,000, law enforcement liability coverage with a per occurrence limit of \$3,000,000 and \$6,000,000 general aggregate, consultant's crime coverage of \$1,000,000, a tax assessor-collector bond of \$100,000 and statutory worker's compensation coverage with the Texas Municipal League Intergovernmental Risk Pool (the "Pool"). The Pool is a public entity risk pool currently operating as a common risk management and insurance program for various Texas public entities. The District pays annual premiums for its general insurance coverage. The Pool purchases reinsurance for protection against catastrophic losses that exceed the Pool's self-insurance retention. This reinsurance is purchased from companies rated A- or higher by A. M. Best Company.

NOTE 9: GROUNDWATER PUMPAGE FEES

On July 11, 2003, the District entered into a Water Supply and Groundwater Reduction Plan Wholesale Agreement (the "Agreement") with the City of Houston (the "City") in order to meet regulatory compliance requirements of the Harris-Galveston Subsidence District (the "Subsidence District"). The Agreement continues until noon on December 31, 2040. Under the terms of the Agreement, the City is the manager of the Groundwater Reduction Plan (the "GRP") that includes the District as a participant. In order to achieve overall compliance with the Subsidence District regulation for reduction of groundwater use in Regulatory Area 3, treated surface water will be supplied by the City to some of the participants in the GRP area in sufficient quantities to meet the requirements. Under the terms of the Agreement, the District will pay to the City a monthly pumpage charge based on the District's groundwater pumpage. The surface water pumpage fees payable by the District to the City for the fiscal year ended December 31, 2023, were \$218,346. The District billed its customers \$227,899 during the fiscal year to pay for the fees charged by the City.

NOTE 10: STRATEGIC PARTNERSHIP AGREEMENT

Effective as of July 11, 2006 (amended and restated effective December 13, 2010), the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "SPA"). Under the terms of the SPA, the City annexed a portion of the District (the "Partial District") for the limited purpose of imposition of the City's Sales and Use Tax. The SPA states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property with the District. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

The City has imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The SPA provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas. The District accrued Sales and Use Tax revenues of \$59,481 from the City for the year ended December 31, 2023. \$13,397 of this amount was receivable at that date.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 525,000	\$ 525,000	\$ 547,800	\$ 22,800
Water service	525,000	525,000	645,420	120,420
Sewer service	400,000	400,000	402,248	2,248
Surface water fees	140,000	140,000	227,899	87,899
Penalty	30,000	30,000	25,243	(4,757)
Tap connection and inspection fees	30,000	30,000	36,679	6,679
Sales and Use Taxes	65,000	65,000	59,481	(5,519)
Interest on deposits and investments	130,000	130,000	226,784	96,784
Other revenues	<u>35,000</u>	<u>35,000</u>	<u>38,416</u>	<u>3,416</u>
TOTAL REVENUES	<u>1,880,000</u>	<u>1,880,000</u>	<u>2,209,970</u>	<u>329,970</u>
EXPENDITURES				
Service operations:				
Professional fees	232,000	232,000	279,499	47,499
Contracted services	113,000	113,000	121,503	8,503
Utilities	130,000	130,000	140,104	10,104
Groundwater pumpage fees	130,000	130,000	218,346	88,346
Repairs and maintenance	440,000	440,000	526,338	86,338
Other operating expenditures	130,000	130,000	207,845	77,845
Security service	80,000	80,000	84,562	4,562
Administrative expenditures	275,000	275,000	166,646	(108,354)
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>131,390</u>	<u>81,390</u>
TOTAL EXPENDITURES	<u>1,580,000</u>	<u>1,580,000</u>	<u>1,876,233</u>	<u>296,233</u>
EXCESS REVENUES (EXPENDITURES)	300,000	300,000	333,737	33,737
FUND BALANCE, BEGINNING OF YEAR	<u>4,051,350</u>	<u>4,051,350</u>	<u>4,051,350</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,351,350</u>	<u>\$ 4,351,350</u>	<u>\$ 4,385,087</u>	<u>\$ 33,737</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
DECEMBER 31, 2023

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

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

SCHEDULE OF SERVICES AND RATES

DECEMBER 31, 2023

1. Services Provided by the District during the Fiscal Year:

- | | | |
|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| <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 checked="" type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input 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 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$25.00	7,000	N	\$4.00 6.00	7,001 to 20,000 Over 20,000
WASTEWATER:	\$25.00		Y		
SURCHARGE:	0.50 % of monthly billing -- TCEQ assessment fees. \$2.83 per 1,000 gallons of water used – surface water fee.				

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$37.00 Wastewater: \$25.00 Surcharge: \$28.61

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

SCHEDULE OF SERVICES AND RATES (Continued)

DECEMBER 31, 2023

b. Water and Wastewater Retail Connections (unaudited):

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC* Factor</u>	<u>Active ESFCs</u>
Unmetered	0	0	1.0	0
< or = 3/4"	1,175	1,164	1.0	1,164
1"	14	14	2.5	35
1-1/2"	3	3	5.0	15
2"	20	19	8.0	152
3"	0	0	15.0	0
4"	0	0	25.0	0
6"	0	0	50.0	0
8"	0	0	80.0	0
10"	0	0	115.0	0
Total Water	<u>1,212</u>	<u>1,200</u>		<u>1,366</u>
Total Wastewater	<u>1,199</u>	<u>1,187</u>	1.0	<u>1,187</u>

*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): 111,657
 Gallons billed to customers (unaudited): 98,799

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 88%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, date of the most recent Commission Order: _____

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

If yes, date of the most recent Commission Order: _____

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Professional fees:				
Auditing	\$ 10,950	\$	\$	\$ 10,950
Legal	136,171	11,423		147,594
Engineering	132,378			132,378
	<u>279,499</u>	<u>11,423</u>	<u>0</u>	<u>290,922</u>
Contracted services:				
Bookkeeping	22,800			22,800
Operation and billing	95,754			95,754
Sales tax consultant	2,949			2,949
Tax assessor-collector		25,790		25,790
Central appraisal district		13,009		13,009
	<u>121,503</u>	<u>38,799</u>	<u>0</u>	<u>160,302</u>
Utilities	<u>140,104</u>	<u>0</u>	<u>0</u>	<u>140,104</u>
Groundwater pumpage fees	<u>218,346</u>	<u>0</u>	<u>0</u>	<u>218,346</u>
Repairs and maintenance	<u>526,338</u>	<u>0</u>	<u>0</u>	<u>526,338</u>
Other operating expenditures:				
Sludge hauling	45,373			45,373
Chemicals	68,578			68,578
Laboratory costs	36,335			36,335
Sewer inspection costs	4,319			4,319
Telephone	27,076			27,076
Reconnection costs	10,744			10,744
TCEQ assessment	5,243			5,243
Other	10,177			10,177
	<u>207,845</u>	<u>0</u>	<u>0</u>	<u>207,845</u>
Security service	<u>84,562</u>	<u>0</u>	<u>0</u>	<u>84,562</u>
Administrative expenditures:				
Director's fees	31,348			31,348
Office supplies and postage	43,929			43,929
Insurance	40,564			40,564
Permit fees	13,792			13,792
Other	37,013	5,736		42,749
	<u>166,646</u>	<u>5,736</u>	<u>0</u>	<u>172,382</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

EXPENDITURES (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CAPITAL OUTLAY				
Authorized expenditures	\$ 116,279	\$	\$ 7,234	\$ 123,513
Tap connection costs	15,111			15,111
	<u>131,390</u>	<u>0</u>	<u>7,234</u>	<u>138,624</u>
Principal retirement	<u>0</u>	<u>420,000</u>	<u>0</u>	<u>420,000</u>
Interest and fees:				
Interest		530,299		530,299
Paying agent fees		3,900		3,900
	<u>0</u>	<u>534,199</u>	<u>0</u>	<u>534,199</u>
TOTAL EXPENDITURES	<u>\$ 1,876,233</u>	<u>\$ 1,010,157</u>	<u>\$ 7,234</u>	<u>\$ 2,893,624</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues excluding maintenance taxes	\$ 1,628,473	\$ 1,225,238	\$ 15,273	\$ 2,868,984
Maintenance tax receipts		545,056		545,056
Transfer of maintenance taxes	543,930			543,930
Increase in customer and builder deposits	10,261			10,261
Reimbursement from other fund		4,687	6,337	11,024
Overpayments from taxpayers		<u>20,832</u>		<u>20,832</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	<u>2,182,664</u>	<u>1,795,813</u>	<u>21,610</u>	<u>4,000,087</u>
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	1,751,667	55,562		1,807,229
Capital outlay	131,390		133,074	264,464
Debt service		954,199		954,199
Transfer of maintenance taxes		543,930		543,930
Reimbursement to other fund	11,024			11,024
Refund of taxpayer overpayments		<u>17,140</u>		<u>17,140</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	<u>1,894,081</u>	<u>1,570,831</u>	<u>133,074</u>	<u>3,597,986</u>
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	288,583	224,982	(111,464)	402,101
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>4,374,048</u>	<u>1,607,715</u>	<u>410,037</u>	<u>6,391,800</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u>\$ 4,662,631</u>	<u>\$ 1,832,697</u>	<u>\$ 298,573</u>	<u>\$ 6,793,901</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11SCHEDULE OF TEMPORARY INVESTMENTSDECEMBER 31, 2023

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
TexPool				
No. 2562900003	Market	On demand	\$ <u>4,522,576</u>	\$ <u>0</u>
DEBT SERVICE FUND				
TexPool				
No. 2562900001	Market	On demand	\$ <u>1,356,024</u>	\$ <u>0</u>
CAPITAL PROJECTS FUND				
TexPool				
No. 2562900008	Market	On demand	\$ <u>294,929</u>	\$ <u>0</u>
Total – All Funds			\$ <u>6,173,529</u>	\$ <u>0</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11TAXES LEVIED AND RECEIVABLEFOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 388,199	\$ 785,538
Additions and corrections to prior year taxes	<u>(654)</u>	<u>(1,146)</u>
Adjusted receivable, beginning of year	387,545	784,392
2023 ADJUSTED TAX ROLL	<u>613,737</u>	<u>1,325,114</u>
Total to be accounted for	1,001,282	2,109,506
Tax collections: Current tax year	(181,276)	(391,392)
Prior tax years	<u>(363,780)</u>	<u>(735,330)</u>
RECEIVABLE, END OF YEAR	<u>\$ 456,226</u>	<u>\$ 982,784</u>
RECEIVABLE, BY TAX YEAR		
2013 and prior	\$ 2,185	\$ 5,125
2014	699	2,038
2015	684	1,989
2016	838	1,990
2017	1,378	2,527
2018	2,158	4,109
2019	2,270	4,406
2020	1,918	3,876
2021	4,127	7,824
2022	7,508	15,178
2023	<u>432,461</u>	<u>933,722</u>
RECEIVABLE, END OF YEAR	<u>\$ 456,226</u>	<u>\$ 982,784</u>

Fiscal year 2023 General Fund property tax revenue of \$547,800 under the modified accrual basis of accounting is comprised of prior tax year collections of \$363,780 during fiscal year 2023 and 2022 tax year collections of \$184,020 during fiscal year 2022.

Fiscal year 2023 Debt Service Fund property tax revenue of \$1,107,371 under the modified accrual basis of accounting is comprised of prior tax year collections of \$735,330 during fiscal year 2023 and 2022 tax year collections of \$372,041 during fiscal year 2022.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11TAXES LEVIED AND RECEIVABLE (Continued)FOR THE YEAR ENDED DECEMBER 31, 2023

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Land	\$ 73,227,122	\$ 52,905,961	\$ 45,047,037	\$ 43,539,877
Improvements	240,189,189	217,416,254	186,072,439	174,692,539
Personal property	38,567,744	29,813,926	44,331,427	14,457,099
Less exemptions	<u>(73,012,726)</u>	<u>(59,223,112)</u>	<u>(58,506,990)</u>	<u>(31,376,081)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 278,971,329</u>	<u>\$ 240,913,029</u>	<u>\$ 216,943,913</u>	<u>\$ 201,313,434</u>
TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.47500	\$ 0.46500	\$ 0.45500	\$ 0.48500
Maintenance tax rates*	<u>0.22000</u>	<u>0.23000</u>	<u>0.24000</u>	<u>0.24000</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.69500</u>	<u>\$ 0.69500</u>	<u>\$ 0.69500</u>	<u>\$ 0.72500</u>
TAX ROLLS	<u>\$ 1,938,851</u>	<u>\$ 1,674,346</u>	<u>\$ 1,507,760</u>	<u>\$ 1,459,523</u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u>29.5%**</u>	<u>98.6 %</u>	<u>99.2 %</u>	<u>99.6 %</u>

*Maximum tax rate approved by voters on September 14, 2002: without limitation

**The District's taxes are usually levied in the fall and are not delinquent until after the following January 31.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
DECEMBER 31, 2023

<u>Due During Fiscal Years Ending December 31</u>	<u>Series 2014</u>		
	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$ 185,000	\$ 2,173	\$ 187,173
<u>Due During Fiscal Years Ending December 31</u>	<u>Series 2016</u>		
	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$ 135,000	\$ 180,825	\$ 315,825
2025	355,000	171,700	526,700
2026	375,000	157,100	532,100
2027	395,000	141,700	536,700
2028	415,000	125,500	540,500
2029	435,000	108,500	543,500
2030	455,000	90,700	545,700
2031	480,000	72,000	552,000
2032	495,000	52,500	547,500
2033	520,000	32,200	552,200
2034	545,000	10,900	555,900
TOTALS	\$ 4,605,000	\$ 1,143,625	\$ 5,748,625

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
DECEMBER 31, 2023

<u>Due During Fiscal Years Ending December 31</u>	<u>Series 2019</u>		
	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$ 50,000	\$ 131,187	\$ 181,187
2025	50,000	129,062	179,062
2026	50,000	127,562	177,562
2027	50,000	126,062	176,062
2028	50,000	124,562	174,562
2029	50,000	123,062	173,062
2030	50,000	121,500	171,500
2031	50,000	119,875	169,875
2032	50,000	118,219	168,219
2033	50,000	116,532	166,532
2034	50,000	114,813	164,813
2035	50,000	113,063	163,063
2036	50,000	111,282	161,282
2037	50,000	109,469	159,469
2038	275,000	103,406	378,406
2039	300,000	92,625	392,625
2040	325,000	80,906	405,906
2041	665,000	62,344	727,344
2042	665,000	37,407	702,407
2043	665,000	12,469	677,469
TOTALS	<u>\$ 3,595,000</u>	<u>\$ 2,075,407</u>	<u>\$ 5,670,407</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
DECEMBER 31, 2023

<u>Due During Fiscal Years Ending December 31</u>	<u>Series 2020</u>		
	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$ 5,000	\$ 122,857	\$ 57,857
2025	60,000	67,031	112,031
2026	70,000	50,156	120,156
2027	70,000	48,406	118,406
2028	70,000	47,007	117,007
2029	70,000	45,606	115,606
2030	70,000	44,206	114,206
2031	70,000	42,806	112,806
2032	65,000	41,457	106,457
2033	65,000	40,156	105,156
2034	65,000	38,856	103,856
2035	630,000	31,907	661,907
2036	610,000	19,125	629,125
2037	595,000	6,322	601,322
TOTALS	<u>\$ 2,515,000</u>	<u>\$ 645,898</u>	<u>\$ 3,075,898</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
DECEMBER 31, 2023

<u>Due During Fiscal Years Ending December 31</u>	<u>Series 2021</u>		
	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2024	\$ 55,000	\$ 80,625	\$ 135,625
2025	55,000	78,975	133,975
2026	55,000	77,325	132,325
2027	55,000	75,675	130,675
2028	60,000	73,950	133,950
2029	60,000	72,150	132,150
2030	55,000	70,425	125,425
2031	55,000	68,775	123,775
2032	55,000	67,125	122,125
2033	55,000	65,475	120,475
2034	55,000	63,825	118,825
2035	105,000	61,425	166,425
2036	130,000	57,900	187,900
2037	155,000	53,625	208,625
2038	575,000	42,675	617,675
2039	570,000	25,500	595,500
2040	565,000	8,475	573,475
TOTALS	<u>\$ 2,715,000</u>	<u>\$ 1,043,925</u>	<u>\$ 3,758,925</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
DECEMBER 31, 2023

<u>Due During Fiscal Years Ending December 31</u>	<u>Annual Requirements for All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2024	\$ 430,000	\$ 517,667	\$ 877,667
2025	520,000	446,768	951,768
2026	550,000	412,143	962,143
2027	570,000	391,843	961,843
2028	595,000	371,019	966,019
2029	615,000	349,318	964,318
2030	630,000	326,831	956,831
2031	655,000	303,456	958,456
2032	665,000	279,301	944,301
2033	690,000	254,363	944,363
2034	715,000	228,394	943,394
2035	785,000	206,395	991,395
2036	790,000	188,307	978,307
2037	800,000	169,416	969,416
2038	850,000	146,081	996,081
2039	870,000	118,125	988,125
2040	890,000	89,381	979,381
2041	665,000	62,344	727,344
2042	665,000	37,407	702,407
2043	665,000	12,469	677,469
TOTALS	<u>\$ 13,615,000</u>	<u>\$ 4,911,028</u>	<u>\$ 18,441,028</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>(1)</u>	<u>(2)</u>
Bond Series:	2014	2016
Interest Rate:	2.35%	3.00% to 4.00%
Dates Interest Payable:	March 1/ September 1	March 1/ September 1
Maturity Dates:	March 1, 2024	March 1, 2024/2034
Bonds Outstanding at Beginning of Current Year	\$ 375,000	\$ 4,725,000
Less Retirements	<u>(190,000)</u>	<u>(120,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 185,000</u>	<u>\$ 4,605,000</u>
Current Year Interest Paid:	<u>\$ 6,580</u>	<u>\$ 184,650</u>

Bond Descriptions and Original Amount of Issue

- (1) Harris County Municipal Utility District No. 11 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2014 (\$1,915,000)
- (2) Harris County Municipal Utility District No. 11 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2016 (\$5,200,000)

Paying Agent/Registrar

- (1) TIB - The Independent Bankers Bank, Irving, Texas
- (2) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Construction Bonds</u>	<u>Other Bonds</u>	<u>Construction & Refunding Bonds</u>
Amount Authorized by Voters:	\$ 7,040,000	\$ 0	\$ 55,317,000
Amount Issued:	7,040,000		17,199,176
Remaining to be Issued:	0		38,117,824

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>Totals</u>
Bond Series:	2019	2020	2021	
Interest Rate:	3.00% to 5.50%	2.00% to 3.00%	3.00%	
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity Dates:	March 1, 2024/2043	March 1, 2024/2037	March 1, 2024/2040	
Bonds Outstanding at Beginning of Current Year	\$ 3,645,000	\$ 2,520,000	\$ 2,770,000	\$ 14,035,000
Less Retirements	<u>(50,000)</u>	<u>(5,000)</u>	<u>(55,000)</u>	<u>(420,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 3,595,000</u>	<u>\$ 2,515,000</u>	<u>\$ 2,715,000</u>	<u>\$ 13,615,000</u>
Current Year Interest Paid:	<u>\$ 133,938</u>	<u>\$ 122,856</u>	<u>\$ 82,275</u>	<u>\$ 530,299</u>

Bond Descriptions and Original Amount of Issue

- (3) Harris County Municipal Utility District No. 11 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2019 (\$3,795,000)
- (4) Harris County Municipal Utility District No. 11 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2020 (\$2,525,000)
- (5) Harris County Municipal Utility District No. 11 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2021 (\$2,770,000)

Paying Agent/Registrar

- (3) (4) (5) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Net Debt Service Fund deposits and investments balances as of December 31, 2023: \$1,303,511
Average annual debt service payment for remaining term of all debt: 922,051

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND

FOR YEARS ENDED DECEMBER 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
REVENUES										
Property taxes	\$ 547,800	\$ 521,800	\$ 479,543	\$ 475,183	\$ 463,199	24.8 %	29.2 %	31.0 %	30.3 %	28.4 %
Water service	645,420	564,207	463,217	480,463	470,239	29.2	31.6	29.9	30.8	28.8
Sewer service	402,248	393,650	377,557	376,725	380,335	18.2	22.0	24.4	24.1	23.3
Surface water fees	227,899	117,907	102,212	105,643	100,739	10.3	6.6	6.6	6.8	6.2
Penalty	25,243	21,851	19,235	13,443	26,256	1.1	1.2	1.2	0.9	1.6
Tap connection and sewer inspection fees	36,679	0	11,569	0	20,154	1.7	0.0	0.7	0.0	1.2
Sales and Use Taxes	59,481	62,558	66,098	60,274	55,146	2.7	3.5	4.3	3.9	3.4
Interest on deposits and investments	226,784	65,567	1,209	19,245	83,600	10.3	3.7	0.1	1.2	5.1
Other revenues	38,416	38,400	28,487	30,989	32,001	1.7	2.2	1.8	2.0	2.0
TOTAL REVENUES	2,209,970	1,785,940	1,549,127	1,561,965	1,631,669	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	279,499	226,284	189,345	263,048	225,982	12.7	12.7	12.2	16.8	13.8
Contracted services	121,503	110,046	105,185	107,132	108,053	5.5	6.2	6.8	6.9	6.6
Utilities	140,104	110,370	110,175	87,065	89,498	6.3	6.2	7.1	5.6	5.5
Groundwater pumpage fees	218,346	122,963	146,798	134,282	55,369	9.9	6.9	9.5	8.6	3.4
Repairs and maintenance	526,338	391,120	378,712	632,197	548,570	23.9	21.9	24.5	40.5	33.7
Other operating expenditures	207,845	172,681	156,930	159,368	167,406	9.4	9.7	10.1	10.2	10.3
Security service	84,562	77,683	74,063	71,988	69,220	3.8	4.3	4.8	4.6	4.2
Administrative expenditures	166,646	148,430	108,360	125,203	123,942	7.5	8.3	7.0	8.0	7.6
Capital outlay	131,390	88,035	119,567	53,493	267,340	5.9	4.9	7.7	3.4	16.4
TOTAL EXPENDITURES	1,876,233	1,447,612	1,389,135	1,633,776	1,655,380	84.9	81.1	89.7	104.6	101.5
EXCESS REVENUES (EXPENDITURES)	\$ 333,737	\$ 338,328	\$ 159,992	\$ (71,811)	\$ (23,711)	15.1 %	18.9 %	10.3 %	(4.6) %	(1.5) %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,200	1,200	1,195	1,195	1,199					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,187	1,187	1,167	1,182	1,193					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED DECEMBER 31

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES										
Property taxes	\$ 1,107,371	\$ 990,545	\$ 968,671	\$ 922,289	\$ 882,376	91.9 %	94.2 %	95.6 %	95.1 %	94.0 %
Penalty and interest	29,407	43,046	44,145	41,392	22,826	2.4	4.1	4.4	4.3	2.4
Accrued interest on bonds received at date of sale	0	0	0	294	5,184	0.0	0.0	0.0	0.0	0.6
Interest on deposits and investments	69,110	17,818	395	5,639	27,842	5.7	1.7	0.0	0.6	3.0
TOTAL REVENUES	<u>1,205,888</u>	<u>1,051,409</u>	<u>1,013,211</u>	<u>969,614</u>	<u>938,228</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Current:										
Professional fees	11,423	19,438	11,710	19,784	8,262	0.9	1.8	1.2	2.0	0.9
Contracted services	38,799	33,604	32,623	32,137	30,978	3.2	3.2	3.2	3.3	3.3
Other expenditures	5,736	9,432	9,194	4,463	4,258	0.5	0.9	0.9	0.5	0.5
Debt service:										
Principal retirement	420,000	410,000	445,000	435,000	380,000	34.8	39.0	43.9	44.9	40.5
Refunding contribution	0	0	29,312	37,769	0	0.0	0.0	2.9	3.9	0.0
Interest and fees	534,199	526,697	495,237	592,179	541,987	44.4	50.1	48.9	61.0	57.7
TOTAL EXPENDITURES	<u>1,010,157</u>	<u>999,171</u>	<u>1,023,076</u>	<u>1,121,332</u>	<u>965,485</u>	<u>83.8</u>	<u>95.0</u>	<u>101.0</u>	<u>115.6</u>	<u>102.9</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ 195,731</u>	<u>\$ 52,238</u>	<u>\$ (9,865)</u>	<u>\$ (151,718)</u>	<u>\$ (27,257)</u>	<u>16.2 %</u>	<u>5.0 %</u>	<u>(1.0) %</u>	<u>(15.6) %</u>	<u>(2.9) %</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSDECEMBER 31, 2023

Complete District Mailing Address: Harris County Municipal Utility District No. 11
c/o Coats Rose, P.C.
9 Greenway Plaza, Suite 1000
Houston, Texas 77046

District Business Telephone No.: 713-651-0111

Submission date of the most recent District Registration Form: May 16, 2023

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Kenneth D. Vasina c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/01/21- 5/03/25	\$ 7,200	\$ 5,651	President/ Investment Officer
Cynthia C. Cruz c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/06/23- 5/01/27	7,200	2,000	Vice President
Tammy B. Rose c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Appointed 8/11/21- 5/03/25	5,502	3,638	Secretary/ Treasurer
Marvin L. Zahradnik c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/01/21- 5/03/25	6,465	575	Assistant Sec./Treas.
Barbara K. Burson c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/06/23- 5/01/27	3,331	400	Assistant Vice President

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

DECEMBER 31, 2023

CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Coats Rose, P.C. 9 Greenway Plaza, Suite 1100 Houston, Texas 77046	2/02/82	\$ 136,171	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 N. Loop West, Suite 600 Houston, Texas 77008	3/06/96	11,423	Delinquent Tax Attorney
Claudia Redden & Associates, L.L.C. P.O. Box 11890 Spring, Texas 77391	9/14/78	30,085	Bookkeeper
Water District Management Co., Inc. P.O. Box 579 Spring, Texas 77383	3/30/89	846,477	Operator
A&S Engineers, Inc. 10377 Stella Link Road Houston, Texas 77025	1/02/13	139,611	Engineer
Bob Leared 11111 Katy Freeway, Suite 725 Houston, Texas 77079	7/30/76	31,457	Tax Assessor-Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	13,009	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	5/23/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	12/16/93	10,950	Independent Auditor

See accompanying independent auditor's report.