

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
ANNUAL FINANCIAL REPORTS
JUNE 30, 2023

CONTENTS

	<u>Page</u>
Annual Filing Affidavit.....	1
Independent Auditor’s Report.....	2
Management’s Discussion and Analysis.....	4
Basic Financial Statements	
Statement of Net Position and Governmental Funds Balance Sheet.....	8
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position.....	9
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	10
Reconciliation of Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes In Fund Balances to Statement of Activities	11
Notes to the Basic Financial Statements	12
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund.....	21
Texas Supplementary Information	
Services and Rates	22
General Fund Expenditures	24
Taxes Levied and Receivable	25
Long -Term Debt Service Requirements by Years.....	26
Changes in General Long - Term Debt.....	27
Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Years.....	28
Board Members, Key Personnel, and Consultants.....	29

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF

I, Edward Cooke III of the Harris County Fresh Water Supply District No. 58 hereby swear or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the day of its annual audit report for the fiscal period ended and that copies of the annual audit report have been filed in the District's office, located at 20519 Appoloosa, Crosby, Texas 77352.

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: _____

By: _____
Edward Cooke III, Secretary

Sworn to and subscribed to before me this ____ day of _____.

SEAL

(Signature of Notary)

(Printed name of Notary)

My Commission Expires On: _____
Notary Public in the State of Texas.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Harris County Fresh Water Supply District No. 58
Harris County, Texas

Opinion

We have audited the financial statements of the governmental activities of Harris County Fresh Water Supply District No. 58, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Harris County Fresh Water Supply District No. 58'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 financial position of the governmental activities of Harris County Fresh Water Supply District No. 58, as of June 30, 2023, and the 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 Opinion

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 Harris County Fresh Water Supply District No. 58 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 opinion.

Responsibilities of Management for the Financial Statements

Harris County Fresh Water Supply District No. 58's 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 Fresh Water Supply District No. 58's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Harris County Fresh Water Supply District No. 58'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 Harris County Fresh Water Supply District No. 58'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 information on pages 4 - 7 and 21 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 an opinion on the financial statements that collectively comprise Harris County Fresh Water Supply District No. 58's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality beginning on page 22 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information required by the Texas Commission on Environmental Quality 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 been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information required by the Texas Commission on Environmental Quality is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fox, Byrd + Company, P.C.
Fox, Byrd & Company, P.C.
Dallas, Texas
November 29, 2023

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Harris County Fresh Water Supply District No. 58's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which begin on page 8.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (a) the governmental funds balance sheet and the statement of net position and (b) the statement of governmental fund revenues, expenditures, and changes in fund balance and the statement of activities. This report also includes other supplemental information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The first of the government-wide statements is the Statement of Net Position, found in the Statement of Net Position column on page 8. This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District, as a whole, is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The government-wide portion of Statement of Activities on page 10 reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The general fund accounts for resources not included in another fund, service revenues, costs and general other items. The debt service fund accounts for ad-valorem taxes and financial resources accumulated for servicing bonded debt and the cost of assessing and collecting taxes. The capital projects fund accounts for financial resources segregated for acquisition or construction of facilities and related costs.

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

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

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
MANAGEMENT'S DISCUSSION AND ANALYSIS

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 12 in this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Budgetary comparison statements are included as required supplementary information for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District. Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, net position as of June 30, 2023 was \$4,911,773. This represents an increase of \$498,953 over the previous year's net position of \$4,412,820, primarily due to the continued decrease in repairs and operating costs related to infrastructure improvements paid for by the bond proceeds.

Cash represent \$5,393,611 of the District's current and other assets as of June 30, 2023.

The following table provides a summary of the District's net position as of June 30:

SUMMARY OF NET POSITION

		<u>2023</u>		<u>2022</u>
Current and other assets	\$	5,499,163	\$	5,155,159
Capital assets, net		<u>3,294,851</u>		<u>3,271,088</u>
	\$	<u>8,794,014</u>	\$	<u>8,426,247</u>
Current liabilities	\$	343,912	\$	275,352
Non-current liabilities		<u>3,538,330</u>		<u>3,738,075</u>
		<u>3,882,242</u>		<u>4,013,427</u>
Net position				
Net investment in capital assets		832,043		692,691
Restricted		328,270		368,765
Unrestricted		<u>3,751,459</u>		<u>3,351,364</u>
		<u>4,911,772</u>		<u>4,412,820</u>
	\$	<u>8,794,014</u>	\$	<u>8,426,247</u>

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table provides a summary of the District's changes in net position for the year ended June 30:

SUMMARY OF CHANGES IN NET POSITION

	2023	2022
Revenue		
Property taxes	\$ 1,088,479	\$ 989,786
Charges for services	705,674	609,797
Other revenue	46,131	45,991
	1,840,284	1,645,574
Operating expenses	1,341,332	1,070,159
Change in net position	498,952	575,415
Net position, beginning of year	4,412,820	3,837,405
Net position, end of year	\$ 4,911,772	\$ 4,412,820

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's total governmental fund balances as of June 30, 2023 were \$5,140,249, an increase of \$273,371 from the prior year.

The General Fund balance increased by \$398,021 for fiscal year 2023, primarily due to decreases in water and sewer operating costs, related to infrastructure improvements, and increases in water consumption and corresponding service revenues.

In February 2020, the District issued Unlimited Tax Bond, Series 2020, of \$3,200,000. Proceeds from the bond are designated for the construction and engineering costs associated with certain water and sewer facilities in the District. Engineering and construction costs related to water and sewer facilities improvements were approximately \$102,000 for fiscal year 2023, and \$483,000 for fiscal year 2022.

The Debt Service Fund balance decreased by \$40,495 for fiscal year 2023 related to routine property tax revenue less bond payments.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were higher than budgeted by approximately \$203,000, and actual expenditures were lower than budgeted by approximately \$171,000, which resulted in a favorable variance of approximately \$375,000. The overall variance is due to the positive effect of infrastructure improvements planned with the use of bond funds issued in 2020, increased billing rates, and increased water usage.

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2023 was approximately \$3,300,000. This investment in capital assets includes land, water plant, sewer system and recreational facilities less depreciation in corresponding values. Additional information on the District's capital assets can be found in the Notes to the Financial Statements.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
MANAGEMENT'S DISCUSSION AND ANALYSIS

DEBT ADMINISTRATION

In February 2020, the District issued Unlimited Tax Bond, Series 2020, of \$3.2 million with a discount of approximately \$86,000, interest rates ranging from 2.39% to 2.63%, and a final maturity of April 1, 2044. The bonds were issued to be used for the construction and engineering costs associated with certain water and sewer facilities in the District. The Bond is to be repaid from revenues collected from future property taxes allocated to debt service fund.

During fiscal year 2023, the District paid \$205,000 in principal and \$92,470 in interest on its bonded indebtedness. Additional information on the bonds issued can be found in the Notes to the Financial Statements. As of June 30, 2023, the District had total bonded debt payable of \$4,667,067, net of unamortized bond discount of \$71,670. As of June 30, 2023, debt due within one year was \$297,191, and debt due after one year was \$4,369,876.

The District is in compliance with the bond provisions on this indebtedness.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS						
Cash	\$ 1,789,839	\$ 614,548	\$ 2,989,224	\$ 5,393,611	\$ -	\$ 5,393,611
Service accounts receivable	68,987	-	-	68,987	-	68,987
Property taxes receivable	70,622	45,253	-	115,875	(79,310)	36,565
Interfund receivables	2,199,980	-	-	2,199,980	(2,199,980)	-
Capital assets	-	-	-	-	3,294,851	3,294,851
	<u>\$ 4,129,428</u>	<u>\$ 659,801</u>	<u>\$ 2,989,224</u>	<u>\$ 7,778,453</u>	<u>\$ 1,015,561</u>	<u>\$ 8,794,014</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Liabilities						
Accounts payable	\$ 119,565	\$ -	\$ -	\$ 119,565	\$ -	\$ 119,565
Accrued interest	-	-	-	-	21,562	21,562
Customer deposits	72,785	-	-	72,785	-	72,785
Other deposits	130,000	-	-	130,000	-	130,000
Interfund payables	-	286,278	1,913,702	2,199,980	(2,199,980)	-
Bonds due within one year	-	-	-	-	210,000	210,000
Bonds due after one year	-	-	-	-	3,328,330	3,328,330
	<u>322,350</u>	<u>286,278</u>	<u>1,913,702</u>	<u>2,522,330</u>	<u>1,359,912</u>	<u>3,882,242</u>
Deferred inflows of resources						
Unavailable revenue, taxes	70,622	45,253	-	115,875	(115,875)	-
FUND BALANCES AND NET POSITION						
Restricted for debt service	-	328,270	-	328,270	(328,270)	-
Restricted for capital projects	-	-	1,075,522	1,075,522	(1,075,522)	-
Unassigned	3,736,456	-	-	3,736,456	(3,736,456)	-
	<u>3,736,456</u>	<u>328,270</u>	<u>1,075,522</u>	<u>5,140,248</u>	<u>(5,140,248)</u>	<u>-</u>
	<u>\$ 4,058,806</u>	<u>\$ 614,548</u>	<u>\$ 2,989,224</u>	<u>\$ 7,662,578</u>	<u>(3,780,336)</u>	
Net investment in capital assets					832,043	832,043
Restricted for debt service					328,270	328,270
Unrestricted					3,751,459	3,751,459
					<u>\$ 4,911,772</u>	<u>\$ 4,911,772</u>

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

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
June 30, 2023

Total fund balances, governmental funds	\$ 5,140,248
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	3,294,851
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	(3,538,330)
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(79,310)
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	115,875
Governmental funds do not report a liability for accrued interest payable.	<u>(21,562)</u>
Total net position, governmental activities	<u><u>\$ 4,911,772</u></u>

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

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
REVENUE						
Charges for services	\$ 705,674	\$ -	\$ -	\$ 705,674	\$ -	\$ 705,674
Property taxes	746,814	275,236	-	1,022,050	766	1,022,816
Investment earnings	25,637	2,511	17,983	46,131	-	46,131
Penalties and interest	46,023	19,640	-	65,663	-	65,663
Other revenues	-	-	-	-	-	-
	<u>1,524,148</u>	<u>297,387</u>	<u>17,983</u>	<u>1,839,518</u>	<u>766</u>	<u>1,840,284</u>
EXPENSES AND EXPENDITURES						
Service operations						
Operations	508,503	-	-	508,503	-	508,503
Professional fees	130,139	19,624	-	149,763	-	149,763
Purchased water	87,538	-	-	87,538	-	87,538
Administrative expenses	40,593	1,992	301	42,886	-	42,886
Parks and recreation	156,424	-	-	156,424	-	156,424
Collections	-	7,672	-	7,672	-	7,672
Utilities	67,689	-	-	67,689	-	67,689
Other expenses	46,176	11,124	-	57,300	-	57,300
Capital outlay	89,065	-	101,838	190,903	(190,903)	-
Debt service						
Principal	-	205,000	-	205,000	(205,000)	-
Interest	-	92,470	-	92,470	3,948	96,418
Depreciation	-	-	-	-	167,139	167,139
	<u>1,126,127</u>	<u>337,882</u>	<u>102,139</u>	<u>1,566,148</u>	<u>(224,816)</u>	<u>1,341,332</u>
Change in net position	398,021	(40,495)	(84,156)	273,370	225,582	498,952
Net position, beginning	<u>3,338,435</u>	<u>368,765</u>	<u>1,159,678</u>	<u>4,866,878</u>	<u>(454,058)</u>	<u>4,412,820</u>
Net position, ending	<u>\$ 3,736,456</u>	<u>\$ 328,270</u>	<u>\$ 1,075,522</u>	<u>\$ 5,140,248</u>	<u>\$ (228,476)</u>	<u>\$ 4,911,772</u>

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

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
RECONCILIATION OF STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net change in fund balances, governmental funds	\$ 273,370
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	190,903
Depreciation expense	(167,139)
<p>Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no impact on net position in the Statement of Activities.</p>	
	205,000
<p>Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>	
	1,306
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	(5,255)
<p>Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.</p>	
	<u>767</u>
Change in net position, governmental activities	<u>\$ 498,952</u>

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

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. DISTRICT

Harris County Fresh Water Supply District No. 58 was created in December 1965 by an order of the Harris County Commissioners Court pursuant to Article 16, Section 59 of the constitution of the State of Texas. In 1976 the District was converted to a municipal utility district by an order of the Texas Water Commission pursuant to Chapter 54 of the Texas Water Code, as amended. The Board of Directors held its first meeting December 1965, and the first bonds were sold in May 1966.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting entity

Harris County Fresh Water Supply District No. 58 of Harris County Texas situated in Northeast Harris County Texas (the "District") operates as a municipal utility district under Chapter 54 of the Texas Water Code, as amended.

The District has all authority and powers as prescribed by Article 16, Section 59 of the Texas Constitution, and all powers and authorities set forth under Chapter 54 of the Texas Water Code governing municipal utility districts.

The District is governed by a Board of Directors, who are elected by residents of the District for four-year terms and as such are accountable solely to the residents of the District for their actions. The Board of Directors determines the District's budget without another government having the substantive authority to approve and modify that budget, levy taxes or set rates or charges without substantive approval by another government, and issue bonded debt with approval by the State of Texas. The District provides for, with a fee, water, wastewater, and recreational services to all residents of the District, and it maintains its water, wastewater, and recreational facilities without the assistance of any other governmental authority. The District is legally separate, fiscally independent, and does not rely on any other governmental authority to provide services to the residents of the District.

Accounting Estimates

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

Financial Statement Presentation

These financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments.

The financial statements include:

Management's Discussion and Analysis (MD&A) section: Provides an analysis of the District's overall financial position and changes in financial position.

Government-wide financial statements: Statements prepared using the accrual basis of accounting for all of the District's governmental activities.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

GASB Statement No. 34 established standards for external financial reporting for all state and local government entities, which include a statement of net position and a statement of activities. It requires the classification of net position into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets: This component of net position consists of capital assets, including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that *are* attributable to the acquisition, construction, or improvements of those assets.

Restricted net assets: This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted net position: This component of net position consists of net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. The District's statement of net position and statement of activities are combined with the governmental fund financial statements. The District is viewed as a special purpose government and has the option of combining these financial statements.

In the government-wide statement of net position, the statement of net position is reported by adjusting the governmental fund types to report on the full accrual basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the statement of net position. The statement of activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide statements. The fund statements include a balance sheet and statement of revenues, expenditures and changes in fund balances.

Governmental Funds

The District has three governmental funds as follows:

General Fund: This fund is established to account for resources devoted to financing the general services that the District performs for its residents. The fund is charged with all costs of operating the District for which a separate fund has not been established.

Debt Service Fund: This fund is established for the purpose of accumulating resources for the payment of interest and principal on the long-term general obligation debt.

Capital Projects Fund: This fund is established to account for the capital expenditures relating to wastewater system rehabilitation, wastewater treatment plant expansion, and miscellaneous improvements to plant facilities and lines.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when they are measurable and available. Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in the governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

Property taxes, considered available by the District and included in revenue, include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred tax revenues are those taxes that the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of June 30, 2023, the Debt Service Fund owes the General Fund approximately \$286,000 for a portion of property taxes allocation.

Capital Assets

The accounting treatment of capital assets depends on whether the assets are reported in the government-wide or fund financial statements. Capital assets are not reported as assets in governmental funds but are reported as assets in the government-wide statement of net position.

The capital assets are recorded at historical cost and depreciated over their estimated useful lives unless they are inexhaustible, such as land. Depreciation is not recorded on items classified as construction in progress. Depreciation expense is reported in the government-wide statement of activities. When the District implemented GASB No. 34, historical costs of infrastructure assets, beginning with the creation of the District, were estimated.

The District depreciates its capital assets using the straight-line method over the following estimated useful lives.

Water System	10-50 years
Sanitary Sewer System	5-50 years
Furniture and Fixtures	5 years
Recreational Facilities	15-50 years

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund.

Measurement Focus

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

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheet, and the reported fund balances provide an indication of available spendable or appropriable resources.

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provision or enabling legislation. Fund balance should be reported as committed when amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Fund balance should be reported as assigned for amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balance is the residual classification for the General Fund and includes amounts that are available for any purpose. When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds and finally unassigned funds.

Subsequent events

Management evaluated subsequent events through November 29, 2023, which is the date the financial statements were available to be issued.

3. CASH

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act.

Authorized investments in the act are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or their agencies and instrumentalities, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-I or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts and (13) certain qualified governmental investment pools.

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

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. CASH - continued

At June 30, 2023, cash comprised the following:

General fund	
Demand deposits, savings and money market deposit accounts	\$ 1,789,839
Debt service fund	
Demand deposits, savings and money market deposit accounts	614,548
Capital projects fund	
Demand deposits, savings and money market deposit accounts	<u>2,989,224</u>
	<u>\$ 5,393,611</u>

All cash and cash equivalents are recorded at cost, which the District considers to be fair value.

Texas statutes require that any cash balance in any fund shall to the extent not insured by the Federal Deposit Insurance Corporation or its successor be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of municipal utility districts, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At June 30, 2023, excluding deposits in transit and outstanding checks, the carrying amount of the District's deposits was \$5,393,611.

The District's policy is to require depositories to pledge adequate collateral to secure the District's deposits at all times to the extent that the District's depository balances exceed the limits of federal depository insurance.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Changes in capital asset accounts for the year are as follows:

	<u>July 1,</u> <u>2022</u>	<u>Net Change</u>	<u>June 30,</u> <u>2023</u>
Capital assets not subject to depreciation			
Land	\$ 159,507	\$ -	\$ 159,507
	<u>159,507</u>	<u>-</u>	<u>159,507</u>
Capital assets subject to depreciation			
Water plant	2,747,445	-	2,747,445
Sewer system	5,689,922	80,033	5,769,955
Recreational facilities	182,479	(11,600)	170,879
Furniture and fixtures	5,653	-	5,653
Drainage improvements	89,206	89,065	178,271
	<u>8,714,705</u>	<u>157,498</u>	<u>8,872,203</u>
Less accumulated depreciation			
Water plant	1,732,540	75,243	1,807,783
Sewer system	3,753,892	61,457	3,815,349
Recreational facilities	111,039	(4,749)	106,290
Furniture and fixtures	5,653	-	5,653
Drainage improvements	-	1,784	1,784
	<u>5,603,124</u>	<u>133,735</u>	<u>5,736,859</u>
Net capital assets subject to depreciation	<u>3,111,581</u>	<u>23,763</u>	<u>3,135,344</u>
Capital assets, net	<u>\$ 3,271,088</u>	<u>\$ 23,763</u>	<u>\$ 3,294,851</u>

5. BONDS PAYABLE

Future maturities of bonded debt as of June 30, 2023 are as follows:

Bonds maturing, year ending:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2024	\$ 210,000	\$ 87,191	\$ 297,191
June 30, 2025	225,000	81,780	306,780
June 30, 2026	115,000	75,983	190,983
June 30, 2027	120,000	73,683	193,683
June 30, 2028	120,000	71,282	191,282
Thereafter	2,820,000	667,148	3,487,148
	<u>\$ 3,610,000</u>	<u>\$ 1,057,067</u>	<u>\$ 4,667,067</u>
Unamortized discount	<u>(71,670)</u>		
	<u>\$ 3,538,330</u>		

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. BONDS PAYABLE - continued

The following is a summary of transactions regarding bonds payable for fiscal year 2023:

Bonded debt payable, July 1, 2022	\$ 3,738,075
Less principal retired, series 2014	(200,000)
Less principal retired, series 2020	(5,000)
Amortization of bond discount	<u>5,255</u>
Bonded debt payable, June 30, 2023	<u>\$ 3,538,330</u>

General terms of the bonds are as follows:

Series 2014: \$1,985,000 issued, due in annual installments beginning on April 1, 2015 and ending April 1, 2025, with interest payable in semiannual installments on April 1 and October 1. The total amount of bonds authorized by the voters for Series 2014 Bonds was \$6,400,000.

Series 2020: \$3,200,000 issued, due in annual installments beginning on October 1, 2021 and ending April 1, 2044, with interest payable in semiannual installments on April 1 and October 1. The total amount of bonds authorized by the voters for Series 2020 Bonds was \$12,000,000.

The bonds are payable from the proceeds of an ad-valorem tax, unlimited as to rate or amount, levied upon all of the taxable property within the District as provided in the Order. The Order contains a provision that terminates the pledge of taxes to the payment of the Bonds when and if a city, town, or village of the State of Texas annexes the District in its entirety, dissolves the District and assumes the obligations of the District. As of June 30, 2023, the debt service fund balance was \$328,270, which is sufficient to meet the next fiscal year's principal and interest requirements on the bonds, and, as of that date, the debt service fund was being managed and utilized according to the provisions of the bond restrictions.

6. REDEMPTION OF BONDS

The District reserves the option to redeem the Bonds maturing on and after April 1, 2026, prior to their schedule maturities, in whole or in part, in multiple of \$5,000 on April 1, 2025, or any date thereafter, at a price of par value plus unpaid accrued interest on the principal amounts called for redemption from the most recent interest payment date to the date fixed for redemption.

7. AD VALOREM TAX REVENUE

For fiscal year 2023, the taxable valuation on the property located in the District was \$200,046,496.

In fiscal year 2023, for the purpose of paying the interest and principal obligation on the 2014 and 2020 series bond, the District levied an ad-valorem debt service tax at the rate of \$0.150 per \$100 of assessed valuation, which resulted in a tax levy of \$276,037.

In May 2012, the District approved through a general election, the maintenance tax charged by the District of up to \$0.60 per \$100 of assessed valuation. In fiscal year 2023, the District levied an ad-valorem maintenance tax at the rate of \$0.40885 per \$100 of assessed valuation, which resulted in a tax levy of \$752,386.

Ad valorem taxes are levied October 1st with a lien date of January 1st, and are due not later than January 31st. On February 1st, unpaid taxes are considered delinquent, at which time the taxpayer is liable for penalties and interest.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. SHARED FACILITIES BY WATER DISTRICTS AND AUTHORITIES

The District does not share any of its facilities with any other district or authority.

9. RECREATIONAL FACILITIES

In December 1990, the District acquired the recreational facilities at Indian Shores. The recreational facilities include: a community center, swimming pool, boat ramp, and picnic area. In February 1991, the District executed a management agreement with the Indian Shores Property Owners Association (the "Association"), which requires the Association to manage the facilities for the District. For the performance of duties under this agreement, the District pays the Association \$1 a month plus all expenses, including insurance. This agreement is for one year and automatically renews if cancellation in writing is not made by either party within sixty (60) days of the next expiration date of the agreement.

10. RETIREMENT PLAN, DEFERRED COMPENSATION PLAN, AND ACCRUED VACATIONS

The District does not have employees and, as a result, it has not adopted a retirement plan, employees deferred compensation plan, or an accrued vacation plan.

11. GOLF COURSE

The District, along with three other taxing authorities, was given an undivided interest in a golf course and other undeveloped land located in the District, in lieu of back taxes. Based on advice from legal counsel, the conveyance of the gift has not been accepted by the District and the other three taxing authorities. However, the District and the three taxing authorities have initiated foreclosure on the property, and the District is currently managing the property on behalf of all of the parties involved. The District and the three other taxing authorities have leased portions of the undeveloped land for oil and gas production. The income from these activities is used to reduce the outstanding back taxes on the property. It is the District's belief that the golf course has a positive impact on property values.

The value of the District's interest in the golf course is not determinable and has not been included in the financial statements.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
NOTES TO THE BASIC FINANCIAL STATEMENTS

12. COMMITMENTS AND CONTINGENCIES

On April 14, 1999, the HGCSO adopted a District Regulatory Plan for the period from April 14, 1999 through the year 2030 with the purpose of the plan to reduce groundwater withdrawal to no more than 20% of the total water demand by the year 2030. However, the HGCSO has the right to amend this plan prior to the year 2030. To accomplish this goal the HGCSO has performed several studies to determine the time frame needed by water districts to convert from ground water usage to surface water-usage. Based on these studies the HGCSO has created three regulatory areas. The District falls into area 3, and, as such, the District was required to submit a Groundwater Reduction Plan to HGCSO for certification beginning in July 2003. Beginning in January 2005, the District was required to provide the HGCSO with evidence that construction of the infrastructure defined within the District's Groundwater Reduction Plan had started. Beginning in January 2010, the District was required to reduce and maintain their groundwater withdrawals to comprise no more than 70% of the District's total water demand. These groundwater withdrawals are further reduced to 40% and 20% of the District's total water demand by January 2025 and January 2035, respectively.

On May 8, 2003, the District entered into an agreement with the City of Houston, styled as City of Houston Water Supply and Groundwater Reduction Plan Wholesale Agreement for Regulatory Area 3 of the Harris-Galveston Coastal Subsidence District. Under the agreement the City of Houston began charging the District for the water pumped by the District. Under this agreement, the District does not receive treated surface water. Instead, it is required to pay a monthly charge per 1,000 gallons of water pumped based on the respective percent of conversion required by HGCSO applied to the Houston ordinance rate for contract treated surface water. The agreement provides the City of Houston the right to require the District to connect to the City of Houston's facilities starting January 1, 2010. The City of Houston has not required the District to connect to its facilities as of June 30, 2023. The cost associated with the connection to the City of Houston's facilities has not been determined. However, these costs may be material with respect to the District's financial statements.

The District currently receives approval of its water well permits from the Harris-Galveston Coastal Subsidence District (HGCSO). The HGCSO was created in 1975 by the 64th Legislature to regulate the withdrawal of groundwater within Harris and Galveston Counties.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Charges for services	\$ 627,481	\$ 627,481	\$ 705,674	\$ 78,193
Property taxes	702,418	702,418	746,814	44,396
Investment earnings	2,000	2,000	25,637	23,637
Penalties and interest	-	-	46,023	46,023
Other revenues	(11,200)	(11,200)	-	11,200
	<u>1,320,699</u>	<u>1,320,699</u>	<u>1,524,148</u>	<u>203,449</u>
Expenditures				
Service operations				
Operations	519,402	519,402	508,503	10,899
Professional fees	116,805	116,805	130,139	(13,334)
Purchased water	57,425	57,425	87,538	(30,113)
Repairs and maintenance	346,552	346,552	-	346,552
Administrative expenses	47,377	47,377	40,593	6,784
Parks and recreation	128,911	128,911	156,424	(27,513)
Utilities	79,526	79,526	67,689	11,837
Other expenses	1,500	1,500	46,176	(44,676)
Capital outlay	-	-	89,065	(89,065)
	<u>1,297,498</u>	<u>1,297,498</u>	<u>1,126,127</u>	<u>171,371</u>
	23,201	23,201	398,021	374,820
Fund balance, beginning	<u>3,338,435</u>	<u>3,338,435</u>	<u>3,338,435</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,361,636</u>	<u>\$ 3,361,636</u>	<u>\$ 3,736,456</u>	<u>\$ 374,820</u>

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
 SCHEDULE OF SERVICES AND RATES
 For the Year Ended June 30, 2023

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

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Retail water | <input type="checkbox"/> Wholesale water | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail wastewater | <input type="checkbox"/> Wholesale wastewater | <input type="checkbox"/> Irrigation |
| <input checked="" type="checkbox"/> Parks/recreation | <input type="checkbox"/> Fire protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid waste/garbage | <input type="checkbox"/> Flood control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other (specify): | | |

2. Retail Service Providers

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

(You may omit this information if your district does not provide retail services)

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons Over Minimum Use</u>	<u>Usage Levels</u>
WATER	\$ 21.63	7,000	_____	\$ 1.73	_____
WASTEWATER	\$ 54.08	_____	Y	_____	_____
GRP FEE	_____	_____	_____	\$ 1.08	_____

District employs winter averaging for wastewater usage? Yes No
 Total charges per 10,000 gallons usage: Water \$ 30.06 Wastewater \$ 50.00

b. Water and wastewater retail connections:

<u>Meter size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	_____	_____	x 1.0	_____
<3/4"	653	653	x 1.0	653
1"	_____	_____	x 2.5	_____
1 1/2"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total water	653	653		653
Total wastewater	653	653	x 1.0	653

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
 SCHEDULE OF SERVICES AND RATES - continued
 For the Year Ended June 30, 2023

3. Total water consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system	59,573	Water accountability ratio
		(Gallons billed / gallons pumped)
Gallons billed to customers	54,248	91.06%

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

(Omitted. The District does not levy standby fees.)

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: _____

5. Location of District (Omitted. No changes.)

County(ies) in which the District is located: _____

Is the District located entirely within one county? Yes No

Is the District located within a city? Yes No

City(ies) in which the District is located: _____

Is the District located within a city's extra territorial jurisdiction (ETJ)?
 Entirely Partially Not at all

ETJs in which the District is located: _____

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom? _____

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
SCHEDULE OF GENERAL FUND EXPENDITURES
For the Year Ended June 30, 2023

Personnel	\$	-
Professional fees		
Auditing		22,000
Legal		58,286
Engineering		49,853
Purchased services for resale		
Bulk water and wastewater services		87,538
Contracted services		
District operator		508,503
Utilities		67,689
Repairs and maintenance		-
Administrative expenses		
Insurance		28,796
Bank charges		5,213
Other		6,584
Capital outlay		89,065
Parks and recreation		
Swimming pool		28,393
Security		19,800
Lawn and grounds upkeep		108,231
Other expenditures		<u>46,176</u>
	\$	<u><u>1,126,127</u></u>

Number of persons employed by the District
Full-time: None
Part-time: None

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
SCHEDULE OF TAXES LEVIED AND RECEIVABLE
For the Year Ended June 30, 2023

		Maintenance Taxes		Debt Service Taxes
Taxes receivable, beginning of year	\$	65,051	\$	44,450
2022 levy		752,386		276,037
(less abatements)		-		-
Total to be accounted for		817,437		320,487
Tax collections:				
Current year		(732,109)		(268,958)
Prior years		(14,706)		(6,276)
Total collections		(746,815)		(275,234)
Taxes receivable, end of year	\$	70,622	\$	45,253
		2023		2020
		2022		2021
Property valuations:				
Land	\$	64,486,504	\$	61,117,908
Improvements		149,133,537		123,606,433
Personal property		1,912,040		1,710,400
Less exemptions		(15,485,585)		(20,058,061)
Total property valuations	\$	200,046,496	\$	166,376,680
		0.1500	\$	0.1700
Tax rates per \$100 valuation:		0.4089		0.4090
Debt service tax rates	\$	0.5589	\$	0.6040
Maintenance tax rates		0.6250		0.6250
Total tax rates per \$100 Valuation		0.5589		0.6250
Original tax levy	\$	1,028,423	\$	963,321
		97.34%		96.28%
Percent of taxes collected to taxes levied		97.34%		98.46%
		98.46%		99.01%

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
SCHEDULE OF LONG-TERM DEBT SERVICE REQUIREMENTS
June 30, 2023

Fiscal year ending:	Series 2014			Series 2020		
	Principal Due 4/1	Interest Due 10/1, 4/1	Total Due	Principal Due 4/1	Interest Due 10/1, 4/1	Total Due
June 30, 2024	\$ 205,000	11,008	\$ 216,008	\$ 5,000	76,183	\$ 81,183
June 30, 2025	220,000	5,697	225,697	5,000	76,083	81,083
June 30, 2026	-	-	-	115,000	75,983	190,983
June 30, 2027	-	-	-	120,000	73,683	193,683
June 30, 2028	-	-	-	120,000	71,282	191,282
June 30, 2029	-	-	-	130,000	68,882	198,882
June 30, 2030	-	-	-	135,000	66,282	201,282
June 30, 2031	-	-	-	140,000	63,447	203,447
June 30, 2032	-	-	-	145,000	60,507	205,507
June 30, 2033	-	-	-	150,000	57,245	207,245
June 30, 2034	-	-	-	155,000	53,870	208,870
June 30, 2035	-	-	-	165,000	50,227	215,227
June 30, 2036	-	-	-	170,000	46,350	216,350
June 30, 2037	-	-	-	175,000	42,100	217,100
June 30, 2038	-	-	-	185,000	37,725	222,725
June 30, 2039	-	-	-	190,000	33,100	223,100
June 30, 2040	-	-	-	200,000	28,350	228,350
June 30, 2041	-	-	-	205,000	23,100	228,100
June 30, 2042	-	-	-	215,000	17,719	232,719
June 30, 2043	-	-	-	225,000	12,075	237,075
June 30, 2044	-	-	-	235,000	6,169	241,169
	<u>\$ 425,000</u>	<u>\$ 16,705</u>	<u>\$ 441,705</u>	<u>\$ 3,185,000</u>	<u>\$ 1,040,362</u>	<u>\$ 4,225,362</u>

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Year Ended June 30, 2023

	Bond Issues		
	Series 2014	Series 2020	Total
Interest rate	2.59%	2.39% - 2.63%	
Dates interest payable	10/1, 4/1	10/1, 4/1	
Maturity dates	4/1/2025	4/1/2044	
Beginning bonds outstanding	\$ 625,000	\$ 3,190,000	\$ 3,815,000
Bonds retired during the fiscal year	<u>(200,000)</u>	<u>(5,000)</u>	<u>(205,000)</u>
Ending bonds outstanding	<u>\$ 425,000</u>	<u>\$ 3,185,000</u>	<u>\$ 3,610,000</u>
Interest paid during fiscal year	\$ 16,187	\$ 76,283	\$ 92,470
Paying agent name and city			
Series 2014		Truist Governmental Finance, Wilson, NC	
Series 2020		The Bank of New York Mellon, Dallas, TX	
Bond Authority	Tax Bonds	Other Bonds	Refunding Bonds
Authorized by voters	\$ 6,400,000	\$ -	\$ 12,000,000
Amount issued	6,400,000	-	3,200,000
Remaining to be issued	-	-	-
Debt service cash and temporary investments as of June 30, 2023			\$ 614,548
Average annual debt service payment (principal and interest) for remaining term of all debt			\$ 222,241

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
 COMPARATIVE SCHEDULE - REVENUE AND EXPENDITURES - GENERAL FUND AND DEBT SERVICE FUND
 For the Five Years Ended June 30, 2023

	Amounts					Percentage of Total Revenue				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
General fund revenue										
Service revenue	\$ 705,674	\$ 609,797	\$ 577,500	\$ 604,624	\$ 554,422	46.3 %	44.9 %	44.4 %	49.9 %	47.2 %
Ad valorem tax revenue	746,814	678,709	648,718	567,848	534,262	49.0	50.0	49.9	46.8	45.5
Penalty and interest	46,023	23,463	25,453	11,708	11,360	3.0	1.7	2.0	1.0	1.0
Other	25,637	45,820	48,498	28,244	73,532	1.7	3.4	3.7	2.3	6.3
	<u>1,524,148</u>	<u>1,357,789</u>	<u>1,300,169</u>	<u>1,212,424</u>	<u>1,173,576</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
General fund expenditures										
Contracted services	508,503	367,085	280,890	610,523	576,107	33.4	27.0	21.6	50.4	49.1
Professional fees	130,139	89,201	117,601	67,864	137,154	8.5	6.6	9.0	5.6	11.7
Purchased water	87,538	46,058	52,580	49,639	64,041	5.7	3.4	4.0	4.1	5.5
Utilities	67,689	79,250	63,181	67,862	71,190	4.4	5.8	4.9	5.6	6.1
Repairs and maintenance	-	30,339	9,063	15,142	6,086	0.0	2.2	0.7	1.2	0.5
Parks and recreation	156,424	112,481	90,173	96,337	109,690	10.3	8.3	6.9	7.9	9.3
Other	86,769	45,898	43,169	39,312	34,456	5.7	3.4	3.3	3.2	2.9
Capital outlay	89,065	65,318	23,888	45,914	-	5.8	4.8	1.8	3.8	0.0
	<u>1,126,127</u>	<u>835,630</u>	<u>680,545</u>	<u>992,593</u>	<u>998,724</u>	<u>73.9</u>	<u>61.5</u>	<u>52.3</u>	<u>81.9</u>	<u>85.1</u>
	<u>\$ 398,021</u>	<u>\$ 522,159</u>	<u>\$ 619,624</u>	<u>\$ 219,831</u>	<u>\$ 174,852</u>	<u>26.1 %</u>	<u>38.5 %</u>	<u>47.7 %</u>	<u>18.1 %</u>	<u>14.9 %</u>
Debt service fund revenue										
Ad valorem tax revenue	\$ 275,235	\$ 283,805	\$ 300,309	\$ 319,414	\$ 227,340	92.6 %	96.0 %	92.8 %	97.8 %	96.0 %
Penalty and interest	19,640	11,752	23,226	6,585	9,005	6.6	4.0	7.2	2.0	3.8
Other	2,512	61	-	629	482	0.8	0.0	0.0	0.2	0.2
	<u>297,387</u>	<u>295,618</u>	<u>323,535</u>	<u>326,628</u>	<u>236,827</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Debt service fund expenditures										
Collections expense	7,672	4,580	10,214	4,011	3,870	2.6	1.5	3.2	1.2	1.6
Other	13,116	17,555	9,020	9,646	6,172	4.4	5.9	2.8	3.0	2.6
Professional fees	19,624	17,942	16,996	16,320	15,696	6.6	6.1	5.3	5.0	6.6
Debt service	297,470	292,491	302,580	205,432	204,836	100.0	98.9	93.5	62.9	86.5
	<u>337,882</u>	<u>332,568</u>	<u>338,810</u>	<u>235,409</u>	<u>230,574</u>	<u>113.6</u>	<u>112.5</u>	<u>104.7</u>	<u>72.1</u>	<u>97.4</u>
	<u>\$ (40,495)</u>	<u>\$ (36,950)</u>	<u>\$ (15,275)</u>	<u>\$ 91,219</u>	<u>\$ 6,253</u>	<u>-13.6 %</u>	<u>-12.5 %</u>	<u>-4.7 %</u>	<u>27.9 %</u>	<u>2.6 %</u>

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
 SCHEDULE OF BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
 For the Year Ended June 30, 2023

Names	Term of Office (Elected or Appointed or Date Hired)	Fees and Expense Reimbursements Paid in FY 2023	Title at Year-End	Resident of District
Board Members				
Harry Haupt 2151 Silver Moon Tr. Crosby, TX 77532	11/20 - 11/24	2,035	President	Yes
Edward Cooke, III 20519 Appaloosa Tr. Crosby, TX 77532	11/20 - 11/24	1,080	Secretary	Yes
O.J. Armstrong 2135 Silver Moon Tr. Crosby, TX 77532	11/22 - 11/26	1,080	Vice President	Yes
Lawrence Stefaniak 2014 Round Wind Tr. Crosby, TX 77532	11/22 - 11/26	1,281	Treasurer	Yes
Steve Fields 21039 Flaming Arrow Tr. Crosby, TX 77532	11/22 - 11/26	540	Second Vice President	Yes

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 58
SCHEDULE OF BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS - continued
For the Year Ended June 30, 2023

Names	Term of Office (Elected or Appointed or Date Hired)	Fees and Expense Reimbursements Paid in FY 2023	Title at Year-End	Resident of District
Consultants:				
Marlon Ivy Associates, Inc. 19333 Haude Rd Spring, TX 77388		\$ 266,427	Operator	No
Fox, Byrd & Company, PC 12400 Coit Road, Suite 505 Dallas, Texas 75251		22,000	Auditor	No
IDS Engineers, Group 13333 Northwest Freeway, Suite 300 Houston, TX 77040		68,896	District Engineer	No
Bob Leared Interests 11111 Katy Frwy., #725 Houston, TX 77079		19,624	Tax Assessor / Collector	No
Harris Co. Appraisal District Houston, TX 77292		7,285	Appraisal District	No
Strawn & Richardson, PC 6750 Westloop South, Suite 865 Bellaire, TX 77041		58,286	Attorney	No
Perdue, Brandon, Fielder, Collins, & Holt, LLP Attorneys & Counselors at Law 1235 North Loop West, Suite 600 Houston, TX 77520		6,822	Delinquent Tax Attorney	No