

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MARCH 31, 2024**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
Certified Public Accountants



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Harris County Municipal  
Utility District No. 501  
Harris County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 501 (the "District") as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of March 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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 the District'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 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, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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.





Board of Directors  
Harris County Municipal Utility District No. 501

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

July 3, 2024



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2024**

Management’s discussion and analysis of the financial performance of Harris County Municipal Utility District No. 501 (the “District”) provides an overview of the District’s financial activities for the year ended March 31, 2024. Please read it in conjunction with the District’s financial statements.

**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: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary 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 financial statements provide 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 Statement of Net Position includes 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 is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities 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 combined 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 two governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing contractual debt and bond debt.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2024**

**FUND FINANCIAL STATEMENTS (Continued)**

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 adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**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.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$12,373,811 as of March 31, 2024. A portion of the District's net position reflects its net investment in capital assets which consist of water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The following is a comparative analysis of government-wide changes in net position:

|  | Summary of Changes in the Statement of Net Position |                |                                  |
|--|---|----------------|----------------------------------|
|  | 2024  | 2023           | Change<br>Positive<br>(Negative) |
| Current and Other Assets                         | \$ 15,907,846                                       | \$ 13,789,226  | \$ 2,118,620                     |
| Capital Assets (Net of Accumulated Depreciation) | 17,429,841  | 17,870,796     | (440,955)                        |
| Total Assets                                     | \$ 33,337,687                                       | \$ 31,660,022  | \$ 1,677,665                     |
| Bonds Payable                                    | \$ 20,144,686                                       | \$ 20,934,765  | \$ 790,079                       |
| Other Liabilities                                | 819,190   | 689,213        | (129,977)                        |
| Total Liabilities                                | \$ 20,963,876                                       | \$ 21,623,978  | \$ 660,102                       |
| Net Position:                                    |   |                |                                  |
| Net Investment in Capital Assets                 | \$ (2,721,580)                                      | \$ (3,063,969) | \$ 342,389                       |
| Restricted                                       | 9,668,700   | 8,455,937      | 1,212,763                        |
| Unrestricted                                     | 5,426,691   | 4,644,076      | 782,615                          |
| Total Net Position                               | \$ 12,373,811                                       | \$ 10,036,044  | \$ 2,337,767                     |

The following table provides a summary of the District's operations for the years ended March 31, 2024, and March 31, 2023.

|                                 | Summary of Changes in the Statement of Activities |               |                                  |
|---------------------------------|---|---------------|----------------------------------|
|                                 | 2024  | 2023          | Change<br>Positive<br>(Negative) |
| Revenues:                       |   |               |                                  |
| Property Taxes                  | \$ 8,034,104                                      | \$ 7,973,238  | \$ 60,866                        |
| Charges for Services            | 2,636,898   | 2,784,007     | (147,109)                        |
| Other Revenues                  | 649,584   | 278,798       | 370,786                          |
| Total Revenues                  | \$ 11,320,586                                     | \$ 11,036,043 | \$ 284,543                       |
| Expenses for Services           | 8,982,819   | 8,514,685     | (468,134)                        |
| Change in Net Position          | \$ 2,337,767                                      | \$ 2,521,358  | \$ (183,591)                     |
| Net Position, Beginning of Year | 10,036,044  | 7,514,686     | 2,521,358                        |
| Net Position, End of Year       | \$ 12,373,811                                     | \$ 10,036,044 | \$ 2,337,767                     |

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2024**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of March 31, 2024, were \$14,860,560, an increase of \$1,934,187 from the prior year.

The General Fund fund balance increased by \$774,615, primarily due to tax revenues, service revenues, and investment revenues exceeding the costs of operating and maintaining the District's facilities.

The Debt Service Fund fund balance increased by \$1,159,572, primarily due to the structure of the District's outstanding debt and its obligation related to the Master District contract debt.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted an unappropriated budget during the fiscal year. The budget was amended to increase the budgeted amount for security services. Actual revenues were \$689,647 more than budgeted revenues and actual expenditures were \$100,138 more than budgeted expenditures. This resulted in a positive variance of \$589,509. See the budget to actual comparison for more information.

**CAPITAL ASSETS**

Capital assets as of March 31, 2024, total \$17,429,841. Capital assets include water, wastewater and drainage facilities used to provide utility services to residents living in the District.

| Capital Assets At Year-End              |               |               |                                  |
|---|---------------|---------------|----------------------------------|
|   | 2024          | 2023          | Change<br>Positive<br>(Negative) |
| Capital Assets Subject to Depreciation: |               |               |                                  |
| Water System                            | \$ 4,311,357  | \$ 4,301,544  | \$ 9,813                         |
| Wastewater System                       | 7,935,274     | 7,913,923     | 21,351                           |
| Drainage System                         | 9,593,576     | 9,575,092     | 18,484                           |
| Less Accumulated Depreciation           | (4,410,366)   | (3,919,763)   | (490,603)                        |
| Total Net Capital Assets                | \$ 17,429,841 | \$ 17,870,796 | \$ (440,955)                     |

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2024**

**LONG-TERM DEBT**

At year-end, the District had total bond debt payable of \$20,465,000. The changes in the debt position of the District during the fiscal year ended March 31, 2024, are summarized as follows:

|                                   |                      |
|-----------------------------------|----------------------|
| Bond Debt Payable, April 1, 2023  | \$ 21,275,000        |
| Less: Bond Principal Paid         | <u>(810,000)</u>     |
| Bond Debt Payable, March 31, 2024 | <u>\$ 20,465,000</u> |

The District’s Series 2014 and Series 2015 Bonds are rated “AA” by Standard & Poor’s and “A1” by Moody’s based on policies issued by Assured Guaranty Municipal Corp. and the District’s Series 2017 Bonds are rated “AA” by Standard & Poor’s based on a policy issued by Build America Mutual Assurance Company. The District also had an underlying rating of “A2” by Moody’s. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 501, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MARCH 31, 2024**

|   | General Fund        | Debt<br>Service Fund |
|---|---------------------|----------------------|
| <b>ASSETS</b>   |                     |                      |
| Cash  | \$ 267,942          | \$ 182,012           |
| Investments   | 5,610,747           | 9,332,743            |
| Receivables:  |                     |                      |
| Property Taxes  | 19,077              | 247,130              |
| Penalty and Interest on Delinquent Taxes                                  |                     |                      |
| Service Accounts  | 126,829             |                      |
| Due from Other Funds  | 31,745              |                      |
| Right-to-Use Subscription-Based Service Asset                             |                     |                      |
| Prepaid Costs   | 3,898               |                      |
| Capital Assets (Net of Accumulated Depreciation)                          |                     |                      |
| <b>TOTAL ASSETS</b>   | <b>\$ 6,060,238</b> | <b>\$ 9,761,885</b>  |
| <b>LIABILITIES</b>  |                     |                      |
| Accounts Payable  | \$ 66,145           | \$                   |
| Accrued Interest Payable  |                     |                      |
| Due to Other Funds  |                     | 31,745               |
| Due to Taxpayers  |                     | 30,064               |
| Due to Other Governmental Entity  | 208,764             |                      |
| Security Deposits   | 358,638             |                      |
| Long-Term Liabilities:  |                     |                      |
| Subscription Payable, Due Within One Year                                 |                     |                      |
| Subscription Payable, Due After One Year                                  |                     |                      |
| Bonds Payable, Due Within One Year  |                     |                      |
| Bonds Payable, Due After One Year   |                     |                      |
| <b>TOTAL LIABILITIES</b>  | <b>\$ 633,547</b>   | <b>\$ 61,809</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                     |                      |
| Property Taxes  | \$ 19,077           | \$ 247,130           |
| <b>FUND BALANCES</b>  |                     |                      |
| Nonspendable: Prepaid Costs   | \$ 3,898            | \$                   |
| Restricted for Debt Service   |                     | 2,665,919            |
| Restricted for Master District Contract Debt                              |                     | 6,787,027            |
| Unassigned  | 5,403,716           |                      |
| <b>TOTAL FUND BALANCES</b>  | <b>\$ 5,407,614</b> | <b>\$ 9,452,946</b>  |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> |                     |                      |
|   | <b>\$ 6,060,238</b> | <b>\$ 9,761,885</b>  |
| <b>NET POSITION</b>   |                     |                      |
| Net Investment in Capital Assets  |                     |                      |
| Restricted for Debt Service   |                     |                      |
| Unrestricted  |                     |                      |
| <b>TOTAL NET POSITION</b>   |                     |                      |

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



| <u>Total</u>         | <u>Adjustments</u>     | <u>Statement of<br/>Net Position</u> |
|----------------------|------------------------|--------------------------------------|
| \$ 449,954           | \$                     | \$ 449,954                           |
| 14,943,490           |                        | 14,943,490                           |
| 266,207              |                        | 266,207                              |
|                      | 26,950                 | 26,950                               |
| 126,829              |                        | 126,829                              |
| 31,745               | (31,745)               |                                      |
|                      | 90,518                 | 90,518                               |
| 3,898                |                        | 3,898                                |
|                      | <u>17,429,841</u>      | <u>17,429,841</u>                    |
| <u>\$ 15,822,123</u> | <u>\$ 17,515,564</u>   | <u>\$ 33,337,687</u>                 |
| <br>                 |                        |                                      |
| \$ 66,145            | \$                     | \$ 66,145                            |
|                      | 58,326                 | 58,326                               |
| 31,745               | (31,745)               |                                      |
| 30,064               |                        | 30,064                               |
| 208,764              |                        | 208,764                              |
| 358,638              |                        | 358,638                              |
|                      | 12,072                 | 12,072                               |
|                      | 85,181                 | 85,181                               |
|                      | 835,000                | 835,000                              |
|                      | <u>19,309,686</u>      | <u>19,309,686</u>                    |
| <u>\$ 695,356</u>    | <u>\$ 20,268,520</u>   | <u>\$ 20,963,876</u>                 |
| <br>                 |                        |                                      |
| <u>\$ 266,207</u>    | <u>\$ (266,207)</u>    | <u>\$ - 0 -</u>                      |
| <br>                 |                        |                                      |
| \$ 3,898             | \$ (3,898)             | \$                                   |
| 2,665,919            | (2,665,919)            |                                      |
| 6,787,027            | (6,787,027)            |                                      |
| <u>5,403,716</u>     | <u>(5,403,716)</u>     |                                      |
| <u>\$ 14,860,560</u> | <u>\$ (14,860,560)</u> | <u>\$ - 0 -</u>                      |
| <br>                 |                        |                                      |
| <u>\$ 15,822,123</u> |                        |                                      |
|                      | \$ (2,721,580)         | \$ (2,721,580)                       |
|                      | 9,668,700              | 9,668,700                            |
|                      | <u>5,426,691</u>       | <u>5,426,691</u>                     |
|                      | <u>\$ 12,373,811</u>   | <u>\$ 12,373,811</u>                 |

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
MARCH 31, 2024**

|  |               |
|--|---------------|
| Total Fund Balances - Governmental Funds | \$ 14,860,560 |
|--|---------------|

Amounts reported for governmental activities in the Statement of Net Position are different because:

|  |            |
|--|------------|
| Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. | 17,520,359 |
|--|------------|

|  |         |
|--|---------|
| Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District. | 293,157 |
|--|---------|

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. These liabilities at year end consist of:

|                          |                     |                     |
|--------------------------|---------------------|---------------------|
| Accrued Interest Payable | \$ (58,326)         |                     |
| Subscription Payable     | (97,253)            |                     |
| Bonds Payable            | <u>(20,144,686)</u> | <u>(20,300,265)</u> |

|  |                      |
|--|----------------------|
| Total Net Position - Governmental Activities | <u>\$ 12,373,811</u> |
|--|----------------------|

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

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2024**

|  | General Fund        | Debt<br>Service Fund |
|--|---------------------|----------------------|
| <b>REVENUES</b>                                    |                     |                      |
| Property Taxes                                     | \$ 595,522          | \$ 7,385,047         |
| Water Service                                      | 757,840             |                      |
| Wastewater Service                                 | 561,231             |                      |
| Water Authority Fees                               | 1,153,478           |                      |
| Penalty and Interest                               | 25,878              | 45,489               |
| Tap Connection and Inspection Fees                 | 87,341              |                      |
| Investment and Miscellaneous Revenues              | 267,357             | 382,227              |
| <b>TOTAL REVENUES</b>                              | <b>\$ 3,448,647</b> | <b>\$ 7,812,763</b>  |
| <b>EXPENDITURES/EXPENSES</b>                       |                     |                      |
| Service Operations:                                |                     |                      |
| Professional Fees                                  | \$ 164,159          | \$ 8,718             |
| Contracted Services                                | 519,912             | 95,519               |
| Purchased Water and Wastewater Service             | 617,760             |                      |
| Water Authority Assessments                        | 1,098,417           |                      |
| Repairs and Maintenance                            | 101,701             |                      |
| Depreciation and Amortization                      |                     |                      |
| Other  | 119,331             | 7,472                |
| Capital Outlay/Developer Reimbursement             | 49,648              |                      |
| Developer Interest                                 | 3,104               |                      |
| Debt Service:                                      |                     |                      |
| Bond Principal                                     |                     | 810,000              |
| Bond Interest                                      |                     | 712,000              |
| Contractual Obligation                             |                     | 5,019,482            |
| <b>TOTAL EXPENDITURES/EXPENSES</b>                 | <b>\$ 2,674,032</b> | <b>\$ 6,653,191</b>  |
| <b>NET CHANGE IN FUND BALANCES</b>                 | <b>\$ 774,615</b>   | <b>\$ 1,159,572</b>  |
| <b>CHANGE IN NET POSITION</b>                      |                     |                      |
| <b>FUND BALANCES/NET POSITION - APRIL 1, 2023</b>  | <b>4,632,999</b>    | <b>8,293,374</b>     |
| <b>FUND BALANCES/NET POSITION - MARCH 31, 2024</b> | <b>\$ 5,407,614</b> | <b>\$ 9,452,946</b>  |

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

| <u>Total</u>         | <u>Adjustments</u>    | <u>Statement of<br/>Activities</u> |
|----------------------|-----------------------|------------------------------------|
| \$ 7,980,569         | \$ 53,535             | \$ 8,034,104                       |
| 757,840              |                       | 757,840                            |
| 561,231              |                       | 561,231                            |
| 1,153,478            |                       | 1,153,478                          |
| 71,367               | 5,641                 | 77,008                             |
| 87,341               |                       | 87,341                             |
| 649,584              |                       | 649,584                            |
| <u>\$ 11,261,410</u> | <u>\$ 59,176</u>      | <u>\$ 11,320,586</u>               |
| <br>                 |                       |                                    |
| \$ 172,877           | \$                    | \$ 172,877                         |
| 615,431              |                       | 615,431                            |
| 617,760              |                       | 617,760                            |
| 1,098,417            |                       | 1,098,417                          |
| 101,701              |                       | 101,701                            |
|                      | 508,823               | 508,823                            |
| 126,803              | (11,485)              | 115,318                            |
| 49,648               | (49,648)              |                                    |
| 3,104                |                       | 3,104                              |
| 810,000              | (810,000)             |                                    |
| 712,000              | 17,906                | 729,906                            |
| 5,019,482            |                       | 5,019,482                          |
| <u>\$ 9,327,223</u>  | <u>\$ (344,404)</u>   | <u>\$ 8,982,819</u>                |
| <br>                 |                       |                                    |
| \$ 1,934,187         | \$ (1,934,187)        | \$                                 |
|                      | 2,337,767             | 2,337,767                          |
| 12,926,373           | (2,890,329)           | 10,036,044                         |
| <u>\$ 14,860,560</u> | <u>\$ (2,486,749)</u> | <u>\$ 12,373,811</u>               |

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2024**

Net Change in Fund Balances - Governmental Funds \$ 1,934,187

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues and penalty and interest revenues on delinquent taxes when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied and the penalty and interest are assessed. 59,176

The District records depreciation expense on capital assets and amortization expense on subscription-based service assets in the Statement of Activities. (508,823)

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. 49,648

Governmental funds report bond principal and subscription payments as expenditures. However, in the Statement of Net Position, bond principal and subscription payments are reported as decreases in long-term liabilities. 821,485

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. (17,906)

Change in Net Position - Governmental Activities \$ 2,337,767

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 1. CREATION OF DISTRICT**

Harris County Municipal Utility District No. 501 (the “District”) was created effective August 15, 2007, by an Order of the Texas Commission on Environmental Quality, (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, drainage, solid waste collection and disposal, including recycling, and to construct parks, recreational facilities and roads for the residents of the District. The District is located within the extraterritorial jurisdiction of the City of Houston, Texas. The Board of Directors held its first meeting on August 24, 2007.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

The District and other districts have contracted with Harris County Municipal Utility District No. 500 in its capacity as Master District (the “Master District”) for the financing, operation, and maintenance of regional water, sanitary sewer, drainage, road, and recreational facilities. These facilities are under the oversight of the Master District’s Board of Directors and financial activity of the Master District has been included in the financial statements of the District as a note disclosure (see Note 9). Copies of the financial statements for the Master District may be obtained from Harris County Municipal Utility District No. 500, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for 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 Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

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. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource 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. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds - The District has two governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing contractual debt, bond debt and the cost of assessing and collecting taxes.

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 both "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 revenue reported in 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, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

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 inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and 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. At year end, the Debt Service Fund owed the General Fund \$26,745 for maintenance tax collections and \$5,000 for arbitrage costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets and Intangible Assets

Capital assets include property, plant, equipment, and infrastructure assets reported in the government-wide Statement of Net Position. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

|                   | Years |
|-------------------|-------|
| Water System      | 10-45 |
| Wastewater System | 10-45 |
| Drainage System   | 10-45 |

In accordance with GASB Statement No. 96, the District records its subscription-based meter reading service as an intangible asset (see Note 13). The right-to-use asset is being amortized over the same term as the subscription contract using the straight-line method of amortization.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered wages subject to federal income tax withholding for payroll purposes only.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, 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.

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. Operating statements of governmental fund types report increases and decreases in available spendable resources.

Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted*: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

*Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances, resolutions, or motions approved by the Board. The District does not have any committed fund balances.

*Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

*Unassigned*: all other spendable amounts in the General Fund.

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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**NOTE 3. LONG-TERM DEBT**

|   | Series 2014               | Series 2015               | Series 2017               |
|---|---------------------------|---------------------------|---------------------------|
| Amount Outstanding –<br>March 31, 2024        | \$10,150,000              | \$5,820,000               | \$4,495,000               |
| Interest Rates                                | 3.00%-4.00%               | 2.25%-3.625%              | 3.00%-3.75%               |
| Maturity Dates – Serially<br>Beginning/Ending | September 1,<br>2024/2039 | September 1,<br>2024/2041 | September 1,<br>2024/2041 |
| Interest Payment Dates                        | September 1/<br>March 1   | September 1/<br>March 1   | September 1/<br>March 1   |
| Callable Date                                 | September 1,<br>2022*     | September 1,<br>2023**    | September 1,<br>2025***   |

\* Or any date thereafter, in whole or in part, at a price equal to the principal amount to be redeemed plus accrued interest from the most recent interest payment date to the date fixed for redemption. Term bonds maturing on September 1, 2034, 2036, and 2039 are subject to mandatory redemption beginning September 1, 2033, 2035, and 2037, respectively.

\*\*Or any date thereafter, in whole or in part, at a price equal to the principal amount to be redeemed plus accrued interest from the most recent interest payment date to the date fixed for redemption.

\*\*\*Or any date thereafter, in whole or in part, at a price equal to the principal amount to be redeemed plus accrued interest from the most recent interest payment date to the date fixed for redemption. Term bonds maturing on September 1, 2033, 2036, 2039, and 2041 are subject to mandatory redemption beginning September 1, 2032, 2034, 2037, and 2040, respectively.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 3. LONG-TERM DEBT (Continued)**

Bonds payable activity for the current fiscal year is summarized in the following table:

|                       | April 1,<br>2023 | Additions                  | Retirements | March 31,<br>2024 |
|-----------------------|------------------|----------------------------|-------------|-------------------|
| Bonds Payable         | \$ 21,275,000    | \$                         | \$ 810,000  | \$ 20,465,000     |
| Unamortized Discounts | (371,486)        |                            | (21,668)    | (349,818)         |
| Unamortized Premium   | 31,251           |                            | 1,747       | 29,504            |
| Bonds Payable, Net    | \$ 20,934,765    | \$ -0-                     | \$ 790,079  | \$ 20,144,686     |
|                       |                  | Amount Due Within One Year |             | \$ 835,000        |
|                       |                  | Amount Due After One Year  |             | 19,309,686        |
|                       |                  | Bonds Payable, Net         |             | \$ 20,144,686     |

As of March 31, 2024, the District had authorized but unissued bonds in the amount of \$165,545,000 for water, sewer and drainage facilities, \$66,810,000 for roads and \$10,200,000 for recreational facilities. 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.

As of March 31, 2024, the debt service requirements on the bonds outstanding were as follows:

| Fiscal Year | Principal     | Interest     | Total         |
|-------------|---------------|--------------|---------------|
| 2025        | \$ 835,000    | \$ 688,156   | \$ 1,523,156  |
| 2026        | 865,000       | 664,112      | 1,529,112     |
| 2027        | 890,000       | 639,051      | 1,529,051     |
| 2028        | 920,000       | 612,926      | 1,532,926     |
| 2029        | 950,000       | 585,304      | 1,535,304     |
| 2030-2034   | 5,275,000     | 2,442,350    | 7,717,350     |
| 2035-2039   | 6,310,000     | 1,436,217    | 7,746,217     |
| 2040-2042   | 4,420,000     | 251,459      | 4,671,459     |
|             | \$ 20,465,000 | \$ 7,319,575 | \$ 27,784,575 |

During the year ended March 31, 2024, the District levied an ad valorem debt service tax rate of \$0.135 per \$100 of assessed valuation, which resulted in a tax levy of \$1,361,993 on the adjusted taxable valuation of \$1,008,883,929 for the 2023 tax year. The bond resolutions require the District to 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. See Note 7 for the maintenance tax levy and Note 8 for the contract tax levy.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 3. LONG-TERM DEBT (Continued)**

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Unreimbursed Costs

The District has entered into financing agreements with Developers. The agreements call for the Developers to fund costs associated with water, sewer, drainage, park and road facilities until such time as the District can sell bonds to reimburse the Developers. The District reimbursed its Developers \$55,552 during the current fiscal year using surplus operating funds.

**NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross debt proceeds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the issuance of the bonds.

The bond resolutions state that the District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Deposits (Continued)

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 the District, 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 fiscal year end, the carrying amount of the District’s deposits was \$449,954 and the bank balance was \$535,183. The District was not exposed to custodial credit risk at year end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2024, as listed below:

|                   | Cash       |
|-------------------|------------|
| GENERAL FUND      | \$ 267,942 |
| DEBT SERVICE FUND | 182,012    |
| TOTAL DEPOSITS    | \$ 449,954 |

Investments

Under Texas law, 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, and 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 yield, sixth. 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. 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. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of March 31, 2024, the District had the following investments and maturities:

| Funds and<br>Investment Type | Fair Value    | Maturities of<br>Less Than<br>1 Year |
|------------------------------|---------------|--------------------------------------|
| <u>GENERAL FUND</u>          |               |                                      |
| TexPool                      | \$ 5,610,747  | \$ 5,610,747                         |
| <u>DEBT SERVICE FUND</u>     |               |                                      |
| TexPool                      | 9,332,743     | 9,332,743                            |
| TOTAL INVESTMENTS            | \$ 14,943,490 | \$ 14,943,490                        |

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2024, the District's investment in TexPool was rated AAAM by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one-year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of contractual debt, bond debt, and the cost of assessing and collecting taxes.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the current fiscal year is summarized in the following table:

|  | April 1,<br>2023     | Increases           | Decreases       | March 31,<br>2024    |
|--|----------------------|---------------------|-----------------|----------------------|
| <b>Capital Assets Subject to Depreciation</b>                            |                      |                     |                 |                      |
| Water System   | \$ 4,301,544         | \$ 9,813            | \$              | \$ 4,311,357         |
| Wastewater System  | 7,913,923            | 21,351              |                 | 7,935,274            |
| Drainage System  | <u>9,575,092</u>     | <u>18,484</u>       |                 | <u>9,593,576</u>     |
| <b>Total Capital Assets Subject to Depreciation</b>                      | <u>\$ 21,790,559</u> | <u>\$ 49,648</u>    | <u>\$ - 0 -</u> | <u>\$ 21,840,207</u> |
| <b>Less Accumulated Depreciation</b>                                     |                      |                     |                 |                      |
| Water System   | \$ 788,234           | \$ 96,814           | \$              | \$ 885,048           |
| Wastewater System  | 1,443,037            | 178,545             |                 | 1,621,582            |
| Drainage System  | <u>1,688,492</u>     | <u>215,244</u>      |                 | <u>1,903,736</u>     |
| <b>Total Accumulated Depreciation</b>                                    | <u>\$ 3,919,763</u>  | <u>\$ 490,603</u>   | <u>\$ - 0 -</u> | <u>\$ 4,410,366</u>  |
| <b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b> | <u>\$ 17,870,796</u> | <u>\$ (440,955)</u> | <u>\$ - 0 -</u> | <u>\$ 17,429,841</u> |

**NOTE 7. MAINTENANCE TAX**

On November 6, 2007, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures for operations and maintenance of the District. During the year ended March 31, 2024, the District levied an ad valorem maintenance tax rate of \$0.06 per \$100 of assessed valuation, which resulted in a tax levy of \$605,330 on the adjusted taxable valuation of \$1,008,883,929 for the 2023 tax year.

On November 4, 2008, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District for purposes of constructing and maintaining roads within the District.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 8. CONTRACT TAX**

The voters in the District have approved the levy and collection of an annual contract tax imposed on all taxable property within the boundaries of the District in an unlimited amount per \$100 of assessed valuation for purposes of making payments to the Master District for the debt service requirements of the Master District's water, sewer, drainage, road, and park contract revenue bonds, and for monthly charges associated with the services from the Master District's water, sewer, drainage, road, and park facilities (see Note 9). During the current fiscal year, the District levied an ad valorem contract tax rate of \$0.6050 per \$100 of assessed valuation, which resulted in a tax levy of \$6,103,747 on the adjusted taxable valuation of \$1,008,883,929 for the 2023 tax year. The District made contractual payments of \$5,019,482 during the current fiscal year.

**NOTE 9. CONTRACT FOR FINANCING, OPERATION AND MAINTENANCE OF REGIONAL FACILITIES**

Harris County Municipal Utility District No. 500 as Master District (the "Master District") executed a 40-year contract with the District for the financing, operation and maintenance of the Master District's regional water, wastewater and drainage facilities as well as park and road facilities. The contract was amended November 3, 2010, October 15, 2013, December 3, 2014, and May 6, 2020. The Master District administers the contract for the Participants which include the District, Harris County Municipal Utility District No. 500 (as Internal District), Harris County Municipal Utility District No. 502, and Harris County Municipal Utility District No. 503 (collectively, the "Participants").

Each Participant has contracted with the Master District to provide, receive, and transport its water supply, sanitary waste, and storm waters through the Master District facilities. The Master District has also assumed the responsibility of providing regional parks and major roadways. The Master District owns and operates the Master District facilities, except to the extent roadways and storm sewers are accepted for maintenance by Harris County or other governmental entities.

The Master District finances the Master District facilities through the issuance of Master District contract revenue bonds. The Master District has the authority to issue water, wastewater and drainage bonds not to exceed \$754,660,000, road bonds not to exceed \$350,600,000 and park bonds not to exceed \$64,550,000. Each Participant is responsible for its pro rata share of the debt service requirements on the Master District contract revenue bonds. As of March 31, 2024, the Master District has authorized but unissued water, wastewater and drainage bonds of \$622,415,000, road bonds of \$302,130,000 and park bonds of \$52,870,000.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 9. CONTRACT FOR FINANCING, OPERATION AND MAINTENANCE OF REGIONAL FACILITIES (Continued)**

As of March 31, 2024, the debt service requirements on the Master District’s contract revenue bonds outstanding were as follows:

| Fiscal Year | Principal             | Interest             | Total                 |
|-------------|-----------------------|----------------------|-----------------------|
| 2025        | \$ 5,000,000          | \$ 5,599,788         | \$ 10,599,788         |
| 2026        | 5,220,000             | 5,581,162            | 10,801,162            |
| 2027        | 5,405,000             | 5,395,629            | 10,800,629            |
| 2028        | 5,590,000             | 5,198,504            | 10,788,504            |
| 2029        | 5,780,000             | 5,004,674            | 10,784,674            |
| 2030-2034   | 32,090,000            | 22,097,480           | 54,187,480            |
| 2035-2039   | 38,620,000            | 16,251,809           | 54,871,809            |
| 2040-2044   | 46,575,000            | 8,800,161            | 55,375,161            |
| 2045-2049   | 24,130,000            | 1,729,854            | 25,859,854            |
|             | <u>\$ 168,410,000</u> | <u>\$ 75,659,061</u> | <u>\$ 244,069,061</u> |

The Master District prepares an operating budget annually. The budget is based on annual estimates provided by each Participant to the Master District for waste discharge, water usage and connections. The Master District has established a reserve equivalent to three months of operation and maintenance expenses. As of March 31, 2024, the Master District had enough funds on hand to meet this requirement.

Each Participant’s monthly bill is determined by multiplying the total number of equivalent single-family residential connections (ESFC) reserved for the Participant on the first day of the previous month by the unit cost per ESFC shown in the budget for each Participant. The rate in effect at fiscal year end was \$30 per ESFC and subsequent to year end increased to \$36. The Master District separates the Authority fees from the monthly per connection charges and bills such Authority fees to each Participant monthly based upon that Participant’s actual water usage plus an additional 5% for flushing and other non-metered water usage.

As of the fiscal year end the rate charged to each participant for the Authority surface water fees was \$4.56 (\$4.35 plus 5%) per 1,000 gallons of water. The District recorded expenditures of \$617,760 for purchased water and wastewater services and \$1,098,417 for Water Authority assessments in the current fiscal year.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 9. CONTRACT FOR FINANCING, OPERATION AND MAINTENANCE OF REGIONAL FACILITIES (Continued)**

The following summary audited financial data for the regional facilities is presented for the year ended March 31, 2024:

|   | Master District<br>Enterprise Fund |
|---|------------------------------------|
| Total Assets                              | \$ 149,858,004                     |
| Total Deferred Outflows of Resources      | 1,181,299                          |
| Total Liabilities                         | <u>174,305,963</u>                 |
| Total Net Position                        | <u>\$ (23,266,660)</u>             |
| Total Operating Revenues                  | \$ 4,157,082                       |
| Total Operating Expenses                  | <u>(8,363,793)</u>                 |
| Operating Income (Loss)                   | <u>\$ (4,206,711)</u>              |
| Total Nonoperating Revenues (Expenses)    | <u>\$ 868,223</u>                  |
| Change in Net Position                    | \$ (3,338,488)                     |
| Net Position – April 1, 2023, As Adjusted | <u>(19,928,172)</u>                |
| Net Position – March 31, 2024             | <u>\$ (23,266,660)</u>             |

**NOTE 10. STRATEGIC PARTNERSHIP AGREEMENT**

On December 12, 2008, the City of Houston (the City), the Towne Lake Management District (the “MMD”) and the District entered into a Strategic Partnership Agreement (Agreement). The Agreement provides for the annexation into the City of a tract of land in the District for limited purposes for the imposition of the City’s Sales and Use Tax. The City shall pay to the MMD an amount equal to 50% of the City’s Sales and Use Tax revenues received by the City and generated within the boundaries of the tract. The District agrees to pay to the City an annual fee of \$100 for the provision of municipal services provided in lieu of full purpose annexation. The City agrees to not annex or attempt to annex the District for full purposes unless it simultaneously annexes for full purposes Harris County Municipal Utility District Nos. 500, 501 and 503. The term of this agreement is 30 years from the effective date.

**NOTE 11. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 12. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY**

The District is located within the boundaries of the West Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the “Act”), as passed by the 77th Texas Legislature, in 2001. The Act, as amended, empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions.

As of year end, the fees per 1,000 gallons of surface water and groundwater delivered from the Authority were \$4.35 and \$3.95, respectively. Surface water and groundwater costs are included in the amounts paid to the Master District for purchased water services.

**NOTE 13. SUBSCRIPTION-BASED SERVICE AGREEMENT**

In accordance with the requirements of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, the District recorded a right-to-use asset and related subscription payable in its financial statements pertaining to the subscription service agreement it has with Badger Meter which continues through 2031.

Monthly payments are based on the number of connections serviced times the contractual rate per connection, which is currently \$0.89 per connection per month. The monthly costs are approximately \$1,388 per month but will vary from time-to-time as the number of connections change. Current year subscription payments totaled approximately \$16,661 with \$11,485 allocated to principal and the remainder to interest.

The subscription liability was measured using the remaining subscription term and discount rate of 5.00% as of the beginning of the current period and the right-to-use asset was measured based on the subscription liability at that date which resulted in no restatement of the beginning net position.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 13. SUBSCRIPTION-BASED SERVICE AGREEMENT (Continued)**

Right-to-use assets, current amortization expense, and accumulated amortization are summarized in the following table.

|   | April 1,<br>2023  | Increases        | Decreases       | March 31,<br>2024 |
|---|-------------------|------------------|-----------------|-------------------|
| <b>Intangible Assets Subject to Amortization</b>                    |                   |                  |                 |                   |
| Subscription Based Service  | \$ 130,900        | \$               | \$              | \$ 130,900        |
| <b>Accumulated Amortization</b>                                     |                   |                  |                 |                   |
| Subscription Based Service  | 22,162            | 18,220           |                 | 40,382            |
| <b>Total Intangible Assets, Net of<br/>Accumulated Amortization</b> | <u>\$ 108,738</u> | <u>\$ 18,220</u> | <u>\$ - 0 -</u> | <u>\$ 90,518</u>  |

The change in subscription payable during the current fiscal year is summarized in the following table:

|                      | April 1,<br>2023  | Additions     | Retirements      | March 31,<br>2024 |
|----------------------|-------------------|---------------|------------------|-------------------|
| Subscription Payable | <u>\$ 108,738</u> | <u>\$ -0-</u> | <u>\$ 11,485</u> | <u>\$ 97,253</u>  |

Future subscription payments, including the amount due within one year and amounts due after one year, are summarized in the following tables:

| Fiscal Year | Principal        | Interest         | Total             |
|-------------|------------------|------------------|-------------------|
| 2025        | \$ 12,072        | \$ 4,589         | \$ 16,661         |
| 2026        | 12,690           | 3,971            | 16,661            |
| 2027        | 13,339           | 3,322            | 16,661            |
| 2028        | 14,022           | 2,639            | 16,661            |
| 2029        | 14,739           | 1,922            | 16,661            |
| 2030-2031   | 30,391           | 1,541            | 31,932            |
|             | <u>\$ 97,253</u> | <u>\$ 17,984</u> | <u>\$ 115,237</u> |

|                            |                  |
|----------------------------|------------------|
| Amount Due Within One Year | \$ 12,072        |
| Amount Due After One Year  | <u>85,181</u>    |
| Total Subscription Payable | <u>\$ 97,253</u> |

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**

**REQUIRED SUPPLEMENTARY INFORMATION**

**MARCH 31, 2024**





**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2024**

|  | Original<br>Budget  | Final<br>Amended<br>Budget | Actual              | Variance<br>Positive<br>(Negative) |
|--|---------------------|----------------------------|---------------------|------------------------------------|
| <b>REVENUES</b>                        |                     |                            |                     |                                    |
| Property Taxes                         | \$ 415,000          | \$ 415,000                 | \$ 595,522          | \$ 180,522                         |
| Water Service                          | 720,000             | 720,000                    | 757,840             | 37,840                             |
| Wastewater Service                     | 528,000             | 528,000                    | 561,231             | 33,231                             |
| Water Authority Fees                   | 1,000,000           | 1,000,000                  | 1,153,478           | 153,478                            |
| Penalty and Interest                   | 20,000              | 20,000                     | 25,878              | 5,878                              |
| Tap Connection and Inspection Fees     | 36,000              | 36,000                     | 87,341              | 51,341                             |
| Investment and Miscellaneous Revenues  | 40,000              | 40,000                     | 267,357             | 227,357                            |
| <b>TOTAL REVENUES</b>                  | <u>\$ 2,759,000</u> | <u>\$ 2,759,000</u>        | <u>\$ 3,448,647</u> | <u>\$ 689,647</u>                  |
| <b>EXPENDITURES</b>                    |                     |                            |                     |                                    |
| Service Operations:                    |                     |                            |                     |                                    |
| Professional Fees                      | \$ 147,000          | \$ 147,000                 | \$ 164,159          | \$ (17,159)                        |
| Contracted Services                    | 432,524             | 514,364                    | 519,912             | (5,548)                            |
| Purchased Water and Wastewater Service | 617,760             | 617,760                    | 617,760             |                                    |
| Water Authority Assessments            | 970,200             | 970,200                    | 1,098,417           | (128,217)                          |
| Repairs and Maintenance                | 188,020             | 188,020                    | 101,701             | 86,319                             |
| Other                                  | 136,550             | 136,550                    | 122,435             | 14,115                             |
| Capital Outlay/Developer Reimbursement |                     |                            | 49,648              | (49,648)                           |
| <b>TOTAL EXPENDITURES</b>              | <u>\$ 2,492,054</u> | <u>\$ 2,573,894</u>        | <u>\$ 2,674,032</u> | <u>\$ (100,138)</u>                |
| <b>NET CHANGE IN FUND BALANCE</b>      | \$ 266,946          | \$ 185,106                 | \$ 774,615          | \$ 589,509                         |
| <b>FUND BALANCE - APRIL 1, 2023</b>    | <u>4,632,999</u>    | <u>4,632,999</u>           | <u>4,632,999</u>    |                                    |
| <b>FUND BALANCE - MARCH 31, 2024</b>   | <u>\$ 4,899,945</u> | <u>\$ 4,818,105</u>        | <u>\$ 5,407,614</u> | <u>\$ 589,509</u>                  |

See accompanying independent auditor's report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**MARCH 31, 2024**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501  
SERVICES AND RATES  
FOR THE YEAR ENDED MARCH 31, 2024**

**1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:**

|              |  |       |                      |              |            |
|--------------|--|-------|----------------------|--------------|------------|
| <u>  X  </u> | Retail Water   | _____ | Wholesale Water      | <u>  X  </u> | Drainage   |
| <u>  X  </u> | Retail Wastewater  | _____ | Wholesale Wastewater | _____        | Irrigation |
| _____        | Parks/Recreation   | _____ | Fire Protection      | <u>  X  </u> | Security   |
| <u>  X  </u> | Solid Waste/Garbage  | _____ | Flood Control        | _____        | Roads      |
| _____        | Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) |       |                      |              |            |
| <u>  X  </u> | Other (specify): _____   |       |                      |              |            |
| _____        | _____  |       |                      |              |            |

**2. RETAIL SERVICE PROVIDERS**

**a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):**

The following rates are based on the rate order approved January 4, 2023.

|             | <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:      | \$ 22.00               | 7,000                | N                    | \$ 2.25  | 7,001 to 15,000     |
|             |                        |                      |                      | \$ 2.50  | 15,001 to 25,000    |
|             |                        |                      |                      | \$ 3.00  | 25,001 and up       |
| WASTEWATER: | \$30.00 <sup>(1)</sup> |                      | Y                    |  |                     |

**SURCHARGE:**

|                        |   |
|------------------------|---|
| Commission             |   |
| Regulatory Assessments | Included in the rates above                         |
| Water Authority Fees   | 110% of the surface water fee charged by the WHCRWA |

District employs winter averaging for wastewater usage? \_\_\_\_\_   X    
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$28.75 Wastewater: \$30.00 Surcharge: \$47.90

(1) Includes the cost of trash pick up

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501  
SERVICES AND RATES  
FOR THE YEAR ENDED MARCH 31, 2024**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

| <u>Meter Size</u>            | <u>Total<br/>Connections</u> | <u>Active<br/>Connections</u> | <u>ESFC<br/>Factor</u> | <u>Active<br/>ESFCs</u> |
|------------------------------|------------------------------|-------------------------------|------------------------|-------------------------|
| Unmetered                    |                              |                               | x 1.0                  |                         |
| ≤¾"                          | 1,228                        | 1,227                         | x 1.0                  | 1,227                   |
| 1"                           | 339                          | 336                           | x 2.5                  | 840                     |
| 1½"                          | 2                            | 2                             | x 5.0                  | 10                      |
| 2"                           | 9                            | 9                             | x 8.0                  | 72                      |
| 3"                           | 1                            | 1                             | x 15.0                 | 15                      |
| 4"                           |                              |                               | x 25.0                 |                         |
| 6"                           | 3                            | 3                             | x 50.0                 | 150                     |
| 8"                           | 1                            | 1                             | x 80.0                 | 80                      |
| 10"                          |                              |                               | x 115.0                |                         |
| Total Water Connections      | <u>1,583</u>                 | <u>1,579</u>                  |                        | <u>2,394</u>            |
| Total Wastewater Connections | <u>1,545</u>                 | <u>1,544</u>                  | x 1.0                  | <u>1,544</u>            |

**3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)**

Gallons billed to customers: 240,881,000      Water Accountability Ratio: 97.8%\*

Gallons Purchased: \*      From: West Harris County RWA

\* The District, along with Harris County Municipal Utility District No. 500 (Internal District) and Harris County Municipal Utility District No. 502, receives water from the Harris County Municipal Utility District No. 500 Master District. Harris County Municipal Utility District No. 503 has not yet begun purchasing water from the Master District. The Master District purchases water from the West Harris County Regional Water Authority and, from time to time, Remington Municipal Utility District No. 1, Harris County Municipal Utility District No. 196, and Harris County Municipal Utility District No. 172 via emergency interconnects. Gallons purchased is calculated using gallons billed to District customers divided by total gallons billed to all participants times the total gallons purchased by the Master District.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**4. STANDBY FEES** (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely  Partly  Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED MARCH 31, 2024**

|   |                            |
|---|----------------------------|
| PROFESSIONAL FEES:                          |                            |
| Audit and Agreed-Upon Procedures            | \$ 22,000                  |
| Engineering                                 | 28,677                     |
| Legal                                       | <u>113,482</u>             |
| TOTAL PROFESSIONAL FEES                     | <u>\$ 164,159</u>          |
| PURCHASED SERVICES FOR RESALE:              |                            |
| Purchased Water and Wastewater Service      | \$ 617,760                 |
| Water Authority Assessments                 | <u>1,098,417</u>           |
| TOTAL PURCHASED SERVICES FOR RESALE         | <u>\$ 1,716,177</u>        |
| CONTRACTED SERVICES:                        |                            |
| Bookkeeping                                 | \$ 22,525                  |
| Operations and Billing                      | 59,379                     |
| Solid Waste Disposal                        | 356,168                    |
| Security                                    | <u>81,840</u>              |
| TOTAL CONTRACTED SERVICES                   | <u>\$ 519,912</u>          |
| REPAIRS AND MAINTENANCE                     | <u>\$ 101,701</u>          |
| ADMINISTRATIVE EXPENDITURES:                |                            |
| Director Fees, Including Payroll Taxes      | \$ 24,264                  |
| Insurance                                   | 9,735                      |
| Office Supplies and Postage                 | 11,480                     |
| Website, Travel and Other                   | <u>23,358</u>              |
| TOTAL ADMINISTRATIVE EXPENDITURES           | <u>\$ 68,837</u>           |
| DEVELOPER REIMBURSEMENT, INCLUDING INTEREST | <u>\$ 52,752</u>           |
| OTHER EXPENDITURES:                         |                            |
| Laboratory Fees                             | \$ 6,527                   |
| Permit Fees                                 | 3,731                      |
| Connection and Inspection Fees              | 33,773                     |
| Regulatory Assessment                       | <u>6,463</u>               |
| TOTAL OTHER EXPENDITURES                    | <u>\$ 50,494</u>           |
| TOTAL EXPENDITURES                          | <u><u>\$ 2,674,032</u></u> |

See accompanying independent auditor's report.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**INVESTMENTS**  
**MARCH 31, 2024**

| <u>Funds</u>             | <u>Identification or<br/>Certificate Number</u> | <u>Interest<br/>Rate</u> | <u>Maturity<br/>Date</u> | <u>Balance at<br/>End of Year</u> | <u>Accrued<br/>Interest<br/>Receivable at<br/>End of Year</u> |
|--------------------------|---|--------------------------|--------------------------|-----------------------------------|---|
| <u>GENERAL FUND</u>      |   |                          |                          |                                   |   |
| TexPool                  | XXXX0001  | Varies                   | Daily                    | \$ 5,610,747                      | \$ - 0 -  |
| <u>DEBT SERVICE FUND</u> |   |                          |                          |                                   |   |
| TexPool                  | XXXX0003  | Varies                   | Daily                    | \$ 2,545,716                      | \$  |
| TexPool                  | XXXX0004  | Varies                   | Daily                    | 6,787,027                         |   |
| TOTAL DEBT SERVICE FUND  |   |                          |                          | <u>\$ 9,332,743</u>               | <u>\$ - 0 -</u>   |
| TOTAL - ALL FUNDS        |   |                          |                          | <u>\$ 14,943,490</u>              | <u>\$ - 0 -</u>   |

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED MARCH 31, 2024**

|                             | Maintenance Taxes |                  | Contract Taxes   |                   | Debt Service Taxes |                  |
|-----------------------------|-------------------|------------------|------------------|-------------------|--------------------|------------------|
| TAXES RECEIVABLE -          |                   |                  |                  |                   |                    |                  |
| APRIL 1, 2023               | \$ 11,077         |                  | \$ 155,785       |                   | \$ 45,810          |                  |
| Adjustments to Beginning    |                   |                  |                  |                   |                    |                  |
| Balance                     | <u>(1,808)</u>    | \$ 9,269         | <u>(27,104)</u>  | \$ 128,681        | <u>(8,054)</u>     | \$ 37,756        |
| Original 2023 Tax Levy      | \$ 577,696        |                  | \$ 5,825,101     |                   | \$ 1,299,816       |                  |
| Adjustment to 2023 Tax Levy | <u>27,634</u>     | <u>605,330</u>   | <u>278,646</u>   | <u>6,103,747</u>  | <u>62,177</u>      | <u>1,361,993</u> |
| TOTAL TO BE                 |                   |                  |                  |                   |                    |                  |
| ACCOUNTED FOR               |                   | \$ 614,599       |                  | \$ 6,232,428      |                    | \$ 1,399,749     |
| TAX COLLECTIONS:            |                   |                  |                  |                   |                    |                  |
| Prior Years                 | \$ 7,668          |                  | \$ 104,376       |                   | \$ 30,470          |                  |
| Current Year                | <u>587,854</u>    | <u>595,522</u>   | <u>5,927,529</u> | <u>6,031,905</u>  | <u>1,322,672</u>   | <u>1,353,142</u> |
| TAXES RECEIVABLE -          |                   |                  |                  |                   |                    |                  |
| MARCH 31, 2024              |                   | <u>\$ 19,077</u> |                  | <u>\$ 200,523</u> |                    | <u>\$ 46,607</u> |
| TAXES RECEIVABLE BY         |                   |                  |                  |                   |                    |                  |
| YEAR:                       |                   |                  |                  |                   |                    |                  |
| 2023                        |                   | \$ 17,476        |                  | \$ 176,218        |                    | \$ 39,321        |
| 2022                        |                   | 381              |                  | 5,179             |                    | 1,526            |
| 2021                        |                   | 262              |                  | 3,726             |                    | 1,259            |
| 2020                        |                   | 90               |                  | 2,812             |                    | 896              |
| 2019                        |                   | 92               |                  | 2,955             |                    | 917              |
| 2018                        |                   | 56               |                  | 3,403             |                    | 925              |
| 2017                        |                   | 16               |                  | 3,061             |                    | 777              |
| 2016                        |                   | <u>704</u>       |                  | <u>3,169</u>      |                    | <u>986</u>       |
| TOTAL                       |                   | <u>\$ 19,077</u> |                  | <u>\$ 200,523</u> |                    | <u>\$ 46,607</u> |

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED MARCH 31, 2024**

|  | 2023                           | 2022                         | 2021                         | 2020                         |
|--|--------------------------------|------------------------------|------------------------------|------------------------------|
| <b>PROPERTY VALUATIONS:</b>                            |                                |                              |                              |                              |
| Land   | \$ 271,678,919                 | \$ 206,396,454               | \$ 198,074,597               | \$ 168,071,971               |
| Improvements   | 997,888,996                    | 874,554,498                  | 629,271,061                  | 553,811,901                  |
| Personal Property                                      | 11,484,830                     | 12,282,516                   | 4,843,256                    | 3,276,762                    |
| Exemptions   | <u>(272,168,816)</u>           | <u>(235,222,794)</u>         | <u>(119,826,876)</u>         | <u>(100,503,281)</u>         |
| <b>TOTAL PROPERTY VALUATIONS</b>                       | <u><u>\$ 1,008,883,929</u></u> | <u><u>\$ 858,010,674</u></u> | <u><u>\$ 712,362,038</u></u> | <u><u>\$ 624,657,353</u></u> |
| <b>TAX RATES PER \$100 VALUATION:</b>                  |                                |                              |                              |                              |
| Debt Service   | \$ 0.1350                      | \$ 0.2000                    | \$ 0.24                      | \$ 0.250                     |
| Contract   | 0.6050                         | 0.6789                       | 0.71                         | 0.785                        |
| Maintenance  | <u>0.0600</u>                  | <u>0.0500</u>                | <u>0.05</u>                  | <u>0.025</u>                 |
| <b>TOTAL TAX RATES PER \$100 VALUATION</b>             | <u><u>\$ 0.8000</u></u>        | <u><u>\$ 0.9289</u></u>      | <u><u>\$ 1.00</u></u>        | <u><u>\$ 1.060</u></u>       |
| <b>ADJUSTED TAX LEVY*</b>                              | <u><u>\$ 8,071,070</u></u>     | <u><u>\$ 7,970,061</u></u>   | <u><u>\$ 7,123,620</u></u>   | <u><u>\$ 6,621,367</u></u>   |
| <b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED**</b> | <u><u>97.11 %</u></u>          | <u><u>99.91 %</u></u>        | <u><u>99.93 %</u></u>        | <u><u>99.93 %</u></u>        |

\* Based upon adjusted tax at time of audit for the fiscal year in which the tax was levied.

\*\* As of March 31, 2024.

On November 6, 2007, District voters approved an operations maintenance tax rate not to exceed \$1.50 per \$100 of assessed valuation.

On November 4, 2008, District voters approved a road maintenance tax rate not to exceed \$0.25 per \$100 of assessed valuation.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MARCH 31, 2024**

| S E R I E S - 2 0 1 4                         |                                 |   |       |            |
|---|---------------------------------|---|-------|------------|
| Due During Fiscal<br>Years Ending<br>March 31 | Principal<br>Due<br>September 1 | Interest Due<br>September 1/<br>March 1 | Total |            |
| 2025  | \$ 445,000                      | \$ 351,956                              | \$    | 796,956    |
| 2026  | 465,000                         | 338,306                                 |       | 803,306    |
| 2027  | 490,000                         | 323,981                                 |       | 813,981    |
| 2028  | 510,000                         | 308,982                                 |       | 818,982    |
| 2029  | 535,000                         | 292,972                                 |       | 827,972    |
| 2030  | 555,000                         | 275,594                                 |       | 830,594    |
| 2031  | 580,000                         | 256,788                                 |       | 836,788    |
| 2032  | 610,000                         | 236,706                                 |       | 846,706    |
| 2033  | 635,000                         | 215,300                                 |       | 850,300    |
| 2034  | 665,000                         | 192,134                                 |       | 857,134    |
| 2035  | 695,000                         | 167,484                                 |       | 862,484    |
| 2036  | 725,000                         | 141,294                                 |       | 866,294    |
| 2037  | 760,000                         | 113,450                                 |       | 873,450    |
| 2038  | 790,000                         | 83,400                                  |       | 873,400    |
| 2039  | 825,000                         | 51,100                                  |       | 876,100    |
| 2040  | 865,000                         | 17,300                                  |       | 882,300    |
| 2041  |                                 |   |       |            |
| 2042  |                                 |   |       |            |
|   | \$ 10,150,000                   | \$ 3,366,747                            | \$    | 13,516,747 |

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MARCH 31, 2024**

| S E R I E S - 2 0 1 5                         |                                 |   |       |           |
|---|---------------------------------|---|-------|-----------|
| Due During Fiscal<br>Years Ending<br>March 31 | Principal<br>Due<br>September 1 | Interest Due<br>September 1/<br>March 1 | Total |           |
| 2025  | \$ 205,000                      | \$ 183,912                              | \$    | 388,912   |
| 2026  | 220,000                         | 178,994                                 |       | 398,994   |
| 2027  | 230,000                         | 173,507                                 |       | 403,507   |
| 2028  | 240,000                         | 167,482                                 |       | 407,482   |
| 2029  | 250,000                         | 160,894                                 |       | 410,894   |
| 2030  | 265,000                         | 153,481                                 |       | 418,481   |
| 2031  | 280,000                         | 145,306                                 |       | 425,306   |
| 2032  | 290,000                         | 136,756                                 |       | 426,756   |
| 2033  | 305,000                         | 127,641                                 |       | 432,641   |
| 2034  | 320,000                         | 117,676                                 |       | 437,676   |
| 2035  | 335,000                         | 107,032                                 |       | 442,032   |
| 2036  | 355,000                         | 95,597                                  |       | 450,597   |
| 2037  | 370,000                         | 83,362                                  |       | 453,362   |
| 2038  | 390,000                         | 70,293                                  |       | 460,293   |
| 2039  | 410,000                         | 56,293                                  |       | 466,293   |
| 2040  | 430,000                         | 41,325                                  |       | 471,325   |
| 2041  | 450,000                         | 25,375                                  |       | 475,375   |
| 2042  | 475,000                         | 8,609                                   |       | 483,609   |
|   | \$ 5,820,000                    | \$ 2,033,535                            | \$    | 7,853,535 |

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MARCH 31, 2024**

S E R I E S - 2 0 1 7

| Due During Fiscal<br>Years Ending<br>March 31 | Principal<br>Due<br>September 1 | Interest Due<br>September 1/<br>March 1 | Total               |
|---|---------------------------------|---|---------------------|
| 2025  | \$ 185,000                      | \$ 152,288                              | \$ 337,288          |
| 2026  | 180,000                         | 146,812                                 | 326,812             |
| 2027  | 170,000                         | 141,563                                 | 311,563             |
| 2028  | 170,000                         | 136,462                                 | 306,462             |
| 2029  | 165,000                         | 131,438                                 | 296,438             |
| 2030  | 165,000                         | 126,487                                 | 291,487             |
| 2031  | 155,000                         | 121,688                                 | 276,688             |
| 2032  | 155,000                         | 117,037                                 | 272,037             |
| 2033  | 150,000                         | 112,275                                 | 262,275             |
| 2034  | 145,000                         | 107,481                                 | 252,481             |
| 2035  | 140,000                         | 102,675                                 | 242,675             |
| 2036  | 135,000                         | 97,862                                  | 232,862             |
| 2037  | 130,000                         | 93,225                                  | 223,225             |
| 2038  | 125,000                         | 88,763                                  | 213,763             |
| 2039  | 125,000                         | 84,387                                  | 209,387             |
| 2040  | 120,000                         | 80,100                                  | 200,100             |
| 2041  | 1,020,000                       | 58,875                                  | 1,078,875           |
| 2042  | 1,060,000                       | 19,875                                  | 1,079,875           |
|   | <u>\$ 4,495,000</u>             | <u>\$ 1,919,293</u>                     | <u>\$ 6,414,293</u> |

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MARCH 31, 2024**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

| Due During Fiscal<br>Years Ending<br>March 31 | Total<br>Principal Due | Total<br>Interest Due | Total<br>Principal and<br>Interest Due |
|---|------------------------|-----------------------|--|
| 2025  | \$ 835,000             | \$ 688,156            | \$ 1,523,156                           |
| 2026  | 865,000                | 664,112               | 1,529,112                              |
| 2027  | 890,000                | 639,051               | 1,529,051                              |
| 2028  | 920,000                | 612,926               | 1,532,926                              |
| 2029  | 950,000                | 585,304               | 1,535,304                              |
| 2030  | 985,000                | 555,562               | 1,540,562                              |
| 2031  | 1,015,000              | 523,782               | 1,538,782                              |
| 2032  | 1,055,000              | 490,499               | 1,545,499                              |
| 2033  | 1,090,000              | 455,216               | 1,545,216                              |
| 2034  | 1,130,000              | 417,291               | 1,547,291                              |
| 2035  | 1,170,000              | 377,191               | 1,547,191                              |
| 2036  | 1,215,000              | 334,753               | 1,549,753                              |
| 2037  | 1,260,000              | 290,037               | 1,550,037                              |
| 2038  | 1,305,000              | 242,456               | 1,547,456                              |
| 2039  | 1,360,000              | 191,780               | 1,551,780                              |
| 2040  | 1,415,000              | 138,725               | 1,553,725                              |
| 2041  | 1,470,000              | 84,250                | 1,554,250                              |
| 2042  | 1,535,000              | 28,484                | 1,563,484                              |
|   | <u>\$ 20,465,000</u>   | <u>\$ 7,319,575</u>   | <u>\$ 27,784,575</u>                   |

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED MARCH 31, 2024**

| Description   | Original<br>Bonds Issued    | Bonds<br>Outstanding<br>April 1, 2023 |
|---|-----------------------------|---------------------------------------|
| Harris County Municipal Utility District No. 501<br>Unlimited Tax Bonds - Series 2014 | \$ 13,100,000               | \$ 10,575,000                         |
| Harris County Municipal Utility District No. 501<br>Unlimited Tax Bonds - Series 2015 | 7,025,000                   | 6,020,000                             |
| Harris County Municipal Utility District No. 501<br>Unlimited Tax Bonds - Series 2017 | <u>5,640,000</u>            | <u>4,680,000</u>                      |
| <b>TOTAL</b>  | <u><u>\$ 25,765,000</u></u> | <u><u>\$ 21,275,000</u></u>           |

| Bond Authority:             | Water, Sewer,<br>Drainage Facilities | Recreational<br>Facilities  | Road Bonds                  |
|-----------------------------|--------------------------------------|-----------------------------|-----------------------------|
| Amount Authorized by Voters | \$ 191,310,000                       | \$ 10,200,000               | \$ 66,810,000               |
| Amount Issued               | <u>25,765,000</u>                    | <u>                    </u> | <u>                    </u> |
| Remaining to be Issued      | <u><u>\$ 165,545,000</u></u>         | <u><u>\$ 10,200,000</u></u> | <u><u>\$ 66,810,000</u></u> |

Debt Service Fund cash and investment balances (excluding contract tax cash and investment balances) as of March 31, 2024: \$ 2,727,728

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,543,588

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.



| <u>Current Year Transactions</u> |                    |                   |   |  |
|----------------------------------|--------------------|-------------------|---|--|
| <u>Bonds Sold</u>                | <u>Retirements</u> |                   | <u>Bonds Outstanding<br/>March 31, 2024</u> | <u>Paying Agent</u>  |
|                                  | <u>Principal</u>   | <u>Interest</u>   |   |  |
| \$                               | \$ 425,000         | \$ 363,945        | \$ 10,150,000                               | Amegy Bank, N.A.<br>Houston, TX                                  |
|                                  | 200,000            | 190,218           | 5,820,000                                   | Amegy Bank, N.A.<br>Houston, TX                                  |
|                                  | 185,000            | 157,837           | 4,495,000                                   | The Bank of New York<br>Mellon Trust Company, N.A.<br>Dallas, TX |
| <u>\$ - 0 -</u>                  | <u>\$ 810,000</u>  | <u>\$ 712,000</u> | <u>\$ 20,465,000</u>                        |  |

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

|  | Amounts             |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | 2024                | 2023                | 2022                |
| <b>REVENUES</b>  |                     |                     |                     |
| Property Taxes   | \$ 595,522          | \$ 422,205          | \$ 354,469          |
| Water Service  | 757,840             | 791,276             | 624,312             |
| Wastewater Service   | 561,231             | 569,132             | 525,537             |
| Water Authority Fees   | 1,153,478           | 1,130,777           | 798,018             |
| Penalty and Interest   | 25,878              | 24,691              | 16,978              |
| Tap Connection and Inspection Fees                           | 87,341              | 230,773             | 189,560             |
| Investment and Miscellaneous Revenues                        | 267,357             | 117,533             | 1,645               |
| <b>TOTAL REVENUES</b>  | <b>\$ 3,448,647</b> | <b>\$ 3,286,387</b> | <b>\$ 2,510,519</b> |
| <b>EXPENDITURES</b>  |                     |                     |                     |
| Professional Fees  | \$ 164,159          | \$ 146,079          | \$ 145,049          |
| Contracted Services  | 519,912             | 470,358             | 337,221             |
| Purchased Water and Wastewater Services                      | 617,760             | 571,428             | 545,049             |
| Water Authority Assessments                                  | 1,098,417           | 1,080,415           | 765,639             |
| Repairs and Maintenance                                      | 101,701             | 87,771              | 153,700             |
| Other  | 122,435             | 218,516             | 173,735             |
| Capital Outlay   | 49,648              | 1,309,024           |                     |
| <b>TOTAL EXPENDITURES</b>                                    | <b>\$ 2,674,032</b> | <b>\$ 3,883,591</b> | <b>\$ 2,120,393</b> |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <b>\$ 774,615</b>   | <b>\$ (597,204)</b> | <b>\$ 390,126</b>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                     |                     |
| Transfers In   | \$ - 0 -            | \$ 1,054,586        | \$ - 0 -            |
| <b>NET CHANGE IN FUND BALANCE</b>                            | \$ 774,615          | \$ 457,382          | \$ 390,126          |
| <b>BEGINNING FUND BALANCE</b>                                | 4,632,999           | 4,175,617           | 3,785,491           |
| <b>ENDING FUND BALANCE</b>                                   | <b>\$ 5,407,614</b> | <b>\$ 4,632,999</b> | <b>\$ 4,175,617</b> |

See accompanying independent auditor's report.

|                     |                     | Percentage of Total Revenues |                |                |                |                |
|---------------------|---------------------|------------------------------|----------------|----------------|----------------|----------------|
| 2021                | 2020                | 2024                         | 2023           | 2022           | 2021           | 2020           |
| \$ 157,353          | \$ 142,055          | 17.2 %                       | 12.8 %         | 14.0 %         | 6.9 %          | 6.6 %          |
| 647,955             | 617,264             | 22.0                         | 24.1           | 24.9           | 28.1           | 28.7           |
| 485,651             | 459,123             | 16.3                         | 17.3           | 20.9           | 21.1           | 21.3           |
| 803,176             | 706,886             | 33.4                         | 34.4           | 31.8           | 34.8           | 32.9           |
| 14,650              | 16,599              | 0.8                          | 0.8            | 0.7            | 0.6            | 0.8            |
| 189,955             | 135,620             | 2.5                          | 7.0            | 7.6            | 8.2            | 6.3            |
| 6,647               | 73,383              | 7.8                          | 3.6            | 0.1            | 0.3            | 3.4            |
| <u>\$ 2,305,387</u> | <u>\$ 2,150,930</u> | <u>100.0 %</u>               | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |
| <br>                |                     |                              |                |                |                |                |
| \$ 166,391          | \$ 158,065          | 4.8 %                        | 4.4 %          | 5.8 %          | 7.2 %          | 7.3 %          |
| 308,794             | 278,919             | 15.1                         | 14.3           | 13.4           | 13.4           | 13.0           |
| 536,256             | 569,160             | 17.9                         | 17.4           | 21.7           | 23.3           | 26.5           |
| 672,167             | 675,322             | 31.9                         | 32.9           | 30.5           | 29.2           | 31.4           |
| 547,324             | 109,510             | 2.9                          | 2.7            | 6.1            | 23.7           | 5.1            |
| 198,197             | 155,986             | 3.6                          | 6.6            | 6.9            | 8.6            | 7.3            |
|                     |                     | 1.4                          | 39.8           |                |                |                |
| <u>\$ 2,429,129</u> | <u>\$ 1,946,962</u> | <u>77.6 %</u>                | <u>118.1 %</u> | <u>84.4 %</u>  | <u>105.4 %</u> | <u>90.6 %</u>  |
| <br>                |                     |                              |                |                |                |                |
| \$ (123,742)        | \$ 203,968          | 22.4 %                       | (18.1) %       | 15.6 %         | (5.4) %        | 9.4 %          |
| <br>                |                     |                              |                |                |                |                |
| \$ - 0 -            | \$ - 0 -            |                              |                |                |                |                |
| <br>                |                     |                              |                |                |                |                |
| \$ (123,742)        | \$ 203,968          |                              |                |                |                |                |
| 3,909,233           | 3,705,265           |                              |                |                |                |                |
| <u>\$ 3,785,491</u> | <u>\$ 3,909,233</u> |                              |                |                |                |                |

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

|   | Amounts             |                     |                     |
|---|---------------------|---------------------|---------------------|
|   | 2024                | 2023                | 2022                |
| <b>REVENUES</b>                                   |                     |                     |                     |
| Debt Service and Contract Tax Revenues            | \$ 7,385,047        | \$ 7,432,417        | \$ 6,763,189        |
| Penalty and Interest                              | 45,489              | 26,325              | 24,366              |
| Investment and Miscellaneous Revenues             | <u>382,227</u>      | <u>157,657</u>      | <u>4,623</u>        |
| <b>TOTAL REVENUES</b>                             | <u>\$ 7,812,763</u> | <u>\$ 7,616,399</u> | <u>\$ 6,792,178</u> |
| <b>EXPENDITURES</b>                               |                     |                     |                     |
| Other Expenditures                                | \$ 109,334          | \$ 95,420           | \$ 84,336           |
| Debt Service Principal                            | 810,000             | 785,000             | 760,000             |
| Debt Service Interest and Fees                    | 714,375             | 736,388             | 757,338             |
| Contractual Obligation                            | <u>5,019,482</u>    | <u>4,605,999</u>    | <u>4,360,712</u>    |
| <b>TOTAL EXPENDITURES</b>                         | <u>\$ 6,653,191</u> | <u>\$ 6,222,807</u> | <u>\$ 5,962,386</u> |
| <b>NET CHANGE IN FUND BALANCE</b>                 | \$ 1,159,572        | \$ 1,393,592        | \$ 829,792          |
| <b>BEGINNING FUND BALANCE</b>                     | <u>8,293,374</u>    | <u>6,899,782</u>    | <u>6,069,990</u>    |
| <b>ENDING FUND BALANCE</b>                        | <u>\$ 9,452,946</u> | <u>\$ 8,293,374</u> | <u>\$ 6,899,782</u> |
| <b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>      | <u>1,579</u>        | <u>1,556</u>        | <u>1,489</u>        |
| <b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b> | <u>1,544</u>        | <u>1,518</u>        | <u>1,456</u>        |

See accompanying independent auditor's report.

|                     |                     | Percentage of Total Revenues |                |                |                |                |
|---------------------|---------------------|------------------------------|----------------|----------------|----------------|----------------|
| 2021                | 2020                | 2024                         | 2023           | 2022           | 2021           | 2020           |
| \$ 6,514,133        | \$ 6,073,770        | 94.5 %                       | 97.6 %         | 99.5 %         | 99.3 %         | 97.8 %         |
| 38,751              | 55,492              | 0.6                          | 0.3            | 0.4            | 0.6            | 0.9            |
| 9,766               | 83,808              | 4.9                          | 2.1            | 0.1            | 0.1            | 1.3            |
| <u>\$ 6,562,650</u> | <u>\$ 6,213,070</u> | <u>100.0 %</u>               | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |
| \$ 90,706           | \$ 91,605           | 1.4 %                        | 1.3 %          | 1.2 %          | 1.4 %          | 1.5 %          |
| 740,000             | 715,000             | 10.4                         | 10.3           | 11.2           | 11.3           | 11.5           |
| 775,263             | 793,462             | 9.1                          | 9.7            | 11.2           | 11.8           | 12.8           |
| <u>4,484,357</u>    | <u>4,764,675</u>    | <u>64.2</u>                  | <u>60.5</u>    | <u>64.2</u>    | <u>68.3</u>    | <u>76.7</u>    |
| <u>\$ 6,090,326</u> | <u>\$ 6,364,742</u> | <u>85.1 %</u>                | <u>81.8 %</u>  | <u>87.8 %</u>  | <u>92.8 %</u>  | <u>102.5 %</u> |
| \$ 472,324          | \$ (151,672)        | <u>14.9 %</u>                | <u>18.2 %</u>  | <u>12.2 %</u>  | <u>7.2 %</u>   | <u>(2.5) %</u> |
| <u>5,597,666</u>    | <u>5,749,338</u>    |                              |                |                |                |                |
| <u>\$ 6,069,990</u> | <u>\$ 5,597,666</u> |                              |                |                |                |                |
| <u>1,388</u>        | <u>1,299</u>        |                              |                |                |                |                |
| <u>1,355</u>        | <u>1,267</u>        |                              |                |                |                |                |

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**MARCH 31, 2024**

District Mailing Address - Harris County Municipal Utility District No. 501  
c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, TX 77027

District Telephone Number - (713) 860-6400

| <b>Board Members</b> | <u>Term of Office<br/>(Elected or Appointed)</u> | <u>Fees of Office<br/>for the year ended<br/>March 31, 2024</u> | <u>Expense Reimbursements<br/>for the year ended<br/>March 31, 2024</u> | <u>Title</u>                |
|----------------------|--|---|---|-----------------------------|
| Wayne Tyson          | 05/22 -<br>05/26<br>(Elected)                    | \$ 3,773  | \$ 1,125  | President                   |
| Jonathan Cowen       | 05/22 -<br>05/26<br>(Elected)                    | \$ 4,215  | \$ 1,769  | Vice President              |
| Jared Day            | 03/22 -<br>05/24<br>(Appointed)                  | \$ 2,589  | \$ 1,181  | Assistant<br>Vice President |
| DeBra Edwards        | 05/22 -<br>05/26<br>(Elected)                    | \$ 7,200  | \$ 3,010  | Secretary                   |
| John Casey           | 05/20 -<br>05/24<br>(Appointed)                  | \$ 4,815  | \$ -0-  | Assistant<br>Secretary      |

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District’s developers or with any of the District’s consultants. The District’s auditor leases office space from an entity affiliated with the District’s Developer.

The submission date of the most recent District Registration Form: May 30, 2024.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 24, 2007. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 501**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**MARCH 31, 2024**

| <b>Consultants:</b>                                 | <u>Date Hired</u> | <u>Fees for the<br/>year ended<br/>March 31, 2024</u> | <u>Title</u>                  |
|---|-------------------|---|-------------------------------|
| Allen Boone Humphries Robinson LLP                  | 08/24/07          | \$ 113,482  | General Counsel               |
| McCall Gibson Swedlund Barfoot PLLC                 | 04/01/09          | \$ 17,500<br>\$ 4,500                                 | Audit Related/<br>AUP Related |
| Myrtle Cruz, Inc.                                   | 07/12/22          | \$ 24,857   | Bookkeeper                    |
| Perdue, Brandon, Fielder, Collins & Mott,<br>L.L.P. | 03/05/08          | \$ 8,718  | Delinquent Tax<br>Attorney    |
| Edminster, Hinshaw, Russ and Associates, Inc.       | 10/03/07          | \$ 28,677   | Engineer                      |
| RBC Capital Markets                                 | 10/03/07          | \$ 1,500  | Financial Advisor             |
| Mary Jarmon   | 07/12/22          | \$ -0-  | Investment<br>Officer         |
| Environmental Development Partners                  | 07/02/08          | \$ 190,789  | Operator                      |
| BLICO, Inc.   | 10/03/07          | \$ 32,702   | Tax Assessor/<br>Collector    |

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