



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

Independent Auditor's Report and Financial Statements

September 30, 2024



Harris County Municipal Utility District No. 158
Contents
September 30, 2024

Independent Auditor’s Report..... 1

Management’s Discussion and Analysis 3

Basic Financial Statements

 Statement of Net Position and Governmental Funds Balance Sheet 8

 Statement of Activities and Governmental Funds Revenues,
 Expenditures and Changes in Fund Balances 10

 Notes to Financial Statements 11

Required Supplementary Information

 Budgetary Comparison Schedule – General Fund 21

 Notes to Required Supplementary Information 22

Supplementary Information

 Other Schedules Included Within This Report 23

 Schedule of Services and Rates 24

 Schedule of General Fund Expenditures 25

 Schedule of Temporary Investments 26

 Analysis of Taxes Levied and Receivable 27

 Schedule of Long-Term Debt Service Requirements by Years 29

 Changes in Long-Term Bonded Debt 33

 Comparative Schedule of Revenues and Expenditures – General Fund
 and Debt Service Fund – Five Years 34

 Board Members, Key Personnel and Consultants 36

Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 158
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 158 (the District), as of and for the year ended September 30, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Forvis Mazars, LLP

**Houston, Texas
March 24, 2025**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental Funds

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 12,416,779	\$ 7,420,965
Capital assets	10,959,502	11,221,111
	<u>\$ 23,376,281</u>	<u>\$ 18,642,076</u>
Total assets		
Long-term liabilities	\$ 9,116,511	\$ 4,586,305
Other liabilities	682,072	970,762
	<u>9,798,583</u>	<u>5,557,067</u>
Total liabilities		
Net position:		
Net investment in capital assets	6,829,465	6,397,833
Restricted	1,224,768	1,017,494
Unrestricted	5,523,465	5,669,682
	<u>13,577,698</u>	<u>13,085,009</u>
Total net position		

The total net position of the District increased by \$492,689, or about 4%. The majority of the increase in net position is related to property tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 2,183,969	\$ 2,010,696
Charges for services	1,936,945	1,968,899
Other revenues	730,965	477,073
	<u>4,851,879</u>	<u>4,456,668</u>
Expenses:		
Services	3,208,730	2,967,032
Depreciation	434,004	330,266
Debt service	716,456	151,502
	<u>4,359,190</u>	<u>3,448,800</u>
Change in net position	492,689	1,007,868
Net position, beginning of year	<u>13,085,009</u>	<u>12,077,141</u>
Net position, end of year	<u><u>\$ 13,577,698</u></u>	<u><u>\$ 13,085,009</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2024, were \$11,592,227, an increase of \$5,288,734 from the prior year.

The general fund's fund balance increased by \$86,368 due to property tax and service revenues and investment income exceeding service operations and capital outlay expenditures.

The debt service fund's fund balance decreased by \$21,461 due to bond principal and interest requirements exceeding property tax revenues generated.

The capital projects fund's fund balance increased by \$5,223,827 due to investment income and proceeds received from the sale of bonds exceeding debt issuance costs.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to purchased services and repairs and maintenance expenditures being greater than anticipated, as well as investment income being less than anticipated. The fund balance as of September 30, 2024, was expected to be \$5,941,698 and the actual end-of-year fund balance was \$5,475,866.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 2,671,758	\$ 2,671,758
Construction in progress	42,115	2,272,314
Water facilities	6,289,630	4,135,337
Wastewater facilities	<u>1,955,999</u>	<u>2,141,702</u>
Total capital assets	<u>\$ 10,959,502</u>	<u>\$ 11,221,111</u>

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

Construction in progress related to water line rehabilitation in Eldridge and Alief-Clodine	\$ 40,456
Waterline rehabilitation in Pheasant Run Village	<u>144,717</u>
Total additions to capital assets	<u>\$ 185,173</u>

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2024, are summarized as follows:

Long-term debt payable, beginning of year	\$ 4,586,305
Increases in long-term debt	5,335,265
Decreases in long-term debt	<u>(805,059)</u>
Long-term debt payable, end of year	<u>\$ 9,116,511</u>

At September 30, 2024, the District had \$365,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's bonds carry an underlying rating of "A2" from Moody's Investors Service (Moody's). The Series 2012 bonds carry an "A1" rating from Moody's by virtue of bond insurance issued by Assured Guaranty, Inc. The Series 2016 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty, Inc. The Series 2023 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Houston

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

Harris County Municipal Utility District No. 158
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets						
Cash	\$ 121,793	\$ 70,727	\$ 11,105	\$ 203,625	\$ -	\$ 203,625
Certificates of deposit	443,918	527,309	-	971,227	-	971,227
Short-term investments	5,373,104	265,496	5,228,714	10,867,314	-	10,867,314
Receivables:						
Property taxes	47,599	63,428	-	111,027	-	111,027
Service accounts	196,247	-	-	196,247	-	196,247
Accrued penalty and interest	-	-	-	-	61,823	61,823
Accrued interest	3,427	2,089	-	5,516	-	5,516
Interfund receivables	3,552	24,842	-	28,394	(28,394)	-
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	2,671,758	2,671,758
Construction in progress	-	-	-	-	42,115	42,115
Infrastructure	-	-	-	-	8,245,629	8,245,629
Total assets	<u>\$ 6,189,640</u>	<u>\$ 953,891</u>	<u>\$ 5,239,819</u>	<u>\$ 12,383,350</u>	<u>\$ 10,992,931</u>	<u>\$ 23,376,281</u>

Harris County Municipal Utility District No. 158
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2024

(Continued)

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 366,953	\$ 10,369	\$ -	\$ 377,322	\$ -	\$ 377,322
Accrued interest payable	-	-	-	-	30,370	30,370
Customer deposits	274,380	-	-	274,380	-	274,380
Interfund payables	24,842	3,552	-	28,394	(28,394)	-
Long-term liabilities:						
Due within one year	-	-	-	-	850,000	850,000
Due after one year	-	-	-	-	8,266,511	8,266,511
Total liabilities	<u>666,175</u>	<u>13,921</u>	<u>-</u>	<u>680,096</u>	<u>9,118,487</u>	<u>9,798,583</u>
Deferred Inflows of Resources						
Deferred property tax revenues	<u>47,599</u>	<u>63,428</u>	<u>-</u>	<u>111,027</u>	<u>(111,027)</u>	<u>-</u>
Fund Balances/Net Position						
Fund balances:						
Restricted:						
Unlimited tax bonds	-	876,542	-	876,542	(876,542)	-
Water, sewer and drainage	-	-	5,239,819	5,239,819	(5,239,819)	-
Unassigned	<u>5,475,866</u>	<u>-</u>	<u>-</u>	<u>5,475,866</u>	<u>(5,475,866)</u>	<u>-</u>
Total fund balances	<u>5,475,866</u>	<u>876,542</u>	<u>5,239,819</u>	<u>11,592,227</u>	<u>(11,592,227)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,189,640</u>	<u>\$ 953,891</u>	<u>\$ 5,239,819</u>	<u>\$ 12,383,350</u>		
Net position:						
Invested in capital assets, Net investment in capital assets					6,829,465	6,829,465
Restricted for debt service					971,423	971,423
Restricted for capital projects					253,345	253,345
Unrestricted					<u>5,523,465</u>	<u>5,523,465</u>
Total net position					<u>\$ 13,577,698</u>	<u>\$ 13,577,698</u>

Harris County Municipal Utility District No. 158
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended September 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,064,648	\$ 1,109,276	\$ -	\$ 2,173,924	\$ 10,045	\$ 2,183,969
Water service	1,328,158	-	-	1,328,158	-	1,328,158
Sewer service	608,787	-	-	608,787	-	608,787
Penalty and interest	53,828	38,009	-	91,837	5,707	97,544
Tap connection and inspection fees	14,480	-	-	14,480	-	14,480
Investment income	309,217	55,042	237,705	601,964	-	601,964
Other income	16,977	-	-	16,977	-	16,977
Total revenues	3,396,095	1,202,327	237,705	4,836,127	15,752	4,851,879
Expenditures/Expenses						
Service operations:						
Purchased services	1,647,564	-	-	1,647,564	-	1,647,564
Professional fees	204,506	8,880	-	213,386	12,778	226,164
Contracted services	98,596	48,742	-	147,338	-	147,338
Utilities	13,819	-	-	13,819	-	13,819
Repairs and maintenance	1,003,542	-	-	1,003,542	-	1,003,542
Other expenditures	156,527	13,424	352	170,303	-	170,303
Capital outlay	185,173	-	-	185,173	(185,173)	-
Depreciation	-	-	-	-	434,004	434,004
Debt service:						
Principal retirement	-	820,000	-	820,000	(820,000)	-
Interest and fees	-	332,742	-	332,742	34,923	367,665
Debt issuance costs	-	-	348,791	348,791	-	348,791
Total expenditures/expenses	3,309,727	1,223,788	349,143	4,882,658	(523,468)	4,359,190
Excess (Deficiency) of Revenues Over Expenditures	86,368	(21,461)	(111,438)	(46,531)	539,220	
Other Financing Sources (Uses)						
General obligation bonds issued	-	-	5,500,000	5,500,000	(5,500,000)	
Discount on debt issued	-	-	(164,735)	(164,735)	164,735	
Total other financing sources	-	-	5,335,265	5,335,265	(5,335,265)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	86,368	(21,461)	5,223,827	5,288,734	(5,288,734)	
Change in Net Position					492,689	492,689
Fund Balances/Net Position						
Beginning of year	5,389,498	898,003	15,992	6,303,493	-	13,085,009
End of year	\$ 5,475,866	\$ 876,542	\$ 5,239,819	\$ 11,592,227	\$ -	\$ 13,577,698

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

Harris County Municipal Utility District No. 158 (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective February 23, 1978, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-Wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

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

Harris County Municipal Utility District No. 158
Notes to Financial Statements
September 30, 2024

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues

Harris County Municipal Utility District No. 158
Notes to Financial Statements
September 30, 2024

reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of Estimates

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

Investments and Investment Income

Investments in certificates of deposit, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended September 30, 2024, include collections during the current period or within 60 days of year-end related to the 2023 and prior years' tax levies.

Harris County Municipal Utility District No. 158
Notes to Financial Statements
September 30, 2024

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended September 30, 2024, the 2023 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45

Debt Issuance Costs

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

Long-Term Obligations

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

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

Net Position/Fund Balances

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

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

Harris County Municipal Utility District No. 158
Notes to Financial Statements
September 30, 2024

Reconciliation of Government-Wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 10,959,502
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	111,027
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	61,823
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(30,370)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(9,116,511)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ 1,985,471</u>

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

Change in fund balances.	\$ 5,288,734
Governmental funds report capital outlay as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay expenditures in the current period.	(261,609)
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	164,735
Governmental funds report proceeds from the sales of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	(4,680,000)
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities.	15,752
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(34,923)</u>
Change in net position of governmental activities.	<u>\$ 492,689</u>

Note 2. Deposits, Investments and Investment Income

Deposits

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

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

At September 30, 2024, none of the District’s bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than “A,” insured or collateralized certificates of deposit, and certain bankers’ acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District’s investment policy may be more restrictive than the Public Funds Investment Act.

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

At September 30, 2024, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$10,867,314	\$10,867,314	\$ -	\$ -	\$ -

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2024, the District’s investments in TexPool were rated “AAAm” by Standard & Poor’s.

Harris County Municipal Utility District No. 158
Notes to Financial Statements
September 30, 2024

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at September 30, 2024, as follows:

Carrying value:	
Deposits	\$ 1,174,852
Investments	<u>10,867,314</u>
Total	<u>\$ 12,042,166</u>

Included in the following statement of net position captions:

Cash	\$ 203,625
Certificates of deposit	971,227
Short-term investments	<u>10,867,314</u>
Total	<u>\$ 12,042,166</u>

Investment Income

Investment income of \$601,964 for the year ended September 30, 2024, consisted of interest income.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2024, is presented below:

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Additions</u>	<u>Retirements/ Reclassi- fications</u>	<u>Balances, End of Year</u>
Capital assets, non-depreciable:				
Land and improvements	\$ 2,671,758	\$ -	\$ -	\$ 2,671,758
Construction in progress	<u>2,272,314</u>	<u>40,456</u>	<u>(2,270,655)</u>	<u>42,115</u>
Total capital assets, non-depreciable	<u>4,944,072</u>	<u>40,456</u>	<u>(2,270,655)</u>	<u>2,713,873</u>
Capital assets, depreciable:				
Water production and distribution facilities	5,691,171	144,717	2,257,877	8,093,765
Wastewater collection and treatment facilities	<u>9,885,747</u>	<u>-</u>	<u>-</u>	<u>9,885,747</u>
Total capital assets, depreciable	<u>15,576,918</u>	<u>144,717</u>	<u>2,257,877</u>	<u>17,979,512</u>
Less accumulated depreciation:				
Water production and distribution facilities	(1,555,834)	(248,301)	-	(1,804,135)
Wastewater collection and treatment facilities	<u>(7,744,045)</u>	<u>(185,703)</u>	<u>-</u>	<u>(7,929,748)</u>
Total accumulated depreciation	<u>(9,299,879)</u>	<u>(434,004)</u>	<u>-</u>	<u>(9,733,883)</u>
Total governmental activities, net	<u>\$ 11,221,111</u>	<u>\$ (248,831)</u>	<u>\$ (12,778)</u>	<u>\$ 10,959,502</u>

Harris County Municipal Utility District No. 158
Notes to Financial Statements
September 30, 2024

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended September 30, 2024, were as follows:

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances, End of Year</u>	<u>Amounts Due in One Year</u>
Bonds payable:					
General obligation bonds	\$ 4,660,000	\$ 5,500,000	\$ 820,000	\$ 9,340,000	\$ 850,000
Less discounts on bonds	<u>73,695</u>	<u>164,735</u>	<u>14,941</u>	<u>223,489</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 4,586,305</u>	<u>\$ 5,335,265</u>	<u>\$ 805,059</u>	<u>\$ 9,116,511</u>	<u>\$ 850,000</u>

General Obligation Bonds

	<u>Series 2012</u>	<u>Series 2016</u>
Amounts outstanding, September 30, 2024	\$1,540,000	\$2,300,000
Interest rates	2.50%	2.00% to 3.25%
Maturity dates, serially beginning/ending	September 1, 2025/2026	September 1, 2025/2040
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2020	September 1, 2025
		<u>Series 2023</u>
Amount outstanding, September 30, 2024		\$5,500,000
Interest rates		4.00% to 7.000%
Maturity dates, serially beginning/ending		September 1, 2027/2048
Interest payment dates		March 1/ September 1
Callable date*		September 1, 2029

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2024.

Harris County Municipal Utility District No. 158
Notes to Financial Statements
September 30, 2024

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 850,000	\$ 364,444	\$ 1,214,444
2026	885,000	343,575	1,228,575
2027	215,000	321,748	536,748
2028	225,000	311,435	536,435
2029	230,000	300,848	530,848
2030-2034	1,305,000	1,332,699	2,637,699
2035-2039	1,605,000	1,065,387	2,670,387
2040-2044	2,000,000	735,713	2,735,713
2045-2048	2,025,000	238,925	2,263,925
Total	<u>\$ 9,340,000</u>	<u>\$ 5,014,774</u>	<u>\$ 14,354,774</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Bonds voted	\$ 33,700,000
Bonds sold	33,335,000
Refunding bonds voted	13,700,000
Refunding bond authorization used	12,054,047

Note 5. Significant Bond Order and Commission Requirements

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2024, the District levied an ad valorem debt service tax at the rate of \$0.1900 per \$100 of assessed valuation, which resulted in a tax levy of \$1,116,428 on the taxable valuation of \$587,593,833 for the 2023 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$1,150,342.

Note 6. Maintenance Taxes

At an election held November 2, 1987, voters authorized a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended September 30, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.1820 per \$100 of assessed valuation, which resulted in a tax levy of \$1,069,420 on the taxable valuation of \$587,593,833 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Contracts With Other Governmental Units

Sewer Service Contract

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

Harris County Municipal Utility District No. 158
Notes to Financial Statements
September 30, 2024

According to the contract, the City will accept for treatment the sewage collected within the District, and the District will pay a monthly service charge to the City as compensation for the City's operation and maintenance costs. During the current year, the District incurred costs of \$499,491.

Water Supply Contract

On June 28, 1995, the District entered into a 20-year water supply agreement with the City. In 2015, the District entered into a new contract with the City for a 40-year term. The charge for the water used is computed in accordance with the rates established by the City ordinances. During the current year, the District purchased water from the City in the amount of \$1,148,073.

Note 8. Risk Management

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

Required Supplementary Information

**Harris County Municipal Utility District No. 158
 Budgetary Comparison Schedule – General Fund
 Year Ended September 30, 2024**

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,035,000	\$ 1,064,648	\$ 29,648
Water service	1,350,000	1,328,158	(21,842)
Sewer service	600,000	608,787	8,787
Penalty and interest	55,000	53,828	(1,172)
Tap connection and inspection fees	12,000	14,480	2,480
Investment income	350,000	309,217	(40,783)
Other income	-	16,977	16,977
	<u>3,402,000</u>	<u>3,396,095</u>	<u>(5,905)</u>
Total revenues			
Expenditures			
Service operations:			
Purchased services	1,420,000	1,647,564	(227,564)
Professional fees	187,000	204,506	(17,506)
Contracted services	107,500	98,596	8,904
Utilities	15,000	13,819	1,181
Repairs and maintenance	795,000	1,003,542	(208,542)
Other expenditures	175,300	156,527	18,773
Capital outlay	150,000	185,173	(35,173)
	<u>2,849,800</u>	<u>3,309,727</u>	<u>(459,927)</u>
Total expenditures			
Excess of Revenues Over Expenditures	552,200	86,368	(465,832)
Fund Balance, Beginning of Year	<u>5,389,498</u>	<u>5,389,498</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,941,698</u>	<u>\$ 5,475,866</u>	<u>\$ (465,832)</u>

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2024.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Supplementary Information

**Harris County Municipal Utility District No. 158
Other Schedules Included Within This Report
September 30, 2024**

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

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 11-20
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

**Harris County Municipal Utility District No. 158
 Schedule of Services and Rates
 Year Ended September 30, 2024**

1. Services provided by the District:

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

2. Retail service providers:

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

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

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	1,843	1,826	x1.0	1,826
1"	320	318	x2.5	795
1 1/2"	7	7	x5.0	35
2"	17	16	x8.0	128
3"	-	-	x15.0	-
4"	1	1	x25.0	25
6"	2	2	x50.0	100
8"	3	3	x80.0	240
10"	-	-	x115.0	-
Total water	2,193	2,173		3,149
Total wastewater	2,154	2,138	x1.0	2,138

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

Gallons pumped into the system:	181,929
Gallons billed to customers:	176,852
Water accountability ratio (gallons billed/gallons pumped):	97.21%

*"ESFC" means equivalent single-family connections

**Harris County Municipal Utility District No. 158
Schedule of General Fund Expenditures
Year Ended September 30, 2024**

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	25,000	
Legal		143,532	
Engineering		35,974	
Financial advisor		-	204,506
Purchased Services for Resale			
Bulk water and wastewater service purchases			1,647,564
Regional Water Fee			-
Contracted Services			
Bookkeeping		14,548	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		84,048	98,596
Utilities			13,819
Repairs and Maintenance			1,003,542
Administrative Expenditures			
Directors' fees		12,510	
Office supplies		99,511	
Insurance		18,435	
Other administrative expenditures		26,071	156,527
Capital Outlay			
Capitalized assets		185,173	
Expenditures not capitalized		-	185,173
Tap Connection Expenditures			-
Solid Waste Disposal			-
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
Total expenditures			<u>\$ 3,309,727</u>

Harris County Municipal Utility District No. 158
Schedule of Temporary Investments
September 30, 2024

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
General Fund				
Certificates of Deposit				
No. 45246	5.20%	03/23/25	\$ 98,000	\$ 237
No. 3300041051	5.18%	12/01/24	245,000	2,755
No. 4011904	2.25%	01/18/25	100,918	435
TexPool	4.98%	Demand	<u>5,373,104</u>	<u>-</u>
			<u>5,817,022</u>	<u>3,427</u>
Debt Service Fund				
Certificates of Deposit				
No. 7140041205	0.15%	08/10/25	245,000	17
No. 30009220	3.00%	12/05/25	84,363	1,449
No. 55401005	3.00%	02/26/25	97,028	200
No. 4011912	2.25%	01/20/25	100,918	423
TexPool	4.98%	Demand	<u>265,496</u>	<u>-</u>
			<u>792,805</u>	<u>2,089</u>
Capital Projects Fund				
TexPool	4.98%	Demand	<u>5,228,714</u>	<u>-</u>
Totals			<u>\$ 11,838,541</u>	<u>\$ 5,516</u>

Harris County Municipal Utility District No. 158
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2024

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
Receivable, Beginning of Year	\$ 43,211	\$ 57,771
Additions and corrections to prior years' taxes	<u>(384)</u>	<u>(1,495)</u>
Adjusted receivable, beginning of year	<u>42,827</u>	<u>56,276</u>
2023 Original Tax Levy	970,610	1,013,274
Additions and corrections	<u>98,810</u>	<u>103,154</u>
Adjusted tax levy	<u>1,069,420</u>	<u>1,116,428</u>
Total to be accounted for	1,112,247	1,172,704
Tax collections: Current year	(1,049,956)	(1,096,108)
Prior years	<u>(14,692)</u>	<u>(13,168)</u>
Receivable, end of year	<u>\$ 47,599</u>	<u>\$ 63,428</u>
Receivable, by Years		
2023	\$ 19,464	\$ 20,320
2022	7,962	5,539
2021	6,715	4,566
2020	4,534	3,264
2019	2,656	2,231
2018	1,204	3,712
2017	1,638	5,506
2016	1,469	4,634
2015	874	5,133
2014	895	4,699
2013	188	2,634
2012	-	381
2011	-	439
2010	-	320
2009	-	36
2008	-	4
2007	-	4
2006	<u>-</u>	<u>6</u>
Receivable, end of year	<u>\$ 47,599</u>	<u>\$ 63,428</u>

**Harris County Municipal Utility District No. 158
 Analysis of Taxes Levied and Receivable
 Year Ended September 30, 2024**

(Continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property Valuations				
Land	\$ 161,193,566	\$ 138,684,187	\$ 121,025,759	\$ 108,730,858
Improvements	524,948,496	460,452,645	373,112,611	358,847,572
Personal property	10,814,948	10,941,590	8,960,728	9,647,255
Exemptions	<u>(109,363,177)</u>	<u>(93,025,360)</u>	<u>(45,575,935)</u>	<u>(43,576,892)</u>
Total property valuations	<u>\$ 587,593,833</u>	<u>\$ 517,053,062</u>	<u>\$ 457,523,163</u>	<u>\$ 433,648,793</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.1900	\$ 0.1600	\$ 0.1700	\$ 0.1800
Maintenance tax rates*	<u>0.1820</u>	<u>0.2300</u>	<u>0.2500</u>	<u>0.2500</u>
Total tax rates per \$100 valuation	<u>\$ 0.3720</u>	<u>\$ 0.3900</u>	<u>\$ 0.4200</u>	<u>\$ 0.4300</u>
Tax Levy	<u>\$ 2,185,848</u>	<u>\$ 2,016,508</u>	<u>\$ 1,921,597</u>	<u>\$ 1,864,690</u>
Percent of Taxes Collected to Taxes Levied**	<u>98%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

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

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

**Harris County Municipal Utility District No. 158
 Schedule of Long-Term Debt Service Requirements by Years
 September 30, 2024**

Due During Fiscal Years Ending September 30	Series 2012		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 755,000	\$ 38,500	\$ 793,500
2026	785,000	19,625	804,625
Totals	<u>\$ 1,540,000</u>	<u>\$ 58,125</u>	<u>\$ 1,598,125</u>

**Harris County Municipal Utility District No. 158
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024**

(Continued)

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2016</u>		
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2025	\$ 95,000	\$ 66,132	\$ 161,132
2026	100,000	64,137	164,137
2027	105,000	61,936	166,936
2028	115,000	59,322	174,322
2029	120,000	56,436	176,436
2030	125,000	53,136	178,136
2031	130,000	49,700	179,700
2032	135,000	45,800	180,800
2033	145,000	41,750	186,750
2034	150,000	37,400	187,400
2035	160,000	32,900	192,900
2036	165,000	28,100	193,100
2037	175,000	23,150	198,150
2038	185,000	17,900	202,900
2039	195,000	12,350	207,350
2040	200,000	6,500	206,500
Totals	<u>\$ 2,300,000</u>	<u>\$ 656,649</u>	<u>\$ 2,956,649</u>

Harris County Municipal Utility District No. 158
 Schedule of Long-Term Debt Service Requirements by Years
 September 30, 2024

(Continued)

Due During Fiscal Years Ending September 30	Series 2023		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ -	\$ 259,812	\$ 259,812
2026	-	259,813	259,813
2027	110,000	259,812	369,812
2028	110,000	252,113	362,113
2029	110,000	244,412	354,412
2030	115,000	236,713	351,713
2031	120,000	228,662	348,662
2032	125,000	220,263	345,263
2033	125,000	212,137	337,137
2034	135,000	207,138	342,138
2035	135,000	201,737	336,737
2036	145,000	196,338	341,338
2037	145,000	190,537	335,537
2038	150,000	184,375	334,375
2039	150,000	178,000	328,000
2040	160,000	171,625	331,625
2041	375,000	164,825	539,825
2042	400,000	148,888	548,888
2043	420,000	131,387	551,387
2044	445,000	112,488	557,488
2045	465,000	92,462	557,462
2046	490,000	71,538	561,538
2047	520,000	49,487	569,487
2048	550,000	25,438	575,438
Totals	\$ 5,500,000	\$ 4,300,000	\$ 9,800,000

Harris County Municipal Utility District No. 158
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024

(Continued)

Due During Fiscal Years Ending September 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 850,000	\$ 364,444	\$ 1,214,444
2026	885,000	343,575	1,228,575
2027	215,000	321,748	536,748
2028	225,000	311,435	536,435
2029	230,000	300,848	530,848
2030	240,000	289,849	529,849
2031	250,000	278,362	528,362
2032	260,000	266,063	526,063
2033	270,000	253,887	523,887
2034	285,000	244,538	529,538
2035	295,000	234,637	529,637
2036	310,000	224,438	534,438
2037	320,000	213,687	533,687
2038	335,000	202,275	537,275
2039	345,000	190,350	535,350
2040	360,000	178,125	538,125
2041	375,000	164,825	539,825
2042	400,000	148,888	548,888
2043	420,000	131,387	551,387
2044	445,000	112,488	557,488
2045	465,000	92,462	557,462
2046	490,000	71,538	561,538
2047	520,000	49,487	569,487
2048	550,000	25,438	575,438
Totals	<u>\$ 9,340,000</u>	<u>\$ 5,014,774</u>	<u>\$ 14,354,774</u>

Harris County Municipal Utility District No. 158
Changes in Long-Term Bonded Debt
Year Ended September 30, 2024

	Bond Issues			Totals
	Series 2012	Series 2016	Series 2023	
Interest rates	2.50%	2.00% to 3.25%	4.00% to 7.00%	
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity dates	September 1, 2025/2026	September 1, 2025/2040	September 1, 2027/2048	
Bonds outstanding, beginning of current year	\$ 2,265,000	\$ 2,395,000	\$ -	\$ 4,660,000
Bonds sold during current year	-	-	5,500,000	5,500,000
Retirements, principal	725,000	95,000	-	820,000
Bonds outstanding, end of current year	<u>\$ 1,540,000</u>	<u>\$ 2,300,000</u>	<u>\$ 5,500,000</u>	<u>\$ 9,340,000</u>
Interest paid during current year	<u>\$ 56,625</u>	<u>\$ 68,032</u>	<u>\$ 205,685</u>	<u>\$ 330,342</u>

Paying agent's name and address:

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

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

Series 2023 - The Bank of New York Mellon Trust Company, N.A., Houston, Texas

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 33,700,000	\$ -	\$ 13,700,000
Amount issued	\$ 33,335,000	\$ -	\$ 12,054,047
Remaining to be issued	<u>\$ 365,000</u>	<u>\$ -</u>	<u>\$ 1,645,953</u>

Debt service fund cash and temporary investment balances as of September 30, 2024: \$ 863,532

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 598,116

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

	Amounts				
	2024	2023	2022	2021	2020
General Fund					
Revenues					
Property taxes	\$ 1,064,648	\$ 1,185,056	\$ 1,128,634	\$ 1,076,121	\$ 1,028,718
Water service	1,328,158	1,352,583	1,410,688	1,252,096	1,329,506
Sewer service	608,787	616,316	652,206	534,935	589,975
Penalty and interest	53,828	40,552	46,003	41,756	45,298
Tap connection and inspection fees	14,480	13,230	682,853	9,240	8,470
Investment income	309,217	305,527	43,206	3,951	32,637
Other income	16,977	25,423	25,006	25,644	20,418
Total revenues	3,396,095	3,538,687	3,988,596	2,943,743	3,055,022
Expenditures					
Service operations:					
Purchased services	1,647,564	1,465,029	1,399,327	1,168,673	1,268,105
Professional fees	204,506	165,501	180,656	162,362	172,060
Contracted services	98,596	107,328	96,755	101,649	96,743
Utilities	13,819	11,580	9,085	8,528	10,958
Repairs and maintenance	1,003,542	1,004,498	629,078	528,813	444,408
Other expenditures	156,527	145,117	127,139	112,082	111,200
Tap connections	-	-	201,640	900	900
Capital outlay	185,173	1,462,174	27,500	-	-
Total expenditures	3,309,727	4,361,227	2,671,180	2,083,007	2,104,374
Excess (Deficiency) of Revenues Over Expenditures	86,368	(822,540)	1,317,416	860,736	950,648
Fund Balance, Beginning of Year	5,389,498	6,212,038	4,894,622	4,033,886	3,083,238
Fund Balance, End of Year	\$ 5,475,866	\$ 5,389,498	\$ 6,212,038	\$ 4,894,622	\$ 4,033,886
Total Active Retail Water Connections	2,173	2,180	2,167	2,168	2,164
Total Active Retail Wastewater Connections	2,138	2,168	2,145	2,145	2,137

Percent of Fund Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
31.4 %	33.5 %	28.3 %	36.6 %	33.7 %
39.1	38.2	35.4	42.5	43.5
17.9	17.4	16.4	18.2	19.3
1.6	1.2	1.1	1.4	1.4
0.4	0.4	17.1	0.3	0.3
9.1	8.6	1.1	0.1	1.1
0.5	0.7	0.6	0.9	0.7
100.0	100.0	100.0	100.0	100.0
48.5	41.4	35.1	39.7	41.5
6.0	4.7	4.5	5.5	5.6
2.9	3.0	2.4	3.5	3.2
0.4	0.3	0.2	0.3	0.4
29.6	28.4	15.8	18.0	14.6
4.6	4.1	3.2	3.8	3.6
-	-	5.1	0.0	0.0
5.5	41.3	0.7	-	-
97.5	123.2	67.0	70.8	68.9
2.5 %	(23.2) %	33.0 %	29.2 %	31.1 %

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

	Amounts				
	2024	2023	2022	2021	2020
Debt Service Fund					
Revenues					
Property taxes	\$ 1,109,276	\$ 824,683	\$ 769,806	\$ 780,369	\$ 879,136
Penalty and interest	38,009	23,362	18,643	24,539	27,890
Investment income	55,042	44,106	7,958	1,348	17,999
Total revenues	<u>1,202,327</u>	<u>892,151</u>	<u>796,407</u>	<u>806,256</u>	<u>925,025</u>
Expenditures					
Current:					
Professional fees	8,880	7,678	4,860	6,533	8,326
Contracted services	48,742	44,649	44,124	43,491	43,994
Other expenditures	13,424	13,681	17,535	7,640	8,921
Debt service:					
Principal retirement	820,000	790,000	760,000	730,000	905,000
Interest and fees	332,742	143,458	157,908	176,506	203,730
Total expenditures	<u>1,223,788</u>	<u>999,466</u>	<u>984,427</u>	<u>964,170</u>	<u>1,169,971</u>
Deficiency of Revenues Over Expenditures	(21,461)	(107,315)	(188,020)	(157,914)	(244,946)
Fund Balance, Beginning of Year	<u>898,003</u>	<u>1,005,318</u>	<u>1,193,338</u>	<u>1,351,252</u>	<u>1,596,198</u>
Fund Balance, End of Year	<u>\$ 876,542</u>	<u>\$ 898,003</u>	<u>\$ 1,005,318</u>	<u>\$ 1,193,338</u>	<u>\$ 1,351,252</u>

Percent of Fund Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
92.2 %	92.4 %	96.7 %	96.8 %	95.0 %
3.2	2.6	2.3	3.0	3.0
4.6	5.0	1.0	0.2	2.0
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.7	0.9	0.6	0.8	0.9
4.1	5.0	5.6	5.4	4.8
1.1	1.5	2.2	1.0	1.0
68.2	88.5	95.4	90.5	97.8
27.7	16.1	19.8	21.9	22.0
<u>101.8</u>	<u>112.0</u>	<u>123.6</u>	<u>119.6</u>	<u>126.5</u>
<u>(1.8) %</u>	<u>(12.0) %</u>	<u>(23.6) %</u>	<u>(19.6) %</u>	<u>(26.5) %</u>

**Harris County Municipal Utility District No. 158
Board Members, Key Personnel and Consultants
Year Ended September 30, 2024**

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

<u>Board Members</u>	<u>Term of Office Elected & Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
Robert S. Lewis	Elected 05/24- 05/28	\$ 2,652	\$ 160	President
Tony Pilegge	Elected 05/22- 05/26	3,094	214	Secretary
Paul Daigle, Jr.	Elected 05/24- 05/28	2,431	-	Director
R. Ladd Johnson	Elected 05/22- 05/26	2,431	559	Director
Wayne McLemore	Elected 05/24- 08/24	1,902	-	Resigned

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

**Harris County Municipal Utility District No. 158
Board Members, Key Personnel and Consultants
Year Ended September 30, 2024**

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Bob Leared Interests	04/11/78	\$ 41,588	Tax Assessor/ Collector
EHRA Engineering, Inc.	10/29/04	164,899	Engineer
Forvis Mazars, LLP	10/17/85	27,500	Auditor
Gordon & Gordon	05/27/83	8,880	Delinquent Tax Attorney
Harris Central Appraisal District	Legislative Action	18,805	Appraiser
Municipal Business Services, Inc.	Prior to 10/01/82	16,048	Bookkeeper
Municipal Operations & Consulting, Inc.	04/15/11	1,185,270	Operator
RBC Capital Markets, LLC	07/18/03	112,300	Financial Advisor
Smith, Murdaugh, Little & Bonham, L.L.P.	03/13/78	287,791	Attorney
Investment Officer			
Robert L. Ideus	09/15/95	N/A	Bookkeeper