



Harris County Municipal Utility District No. 358 Harris County, Texas

Independent Auditor's Report and Financial Statements

December 31, 2023



Harris County Municipal Utility District No. 358
December 31, 2023

Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Statement of Net Position	12
Statement of Activities	14
Balance Sheet – Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Statement of Net Position – Proprietary Fund	17
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	18
Statement of Cash Flows – Proprietary Fund	19
Notes to Financial Statements	20
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	36
Notes to Required Supplementary Information	37
Supplementary Information	
Other Schedules Included Within This Report	38
Schedule of Services and Rates	39
Schedule of General Fund Expenditures	40
Schedule of Temporary Investments	41
Analysis of Taxes Levied and Receivable	42
Schedule of Long-Term Debt Service Requirements by Years	44
Changes in Long-Term Bonded Debt	49
Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years	50
Board Members, Key Personnel and Consultants	52



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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 358
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of Harris County Municipal Utility District No. 358 (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

FORVIS, LLP

Houston, Texas
May 8, 2024

Harris County Municipal Utility District No. 358

Management's Discussion and Analysis

December 31, 2023

Overview of the Financial Statements

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

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.

Harris County Municipal Utility District No. 358

Management's Discussion and Analysis (Continued)

December 31, 2023

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.

Proprietary Funds

Proprietary funds, in general, charge customers for the services that are provided. These funds use a long-term financial accounting approach, full accrual basis and provide additional information in the statement of cash flows. The proprietary fund statements provide the same information as the business-type activities portion of the government-wide financial statements, only in more detail.

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.

Harris County Municipal Utility District No. 358
Management's Discussion and Analysis (Continued)
December 31, 2023

2023 Summary of Net Position

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 14,801,359	\$ 5,770,499	\$ 20,571,858
Capital assets	2,066,136	29,234,497	31,300,633
Total assets	16,867,495	35,004,996	51,872,491
Deferred outflows of resources	520,856	-	520,856
Total assets and deferred outflows of resources	\$ 17,388,351	\$ 35,004,996	\$ 52,393,347
Long-term liabilities	\$ 10,102,039	\$ -	\$ 10,102,039
Other liabilities	1,566,798	2,051,524	3,618,322
Total liabilities	11,668,837	2,051,524	13,720,361
Deferred inflows of resources	2,848,825	-	2,848,825
Net position:			
Net investment in capital assets	(7,515,047)	29,068,359	21,553,312
Restricted	1,518,683	-	1,518,683
Unrestricted	8,867,053	3,885,113	12,752,166
Total net position	\$ 2,870,689	\$ 32,953,472	\$ 35,824,161

2022 Summary of Net Position

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 12,770,804	\$ 6,373,288	\$ 19,144,092
Capital assets	2,068,620	29,213,154	31,281,774
Total assets	14,839,424	35,586,442	50,425,866
Deferred outflows of resources	563,926	-	563,926
Total assets and deferred outflows of resources	\$ 15,403,350	\$ 35,586,442	\$ 50,989,792
Long-term liabilities	\$ 10,933,262	\$ -	\$ 10,933,262
Other liabilities	1,484,539	1,435,024	2,919,563
Total liabilities	12,417,801	1,435,024	13,852,825
Deferred inflows of resources	2,687,972	-	2,687,972
Net position:			
Net investment in capital assets	(8,300,716)	29,213,154	20,912,438
Restricted	1,555,471	-	1,555,471
Unrestricted	7,042,822	4,938,264	11,981,086
Total net position	\$ 297,577	\$ 34,151,418	\$ 34,448,995

Harris County Municipal Utility District No. 358

Management's Discussion and Analysis (Continued)

December 31, 2023

The net position of the District's governmental activities increased by \$2,573,112, or about 865%. The majority of the increase in net position is due to the City of Houston (the City) rebate revenue in excess of contractual economic development payments, maintenance tax and service revenues in excess of service operation expenses and 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.

The net position of the District's business-type activities decreased by \$1,197,946, or about 4%. The majority of the decrease in net position is related to depreciation expense on the capital assets of the business-type activities. 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.

2023 Summary of Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Program revenues:			
Charges for services	\$ 1,267,369	\$ 6,854,807	\$ 8,122,176
City of Houston rebates	2,855,453	-	2,855,453
General revenues:			
Property taxes	2,517,441	-	2,517,441
Other revenues	512,881	677,711	1,190,592
Total revenues	<u>7,153,144</u>	<u>7,532,518</u>	<u>14,685,662</u>
Expenses:			
Services	1,394,995	7,403,017	8,798,012
Depreciation	2,484	1,327,447	1,329,931
Debt service, interest and fees	469,872	-	469,872
Economic development payment	2,712,681	-	2,712,681
Total expenses	<u>4,580,032</u>	<u>8,730,464</u>	<u>13,310,496</u>
Change in net position	2,573,112	(1,197,946)	1,375,166
Net position, beginning of year	<u>297,577</u>	<u>34,151,418</u>	<u>34,448,995</u>
Net position, end of year	<u><u>\$ 2,870,689</u></u>	<u><u>\$ 32,953,472</u></u>	<u><u>\$ 35,824,161</u></u>

Harris County Municipal Utility District No. 358
Management's Discussion and Analysis (Continued)
December 31, 2023

2022 Summary of Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Program revenues:			
Charges for services	\$ 1,089,352	\$ 7,442,450	\$ 8,531,802
City of Houston rebates	2,772,330	-	2,772,330
General revenues:			
Property taxes	2,312,315	-	2,312,315
Other revenues	118,585	372,726	491,311
Total revenues	<u>6,292,582</u>	<u>7,815,176</u>	<u>14,107,758</u>
Expenses:			
Services	1,400,683	7,807,527	9,208,210
Depreciation	2,484	1,204,605	1,207,089
Debt service, interest and fees	493,313	-	493,313
Economic development payment	2,633,714	-	2,633,714
Total expenses	<u>4,530,194</u>	<u>9,012,132</u>	<u>13,542,326</u>
Change in net position	1,762,388	(1,196,956)	565,432
Net position, beginning of year, as restated	<u>(1,464,811)</u>	<u>35,348,374</u>	<u>33,883,563</u>
Net position, end of year	<u>\$ 297,577</u>	<u>\$ 34,151,418</u>	<u>\$ 34,448,995</u>

Financial Analysis of the District's Funds

Governmental Activities

The general fund's fund balance increased by \$1,824,967, primarily due to property taxes and service revenues and investment income exceeding service operation expenditures, City rebate revenues exceeding the related economic development expenditures, and tap connection and inspection fees revenues exceeding the related tap connection expenditures.

The debt service fund's fund balance decreased by \$28,458 because bond principal and interest requirements exceeded property tax revenues and investment income.

Business-Type Activities

The enterprise fund's net position decreased by \$1,197,946, primarily due to depreciation expense on the capital assets of the business-type activities.

Harris County Municipal Utility District No. 358

Management's Discussion and Analysis (Continued)

December 31, 2023

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 the City rebate revenues being recorded at gross, while the District budgets their amount after the economic development expenditure. The economic development payment is shown as an expenditure, which is not separately budgeted for. In addition, tap connection and inspection fee revenues and investment income were greater than anticipated and other expenditures were less than anticipated. Also, budgeted capital outlay expenditures were not incurred and tap connection expenditures incurred were not budgeted. The fund balance as of December 31, 2023, was expected to be \$7,806,215, and the actual end-of-year fund balance was \$8,835,416.

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:

	<u>Capital Assets (Net of Accumulated Depreciation)</u>	
	<u>2023</u>	<u>2022</u>
<u>Governmental Activities</u>		
Land and improvements	\$ 1,994,095	\$ 1,994,095
Wastewater facilities	72,041	74,525
Total capital assets	<u>\$ 2,066,136</u>	<u>\$ 2,068,620</u>
<u>Business-Type Activities</u>		
Land and improvements	\$ 8,484,129	\$ 8,484,129
Construction in progress	214,606	1,009,301
Water facilities	13,794,120	13,098,147
Wastewater facilities	6,741,642	6,621,577
Total capital assets	<u>\$ 29,234,497</u>	<u>\$ 29,213,154</u>

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

Business-Type Activities

Construction in progress related to wastewater treatment plant electrical upgrades and water plant No. 2 booster pump replacement	\$ 214,606
Water plant No. 1 and No. 2 rehabilitation	104,814
Water well No. 1 rehabilitation	360,908
Offsite water well and wastewater treatment plant fence replacement	258,702

Harris County Municipal Utility District No. 358

Management's Discussion and Analysis (Continued)

December 31, 2023

Replacement of four lift pumps	\$ 233,614
Replacement of blower Nos. 2-5 and RAS pump No. 3	102,599
Fencing at elevated storage tank	54,627
Autosampler and soft start on Well No. 3	<u>18,920</u>
Total additions to capital assets	<u><u>\$ 1,348,790</u></u>

Debt

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

	Governmental Activities	Business-Type Activities	Total
Long-term debt payable, beginning of year	\$ 10,933,262	\$ -	\$ 10,933,262
Decreases in long-term debt	<u>(831,223)</u>	<u>-</u>	<u>(831,223)</u>
Long-term debt payable, end of year	<u><u>\$ 10,102,039</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,102,039</u></u>

At December 31, 2023, the internal district had \$21,460,000 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 "A3" from Moody's Investors Service.

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, 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, except as set forth below.

Effective March 2007, the District entered into a Strategic Partnership Agreement (the Agreement) with the City, which annexed certain portions of the District into the City for "limited purposes," as described therein. Under the terms of the Agreement, the City has agreed it will not annex the District as a whole for full purposes for 30 years, at which time the City has the option to annex the District if it chooses to do so.

Harris County Municipal Utility District No. 358
Management's Discussion and Analysis (Continued)
December 31, 2023

Contingencies

Governmental Activities

Effective December 1, 2006, and as amended from time to time, the District and CPG Houston Holdings, L.P., entered into an Economic Development Agreement (ED Agreement), whereby the District will make economic development incentive payments to the developer to promote local economic development and stimulate business and commercial activity in the District. The District is to remit payments to the developer from the sales taxes received from the agreement with the City up to a maximum amount of \$67,650,000, subject to further provisions of the ED Agreement. During the current year, the District recorded \$2,712,681 in expense related to the ED Agreement. As of December 31, 2023, the District has paid CPG Houston Holdings, L.P., a total of \$26,078,875.

Subsequent Event

On March 4, 2024, the District consented to that certain Assignment, Assumption and Consent Agreement between Wells Fargo Bank, N.A. and Computershare Trust Company, N.A. (Computershare), appointing Computershare as the District's new paying agent/registrars for the District's Unlimited Tax Bonds, Series 2011.

Harris County Municipal Utility District No. 358

Statement of Net Position

December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 11,006,660	\$ 5,165,483	\$ 16,172,143
Receivables:			
Property taxes	2,575,205	-	2,575,205
Service accounts	139,549	-	139,549
Regional participants	-	605,016	605,016
City of Houston rebates	895,296	-	895,296
Accrued penalty and interest	8,565	-	8,565
Accrued interest	-	-	-
Due from other districts	171,400	-	171,400
Prepaid expenses	4,684	-	4,684
Total current assets	14,801,359	5,770,499	20,571,858
Noncurrent Assets			
Capital assets, net:			
Infrastructure	72,041	20,535,762	20,607,803
Construction in progress	-	214,606	214,606
Land and improvements	1,994,095	8,484,129	10,478,224
Total noncurrent assets	2,066,136	29,234,497	31,300,633
Total assets	16,867,495	35,004,996	51,872,491
Deferred Outflows of Resources			
Deferred amounts on debt refundings	520,856	-	520,856
Total assets and deferred outflows of resources	\$ 17,388,351	\$ 35,004,996	\$ 52,393,347

Harris County Municipal Utility District No. 358
Statement of Net Position (Continued)
December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ 1,388,436	\$ 683,595	\$ 2,072,031
Accrued interest payable	66,061	-	66,061
Due to others districts	44,746	-	44,746
Retainage payable	-	17,929	17,929
Long-term liabilities, current portion	845,000	-	845,000
Total current liabilities	2,344,243	701,524	3,045,767
Noncurrent Liabilities			
Customer deposits	67,555	-	67,555
Deposits from participants	-	1,350,000	1,350,000
Long-term liabilities, net	9,257,039	-	9,257,039
Total noncurrent liabilities	9,324,594	1,350,000	10,674,594
Total liabilities	11,668,837	2,051,524	13,720,361
Deferred Inflows of Resources			
Deferred property tax revenues	2,848,825	-	2,848,825
Net Position			
Net investment in capital assets	(7,515,047)	29,068,359	21,553,312
Restricted for debt service	1,518,683	-	1,518,683
Unrestricted	8,867,053	3,885,113	12,752,166
Total net position	2,870,689	32,953,472	35,824,161
Total liabilities, deferred inflows of resources and net position	\$ 17,388,351	\$ 35,004,996	\$ 52,393,347

Harris County Municipal Utility District No. 358

Statement of Activities

Year Ended December 31, 2023

	Net Revenue (Expense) and Changes in Net Position				
	Expenses	Program Revenues Charges for Services	Primary Government		Total
			Governmental Activities	Business-Type Activities	
Government/Programs					
Primary Government					
Governmental activities:					
Service operations	\$ 1,394,995	\$ 1,267,369	\$ (127,626)	\$ -	\$ (127,626)
Depreciation	2,484	-	(2,484)	-	(2,484)
Debt service, interest and fees	469,872	-	(469,872)	-	(469,872)
Economic development	2,712,681	2,855,453	142,772	-	142,772
Total governmental activities	4,580,032	4,122,822	(457,210)	-	(457,210)
Business-type activities:					
Regional service operations	7,403,017	6,854,807	-	(548,210)	(548,210)
Depreciation	1,327,447	-	-	(1,327,447)	(1,327,447)
Total business-type activities	8,730,464	6,854,807	-	(1,875,657)	(1,875,657)
Total primary government	\$ 13,310,496	\$ 10,977,629	(457,210)	(1,875,657)	(2,332,867)
General Revenues					
Property taxes			2,517,441	-	2,517,441
Investment income			512,881	237,261	750,142
Other			-	440,450	440,450
Total general revenues			3,030,322	677,711	3,708,033
Change in Net Position			2,573,112	(1,197,946)	1,375,166
Net Position, Beginning of Year			297,577	34,151,418	34,448,995
Net Position, End of Year			\$ 2,870,689	\$ 32,953,472	\$ 35,824,161

Harris County Municipal Utility District No. 358
Balance Sheets – Governmental Funds
December 31, 2023

	General Fund	Debt Service Fund	Total
Assets			
Cash	\$ 485,092	\$ 304,265	\$ 789,357
Short-term investments	8,697,099	1,520,204	10,217,303
Receivables:			
Property taxes	1,433,592	1,141,613	2,575,205
Service accounts	139,549	-	139,549
City of Houston rebates	484,672	-	484,672
Interfund receivable	126,502	-	126,502
Due from other districts	171,400	-	171,400
Prepaid expenditures	4,684	-	4,684
	<u>11,542,590</u>	<u>2,966,082</u>	<u>14,508,672</u>
Total assets	<u>\$ 11,542,590</u>	<u>\$ 2,966,082</u>	<u>\$ 14,508,672</u>
Liabilities			
Accounts payable	\$ 995,898	\$ 2,445	\$ 998,343
Customer deposits	67,555	-	67,555
Due to other districts	44,746	-	44,746
Interfund payable	-	126,502	126,502
	<u>1,108,199</u>	<u>128,947</u>	<u>1,237,146</u>
Total liabilities	<u>1,108,199</u>	<u>128,947</u>	<u>1,237,146</u>
Deferred Inflows of Resources			
Deferred property tax revenues	<u>1,598,975</u>	<u>1,272,947</u>	<u>2,871,922</u>
Fund Balances			
Fund balances:			
Nonspendable, prepaid expenditures	4,684	-	4,684
Restricted, unlimited tax bonds	-	1,564,188	1,564,188
Assigned, operating reserve	171,400	-	171,400
Unassigned	8,659,332	-	8,659,332
	<u>8,835,416</u>	<u>1,564,188</u>	<u>10,399,604</u>
Total fund balances	<u>8,835,416</u>	<u>1,564,188</u>	<u>10,399,604</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,542,590</u>	<u>\$ 2,966,082</u>	<u>\$ 14,508,672</u>

Harris County Municipal Utility District No. 358

Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

Year Ended December 31, 2023

	General Fund	Debt Service Fund	Total
Revenues			
Property taxes	\$ 1,365,646	\$ 1,159,544	\$ 2,525,190
City of Houston rebates	2,840,662	-	2,840,662
Water service	469,760	-	469,760
Sewer service	56,538	-	56,538
Regional water fee	389,557	-	389,557
Penalty and interest	11,998	12,551	24,549
Tap connection and inspection fees	333,353	-	333,353
Investment income	408,538	104,343	512,881
	<hr/>	<hr/>	<hr/>
Total revenues	5,876,052	1,276,438	7,152,490
	<hr/>	<hr/>	<hr/>
Expenditures			
Service operations:			
Purchased services	237,145	-	237,145
Regional water fee	398,507	-	398,507
Professional fees	119,913	2,260	122,173
Contracted services	319,302	29,097	348,399
Repairs and maintenance	90,681	-	90,681
Other expenditures	83,339	11,182	94,521
Tap connections	103,569	-	103,569
Economic development	2,698,629	-	2,698,629
Debt service:			
Principal retirement	-	840,000	840,000
Interest and fees	-	422,357	422,357
	<hr/>	<hr/>	<hr/>
Total expenditures	4,051,085	1,304,896	5,355,981
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	1,824,967	(28,458)	1,796,509
	<hr/>	<hr/>	<hr/>
Fund Balances			
Beginning of year	7,010,449	1,592,646	8,603,095
	<hr/>	<hr/>	<hr/>
End of year	\$ 8,835,416	\$ 1,564,188	\$ 10,399,604
	<hr/>	<hr/>	<hr/>

Harris County Municipal Utility District No. 358

Statement of Net Position – Proprietary Fund

December 31, 2023

	Business-Type Activities – Enterprise Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 771,511
Short-term investments	4,393,972
Due from regional participants	605,016
Total current assets	5,770,499
Capital Assets	
Infrastructure, net of accumulated depreciation of \$20,456,744	20,535,762
Construction in progress	214,606
Land and improvements	8,484,129
Total capital assets	29,234,497
Total assets	\$ 35,004,996
Liabilities and Net Position	
Current Liabilities	
Accounts payable	\$ 683,595
Deposit from participants	1,350,000
Retainage payable	17,929
Total current liabilities	2,051,524
Net Position	
Net investment in capital assets	29,068,359
Unrestricted	3,885,113
Total net position	32,953,472
Total liabilities and net position	\$ 35,004,996

Harris County Municipal Utility District No. 358

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund

Year Ended December 31, 2023

	Business-Type Activities – Enterprise Fund
Operating Revenues	
Charges for services	<u>\$ 6,854,807</u>
Operating Expenses	
Regional water fee	4,311,162
Professional fees	147,148
Contracted services	202,167
Utilities	426,089
Repairs and maintenance	2,199,726
Depreciation	1,327,447
Other expenditures	<u>116,725</u>
Total operating expenses	<u>8,730,464</u>
Operating Loss	<u>(1,875,657)</u>
Nonoperating Income	
Investment income	237,261
Other	<u>440,450</u>
Total nonoperating income	<u>677,711</u>
Change in Net Position	<u>(1,197,946)</u>
Net Position, Beginning of Year	<u>34,151,418</u>
Net Position, End of Year	<u><u>\$ 32,953,472</u></u>

Harris County Municipal Utility District No. 358
Statement of Cash Flows – Proprietary Fund
Year Ended December 31, 2023

	Business-Type Activities – Enterprise Fund
Operating Activities	
Receipts from participant charges	\$ 6,943,129
Other receipts	550,000
Payments for service operations	<u>(7,268,809)</u>
Net cash provided by operating activities	<u>224,320</u>
Capital and Related Financing Activity	
Purchase of capital assets	<u>(1,416,498)</u>
Investing Activity	
Investment and other income	<u>677,711</u>
Net Change in Cash and Cash Equivalents	(514,467)
Cash and Cash Equivalents, Beginning of Year	<u>5,679,950</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 5,165,483</u></u>
Per Statement of Net Position	
Cash and cash equivalents	\$ 771,511
Short-term investments	<u>4,393,972</u>
	<u><u>\$ 5,165,483</u></u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (1,875,657)
Adjustment to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	1,327,447
Changes in assets and liabilities:	
Receivables, net	88,322
Accounts payable	134,208
Deposits from participants	<u>550,000</u>
Net cash provided by operating activities	<u><u>\$ 224,320</u></u>

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

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

Harris County Municipal Utility District No. 358 (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective March 17, 1993, in accordance with the Texas Water Code, Chapter 54. The Board of Directors (the Board) held its first meeting on March 17, 1993. 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 also serves as the "Regional District" as discussed in Note 8 to the financial statements.

The District is governed by a Board consisting of five individuals who are residents and qualified voters or owners of taxable 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

The statement of net position and the statement of activities display information about the District as a whole. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through intergovernmental revenues and reimbursements from participants. Business-type activities are financed by fees charged to external parties for goods or services.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations.

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as investment earnings, are presented as general revenues.

Fund Financial Statements

Fund financial statements of the District are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into two categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or if it meets certain other criteria.

Governmental Funds

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.

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.

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

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.

Proprietary Fund

The enterprise fund accounts for the operations of the regional facilities. These facilities provide water supply and delivery, wastewater collection, treatment and disposal facilities to participants.

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

In the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus, as defined in item (b) below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used as appropriate:

- (a) All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- (b) The proprietary funds utilize an 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 (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

Basis of Accounting

All governmental funds use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (*i.e.*, when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

All primary sources of the District's revenue are susceptible to accrual. Examples of revenues accrued are taxes, fees for services, charges to participants based on cost-reimbursement contracts and earnings from investments.

Unearned revenue is recorded when the potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received before earned.

Expenditures and liabilities are recognized when the related fund obligations are incurred as a result of receipt of goods and services.

All proprietary funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services, along with penalties and fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

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.

Cash and Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023, cash equivalents consisted primarily of certificates of deposit and pooled investment accounts.

Investments and Investment Income

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

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

Property Taxes

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

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2022 on the 2022 levy.

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 December 31, 2023, the tax levied in October 2023 is recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ending December 31, 2024. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Capital assets of proprietary funds are reported in both the government-wide and fund financial statements. All other capital assets of the governmental unit are general capital assets. They are not reported as assets in governmental funds, but are reported in the governmental activities column in the government-wide statement of net position.

Capital assets are recorded at historical cost and depreciated over their estimated useful lives unless they are inexhaustible, such as land. Depreciation expense is reported in the government-wide statement of activities, and the proprietary fund statement of revenues, expenses and changes in net position.

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

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

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.

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.	\$ 2,066,136
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	23,097
Sales tax rebates collected more than 60 days subsequent to year-end are not receivable in the current period and are not reportable in the funds.	410,624

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	\$ 8,565
Amounts due to others that are not payable in the current period are not reported in the funds.	(390,093)
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	520,856
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(66,061)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(10,102,039)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (7,528,915)</u></u>

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

Change in fund balances.	\$ 1,796,509
Governmental funds report capital outlays 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 of depreciation expense in the current period.	(2,484)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	840,000
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.	654
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>(61,567)</u>
Change in net position of governmental activities.	<u><u>\$ 2,573,112</u></u>

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

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 December 31, 2023, 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 and TexSTAR, external investment pools that are not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. A Board of Directors, made up of participants and representatives of the administrator and investment manager, has oversight of TexSTAR. The District's investments may be redeemed at any time. The District's investments in TexPool and TexSTAR are reported at amortized cost.

At December 31, 2023, the District had the following investments and maturities.

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

Governmental Activities	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 3,536,419	\$ 3,536,419	\$ -	\$ -	\$ -
TexSTAR	6,680,884	6,680,884	-	-	-
Totals	<u>\$ 10,217,303</u>	<u>\$ 10,217,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Business-Type Activities	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 2,350,638	\$ 2,350,638	\$ -	\$ -	\$ -
TexSTAR	2,043,334	2,043,334	-	-	-
Totals	<u>\$ 4,393,972</u>	<u>\$ 4,393,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 investments in the external investment pools are presented as investments with a maturity of less than one year because they are 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 December 31, 2023, the District's investments in TexPool and TexSTAR were rated "AAAm" by Standard & Poor's.

Investment Income

Investment income of \$512,881 in the governmental activities and \$237,261 in the business-type activities for the year ended December 31, 2023, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2023, is presented below.

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

Governmental Activities	Balances, Beginning of Year	Additions	Reclassi- fications	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	\$ 1,994,095	\$ -	\$ -	\$ 1,994,095
Capital assets, depreciable:				
Wastewater collection and treatment facilities	107,365	-	-	107,365
Less accumulated depreciation:				
Wastewater collection and treatment facilities	(32,840)	(2,484)	-	(35,324)
Total governmental activities, net	<u>\$ 2,068,620</u>	<u>\$ (2,484)</u>	<u>\$ -</u>	<u>\$ 2,066,136</u>
Business-Type Activities	Balances, Beginning of Year	Additions	Reclassi- fications	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	\$ 8,484,129	\$ -	\$ -	\$ 8,484,129
Construction in progress	1,009,301	214,606	(1,009,301)	214,606
Total capital assets, non-depreciable	<u>9,493,430</u>	<u>214,606</u>	<u>(1,009,301)</u>	<u>8,698,735</u>
Capital assets, depreciable:				
Water production and distribution facilities	25,072,048	555,400	1,009,301	26,636,749
Wastewater collection and treatment facilities	13,776,973	578,784	-	14,355,757
Total capital assets, depreciable	<u>38,849,021</u>	<u>1,134,184</u>	<u>1,009,301</u>	<u>40,992,506</u>
Less accumulated depreciation:				
Water production and distribution facilities	(11,973,901)	(868,728)	-	(12,842,629)
Wastewater collection and treatment facilities	(7,155,396)	(458,719)	-	(7,614,115)
Total accumulated depreciation	<u>(19,129,297)</u>	<u>(1,327,447)</u>	<u>-</u>	<u>(20,456,744)</u>
Total business-type activities, net	<u>\$ 29,213,154</u>	<u>\$ 21,343</u>	<u>\$ -</u>	<u>\$ 29,234,497</u>

Note 4: Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2023, were as follows.

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
General obligation bonds	\$ 11,065,000	\$ 840,000	\$ 10,225,000	\$ 845,000
Less discounts on bonds	160,540	10,977	149,563	-
Add premiums on bonds	28,802	2,200	26,602	-
Total governmental activities long-term liabilities	<u>\$ 10,933,262</u>	<u>\$ 831,223</u>	<u>\$ 10,102,039</u>	<u>\$ 845,000</u>

Governmental Activities

General Obligation Bonds

	Series 2011	Series 2013
Amounts outstanding, December 31, 2023	\$875,000	\$2,890,000
Interest rates	4.60% to 5.10%	3.50% to 5.00%
Maturity dates, serially beginning/ending	November 1, 2024/2028	November 1, 2024/2035
Interest payment dates	May 1/November 1	May 1/November 1
Callable dates*	November 1, 2019	November 1, 2021
	Series 2014	Refunding Series 2016
Amounts outstanding, December 31, 2023	\$2,480,000	\$3,980,000
Interest rates	3.000% to 4.125%	2.00% to 4.00%
Maturity dates, serially beginning/ending	November 1, 2024/2037	November 1, 2024/2033
Interest payment dates	May 1/November 1	May 1/November 1
Callable dates*	November 1, 2022	November 1, 2024

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

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at December 31, 2023:

Year	Principal	Interest	Total
2024	\$ 845,000	\$ 396,368	\$ 1,241,368
2025	860,000	368,782	1,228,782
2026	865,000	340,244	1,205,244
2027	875,000	310,000	1,185,000
2028	890,000	273,388	1,163,388
2029-2033	3,935,000	902,589	4,837,589
2034-2037	1,955,000	168,801	2,123,801
Total	<u>\$ 10,225,000</u>	<u>\$ 2,760,172</u>	<u>\$ 12,985,172</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	\$ 41,000,000
Bonds sold	19,540,000

Note 5: Significant Bond Resolution and Commission Requirements

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended December 31, 2023, the District levied an ad valorem debt service tax at the rate of \$0.2700 per \$100 of assessed valuation, which resulted in a tax levy of \$1,260,955 on the taxable valuation of \$467,020,499 for the 2023 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$1,241,368.

Note 6: Maintenance Taxes

At an election held May 1, 1993, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended December 31, 2023, the District levied an ad valorem maintenance tax at the rate of \$0.3400 per \$100 of assessed valuation, which resulted in a tax levy of \$1,587,870 on the taxable valuation of \$467,020,499 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

Note 7: Regional Water Authority

The District is within the boundaries of the North Harris County Regional Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of December 31, 2023, the Authority was billing the District \$3.60 per 1,000 gallons of water pumped from its wells. This amount is subject to future adjustment.

Note 8: Agreements With Other Districts

Contracts

As of March 1, 1992, the District entered into a regional contract with Harris County Municipal Utility District No. 322 (District No. 322) and Harris County Municipal Utility District No. 354 (District No. 354). In 2003, Harris County Municipal Utility District No. 396 (District No. 396) and Harris County Municipal Utility District No. 397 (District No. 397) also entered into the regional contract. Under the terms of the contract, the District serves as the "Regional District" and provides or causes to be provided the regional water supply and delivery facilities, the regional waste collection, treatment and disposal facilities, and the regional detention facilities necessary to serve the District, District No. 322, District No. 354, District No. 396 and District No. 397. Under the terms of the regional contract, which is in effect through February 29, 2032, the Regional District establishes annually an operating charge per 1,000 gallons of water usage, which is billed to the participants on a monthly basis to fund operation and maintenance costs of the regional facilities.

Connection Charges

Under the terms of the regional contract, the District collects connection charges from the participating districts in order to obtain funds to finance capital costs of the regional facilities. The connection charge per equivalent single-family connection is currently \$7,775, effective August 18, 1998. Connection charge activity since inception is as follows:

	Number of Connections	Value
District No. 322:		
Cash	1,329	\$ 9,507,722
Construction credits	345	2,381,328
	1,674	11,889,050
The District, cash	2,292	16,232,450
District No. 354, cash	2,232	16,941,675
District No. 396, cash	1,082	8,412,550
District No. 397, cash	1,501	11,670,275
	8,781	\$ 65,146,000

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

In addition, the District is authorized, under certain circumstances, to issue contract revenue bonds sufficient to complete acquisition and construction of the regional facilities, as needed, to serve all districts in the service area. Subject to approval by the voters within the participating districts, the participating districts would contribute to the debt service requirements of such contract revenue bonds.

Operations

The participating districts have agreed to pay costs of operation and maintenance of the regional facilities determined by the monthly usage of water. For the year ended December 31, 2023, the Regional District charged the participating districts a monthly charge of \$2.50 per thousand gallons of water used.

The terms of the agreement provide for the establishment of an operating reserve consisting of at least three months' estimated operation and maintenance costs for the system. Equity of \$(526,396) which is comprised of excess expenditures without consideration of depreciation, had been accumulated as of December 31, 2023.

Transactions for the current year are summarized below:

	District No. 322	District No. 354	The District	District No. 396	District No. 397	Total
Receivables, beginning of year	\$ 142,064	\$ 204,176	\$ 82,384	\$ 119,228	\$ 145,486	\$ 693,338
Current year billings	1,472,961	2,020,712	635,651	1,307,366	1,418,117	6,854,807
Current collections, net	(1,497,669)	(2,043,107)	(644,301)	(1,316,262)	(1,441,790)	(6,943,129)
Receivables, end of year	<u>\$ 117,356</u>	<u>\$ 181,781</u>	<u>\$ 73,734</u>	<u>\$ 110,332</u>	<u>\$ 121,813</u>	<u>\$ 605,016</u>

Note 9: Strategic Partnership Agreement

Effective March 2007, the District and the City entered into a Strategic Partnership Agreement (the Agreement) under which the City annexed a tract of land (the tract) within the boundaries of the District for limited purposes. The District continues to exercise all powers and functions of a municipal utility district, as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments and the services provided by the City, the District agrees to continue to provide and develop water, sewer and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 30 years. During the current year, the District recorded \$2,855,453 in revenues related to the Agreement.

Harris County Municipal Utility District No. 358

Notes to Financial Statements

December 31, 2023

Note 10: 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 participates along with other entities in the Texas Municipal League's Intergovernmental Risk Pool (the Pool). The Pool purchases commercial insurance at group rates for participants in the Pool. The District has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Note 11: Economic Development Agreement

Effective December 1, 2006, and as amended from time to time, the District and CPG Houston Holdings, L.P., entered into an Economic Development Agreement (ED Agreement), whereby the District will make economic development incentive grant payments to the developer to promote local economic development and stimulate business and commercial activity in the District. The District is to remit payments to the developer of 95% of the sales tax rebates received from the Agreement with the City up to a maximum amount of \$67,650,000, subject to further provisions of the ED Agreement. During the current year, the District recorded \$2,712,681 in expense related to the ED Agreement. As of December 31, 2023, the District has paid CPG Houston Holdings, L.P. a total of \$26,078,875.

Note 12: Subsequent Event

On March 4, 2024, the District consented to that certain Assignment, Assumption and Consent Agreement between Wells Fargo Bank, N.A. and Computershare Trust Company, N.A. (Computershare), appointing Computershare as the District's new paying agent/registrars for the District's Unlimited Tax Bonds, Series 2011.

Required Supplementary Information

Harris County Municipal Utility District No. 358
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2023

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,357,290	\$ 1,365,646	\$ 8,356
City of Houston rebates	130,000	2,840,662	2,710,662
Water service	415,500	469,760	54,260
Sewer service	48,000	56,538	8,538
Regional water fee	381,275	389,557	8,282
Penalty and interest	6,500	11,998	5,498
Tap connection and inspection fees	14,000	333,353	319,353
Investment income	30,970	408,538	377,568
	<u>2,383,535</u>	<u>5,876,052</u>	<u>3,492,517</u>
Total revenues			
Expenditures			
Service operations:			
Purchased services	202,356	237,145	(34,789)
Regional water fee	419,403	398,507	20,896
Professional fees	129,600	119,913	9,687
Contracted services	285,300	319,302	(34,002)
Repairs and maintenance	118,000	90,681	27,319
Other expenditures	273,135	83,339	189,796
Tap connections	-	103,569	(103,569)
Capital outlay	159,975	-	159,975
Economic development payment	-	2,698,629	(2,698,629)
	<u>1,587,769</u>	<u>4,051,085</u>	<u>(2,463,316)</u>
Total expenditures			
Excess of Revenues Over Expenditures	795,766	1,824,967	1,029,201
Fund Balance, Beginning of Year	<u>7,010,449</u>	<u>7,010,449</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 7,806,215</u></u>	<u><u>\$ 8,835,416</u></u>	<u><u>\$ 1,029,201</u></u>

Harris County Municipal Utility District No. 358
Notes to Required Supplementary Information
December 31, 2023

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt a 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 2023.

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

Supplementary Information

Harris County Municipal Utility District No. 358
Other Schedules Included Within This Report
December 31, 2023

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

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 20-35
- [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. 358

Schedule of Services and Rates

Year Ended December 31, 2023

1. Services provided by the District:

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

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels	
Water:	\$ 16.00	1,000	N	\$ 1.05	1,001 to	20,000
				\$ 1.55	20,001 to	No Limit
Wastewater:	\$ 0.00 (1)	1,000	N	\$ 1.50	1,001 to	No Limit
Regional water fee:	\$ 3.60	1,000	N	\$ 3.60	1,001 to	No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 61.45	Wastewater \$	13.50

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	1	1	x1.0	1
1"	13	13	x2.5	33
1 1/2"	6	6	x5.0	30
2"	48	46	x8.0	368
3"	-	-	x15.0	-
4"	2	2	x25.0	50
6"	1	1	x50.0	50
8"	7	7	x80.0	560
10"	1	1	x115.0	115
Total water	79	77		1,207
Total wastewater	43	43	x1.0	43

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

Gallons pumped into the system:	1,068,630
Gallons billed to customers:	1,011,324
Water accountability ratio (gallons billed/gallons pumped):	94.64%

(1) Included in base water charge.

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 358

Schedule of General Fund Expenditures

Year Ended December 31, 2023

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	13,400	
Legal		81,345	
Engineering		25,168	
Financial advisor		-	119,913
Purchased Services for Resale			
Bulk water and wastewater service purchases			237,145
Regional Water Fee			398,507
Contracted Services			
Bookkeeping		21,737	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		253,940	
Other contracted services		43,625	319,302
Utilities			-
Repairs and Maintenance			90,681
Administrative Expenditures			
Directors' fees		14,277	
Office supplies		11,897	
Insurance		21,589	
Other administrative expenditures		35,576	83,339
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		-	-
Tap Connection Expenditures			103,569
Solid Waste Disposal			-
Economic Development			2,698,629
Parks and Recreation			-
Other Expenditures			-
Total expenditures		\$	<u><u>4,051,085</u></u>

Harris County Municipal Utility District No. 358

Schedule of Temporary Investments

December 31, 2023

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
Governmental Activities				
General Fund				
TexSTAR	5.36%	Demand	\$ 17,482	\$ -
TexSTAR	5.36%	Demand	566,462	-
TexSTAR	5.36%	Demand	4,891,632	-
TexPool	5.38%	Demand	2,658,812	-
TexPool	5.38%	Demand	562,711	-
			<u>8,697,099</u>	<u>-</u>
Debt Service Fund				
TexSTAR	5.36%	Demand	1,205,308	-
TexPool	5.38%	Demand	314,896	-
			<u>1,520,204</u>	<u>-</u>
Business-Type Activities				
Proprietary Fund				
TexSTAR	5.36%	Demand	2,043,334	-
TexPool	5.38%	Demand	3,316	-
TexPool	5.38%	Demand	2,347,322	-
			<u>4,393,972</u>	<u>-</u>
Totals			<u>\$ 14,611,275</u>	<u>\$ -</u>

Harris County Municipal Utility District No. 358

Analysis of Taxes Levied and Receivable

Year Ended December 31, 2023

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 1,362,827	\$ 1,163,928
Additions and corrections to prior years' taxes	<u>(89,979)</u>	<u>(80,552)</u>
Adjusted receivable, beginning of year	<u>1,272,848</u>	<u>1,083,376</u>
 2023 Original Tax Levy	 1,478,980	 1,174,484
Additions and corrections	<u>108,890</u>	<u>86,471</u>
Adjusted tax levy	<u>1,587,870</u>	<u>1,260,955</u>
Total to be accounted for	2,860,718	2,344,331
Tax collections: Current year	(165,383)	(131,334)
Prior years	<u>(1,261,743)</u>	<u>(1,071,384)</u>
Receivable, end of year	<u><u>\$ 1,433,592</u></u>	<u><u>\$ 1,141,613</u></u>
 Receivable, by Years		
2023	\$ 1,422,487	\$ 1,129,621
2022	5,890	4,998
2021	1,881	2,531
2020	1,744	1,925
2019	661	890
2018	788	1,398
2017	<u>141</u>	<u>250</u>
Receivable, end of year	<u><u>\$ 1,433,592</u></u>	<u><u>\$ 1,141,613</u></u>

Harris County Municipal Utility District No. 358
Analysis of Taxes Levied and Receivable (Continued)
Year Ended December 31, 2023

	2023	2022	2021	2020
Property Valuations				
Land	\$ 129,050,905	\$ 129,050,916	\$ 129,167,689	\$ 129,052,274
Improvements	461,854,888	424,723,484	400,679,225	389,408,584
Personal property	84,058,337	75,847,149	71,787,654	72,376,241
Exemptions	<u>(207,943,631)</u>	<u>(188,970,355)</u>	<u>(172,454,276)</u>	<u>(170,792,165)</u>
Total property valuations	<u>\$ 467,020,499</u>	<u>\$ 440,651,194</u>	<u>\$ 429,180,292</u>	<u>\$ 420,044,934</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.2700	\$ 0.2800	\$ 0.3500	\$ 0.3200
Maintenance tax rates*	<u>0.3400</u>	<u>0.3300</u>	<u>0.2600</u>	<u>0.2900</u>
Total tax rates per \$100 valuation	<u>\$ 0.6100</u>	<u>\$ 0.6100</u>	<u>\$ 0.6100</u>	<u>\$ 0.6100</u>
Tax Levy	<u>\$ 2,848,825</u>	<u>\$ 2,687,972</u>	<u>\$ 2,618,000</u>	<u>\$ 2,562,274</u>
Percent of Taxes Collected to Taxes Levied**	<u>10%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$1.50 on May 1, 1993

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

Harris County Municipal Utility District No. 358
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2023

Due During Fiscal Years Ending December 31	Series 2011		
	Principal Due November 1	Interest Due May 1, November 1	Total
2024	\$ 175,000	\$ 44,012	\$ 219,012
2025	175,000	35,438	210,438
2026	175,000	26,687	201,687
2027	175,000	17,850	192,850
2028	175,000	8,925	183,925
Totals	<u>\$ 875,000</u>	<u>\$ 132,912</u>	<u>\$ 1,007,912</u>

Harris County Municipal Utility District No. 358
Schedule of Long-Term Debt Service Requirements by Years (Continued)
December 31, 2023

Due During Fiscal Years Ending December 31	Series 2013		
	Principal Due November 1	Interest Due May 1, November 1	Total
2024	\$ 150,000	\$ 137,313	\$ 287,313
2025	150,000	131,312	281,312
2026	150,000	125,313	275,313
2027	150,000	118,937	268,937
2028	150,000	112,375	262,375
2029	150,000	105,625	255,625
2030	175,000	98,575	273,575
2031	190,000	90,262	280,262
2032	200,000	81,000	281,000
2033	200,000	71,250	271,250
2034	600,000	61,250	661,250
2035	625,000	31,250	656,250
Totals	<u>\$ 2,890,000</u>	<u>\$ 1,164,462</u>	<u>\$ 4,054,462</u>

Harris County Municipal Utility District No. 358
Schedule of Long-Term Debt Service Requirements by Years (Continued)
December 31, 2023

Due During Fiscal Years Ending December 31	Series 2014		
	Principal Due November 1	Interest Due May 1, November 1	Total
2024	\$ 175,000	\$ 93,987	\$ 268,987
2025	175,000	88,738	263,738
2026	175,000	83,050	258,050
2027	175,000	77,144	252,144
2028	175,000	71,019	246,019
2029	175,000	64,456	239,456
2030	175,000	57,894	232,894
2031	175,000	50,894	225,894
2032	175,000	43,894	218,894
2033	175,000	36,894	211,894
2034	175,000	29,894	204,894
2035	175,000	22,894	197,894
2036	190,000	15,675	205,675
2037	190,000	7,838	197,838
Totals	<u>\$ 2,480,000</u>	<u>\$ 744,271</u>	<u>\$ 3,224,271</u>

Harris County Municipal Utility District No. 358
Schedule of Long-Term Debt Service Requirements by Years (Continued)
December 31, 2023

Due During Fiscal Years Ending December 31	Refunding Series 2016		
	Principal Due November 1	Interest Due May 1, November 1	Total
2024	\$ 345,000	\$ 121,056	\$ 466,056
2025	360,000	113,294	473,294
2026	365,000	105,194	470,194
2027	375,000	96,069	471,069
2028	390,000	81,069	471,069
2029	405,000	65,469	470,469
2030	415,000	53,319	468,319
2031	430,000	40,869	470,869
2032	440,000	27,969	467,969
2033	455,000	14,219	469,219
Totals	<u>\$ 3,980,000</u>	<u>\$ 718,527</u>	<u>\$ 4,698,527</u>

Harris County Municipal Utility District No. 358
Schedule of Long-Term Debt Service Requirements by Years (Continued)
December 31, 2023

Due During Fiscal Years Ending December 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 845,000	\$ 396,368	\$ 1,241,368
2025	860,000	368,782	1,228,782
2026	865,000	340,244	1,205,244
2027	875,000	310,000	1,185,000
2028	890,000	273,388	1,163,388
2029	730,000	235,550	965,550
2030	765,000	209,788	974,788
2031	795,000	182,025	977,025
2032	815,000	152,863	967,863
2033	830,000	122,363	952,363
2034	775,000	91,144	866,144
2035	800,000	54,144	854,144
2036	190,000	15,675	205,675
2037	190,000	7,838	197,838
Totals	<u>\$ 10,225,000</u>	<u>\$ 2,760,172</u>	<u>\$ 12,985,172</u>

Harris County Municipal Utility District No. 358

Changes in Long-Term Bonded Debt

Year Ended December 31, 2023

	Bond		
	Series 2011	Series 2013	
Interest rates	4.60% to 5.10%	3.50% to 5.00%	
Dates interest payable	May 1/ November 1	May 1/ November 1	
Maturity dates	November 1, 2024/2028	November 1, 2024/2035	
Bonds outstanding, beginning of current year	\$ 1,050,000	\$ 3,040,000	
Retirements, principal	175,000	150,000	
Bonds outstanding, end of current year	<u>\$ 875,000</u>	<u>\$ 2,890,000</u>	
Interest paid during current year	<u>\$ 52,325</u>	<u>\$ 142,938</u>	
Paying agent's name and address:			
Series 2011	- Wells Fargo Bank, N.A., Fort Worth, Texas		
Series 2013	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas		
Series 2014	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas		
Series 2016	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas		
Bond authority:			
	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 41,000,000	\$ -	\$ -
Amount issued	\$ 19,540,000	\$ -	\$ -
Remaining to be issued	<u>\$ 21,460,000</u>	<u>\$ -</u>	<u>\$ -</u>
Debt service fund cash and temporary investment balances as of December 31, 2023:			<u>\$ 1,824,469</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 927,512

Issues

Series 2014	Refunding Series 2016	Totals
3.000% to 4.125%	2.00% to 4.00%	
May 1/ November 1	May 1/ November 1	
November 1, 2024/2037	November 1, 2024/2033	
\$ 2,655,000	\$ 4,320,000	\$ 11,065,000
175,000	340,000	840,000
<u>\$ 2,480,000</u>	<u>\$ 3,980,000</u>	<u>\$ 10,225,000</u>
<u>\$ 99,238</u>	<u>\$ 127,856</u>	<u>\$ 422,357</u>

Harris County Municipal Utility District No. 358

Comparative Schedule of Revenues and Expenditures – General Fund

Five Years Ended December 31,

	Amounts				
	2023	2022	2021	2020	2019
General Fund					
Revenues					
Property taxes	\$ 1,365,646	\$ 1,113,428	\$ 1,245,208	\$ 991,469	\$ 808,265
City of Houston rebates	2,840,662	2,767,478	2,722,504	1,747,975	2,183,818
Water service	469,760	517,427	391,419	408,590	435,461
Sewer service	56,538	68,357	31,051	43,232	48,099
Regional water fee	389,557	465,237	362,284	292,457	322,374
Penalty and interest	11,998	9,820	9,931	5,521	2,549
Tap connection and inspection fees	333,353	15,090	49,123	25,848	16,105
Investment income	408,538	86,987	4,917	22,297	73,346
Other income	-	-	11,463	5,010	50
Sale of capacity	-	-	-	202,356	202,356
Total revenues	<u>5,876,052</u>	<u>5,043,824</u>	<u>4,827,900</u>	<u>3,744,755</u>	<u>4,092,423</u>
Expenditures					
Service operations:					
Purchased services	237,145	228,069	253,705	150,751	181,119
Regional water fee	398,507	477,214	358,016	305,949	335,947
Professional fees	119,913	92,362	132,718	87,155	99,932
Contracted services	319,302	245,004	145,839	139,476	134,281
Repairs and maintenance	90,681	91,188	97,517	72,686	67,499
Other expenditures	83,339	86,402	73,034	49,838	63,240
Tap connections	103,569	-	14,972	3,921	1,161
Capital outlay	-	-	-	202,356	202,356
Economic development	2,698,629	2,629,105	2,586,379	1,660,576	2,074,627
Debt service, interest and fees	-	-	-	-	1,375,000
Total expenditures	<u>4,051,085</u>	<u>3,849,344</u>	<u>3,662,180</u>	<u>2,672,708</u>	<u>4,535,162</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,824,967</u>	<u>1,194,480</u>	<u>1,165,720</u>	<u>1,072,047</u>	<u>(442,739)</u>
Other Financing Uses					
Interfund transfers out	-	-	-	-	(97,202)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>1,824,967</u>	<u>1,194,480</u>	<u>1,165,720</u>	<u>1,072,047</u>	<u>(539,941)</u>
Fund Balance, Beginning of Year	<u>7,010,449</u>	<u>5,815,969</u>	<u>4,650,249</u>	<u>3,578,202</u>	<u>4,118,143</u>
Fund Balance, End of Year	<u>\$ 8,835,416</u>	<u>\$ 7,010,449</u>	<u>\$ 5,815,969</u>	<u>\$ 4,650,249</u>	<u>\$ 3,578,202</u>
Total Active Retail Water Connections	<u>77</u>	<u>77</u>	<u>76</u>	<u>74</u>	<u>73</u>
Total Active Retail Wastewater Connections	<u>43</u>	<u>42</u>	<u>42</u>	<u>41</u>	<u>40</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
23.2 %	22.1 %	25.8 %	26.5 %	19.7 %
48.3	54.9	56.4	46.7	53.4
8.0	10.3	8.1	10.9	10.6
1.0	1.3	0.7	1.2	1.2
6.6	9.2	7.5	7.8	7.9
0.2	0.2	0.2	0.1	0.1
5.7	0.3	1.0	0.7	0.4
7.0	1.7	0.1	0.6	1.8
-	-	0.2	0.1	0.0
-	-	-	5.4	4.9
100.0	100.0	100.0	100.0	100.0
4.0	4.5	5.3	4.0	4.4
6.8	9.5	7.4	8.2	8.2
2.0	1.8	2.7	2.3	2.4
5.4	4.9	3.0	3.7	3.3
1.6	1.8	2.0	0.5	1.7
1.4	1.7	1.5	2.8	1.6
1.8	-	0.3	0.1	0.0
-	-	-	5.4	4.9
45.9	52.1	53.6	44.4	50.7
-	-	-	-	33.6
68.9	76.3	75.8	71.4	110.8
31.1 %	23.7 %	24.2 %	28.6 %	(10.8) %

Harris County Municipal Utility District No. 358

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Five Years Ended December 31,

	Amounts				
	2023	2022	2021	2020	2019
Debt Service Fund					
Revenues					
Property taxes	\$ 1,159,544	\$ 1,481,378	\$ 1,460,832	\$ 1,335,248	\$ 1,432,852
Penalty and interest	12,551	13,421	124,032	15,717	8,802
Investment income	104,343	31,598	1,456	10,682	34,792
Total revenues	<u>1,276,438</u>	<u>1,526,397</u>	<u>1,586,320</u>	<u>1,361,647</u>	<u>1,476,446</u>
Expenditures					
Current:					
Professional fees	2,260	80,112	5,237	6,754	2,252
Contracted services	29,097	26,353	25,975	26,248	22,975
Other expenditures	11,182	6,431	13,868	11,017	11,648
Debt service:					
Principal retirement	840,000	830,000	820,000	805,000	790,000
Interest and fees	422,357	447,506	475,106	506,519	610,155
Total expenditures	<u>1,304,896</u>	<u>1,390,402</u>	<u>1,340,186</u>	<u>1,355,538</u>	<u>1,437,030</u>
Excess (Deficiency) of Revenues Over Expenditures	(28,458)	135,995	246,134	6,109	39,416
Other Financing Sources					
Interfund transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,202</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(28,458)	135,995	246,134	6,109	136,618
Fund Balance, Beginning of Year	<u>1,592,646</u>	<u>1,456,651</u>	<u>1,210,517</u>	<u>1,204,408</u>	<u>1,067,790</u>
Fund Balance, End of Year	<u>\$ 1,564,188</u>	<u>\$ 1,592,646</u>	<u>\$ 1,456,651</u>	<u>\$ 1,210,517</u>	<u>\$ 1,204,408</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
90.8 %	97.0 %	92.1 %	98.1 %	97.0 %
1.0	0.9	7.8	1.1	0.6
8.2	2.1	0.1	0.8	2.4
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.2	5.3	0.3	0.5	0.1
2.3	1.7	1.6	1.9	1.6
0.8	0.4	0.9	0.8	0.8
65.8	54.4	51.7	59.1	53.5
<u>33.1</u>	<u>29.3</u>	<u>30.0</u>	<u>37.2</u>	<u>41.3</u>
<u>102.2</u>	<u>91.1</u>	<u>84.5</u>	<u>99.5</u>	<u>97.3</u>
<u>(2.2) %</u>	<u>8.9 %</u>	<u>15.5 %</u>	<u>0.5 %</u>	<u>2.7 %</u>

Harris County Municipal Utility District No. 358
Board Members, Key Personnel and Consultants
Year Ended December 31, 2023

Complete District mailing address:	Harris County Municipal Utility District No. 358 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	June 6, 2022
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-End
Don M. Garrett	Elected 05/20- 05/24	\$ 1,934	\$ 682	President
James M. Bloss	Elected 05/20- 05/24	1,484	528	Vice President
Emmitt Knuppel	Elected 05/22- 05/26	4,102	3,161	Secretary
Kay K. Struzick	Elected 05/20- 05/24	4,973	911	Assistant Vice President
Gary Jurney	Elected 05/22- 05/26	1,784	308	Assistant Secretary

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

Harris County Municipal Utility District No. 358
Board Members, Key Personnel and Consultants (Continued)
Year Ended December 31, 2023

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	07/28/03	\$ 141,543	Attorney
BGE, Inc.	04/07/14	136,870	Engineer
Bob Leared Interests	03/30/93	20,858	Tax Assessor/ Collector
FORVIS, LLP	11/07/94	30,000	Auditor
Harris Central Appraisal District	Legislative Action	20,002	Appraiser
Inframark, LLC	03/30/93	2,839,328	Operator
Masterson Advisors LLC	07/02/18	-	Financial Advisor
Myrtle Cruz, Inc.	03/30/93	48,353	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/30/93	2,260	Delinquent Tax Attorney
Investment Officer			
Mary Jarmon	09/01/15	N/A	Bookkeeper