

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MAY 31, 2021**

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MAY 31, 2021**



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# **McCALL GIBSON SWEDLUND BARFOOT PLLC**

*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708

PO Box 29584  
Austin, TX 78755-5126  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Harris County Municipal  
Utility District No. 23  
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 23 (the "District"), as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility 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; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.





## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

September 9, 2021



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MAY 31, 2021**

Management's discussion and analysis of Harris County Municipal Utility District No. 23's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended May 31, 2021. Please read it in conjunction with the District's financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: 1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The Statement of Net Position includes all the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for serving bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MAY 31, 2021**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$8,940,064 as of May 31, 2021.

A portion of the District's net position reflects its net investment in capital assets (land, buildings and equipment as well as water and wastewater facilities, less any debt used to acquire those assets that is still outstanding).

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MAY 31, 2021**

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

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

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 6,175,130	\$ 6,478,611	\$ (303,481)
Capital Assets (Net of Accumulated Depreciation)	<u>7,220,630</u>	<u>6,744,106</u>	<u>476,524</u>
Total Assets	<u>\$ 13,395,760</u>	<u>\$ 13,222,717</u>	<u>\$ 173,043</u>
Long-Term Liabilities	\$ 4,111,448	\$ 4,192,784	\$ 81,336
Other Liabilities	<u>344,248</u>	<u>593,145</u>	<u>248,897</u>
Total Liabilities	<u>\$ 4,455,696</u>	<u>\$ 4,785,929</u>	<u>\$ 330,233</u>
Net Position:			
Net Investment in Capital Assets	\$ 3,444,097	\$ 3,532,284	\$ (88,187)
Restricted	597,704	591,688	6,016
Unrestricted	<u>4,898,263</u>	<u>4,312,816</u>	<u>585,447</u>
Total Net Position	<u>\$ 8,940,064</u>	<u>\$ 8,436,788</u>	<u>\$ 503,276</u>

The following table provides a summary of the District's operations for the years ended May 31, 2021, and May 31, 2020.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 926,422	\$ 901,590	\$ 24,832
Charges for Services	1,369,055	1,369,774	(719)
Capital Recovery Fee	142,066	505,079	(363,013)
Other Revenues	<u>25,116</u>	<u>90,219</u>	<u>(65,103)</u>
Total Revenues	<u>\$ 2,462,659</u>	<u>\$ 2,866,662</u>	<u>\$ (404,003)</u>
Expenses for Services	<u>1,959,383</u>	<u>2,149,918</u>	<u>190,535</u>
Change in Net Position	\$ 503,276	\$ 716,744	\$ (213,468)
Net Position, Beginning of Year	<u>8,436,788</u>	<u>7,720,044</u>	<u>716,744</u>
Net Position, End of Year	<u>\$ 8,940,064</u>	<u>\$ 8,436,788</u>	<u>\$ 503,276</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MAY 31, 2021**

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

The District's combined fund balances as of May 31, 2021, were \$5,819,840 a decrease of \$54,201 from the prior year.

The General Fund fund balance increased by \$593,234, primarily due to property tax and service revenues exceeding operating expenditures.

The Debt Service Fund fund balance decreased by \$1,388, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by \$646,047, primarily due to capital expenditures related to the Wastewater Treatment Plant Rehabilitation project.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the budget during the current fiscal. Actual revenues were \$64,419 more than budgeted revenues. Actual expenditures were \$21,699 less than budgeted expenditures primarily due to purchased water and utility costs being lower than expected. See the budget to actual comparison for analysis of variances.

**CAPITAL ASSETS**

Capital assets as of May 31, 2021, total \$7,220,630 (net of accumulated Construction in progress at year-end) consisted of engineering and construction related to rehabilitation at the Regional Wastewater Treatment Plant.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 253,097	\$ 253,097	\$
Construction in Progress	4,048	2,774,303	(2,770,255)
Capital Assets, Net of Accumulated Depreciation:			
Land Improvements	84,153	109,352	(25,199)
Buildings	14,593	17,690	(3,097)
Water System	2,834,505	3,002,560	(168,055)
Wastewater System	4,030,234	587,104	3,443,130
Total Net Capital Assets	<u>\$ 7,220,630</u>	<u>\$ 6,744,106</u>	<u>\$ 476,524</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MAY 31, 2021**

**LONG-TERM DEBT ACTIVITY**

As of May 31, 2021, the District had total bond debt payable of \$4,075,000. The changes in the debt position of the District during the fiscal year ended May 31, 2021, are summarized as follows:

Bond Debt Payable, June 1, 2020	\$ 4,155,000
Less: Bond Principal Paid	<u>80,000</u>
Bond Debt Payable, May 31, 2021	<u><u>\$ 4,075,000</u></u>

The District's bonds do not carry an underlying rating. The District's Series 2018 bonds carry an insured rating of "AA" from Standard and Poor's by virtue of bond insurance issued by Build America Mutual. These ratings include all rating changes, if any, through May 31, 2021.

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the District No. 23's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 23, c/o Michael A. Cole, P.C., 5120 Bayard Lane, Houston, Texas 77006.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MAY 31, 2021**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>		
Cash	\$ 273,517	\$
Investments	4,983,198	385,803
Receivables:		
Property Taxes	44,189	
Penalty and Interest on Delinquent Taxes		
Service Accounts	81,631	
Due from Other Funds		
Prepaid Costs	12,092	
Due from Other Governments	48,993	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<u>\$ 5,443,620</u>	<u>\$ 385,803</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 140,558	\$ 1
Accrued Interest Payable		
Due to Other Funds	43,672	
Security Deposits	116,078	
Long Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<u>\$ 300,308</u>	<u>\$ 1</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 44,189	\$ - 0 -
<b>FUND BALANCES</b>		
Nonspendable: Prepaid Costs	\$ 12,092	\$
Restricted for Authorized Construction		
Restricted for Debt Service	255,688	385,802
Assigned for Building, Boiler and Machinery Repairs	222,379	
Unassigned	4,608,964	
<b>TOTAL FUND BALANCES</b>	<u>\$ 5,099,123</u>	<u>\$ 385,802</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 5,443,620</u>	<u>\$ 385,803</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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



Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 61,772	\$ 335,289	\$	\$ 335,289
185,649	5,554,650		5,554,650
	44,189		44,189
		10,639	10,639
	81,631		81,631
43,672	43,672	(43,672)	
	12,092		12,092
87,647	136,640		136,640
		253,097	253,097
		4,048	4,048
		6,963,485	6,963,485
<u>\$ 378,740</u>	<u>\$ 6,208,163</u>	<u>\$ 7,187,597</u>	<u>\$ 13,395,760</u>
\$ 43,825	\$ 184,384	\$	\$ 184,384
		43,786	43,786
	43,672	(43,672)	
	116,078		116,078
		80,000	80,000
		4,031,448	4,031,448
<u>\$ 43,825</u>	<u>\$ 344,134</u>	<u>\$ 4,111,562</u>	<u>\$ 4,455,696</u>
<u>\$ - 0 -</u>	<u>\$ 44,189</u>	<u>\$ (44,189)</u>	<u>\$ - 0 -</u>
\$ 334,915	\$ 12,092	\$ (12,092)	\$
	334,915	(334,915)	
	641,490	(641,490)	
	222,379	(222,379)	
	4,608,964	(4,608,964)	
<u>\$ 334,915</u>	<u>\$ 5,819,840</u>	<u>\$ (5,819,840)</u>	<u>\$ - 0 -</u>
<u>\$ 378,740</u>	<u>\$ 6,208,163</u>		
		\$ 3,444,097	\$ 3,444,097
		597,704	597,704
		4,898,263	4,898,263
		<u>\$ 8,940,064</u>	<u>\$ 8,940,064</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**MAY 31, 2021**

Total Fund Balance - Governmental Funds	\$	5,819,840
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Land, construction in progress and capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		7,220,630
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable for the 2020 and prior tax levies became part of recognized revenues in the governmental activities of the District.		54,828
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of the following:

Accrued Interest	\$ (43,786)	
Bonds Payable	(4,111,448)	(4,155,234)

Total Net Position - Governmental Activities	\$	<u>8,940,064</u>
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The accompanying notes to the financial  
statements are an integral part of this report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MAY 31, 2021**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 928,127	\$
Payments in Lieu Taxes	13,658	
Water Service	874,951	
Wastewater Service	438,517	
Transfer Fees	1,660	
Penalty and Interest	36,027	
Tap Connection and Inspection Fees	4,120	
Investment Revenues	4,922	364
Miscellaneous Revenues	18,937	
<b>TOTAL REVENUES</b>	<b>\$ 2,320,919</b>	<b>\$ 364</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 136,501	\$
Contracted Services	487,652	400
Purchased Water Service	179,722	
Utilities	119,499	
Repairs and Maintenance	309,439	
Depreciation		
Other	238,528	152
Capital Outlay		
Debt Service:		
Bond Principal		80,000
Bond Interest		177,544
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 1,471,341</b>	<b>\$ 258,096</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER</b>		
<b>EXPENDITURES/EXPENSES</b>	<b>\$ 849,578</b>	<b>\$ (257,732)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In(Out)	\$ (256,344)	\$ 256,344
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 593,234</b>	<b>\$ (1,388)</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JUNE 1, 2020</b>	<b>4,505,889</b>	<b>387,190</b>
<b>FUND BALANCES/NET POSITION - MAY 31, 2021</b>	<b>\$ 5,099,123</b>	<b>\$ 385,802</b>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 928,127	\$ (1,705)	\$ 926,422
	13,658		13,658
	874,951		874,951
	438,517		438,517
	1,660		1,660
	36,027	122	36,149
	4,120		4,120
893	6,179		6,179
142,066	161,003		161,003
<u>\$ 142,959</u>	<u>\$ 2,464,242</u>	<u>\$ (1,583)</u>	<u>\$ 2,462,659</u>
\$	\$ 136,501	\$	\$ 136,501
	488,052		488,052
	179,722		179,722
	119,499		119,499
	309,439		309,439
		312,218	312,218
264	238,944		238,944
788,742	788,742	(788,742)	
	80,000	(80,000)	
	177,544	(2,536)	175,008
<u>\$ 789,006</u>	<u>\$ 2,518,443</u>	<u>\$ (559,060)</u>	<u>\$ 1,959,383</u>
<u>\$ (646,047)</u>	<u>\$ (54,201)</u>	<u>\$ 557,477</u>	<u>\$ 503,276</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
\$ (646,047)	\$ (54,201)	\$ 54,201	\$
		503,276	503,276
980,962	5,874,041	2,562,747	8,436,788
<u>\$ 334,915</u>	<u>\$ 5,819,840</u>	<u>\$ 3,120,224</u>	<u>\$ 8,940,064</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MAY 31, 2021**

Net Change in Fund Balances - Governmental Funds	\$	(54,201)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.		(1,705)
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Governmental funds report penalty and interest revenue on property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.		122
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Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(312,218)
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Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.		788,742
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Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		80,000
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		2,536
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Change in Net Position - Governmental Activities	\$	503,276
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The accompanying notes to the financial  
statements are an integral part of this report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 1. CREATION OF DISTRICT**

Harris County Municipal Utility District No. 23, located in Harris County, Texas (the “District”) was created by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”), effective September 7, 1972. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct and maintain parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on October 3, 1972, and the first bonds were sold on June 19, 1975.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

Financial Statement Presentation

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

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

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

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses in the government-wide Statement of Activities.

Fund Financial Statements

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

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

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

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. During the current year, the General Fund transferred \$256,344 to the Debt Service Fund to comply with provisions of the Bond Resolution. As of May 31, 2021, the General Fund also owed the Capital Projects Fund \$43,672 for capital cost reimbursements collected by the General Fund.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Land Improvements	20
Buildings	40
Water System	10-45
Wastewater System	10-45

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

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

Measurement Focus (Continued)

All assets, liabilities and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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

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

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

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. As of May 31, 2021, the District had assigned \$222,379 for future repairs, see Note 8.

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

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 3. LONG-TERM DEBT**

	Series 2018
Amount Outstanding – May 31, 2021	\$4,075,000
Interest Rates	3.00% - 6.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2048
Interest Payment Dates	September 1/ March 1
Callable Dates	September 1, 2025*

\* Or any date thereafter, in whole or in part, at a redemption price equal to the principal amounts called to the date fixed for redemption. The Series 2018 bonds maturing September 1 in the years 2029, 2031, 2033, 2035, 2037, 2039, 2041, 2044 and 2048, are term bonds and are scheduled for mandatory redemption beginning September 1, 2028, 2030, 2032, 2034, 2036, 2038, 2040, 2042 and 2045, respectively.

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2021:

	June 1, 2020	Additions	Retirements	May 31, 2021
Bonds Payable	\$ 4,155,000	\$	\$ 80,000	\$ 4,075,000
Unamortized Discount	(55,161)		(1,951)	(53,210)
Unamortized Premium	92,945		3,287	89,658
Bonds Payable, Net	<u>\$ 4,192,784</u>	<u>\$ -0-</u>	<u>\$ 81,336</u>	<u>\$ 4,111,448</u>
		Amount Due Within One Year		\$ 80,000
		Amount Due After One Year		4,031,448
		Bonds Payable, Net		<u>\$ 4,111,448</u>

As of May 31, 2021, the District had authorized but unissued unlimited tax bonds in the amount of \$1,160,000 for utility facilities. As of May 31, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 80,000	\$ 172,744	\$ 252,744
2023	85,000	167,794	252,794
2024	85,000	163,119	248,119
2025	90,000	158,744	248,744
2026	95,000	154,119	249,119
2027-2031	525,000	710,707	1,235,707
2032-2036	640,000	579,145	1,219,145
2037-2041	790,000	435,839	1,225,839
2042-2046	980,000	255,797	1,235,797
2047-2049	705,000	45,793	750,793
	<u>\$ 4,075,000</u>	<u>\$ 2,843,801</u>	<u>\$ 6,918,801</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

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

The 2018 bond resolution requires the Series 2018 bonds to be secured by and payable solely from the net revenues of the District's water, sewer and drainage system and are not secured by District tax revenues. The Series 2018 bond resolution requires the District to establish a Reserve Fund in the amount of \$255,688, equal to not less than the average annual debt service for the bonds. These provisions have been met, and the cash allocated for these purposes is sufficient to meet debt requirements through fiscal year ended May 31, 2021.

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

The bond resolution states that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

**NOTE 5.      DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's bank deposits was \$335,289 and the bank balance was \$317,189. The District was not exposed to custodial credit risk at year-end.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

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

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2021, as listed below:

	<u>Cash</u>
GENERAL FUND	\$ 273,517
CAPITAL PROJECTS FUND	<u>61,772</u>
TOTAL DEPOSITS	<u><u>\$ 335,289</u></u>

Investments

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

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

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

Investments (Continued)

As of May 31, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 4,983,198	\$ 4,983,198	\$	\$	\$
<u>DEBT SERVICE FUND</u>					
TexPool	385,803	385,803			
<u>CAPITAL PROJECTS FUND</u>					
TexPool	185,649	185,649			
TOTAL INVESTMENTS	\$ 5,554,650	\$ 5,554,650	\$ - 0 -	\$ - 0 -	\$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2021, the District's investment in TexPool was rated "AAAm" by Standard and Poor's.

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

Restrictions

All cash and investments of the Debt Service Fund are restricted for payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Project Fund are restricted for the purchase of capital assets.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended May 31, 2021:

	June 1, 2020	Increases	Decreases	May 31, 2021
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 253,097	\$	\$	\$ 253,097
Construction in Progress	<u>2,774,303</u>	<u>788,742</u>	<u>3,558,997</u>	<u>4,048</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 3,027,400</u>	<u>\$ 788,742</u>	<u>\$ 3,558,997</u>	<u>\$ 257,145</u>
<b>Capital Assets Subject to Depreciation</b>				
Land Improvements	\$ 383,808	\$	\$	\$ 383,808
Buildings	227,412			227,412
Water System	6,909,306			6,909,306
Wastewater System	<u>2,896,018</u>	<u>3,558,997</u>		<u>6,455,015</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 10,416,544</u>	<u>\$ 3,558,997</u>	<u>\$ - 0 -</u>	<u>\$ 13,975,541</u>
<b>Less Accumulated Depreciation</b>				
Land Improvements	\$ 274,456	\$ 25,199	\$	\$ 299,655
Buildings	209,722	3,097		212,819
Water System	3,906,746	168,055		4,074,801
Wastewater System	<u>2,308,914</u>	<u>115,867</u>		<u>2,424,781</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 6,699,838</u>	<u>\$ 312,218</u>	<u>\$ - 0 -</u>	<u>\$ 7,012,056</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 3,716,706</u>	<u>\$ 3,246,779</u>	<u>\$ - 0 -</u>	<u>\$ 6,963,485</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u><u>\$ 6,744,106</u></u>	<u><u>\$ 4,035,521</u></u>	<u><u>\$ 3,558,997</u></u>	<u><u>\$ 7,220,630</u></u>

**NOTE 7. MAINTENANCE TAX**

On August 18, 1973, the voters within the District approved the levy and collection of a maintenance tax. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. The levy is not limited as to rate or amount. The District levied an ad valorem maintenance tax at the rate of \$0.4383 per \$100 of assessed valuation for the 2020 tax year. Based upon the assessed valuation of \$211,765,116 the maintenance tax levy was \$928,167.

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 8. BUILDING, BOILER AND MACHINERY RESERVE**

In September 1993, the District decided not to renew its boiler and machinery policy due to the amount of the per-occurrence deductible. In October 1993, the District established a boiler and machinery reserve to pay for emergency repairs that would normally be covered by a boiler and machinery policy. In 2000, the District resumed purchasing a boiler and machinery policy. At the discretion of the Board of Directors, the District will maintain the boiler and machinery reserve. The District will continue to assign \$5,000 annually to the reserve. Transactions for the current year are summarized as follows:

Boiler and Machinery Reserve – June 1, 2020	\$ 122,379
Assigned in the Current Year	<u>5,000</u>
Boiler and Machinery Reserve – May 31, 2021	<u>\$ 127,379</u>

On August 11, 2016, the District established a reserve for the building and boiler and machinery type items in the amount of \$75,000. The District will continue to assign \$5,000 annually to the reserve. Transactions for the current year are summarized as follows:

Building and Boiler and Machinery Reserve – June 1, 2020	\$ 90,000
Assigned in the Current Year	<u>5,000</u>
Building and Boiler and Machinery Reserve – May 31, 2021	<u>\$ 95,000</u>

**NOTE 9. WATER SUPPLY AGREEMENT**

On April 2, 2001, the District and the City of Houston (the “City”) entered into a water supply contract whereby the City agreed to provide water to the District. The water is delivered through a water line built by the Fairbanks-North Houston Water Consortium. On August 24, 2006, the City accepted the conveyance of the water line and related facilities. The City is responsible for operating, maintaining, repairing and replacing the facilities conveyed to it. As a result of this contract, the District will be able to satisfy the Harris-Galveston Coastal Subsidence District mandate for conversion to surface water. The term of this agreement is 40 years. The charge for water received from the City will be the rates set by the prevailing City ordinances which establish rates for all contract treated water customers. The current rate is \$3.26 per one thousand gallons. The District contracts with the City for a quantity for which it must pay whether taken or not. The District is authorized to revise its minimum monthly quantity no more than once each calendar year. The City adds an additional fee to all usage over the minimum bill, determined by multiplying the excess gallons used (expressed in units of one thousand gallons) times a current rate of \$0.81.

During the current fiscal year, the District recorded an expenditure of \$179,722 for water purchased from the City.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 10. WASTEWATER DISPOSAL CONTRACT**

On January 29, 2004, the District entered into a wastewater disposal contract with Harris County Municipal Utility District No. 220 ("District No. 220"). The interconnect facilities will be constructed, paid for, owned and controlled by District No. 220. District No. 220 agreed to pay an initial fee of \$742,180 to purchase wastewater disposal services from the District. The first payment of \$371,090 was received on March 3, 2004. The second payment of \$371,090 was received on May 31, 2005. In 2013, District No. 220 purchased additional capacity. The term of the contract expires 40 years from the effective date of this contract. The agreement was amended on December 8, 2011 and August 26, 2013.

All wastewater delivered by District No. 220 is metered at the point of delivery. The District reads the meter and bills District No. 220 monthly. The monthly charge includes certain direct costs of providing service, a pro-rata share of variable operating and maintenance costs (energy, chemicals, sludge disposal and other goods or services that vary according to the volume treated), and a part of all other operating and maintenance costs. The District began providing services in June of 2005. District No. 220 was billed \$47,250 for services provided during the current fiscal year, of which \$5,893 was receivable at May 31, 2021.

**NOTE 11. WATER SUPPLY CONTRACT**

On February 12, 2004, the District entered into a water supply contract with Harris County Municipal Utility District No. 220 ("District No. 220"). The interconnect facilities will be constructed, paid for, owned and controlled by District No. 220. District No. 220 agreed to pay an initial fee of \$657,820 to purchase water from the District. The first payment of \$328,910 was received on March 3, 2004. The second payment of \$328,910 was received on May 31, 2005. In 2013, District No. 220 purchased additional capacity. This contract expires simultaneously with the District's contract with the City of Houston. See Note 9. This agreement was amended on December 8, 2011 and August 26, 2013.

All water delivered to District No. 220 is metered at the point of delivery. The District reads the meter and bills District No. 220 monthly. The monthly charge includes a monthly payment calculated in accordance with the same rate and formula used to calculate payment from the District to the City of Houston under the surface water contract, certain direct costs of providing service, a pro-rata share of variable operating and maintenance costs (energy, chemicals and other goods or services that vary according to the volume produced), and a part of all other operating and maintenance costs. The District began providing services in January of 2005. District No. 220 was billed \$191,776 for service provided during the current fiscal year, of which \$43,100 was receivable at May 31, 2021.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 12. RISK MANAGEMENT**

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

**NOTE 13. ECONOMIC UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**

**REQUIRED SUPPLEMENTARY INFORMATION**

**MAY 31, 2021**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED MAY 31, 2021**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 800,000	\$ 928,127	\$ 128,127
Payments in Lieu of Taxes		13,658	13,658
Water Service	853,000	874,951	21,951
Wastewater Service	487,000	438,517	(48,483)
Transfer Fees	2,000	1,660	(340)
Penalty and Interest	31,000	36,027	5,027
Tap Connection and Inspection Fees	1,000	4,120	3,120
Investment Revenues	65,000	4,922	(60,078)
Miscellaneous Revenues	17,500	18,937	1,437
<b>TOTAL REVENUES</b>	<u>\$ 2,256,500</u>	<u>\$ 2,320,919</u>	<u>\$ 64,419</u>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 110,000	\$ 136,501	\$ (26,501)
Contracted Services	466,540	487,652	(21,112)
Purchased Water Service	210,000	179,722	30,278
Utilities	141,800	119,499	22,301
Repairs and Maintenance/Capital Outlay	274,500	309,439	(34,939)
Other	290,200	238,528	51,672
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,493,040</u>	<u>\$ 1,471,341</u>	<u>\$ 21,699</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 763,460</u>	<u>\$ 849,578</u>	<u>\$ 86,118</u>
<b>OTHER FINANCING SOURCES(USES)</b>			
Transfers In(Out)	<u>\$ -0-</u>	<u>\$ (256,344)</u>	<u>\$ (256,344)</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 763,460	\$ 593,234	\$ (170,226)
<b>FUND BALANCE - JUNE 1, 2020</b>	<u>4,505,889</u>	<u>4,505,889</u>	
<b>FUND BALANCE - MAY 31, 2021</b>	<u>\$ 5,269,349</u>	<u>\$ 5,099,123</u>	<u>\$ (170,226)</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO 23**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**MAY 31, 2021**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MAY 31, 2021**

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

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

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order approved February 14, 2019.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 24.00	2,000	N	\$ 2.90 \$ 3.80 \$ 4.40 \$ 4.85 \$ 5.00 \$ 6.30	2,001 to 5,000 5,001 to 9,000 9,001 to 14,000 14,001 to 20,000 20,001 to 27,000 27,001 and up
WASTEWATER:	\$ 27.00		Y		
SURCHARGE:					
TCEQ			N	0.5% of water	
Regulatory				and wastewater	
Assessments				charges	
City of Houston					
Water Charge	\$ -0-	2,000	N	\$1.08	2,001 and up
District employs winter averaging for wastewater usage?					<u>      </u> <u>  X  </u> Yes No

Total charges per 10,000 gallons usage: Water: \$52.30 Wastewater: \$27.00 Surcharge: \$9.04 Total: \$88.34

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MAY 31, 2021**

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

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

<b>Meter Size</b>	<b>Total Connections</b>	<b>Active Connections</b>	<b>ESFC Factor</b>	<b>Active ESFCs</b>
Unmetered			x 1.0	
≤¾"	<u>1,173</u>	<u>1,153</u>	x 1.0	<u>1,153</u>
1"	<u>8</u>	<u>7</u>	x 2.5	<u>18</u>
1½"	<u>7</u>	<u>7</u>	x 5.0	<u>35</u>
2"	<u>19</u>	<u>19</u>	x 8.0	<u>152</u>
3"			x 15.0	
4"	<u>2</u>	<u>2</u>	x 25.0	<u>50</u>
6"			x 50.0	
8"	<u>1</u>	<u>1</u>	x 80.0	<u>80</u>
10"			x 115.0	
Total Water Connections	<u>1,210</u>	<u>1,189</u>		<u>1,488</u>
Total Wastewater Connections	<u>1,191</u>	<u>1,190</u>	x 1.0	<u>1,190</u>

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

Gallons pumped into system:	98,838,000	Water Accountability Ratio: 93.40% (Gallons billed and sold/Gallons pumped and purchased)
Gallons purchased:	41,225,000	From: City of Houston
Gallons billed to customers:	93,992,000	
Gallons sold:	36,840,000	To: Harris County Municipal Utility District No. 220

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MAY 31, 2021**

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED MAY 31, 2021**

PROFESSIONAL FEES:	
Auditing	\$ 18,500
Engineering	51,557
Legal	61,177
Delinquent Tax Attorney	<u>5,267</u>
TOTAL PROFESSIONAL FEES	<u>\$ 136,501</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	<u>\$ 179,722</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 6,739
Bookkeeping	22,389
Operations and Billing	93,922
Security	148,276
Solid Waste Disposal	197,674
Tax Assessor/Collector	<u>18,652</u>
TOTAL CONTRACTED SERVICES	<u>\$ 487,652</u>
UTILITIES:	
Electricity	\$ 117,214
Telephone	<u>2,285</u>
TOTAL UTILITIES	<u>\$ 119,499</u>
REPAIRS AND MAINTENANCE	<u>\$ 309,439</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 20,550
Election Costs	5,077
Insurance	20,046
Legal Notices	846
Office Building	4,934
Office Supplies and Postage	37,024
Payroll Taxes	1,618
Travel and Meetings	2,907
Other	<u>4,348</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 97,350</u>
TAP CONNECTIONS	<u>\$ 3,350</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED MAY 31, 2021**

OTHER EXPENDITURES:

Chemicals	\$ 35,843
Laboratory Fees	33,358
Permit Fees	7,255
Regulatory Assessment	4,964
Sludge Hauling	<u>56,408</u>

TOTAL OTHER EXPENDITURES	<u>\$ 137,828</u>
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TOTAL EXPENDITURES	<u><u>\$ 1,471,341</u></u>
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See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**INVESTMENTS**  
**MAY 31, 2021**

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 4,727,510	\$
TexPool	XXXX0002	Varies	Daily	255,688	
TOTAL GENERAL FUND				<u>\$ 4,983,198</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0004	Varies	Daily	<u>\$ 385,803</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0003	Varies	Daily	<u>\$ 185,649</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 5,554,650</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED MAY 31, 2021**

	<u>Maintenance Taxes</u>	
TAXES RECEIVABLE -		
JUNE 1, 2020	\$ 45,894	
Adjustments to Beginning		
Balance	<u>(1,745)</u>	\$ 44,149
Original 2020 Tax Levy	\$ 876,708	
Adjustment to 2020 Tax Levy	<u>51,459</u>	<u>928,167</u>
TOTAL TO BE		
ACCOUNTED FOR		\$ 972,316
TAX COLLECTIONS:		
Prior Years	\$ 25,509	
Current Year	<u>902,618</u>	<u>928,127</u>
TAXES RECEIVABLE -		
MAY 31, 2021		<u><u>\$ 44,189</u></u>
TAXES RECEIVABLE BY		
YEAR:		
2020	\$ 25,549	
2019	8,928	
2018	4,086	
2017	2,237	
2016	1,137	
2015	1,005	
2014	609	
2013	<u>638</u>	
TOTAL		<u><u>\$ 44,189</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED MAY 31, 2021**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPERTY VALUATIONS:				
Land	\$ 51,945,336	\$ 30,757,981	\$ 31,606,763	\$ 30,477,517
Improvements	163,573,120	169,660,655	146,675,654	132,138,706
Personal Property	22,584,255	20,882,238	18,479,297	14,476,612
Exemptions	<u>(26,337,595)</u>	<u>(23,602,302)</u>	<u>(15,115,939)</u>	<u>(11,635,603)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 211,765,116</u>	<u>\$ 197,698,572</u>	<u>\$ 181,645,775</u>	<u>\$ 165,457,232</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.0000	\$ 0.0000	\$ 0.00	\$ 0.00
Maintenance**	<u>0.4383</u>	<u>0.4568</u>	<u>0.46</u>	<u>0.46</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.4383</u>	<u>\$ 0.4568</u>	<u>\$ 0.46</u>	<u>\$ 0.46</u>
ADJUSTED TAX LEVY*	<u>\$ 928,167</u>	<u>\$ 835,840</u>	<u>\$ 761,303</u>	<u>\$ 667,063</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>97.25 %</u>	<u>98.93 %</u>	<u>99.46 %</u>	<u>99.66 %</u>

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

\*\* On August 18, 1973 the voters within the District approved the levy collection of a maintenance tax, the levy was not limited as to rate or amount.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2021**

S E R I E S - 2 0 1 8			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2022	\$ 80,000	\$ 172,744	\$ 252,744
2023	85,000	167,794	252,794
2024	85,000	163,119	248,119
2025	90,000	158,744	248,744
2026	95,000	154,119	249,119
2027	95,000	150,319	245,319
2028	100,000	147,331	247,331
2029	105,000	143,144	248,144
2030	110,000	137,769	247,769
2031	115,000	132,144	247,144
2032	120,000	126,269	246,269
2033	120,000	120,869	240,869
2034	125,000	115,969	240,969
2035	135,000	110,769	245,769
2036	140,000	105,269	245,269
2037	145,000	99,569	244,569
2038	150,000	93,669	243,669
2039	160,000	87,469	247,469
2040	165,000	80,969	245,969
2041	170,000	74,163	244,163
2042	180,000	66,944	246,944
2043	185,000	59,416	244,416
2044	195,000	51,578	246,578
2045	205,000	43,328	248,328
2046	215,000	34,531	249,531
2047	225,000	25,181	250,181
2048	235,000	15,406	250,406
2049	245,000	5,206	250,206
	<u>\$ 4,075,000</u>	<u>\$ 2,843,801</u>	<u>\$ 6,918,801</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED MAY 31, 2021**

Description	Original Bonds Issued	Bonds Outstanding June 1, 2020
Harris County Municipal Utility District No. 23 Revenue Bonds - Series 2018	<u>\$ 4,220,000</u>	<u>\$ 4,155,000</u>
Bond Authority:	<u>Combination Tax and Revenue Bonds</u>	
Amount Authorized by Voters	\$ 9,115,000	
Amount Issued	<u>7,955,000</u>	
Remaining to be Issued	<u>\$ 1,160,000</u>	
Debt Service Fund cash, investments and cash with paying agent balances as of May 31, 2021:		<u>\$ 385,803</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 247,100</u>
See Note 3 for interest rates, interest payment dates and maturity dates.		

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
	<u>Retirements</u>		Bonds	
<u>Bonds Sold</u>	<u>Principal</u>	<u>Interest</u>	<u>Outstanding May 31, 2021</u>	<u>Paying Agent</u>
<u>\$ - 0 -</u>	<u>\$ 80,000</u>	<u>\$ 177,544</u>	<u>\$ 4,075,000</u>	UMB Bank, N.A. Austin, TX

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL SERVICE FUND - FIVE YEARS**

	Amounts		
	2021	2020	2019
<b>REVENUES</b>			
Property Taxes	\$ 928,127	\$ 901,232	\$ 818,262
Payments in Lieu of Taxes	13,658	10,519	9,157
Water Service	874,951	872,258	823,131
Wastewater Service	438,517	435,715	450,193
Transfer Fees	1,660	2,340	2,000
Penalty and Interest	36,027	47,757	39,753
Tap Connection and Inspection Fees	4,120	1,215	1,080
Investment Revenues	4,922	61,373	70,586
Building User Fees		4,210	5,859
Miscellaneous Revenues	18,937	17,309	19,945
<b>TOTAL REVENUES</b>	<u>\$ 2,320,919</u>	<u>\$ 2,353,928</u>	<u>\$ 2,239,966</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 136,501	\$ 101,956	\$ 104,556
Contracted Services	487,652	468,438	461,782
Purchased Water Service	179,722	190,118	205,842
Utilities	119,499	126,070	139,705
Repairs and Maintenance	309,439	282,328	329,031
Other	238,528	232,424	327,807
Capital Outlay			
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,471,341</u>	<u>\$ 1,401,334</u>	<u>\$ 1,568,723</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 849,578</u>	<u>\$ 952,594</u>	<u>\$ 671,243</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In(Out)	\$ (256,344)	\$ (262,585)	\$ (171,509)
Long-Term Debt Issued			249,484
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ (256,344)</u>	<u>\$ (262,585)</u>	<u>\$ 77,975</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 593,234	\$ 690,009	\$ 749,218
<b>BEGINNING FUND BALANCE</b>	<u>4,505,889</u>	<u>3,815,880</u>	<u>3,066,662</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 5,099,123</u></u>	<u><u>\$ 4,505,889</u></u>	<u><u>\$ 3,815,880</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 757,338	\$ 668,397	39.9 %	38.3 %	36.5 %	39.5 %	32.7 %
9,328	9,100	0.6	0.4	0.4	0.5	0.4
617,266	715,912	37.7	37.1	36.7	32.2	34.9
406,183	370,443	18.9	18.5	20.1	21.2	18.0
2,035	2,560	0.1	0.1	0.1	0.1	0.1
31,871	50,404	1.6	2.0	1.8	1.7	2.5
1,575	192,045	0.2	0.1		0.1	9.3
33,818	14,122	0.2	2.6	3.2	1.8	0.7
3,925	3,750		0.2	0.3	0.2	0.2
51,145	27,496	0.8	0.7	0.9	2.7	1.3
<u>\$ 1,914,484</u>	<u>\$ 2,054,229</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 81,464	\$ 122,852	5.9 %	4.3 %	4.7 %	4.3 %	6.0 %
452,010	440,093	21.0	19.9	20.6	23.6	21.4
186,624	183,880	7.7	8.1	9.2	9.7	9.0
150,480	150,003	5.1	5.4	6.2	7.9	7.3
317,455	661,419	13.3	12.0	14.7	16.6	32.2
343,170	254,891	10.3	9.9	14.6	17.9	12.4
126,882	488,100				6.6	23.8
<u>\$ 1,658,085</u>	<u>\$ 2,301,238</u>	<u>63.3 %</u>	<u>59.6 %</u>	<u>70.0 %</u>	<u>86.6 %</u>	<u>112.1 %</u>
<u>\$ 256,399</u>	<u>\$ (247,009)</u>	<u>36.7 %</u>	<u>40.4 %</u>	<u>30.0 %</u>	<u>13.4 %</u>	<u>(12.1) %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 256,399	\$ (247,009)					
<u>2,810,263</u>	<u>3,057,272</u>					
<u>\$ 3,066,662</u>	<u>\$ 2,810,263</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2021	2020	2019
<b>REVENUES</b>			
Interest on Investments	\$ 364	\$ 3,426	\$ 1,527
<b>EXPENDITURES</b>			
Other	\$ 152	\$ 358	\$ 88
Debt Service Principal	80,000	65,000	
Debt Service Interest and Fees	177,944	182,294	54,132
<b>TOTAL EXPENDITURES</b>	<u>\$ 258,096</u>	<u>\$ 247,652</u>	<u>\$ 54,220</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (257,732)</u>	<u>\$ (244,226)</u>	<u>\$ (52,693)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In(Out)	\$ 256,344	\$ 262,585	\$ 237,680
Long-Term Debt Issued			183,844
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 256,344</u>	<u>\$ 262,585</u>	<u>\$ 421,524</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (1,388)	\$ 18,359	\$ 368,831
<b>BEGINNING FUND BALANCE</b>	<u>387,190</u>	<u>368,831</u>	
<b>ENDING FUND BALANCE</b>	<u>\$ 385,802</u>	<u>\$ 387,190</u>	<u>\$ 368,831</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>1,189</u>	<u>1,194</u>	<u>1,199</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>1,190</u>	<u>1,177</u>	<u>1,183</u>

See accompanying independent auditor's report.



		Percentage of Total Revenues					
2018	2017	2021	2020	2019	2018	2017	
\$ - 0 -	\$ - 0 -	100.0 %	100.0 %	100.0 %	N/A %	N/A %	
\$	\$	41.8 %	10.4 %	5.8 %	%	%	
		21,978.0	1,897.3				
		48,885.7	5,320.9	3,545.0			
\$ - 0 -	\$ - 0 -	70,905.5 %	7,228.6 %	3,550.8 %	N/A %	N/A %	
\$ - 0 -	\$ - 0 -	(70,805.5) %	(7,128.6) %	(3,450.8) %	N/A %	N/A %	
\$	\$						
\$ - 0 -	\$ - 0 -						
\$ - 0 -	\$ - 0 -						
\$ - 0 -	\$ - 0 -						
1,192	1,198						
1,177	1,226						

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**MAY 31, 2021**

District Mailing Address - Harris County Municipal Utility District No. 23  
c/o Michael A. Cole, P.C.  
5120 Baynard Lane  
Houston, TX 77006

District Telephone Number - (713) 880-3800

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended May 31, 2021	Expense Reimbursements for the year ended May 31, 2021	Title
Jim Haney	05/18 05/22 (Elected)	\$ 6,150 (1)	\$ 550	President
Christy Shepard	05/18 05/22 (Elected)	\$ 3,900	\$ -0-	Vice President
Will Ross	11/20 05/24 (Elected)	\$ 3,600	\$ -0-	Secretary
Oscar Dominguez	11/20 05/24 (Elected)	\$ 3,300	\$ 286	Treasurer
Jeffery Blackwell	05/18 05/22 (Elected)	\$ 3,900	\$ -0-	Assistant Secretary/Assistant Treasurer

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: May 14, 2021

The limit on Fees of Office that a Director may receive during a fiscal year is set by Board Resolution (TWC Section 49.060) on July 8, 2004. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

(1) Includes \$2,750 for services as District community building coordinator.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 23**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**MAY 31, 2021**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2021</u>	<u>Title</u>
Michael A. Cole, P.C.	05/03/83	\$ 60,813 \$ -0-	General Counsel/ Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	05/14/87	\$ 18,500	Audit Related
ETI Bookkeeping Services	1979	\$ 22,389	Bookkeeper
Sherrington-Humble, LLC	11/01/02	\$ 66,665	Engineer
Blitch Associates, Inc.	03/08/18	\$ -0-	Financial Advisor
Kenneth R. Byrd	09/01/99	\$ -0-	Investment Officer
TNG Utility Corp.	03/01/10	\$ 548,485	Operator
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/13/14	\$ 5,267	Delinquent Tax Attorney
Equi-Tax, Inc.	01/01/79	\$ 24,259	Tax Assessor/ Collector

See accompanying independent auditor's report.

