

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MAY 31, 2024**

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



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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Harris County Municipal Utility District No. 53  
Harris County, Texas

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 53 (the "District") as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### **Required Supplementary Information**

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





**Supplementary Information**

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



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

September 10, 2024



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2024**

Management’s discussion and analysis of the financial performance of Harris County Municipal Utility District No. 53 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended May 31, 2024. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

The 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, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing 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. 53  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2024**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets exceeded liabilities by \$38,680,230 as of May 31, 2024. A portion of the District’s net position reflects its net investment in capital assets which include land, buildings and the District’s capacity in the North Channel Water Authority facilities as well as water, wastewater, and drainage facilities less any debt used to acquire those assets that is still outstanding.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2024**

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

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

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 16,808,918	\$ 14,748,797	\$ 2,060,121
Capital Assets (Net of Accumulated Depreciation)	<u>24,157,604</u>	<u>25,185,727</u>	<u>(1,028,123)</u>
Total Assets	<u>\$ 40,966,522</u>	<u>\$ 39,934,524</u>	<u>\$ 1,031,998</u>
Bonds Payable	\$ 1,021,105	\$ 1,989,347	\$ 968,242
Other Liabilities	<u>1,265,187</u>	<u>1,303,895</u>	<u>38,708</u>
Total Liabilities	<u>\$ 2,286,292</u>	<u>\$ 3,293,242</u>	<u>\$ 1,006,950</u>
Net Position:			
Net Investment in Capital Assets	\$ 23,136,499	\$ 23,314,407	\$ (177,908)
Restricted	1,567,259	1,976,927	(409,668)
Unrestricted	<u>13,976,472</u>	<u>11,349,948</u>	<u>2,626,524</u>
Total Net Position	<u>\$ 38,680,230</u>	<u>\$ 36,641,282</u>	<u>\$ 2,038,948</u>

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

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,817,888	\$ 3,794,778	\$ 23,110
Charges for Services	1,905,911	1,874,771	31,140
Sales Tax Revenues	609,460	647,558	(38,098)
Right of Way Revenue	250,000	958,333	(708,333)
Other Revenues	<u>731,273</u>	<u>400,045</u>	<u>331,228</u>
Total Revenues	<u>\$ 7,314,532</u>	<u>\$ 7,675,485</u>	<u>\$ (360,953)</u>
Expenses for Services	<u>5,275,584</u>	<u>5,381,368</u>	<u>105,784</u>
Change in Net Position	\$ 2,038,948	\$ 2,294,117	\$ (255,169)
Net Position, Beginning of Year	<u>36,641,282</u>	<u>34,347,165</u>	<u>2,294,117</u>
Net Position, End of Year	<u>\$ 38,680,230</u>	<u>\$ 36,641,282</u>	<u>\$ 2,038,948</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2024**

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

The District's combined fund balances as of May 31, 2024, were \$15,166,224, an increase of \$2,119,198 from the prior year.

The General Fund fund balance increased by \$2,599,563, primarily due to property tax revenues, sales tax revenues, service revenues, and right-of-way revenue exceeding purchased services, operating, administrative, professional, and capital costs.

The Debt Service Fund fund balance decreased by \$362,338, primarily due to the structure of the District's outstanding debt service requirements as well as a decrease in debt service tax revenues as a result of the decrease in the tax rate allocated to debt service.

The Capital Projects Fund fund balance decreased by \$118,027 due to the transfer of the remaining funds to the General Fund for approved projects.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted a General Fund budget for the current fiscal year which was not amended. Actual revenues were \$322,320 higher than budgeted revenues, actual other financing sources of \$121,628 were unbudgeted for, and actual expenditures were \$1,134,426 less than budgeted expenditures which resulted in a positive budget variance of \$1,578,374. See the budget to actual comparison for more information.

**LONG-TERM DEBT ACTIVITY**

As of May 31, 2024, the District had total bond debt payable of \$1,025,000. The changes in the debt position of the District during the fiscal year ended May 31, 2024, are summarized as follows:

Bond Debt Payable, June 1, 2023	\$	2,000,000
Less: Bond Principal Paid		<u>(975,000)</u>
Bond Debt Payable, May 31, 2024		<u>\$ 1,025,000</u>

The District maintains an underlying rating of AA-. The Series 2012 bonds carry an insured rating of AA by virtue of bond insurance issued by Assured Guaranty Municipal Corp. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2024**

**CAPITAL ASSETS**

Capital assets as of May 31, 2024, total \$24,157,604 (net of accumulated depreciation) and include land, buildings, capacity in the North Channel Water Authority facilities, and the water, wastewater and drainage systems. Significant capital asset activity completed during the current fiscal year included sidewalk improvements.

Capital Assets At Year-End			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 2,274,746	\$ 2,274,746	\$
Construction in Progress			
Capital Assets Subject to Depreciation:			
Buildings and Improvements	684,256	660,347	23,909
North Channel Water Authority Capacity	1,147,278	1,147,278	
Water System	12,156,473	12,156,473	
Wastewater System	33,281,166	33,281,166	
Drainage System	1,813,564	1,813,564	
Less Accumulated Depreciation	(27,199,879)	(26,147,847)	(1,052,032)
Total Net Capital Assets	\$ 24,157,604	\$ 25,185,727	\$ (1,028,123)

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 53, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Blvd., Suite 1380, Houston, Texas 77056.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MAY 31, 2024**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 237,281	\$ 148,879
Investments	14,245,877	1,253,435
Receivables:		
Property Taxes	191,653	107,681
Penalty and Interest on Delinquent Taxes		
Service Accounts	195,703	
Accrued Interest	49,926	12,323
Due from Other Funds	18,706	
Due from the City of Houston	160,492	
Water Authority Operating Advance	76,999	
Wastewater Treatment Facilities Operating Advance	42,808	
Land		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 15,219,445</b>	<b>\$ 1,522,318</b>

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



<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 386,160	\$	\$ 386,160
	15,499,312		15,499,312
	299,334		299,334
		85,861	85,861
	195,703		195,703
	62,249		62,249
	18,706	(18,706)	
	160,492		160,492
	76,999		76,999
	42,808		42,808
		2,274,746	2,274,746
		21,882,858	21,882,858
<u>\$ -0-</u>	<u>\$ 16,741,763</u>	<u>\$ 24,224,759</u>	<u>\$ 40,966,522</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MAY 31, 2024**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 474,624	\$ 14,526
Accrued Interest Payable		
Due to Other Funds		18,706
Security Deposits	768,349	
Long-Term Liabilities - Bonds Payable, Due Within One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 1,242,973</b>	<b>\$ 33,232</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 191,653	\$ 107,681
<b>FUND BALANCES</b>		
Nonspendable:		
Water Authority Operating Advance	\$ 76,999	\$
Wastewater Treatment Facilities Operating Advance	42,808	
Restricted for Debt Service		1,381,405
Unassigned	13,665,012	
<b>TOTAL FUND BALANCES</b>	<b>\$ 13,784,819</b>	<b>\$ 1,381,405</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 15,219,445</b>	<b>\$ 1,522,318</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 489,150	\$	\$ 489,150
		7,688	7,688
	18,706	(18,706)	
	768,349		768,349
		1,021,105	1,021,105
<u>\$ - 0 -</u>	<u>\$ 1,276,205</u>	<u>\$ 1,010,087</u>	<u>\$ 2,286,292</u>
<u>\$ - 0 -</u>	<u>\$ 299,334</u>	<u>\$ (299,334)</u>	<u>\$ - 0 -</u>
\$	\$ 76,999	\$ (76,999)	\$
	42,808	(42,808)	
	1,381,405	(1,381,405)	
	13,665,012	(13,665,012)	
<u>\$ - 0 -</u>	<u>\$ 15,166,224</u>	<u>\$ (15,166,224)</u>	<u>\$ - 0 -</u>
<u>\$ -0-</u>	<u>\$ 16,741,763</u>		
		\$ 23,136,499	\$ 23,136,499
		1,567,259	1,567,259
		13,976,472	13,976,472
		<u>\$ 38,680,230</u>	<u>\$ 38,680,230</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**MAY 31, 2024**

Total Fund Balances - Governmental Funds \$ 15,166,224

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 24,157,604

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District. 385,195

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:

Accrued Interest Payable	\$ (7,688)	
Bonds Payable	<u>(1,021,105)</u>	<u>(1,028,793)</u>

Total Net Position - Governmental Activities \$ 38,680,230

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

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MAY 31, 2024**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 3,171,151	\$ 652,731
Water Service	1,130,114	
Wastewater Service	605,658	
Penalty and Interest	37,885	67,798
Sales Tax Revenues	609,460	
Right-of-Way Revenue	250,000	
Investment and Miscellaneous Revenues	667,479	58,163
Other Service Revenues	77,510	8,633
<b>TOTAL REVENUES</b>	<b>\$ 6,549,257</b>	<b>\$ 787,325</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 272,573	\$ 20,263
Contracted Services	557,271	92,408
Purchased Water Service	1,577,905	
Purchased Wastewater Service	619,801	
Utilities	327,766	
Repairs and Maintenance	517,100	
Depreciation		
Other	174,997	16,617
Capital Outlay	23,909	
Debt Service:		
Bond Principal		975,000
Bond Interest		45,375
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 4,071,322</b>	<b>\$ 1,149,663</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES</b>	<b>\$ 2,477,935</b>	<b>\$ (362,338)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In (Out)	\$ 121,628	\$ - 0 -
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 2,599,563</b>	<b>\$ (362,338)</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JUNE 1, 2023</b>	11,185,256	1,743,743
<b>FUND BALANCES/NET POSITION - MAY 31, 2024</b>	<b>\$ 13,784,819</b>	<b>\$ 1,381,405</b>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$	\$ 3,823,882	\$ (5,994)	\$ 3,817,888
	1,130,114		1,130,114
	605,658		605,658
	105,683	(21,687)	83,996
	609,460		609,460
	250,000		250,000
5,631	731,273		731,273
	86,143		86,143
<u>\$ 5,631</u>	<u>\$ 7,342,213</u>	<u>\$ (27,681)</u>	<u>\$ 7,314,532</u>
\$	\$ 292,836	\$	\$ 292,836
1,980	651,659		651,659
	1,577,905		1,577,905
	619,801		619,801
	327,766		327,766
	517,100		517,100
		1,052,032	1,052,032
50	191,664		191,664
	23,909	(23,909)	
	975,000	(975,000)	
	45,375	(554)	44,821
<u>\$ 2,030</u>	<u>\$ 5,223,015</u>	<u>\$ 52,569</u>	<u>\$ 5,275,584</u>
<u>\$ 3,601</u>	<u>\$ 2,119,198</u>	<u>\$ (80,250)</u>	<u>\$ 2,038,948</u>
<u>\$ (121,628)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
\$ (118,027)	\$ 2,119,198	\$ (2,119,198)	\$
		2,038,948	2,038,948
118,027	13,047,026	23,594,256	36,641,282
<u>\$ -0-</u>	<u>\$ 15,166,224</u>	<u>\$ 23,514,006</u>	<u>\$ 38,680,230</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53  
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, 2024**

Net Change in Fund Balances - Governmental Funds \$ 2,119,198

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

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied. (5,994)

Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed. (21,687)

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (1,052,032)

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. 23,909

Governmental funds report bond discounts as other financing sources in the year paid. However, in the Statement of Net Position, the bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. (6,758)

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. 975,000

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. 7,312

Change in Net Position - Governmental Activities \$ 2,038,948

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 1. CREATION OF DISTRICT**

Harris County Municipal Utility District No. 53 of Harris County, Texas was created by an Order of the Texas Water Rights Commission effective May 30, 1973, presently known as the Texas Commission on Environmental Quality (the “Commission”). 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, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, 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 July 24, 1973, and the first bonds were sold on December 13, 1976.

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

The District has entered into a joint venture with Harris County Fresh Water Supply District No. 51 and Harris County Water Control and Improvement District No. 36 for wastewater disposal through a regional wastewater treatment plant. See Note 8 for additional disclosure. The District also participates in the North Channel Water Authority regional water production facilities. See Note 9 for additional disclosure.

Financial Statement Presentation

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

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

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

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

Fund Financial Statements and Governmental Funds

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. 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, operating 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. The Capital Projects Fund was closed with a transfer of the remaining funds of \$121,628 to the General Fund.

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of May 31, 2024, the Debt Service Fund owed the General Fund \$18,706 for maintenance tax collections.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**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 acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

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

	Years
Buildings and Improvements	20-40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45

Budgeting

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

Pensions

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

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

Measurement Focus

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

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

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

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

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

*Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District has no committed fund balances.

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

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

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

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

Accounting Estimates

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

**NOTE 3. LONG-TERM DEBT**

	Series 2012
Amount Outstanding – May 31, 2024	\$ 1,025,000
Interest Rates	3.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2024
Interest Payment Dates	September 1/ March 1
Callable Dates	September 1, 2019 (1)

(1) Or on any date thereafter callable at par plus unpaid accrued interest from the most recent interest payment date to the date of redemption.

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2024:

	June 1, 2023	Additions	Retirements	May 31, 2024
Bonds Payable	\$ 2,000,000	\$	\$ 975,000	\$ 1,025,000
Unamortized Discounts	(10,653)		(6,758)	(3,895)
Bonds Payable, Net	\$ 1,989,347	\$ -0-	\$ 968,242	\$ 1,021,105
		Amount Due Within One Year		\$ 1,021,105
		Amount Due After One Year		
		Bonds Payable, Net		\$ 1,021,105

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

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

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

Fiscal Year	Principal	Interest	Total
2025	\$ 1,025,000	\$ 15,375	\$ 1,040,375

As of May 31, 2024, the District had authorized but unissued bonds in the amount of \$20,200,000 for acquiring and constructing water, sewer and drainage systems and authorized but unissued bonds in the amount of \$16,850,000 for refunding purposes.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount, and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District’s waterworks and sanitary sewer system.

During the year ended May 31, 2024, the District levied an ad valorem debt service tax rate of \$0.05 per \$100 of assessed valuation, which resulted in a tax levy of \$645,560 on the adjusted taxable valuation of \$1,291,119,938 for the 2023 tax year. The bond resolution requires the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

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

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross 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 each five-year anniversary of the bonds. The bond resolution states that the District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**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 deposits was \$2,971,160 and the bank balance was \$3,065,141. Of the bank balance, \$2,993,616 was covered by federal depository insurance and the remaining bank balance was covered by pledged collateral in the name of the District held by a third party.

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

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 237,281	\$ 2,115,000	\$ 2,352,281
DEBT SERVICE FUND	148,879	470,000	618,879
TOTAL DEPOSITS	\$ 386,160	\$ 2,585,000	\$ 2,971,160

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.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

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

Investments (Continued)

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 also invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), a public funds investment pool. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor and UMB Bank, N.A., serves as the custodian for the pool. Texas CLASS is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the Texas CLASS participants. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. There are no limitations or restrictions on withdrawals from Texas CLASS.

The District records its certificates of deposit at acquisition cost.

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

<u>Funds and Investment Type</u>	<u>Fair Value</u>	<u>Maturities of Less Than 1 Year</u>
<u>GENERAL FUND</u>		
Texas CLASS	\$ 12,130,877	\$ 12,130,877
Certificates of Deposit	2,115,000	2,115,000
<u>DEBT SERVICE FUND</u>		
Texas CLASS	783,435	783,435
Certificates of Deposit	<u>470,000</u>	<u>470,000</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 15,499,312</u></b>	<b><u>\$ 15,499,312</u></b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by primarily investing in certificates of deposit with balances below FDIC coverage. The District’s investments in Texas CLASS were rated AAAM by Standard and Poor’s.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

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

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages interest rate risk by primarily investing in certificates of deposit with maturities of less than one year. The District considers the investments in Texas CLASS to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

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

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended May 31, 2024, is summarized in the following table:

	June 1, 2023	Increases	Decreases	May 31, 2024
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 2,274,746	\$ -0-	\$ -0-	\$ 2,274,746
<b>Capital Assets Subject to Depreciation</b>				
Buildings and Improvements	\$ 660,347	\$ 23,909	\$	\$ 684,256
NCWA Capacity	1,147,278			1,147,278
Water System	12,156,473			12,156,473
Wastewater System	33,281,166			33,281,166
Drainage System	1,813,564			1,813,564
<b>Total Capital Assets Subject to Depreciation</b>	<b>\$ 49,058,828</b>	<b>\$ 23,909</b>	<b>\$ -0-</b>	<b>\$ 49,082,737</b>
<b>Accumulated Depreciation</b>				
Buildings and Improvements	\$ 238,876	\$ 26,571	\$	\$ 265,447
NCWA Capacity	993,662	30,935		1,024,597
Water System	7,213,733	246,665		7,460,398
Wastewater System	16,943,805	706,760		17,650,565
Drainage System	757,771	41,101		798,872
<b>Total Accumulated Depreciation</b>	<b>\$ 26,147,847</b>	<b>\$ 1,052,032</b>	<b>\$ -0-</b>	<b>\$ 27,199,879</b>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 22,910,981</b>	<b>\$ (1,028,123)</b>	<b>\$ -0-</b>	<b>\$ 21,882,858</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 25,185,727</b>	<b>\$ (1,028,123)</b>	<b>\$ -0-</b>	<b>\$ 24,157,604</b>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 7. MAINTENANCE TAX**

On January 15, 1977, the voters of the District approved the levy and collection of a maintenance tax of not more than \$0.25 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the year ended May 31, 2024, the District levied an ad valorem maintenance tax rate of \$0.25 per \$100 of assessed valuation, which resulted in a tax levy of \$3,227,803 on the adjusted taxable valuation of \$1,291,119,938 for the 2023 tax year.

**NOTE 8. REGIONAL WASTEWATER TREATMENT PLANT**

On June 10, 1974, the District entered into a contract with Harris County Fresh Water Supply District No. 51 (District No. 51) and Harris County Water Control and Improvement District No. 36 (District No. 36) for the financing, construction and operation of a regional wastewater treatment facility to be operated by District No. 51. In subsequent agreements this contract was modified to meet the additional capacity requirements of the districts. Pursuant to an addendum dated October 7, 1985, the District is exclusively entitled to and guaranteed capacity of 2,250,000 gpd of the 6,300,000 gpd facility. On May 1, 2004, the districts approved an amendment to this agreement to provide for the allocation of costs related to the operation and maintenance of the facilities and to provide for the construction of improvements to the wastewater transmission facilities by District No. 36 and District No. 51. The District participated in the agreement solely with respect to facilitating the contract amendments for District Nos. 36 and 51. Separate financial statements may be obtained by contacting the District's attorney, Sanford Kuhl Hagan Kugle Parker Kahn LLP. The participating districts and respective pro rata shares of capacity in the regional wastewater treatment plant are:

	Capacity (gpd)	Percentage
Harris County Municipal Utility District No. 53	2,250,000	35.71%
Harris County Water Control and Improvement District No. 36	1,500,000	23.81
Harris County Fresh Water Supply District No. 51	2,550,000	40.48
<b>TOTAL</b>	<b>6,300,000</b>	<b>100.00%</b>

Each participant is responsible only for its share of the operating costs of the Plant which are allocated and billed monthly based upon each participant's pro rata share of monthly water production. The District's advance for operations and maintenance of the joint facilities is \$42,808 and its share of current year operating costs totaled \$619,801.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 8. REGIONAL WASTEWATER TREATMENT PLANT (Continued)**

The following summary financial data for the regional wastewater treatment plant is presented for the fiscal year ending June 30, 2023:

Total Assets	\$ 259,167
Total Liabilities	<u>139,289</u>
Total Fund Balance	<u>\$ 119,878</u>
Total Revenues	\$ 1,490,195
Total Expenditures	<u>1,490,195</u>
Net Change in Fund Balance	\$ -0-
Beginning Fund Balance	<u>119,878</u>
Ending Fund Balance	<u>\$ 119,878</u>

**NOTE 9. NORTH CHANNEL WATER AUTHORITY CONTRACT**

On January 31, 1991, the District entered into a Regional Water Supply Contract with the North Channel Water Authority (Authority) agreeing to participate in a plan whereby the Authority purchases treated surface water from the City of Houston. This will enable the District to meet the requirements of the Harris-Galveston Subsidence District (HGSD) for conversion to 80% surface water. This contract was restated on March 1, 2001. The Authority's plan also anticipates possible additional acquisitions of surface water and construction of additional water distribution lines in the future that will enable the District to remain in compliance with HGSD requirements. The Authority is the owner and operator of the system. This contract will remain in effect until December 31, 2028, and thereafter from year-to-year until payment in full of the principal, premium, if any, and interest on all bonds and all related fees to be paid under any bond resolution or indenture securing the bonds.

The Authority issued bonds for the purpose of financing the capital costs of the initial project. The District chose to contribute cash in lieu of participating in the bond financing. In return for its contractual share of the capital costs of the system, the District acquired 2,200,000 gallons-per-day capacity in the Authority's surface water distribution system. In addition, the District pays its pro rata share of any special project related to the facilities.

During the current fiscal year, the District incurred costs of \$1,577,905 with respect to this contract. As of May 31, 2024, the District had a reserve with the Authority in the amount of \$76,999. Separate financial statements may be obtained by contacting the Authority's attorney, Allen Boone Humphries Robinson LLP.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 9. NORTH CHANNEL WATER AUTHORITY CONTRACT (Continued)**

The following summary financial data of the Authority is presented for the year ending December 31, 2023.

Total Assets	\$ 17,342,587
Total Liabilities	<u>4,139,123</u>
Net Position	<u>\$ 13,203,464</u>
Operating Revenues	\$ 11,625,338
Operating Expenses	<u>10,964,692</u>
Operating Income	\$ 660,646
Non-Operating Revenues (Expenses)	<u>205,461</u>
Change in Net Position	\$ 866,107
Net Position - Beginning of Year	<u>12,337,357</u>
Net Position - End of Year	<u>\$ 13,203,464</u>

**NOTE 10. WATER SUPPLY AGREEMENTS**

On October 20, 1997, the District entered into an emergency water supply contract with Harris County Fresh Water Supply District No. 51. A first amendment to the contract was executed to extend the term to December 31, 2018. On September 11, 2018, a second amendment to the contract was executed continuing the term in full force and effect unless terminated by either party by giving written notice of its intent to terminate at least 18 months prior to actual termination. The price to be paid for water furnished under this agreement is at a rate equal to the supplying party's cost to supply the water.

On September 12, 2006, the District entered into an Emergency Water Supply Contract with Harris County Water Control and Improvement District No. 84 (District No. 84). A first amendment to the contract was executed to extend the term to August 11, 2025. District No. 84 is responsible for the installation and construction of all necessary facilities at the point of connection and is responsible for maintenance of such facilities. The using party will be charged the current North Channel Water Authority rate per 1,000 gallons plus \$0.50 per 1,000 gallons.

On July 2, 1991, the District entered into a Water Supply and Waste Transportation Agreement with Harris County Water Control and Improvement District No. 36 for the purpose of providing potable water and sewer service to a 3.8183-acre tract of land within District No. 36. A first amendment to this agreement was approved December 1, 2003, allowing District No. 36 to provide water originally supplied by the District to Harris County Fresh Water Supply District No. 47 on an emergency basis.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 11. RISK MANAGEMENT**

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

**NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT**

Effective May 3, 2007, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement was amended and restated on November 16, 2012 and on December 12, 2019. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a tract of land defined as the “Tract” for the limited purposes of applying the City’s Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District.

The City imposes a Sales and Use Tax within the boundaries of the Tract at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City pays the District one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. The City delivers to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller’s office. During the fiscal year ended May 31, 2024, the District recorded sales tax revenues of \$609,460, of which \$160,492 was receivable as of the fiscal year end. The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from the effective date of the agreement.

**NOTE 13. USE OF SURPLUS FUNDS**

On April 9, 2024, the District approved a Resolution Regarding Use of Surplus Funds Without Further Approval by the Texas Commission on Environmental Quality. In accordance with this resolution and Commission rules, the District transferred surplus Series 2012 Bond funds and other remaining funds totaling \$121,628 from the Capital Projects Fund to the General Fund. These funds were used to reimburse the General Fund for a portion of the Tenderden lift station improvement costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**

**REQUIRED SUPPLEMENTARY INFORMATION**

**MAY 31, 2024**





**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED MAY 31, 2024**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 2,700,000	\$ 3,171,151	\$ 471,151
Water Service	1,183,944	1,130,114	(53,830)
Wastewater Service	646,997	605,658	(41,339)
Penalty and Interest	38,716	37,885	(831)
Sales Tax Revenues	714,353	609,460	(104,893)
Right-of-Way Revenue	250,000	250,000	
Investment and Miscellaneous Revenues	634,634	667,479	32,845
Other Service Revenues	<u>58,293</u>	<u>77,510</u>	<u>19,217</u>
<b>TOTAL REVENUES</b>	<u>\$ 6,226,937</u>	<u>\$ 6,549,257</u>	<u>\$ 322,320</u>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 272,500	\$ 272,573	\$ (73)
Contracted Services	654,312	557,271	97,041
Purchased Water Service	1,885,721	1,577,905	307,816
Purchased Wastewater Service	520,710	619,801	(99,091)
Utilities	299,611	327,766	(28,155)
Repairs and Maintenance	636,056	517,100	118,956
Other	189,210	174,997	14,213
Capital Outlay	<u>747,628</u>	<u>23,909</u>	<u>723,719</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 5,205,748</u>	<u>\$ 4,071,322</u>	<u>\$ 1,134,426</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 1,021,189</u>	<u>\$ 2,477,935</u>	<u>\$ 1,456,746</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>\$ - 0 -</u>	<u>\$ 121,628</u>	<u>\$ 121,628</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 1,021,189	\$ 2,599,563	\$ 1,578,374
<b>FUND BALANCE - JUNE 1, 2023</b>	<u>11,185,256</u>	<u>11,185,256</u>	
<b>FUND BALANCE - MAY 31, 2024</b>	<u>\$ 12,206,445</u>	<u>\$ 13,784,819</u>	<u>\$ 1,578,374</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**MAY 31, 2024**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MAY 31, 2024**

**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>      </u>	Parks/Recreation	<u>      </u>	Fire Protection	<u>      </u>	Security
<u>      </u>	Solid Waste/Garbage	<u>      </u>	Flood Control	<u>      </u>	Roads
<u>  X  </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):**

The following rates are based on the rate order approved March 9, 2010.

	<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:	\$ 8.00	3,000	N	\$ 1.25 \$ 1.50 \$ 2.00	3,001 to 6,000 6,001 to 10,000 10,001 and up
WASTEWATER:	\$ 8.00		Y		
SURCHARGE:					
Commission	0.5% of actual water and sewer bill				
Regulatory Assessment					

District employs winter averaging for wastewater usage?          X    
Yes                      No

Total monthly charges per 10,000 gallons usage: Water: \$17.75 Wastewater: \$8.00 Surcharge: \$0.13 Total: \$25.88

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MAY 31, 2024**

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

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

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ <sup>3</sup> / <sub>4</sub> "	<u>5,485</u>	<u>5,432</u>	x 1.0	<u>5,432</u>
1"	<u>48</u>	<u>47</u>	x 2.5	<u>118</u>
1½"	<u>5</u>	<u>5</u>	x 5.0	<u>25</u>
2"	<u>29</u>	<u>29</u>	x 8.0	<u>232</u>
3"	<u>3</u>	<u>3</u>	x 15.0	<u>45</u>
4"	<u>2</u>	<u>2</u>	x 25.0	<u>50</u>
6"	<u>5</u>	<u>5</u>	x 50.0	<u>250</u>
8"	<u>3</u>	<u>3</u>	x 80.0	<u>240</u>
10"			x 115.0	
Total Water Connections	<u><u>5,580</u></u>	<u><u>5,526</u></u>		<u><u>6,392</u></u>
Total Wastewater Connections 487	<u><u>5,532</u></u>	<u><u>5,478</u></u>	x 1.0	<u><u>5,478</u></u>

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

Gallons billed to customers:	479,934,000	Water Accountability Ratio: 84.63 % (Gallons billed/Gallons pumped and purchased)
Gallons pumped:	135,831,000	
Gallons purchased:	431,269,000	From: North Channel Water Authority

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MAY 31, 2024**

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

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

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

Entirely  Partly  Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED MAY 31, 2024**

PROFESSIONAL FEES:	
Auditing	\$ 22,500
Engineering	140,191
Legal	<u>109,882</u>
TOTAL PROFESSIONAL FEES	<u>\$ 272,573</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 1,577,905
Purchased Wastewater Service	<u>619,801</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 2,197,706</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 80,364
Operations and Billing	<u>476,907</u>
TOTAL CONTRACTED SERVICES	<u>\$ 557,271</u>
UTILITIES:	
Electricity	\$ 324,109
Telephone	<u>3,657</u>
TOTAL UTILITIES	<u>\$ 327,766</u>
REPAIRS AND MAINTENANCE	<u>\$ 517,100</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes and Administration	\$ 37,233
Dues	5,450
Election Costs	5,850
Insurance	47,367
Office Supplies and Postage	5,570
Travel and Meetings	<u>15,923</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 117,393</u>
CAPITAL OUTLAY	<u>\$ 23,909</u>
OTHER EXPENDITURES:	
Chemicals	\$ 9,824
Laboratory Fees	13,493
Permit Fees	14,582
Connection, Inspection, and Reconnection Fees	1,250
Regulatory Assessment	8,462
Other	<u>9,993</u>
TOTAL OTHER EXPENDITURES	<u>\$ 57,604</u>
TOTAL EXPENDITURES	<u><u>\$ 4,071,322</u></u>

See accompanying independent auditor's report.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**INVESTMENTS**  
**MAY 31, 2024**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 12,130,877	\$
Certificate of Deposit	XXXX0585	5.00%	03/08/25	235,000	1,577
Certificate of Deposit	XXXX1032	5.00%	06/19/24	235,000	11,138
Certificate of Deposit	XXXX8951	5.00%	08/29/24	235,000	8,853
Certificate of Deposit	XXXX8583	5.50%	10/13/24	235,000	1,593
Certificate of Deposit	XXXX0099	5.15%	11/13/24	235,000	597
Certificate of Deposit	XXXX6670	5.18%	05/15/25	235,000	534
Certificate of Deposit	XXXX9797	5.25%	07/26/24	235,000	10,445
Certificate of Deposit	XXXX4427	5.49%	10/29/24	235,000	6,327
Certificate of Deposit	XXXX0328	5.55%	09/26/24	235,000	8,862
TOTAL GENERAL FUND				<u>\$ 14,245,877</u>	<u>\$ 49,926</u>
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0002	Varies	Daily	\$ 783,435	\$
Certificate of Deposit	XXXX1963	5.50%	08/21/24	235,000	8,782
Certificate of Deposit	XXXX2594	5.50%	08/19/24	235,000	3,541
TOTAL DEBT SERVICE FUND				<u>\$ 1,253,435</u>	<u>\$ 12,323</u>
TOTAL - ALL FUNDS				<u>\$ 15,499,312</u>	<u>\$ 62,249</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED MAY 31, 2024**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JUNE 1, 2023	\$	164,692		\$ 140,636
Adjustments to Beginning				
Balance		<u>(29,691)</u>	\$ 135,001	<u>(25,784)</u> \$ 114,852
Original 2023 Tax Levy	\$	2,993,051		\$ 598,610
Adjustment to 2023 Tax Levy		<u>234,752</u>	<u>3,227,803</u>	<u>46,950</u> <u>645,560</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 3,362,804		\$ 760,412
TAX COLLECTIONS:				
Prior Years	\$	43,378		\$ 27,176
Current Year		<u>3,127,773</u>	<u>3,171,151</u>	<u>625,555</u> <u>652,731</u>
TAXES RECEIVABLE -				
MAY 31, 2024		<u>\$ 191,653</u>		<u>\$ 107,681</u>
TAXES RECEIVABLE BY				
YEAR:				
2023		\$ 100,030		\$ 20,005
2022		36,536		11,692
2021		18,512		11,107
2020		10,736		14,003
2019		7,354		8,825
2018 and prior		<u>18,485</u>		<u>42,049</u>
TOTAL		<u>\$ 191,653</u>		<u>\$ 107,681</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED MAY 31, 2024**

	2023	2022	2021	2020
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 279,448,333	\$ 276,825,146	\$ 269,900,032	\$ 256,011,262
Improvements	1,234,180,632	1,004,589,219	854,261,633	748,518,863
Personal Property	40,383,789	41,938,591	33,515,759	33,053
Exemptions	<u>(262,892,816)</u>	<u>(163,983,611)</u>	<u>(113,607,060)</u>	<u>(56,230,450)</u>
<b>TOTAL PROPERTY VALUATIONS</b>	<b><u>\$ 1,291,119,938</u></b>	<b><u>\$ 1,159,369,345</u></b>	<b><u>\$ 1,044,070,364</u></b>	<b><u>\$ 948,332,728</u></b>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.05	\$ 0.08	\$ 0.15	\$ 0.30
Maintenance	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.23</u>
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<b><u>\$ 0.30</u></b>	<b><u>\$ 0.33</u></b>	<b><u>\$ 0.40</u></b>	<b><u>\$ 0.53</u></b>
<b>ADJUSTED TAX LEVY*</b>	<b><u>\$ 3,873,363</u></b>	<b><u>\$ 3,825,919</u></b>	<b><u>\$ 4,176,282</u></b>	<b><u>\$ 5,026,163</u></b>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	<b><u>96.90 %</u></b>	<b><u>98.74 %</u></b>	<b><u>99.29 %</u></b>	<b><u>99.51 %</u></b>

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

Maintenance Tax – Maximum tax rate of \$0.25 per \$100 of assessed valuation approved by voters on January 15, 1977.

See accompanying independent auditor’s report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2024**

S E R I E S - 2 0 1 2			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	<u>\$ 1,025,000</u>	<u>\$ 15,375</u>	<u>\$ 1,040,375</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED MAY 31, 2024**

Description	Original Bonds Issued	Bonds Outstanding June 1, 2023
Harris County Municipal Utility District No. 53 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2012	<u>\$ 2,920,000</u>	<u>\$ 2,000,000</u>

Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	\$ 80,400,000	\$ 35,250,000
Amount Issued	<u>60,200,000</u>	<u>18,400,000</u>
Remaining to be Issued	<u>\$ 20,200,000</u>	<u>\$ 16,850,000</u>

Debt Service Fund cash and investment balances as of May 31, 2024: \$ 1,402,314

Average annual debt service payment (principal and interest) for remaining term  
of all debt: \$ 1,040,375

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				<u>Paying Agent</u>
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding May 31, 2024</u>	
	<u>Principal</u>	<u>Interest</u>		
<u>\$ -0-</u>	<u>\$ 975,000</u>	<u>\$ 45,375</u>	<u>\$ 1,025,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 3,171,151	\$ 2,857,088	\$ 2,575,129
Water Service	1,130,114	1,098,101	1,042,367
Wastewater Service	605,658	609,532	601,263
Penalty and Interest	37,885	36,626	34,147
Sales Tax Revenues	609,460	647,558	573,620
Right-of-Way Revenue	250,000	958,333	
Investment and Miscellaneous Revenues	667,479	352,081	20,641
Other Service Revenues	77,510	52,713	71,908
<b>TOTAL REVENUES</b>	<b>\$ 6,549,257</b>	<b>\$ 6,612,032</b>	<b>\$ 4,919,075</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 272,573	\$ 317,468	\$ 241,914
Contracted Services	557,271	579,893	501,967
Purchased Water Service	1,577,905	1,584,370	1,487,834
Purchased Wastewater Service	619,801	602,492	493,584
Utilities	327,766	296,344	284,848
Repairs and Maintenance	517,100	559,647	351,069
Other	174,997	154,634	162,527
Capital Outlay	23,909	139,335	266,261
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,071,322</b>	<b>\$ 4,234,183</b>	<b>\$ 3,790,004</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 2,477,935</b>	<b>\$ 2,377,849</b>	<b>\$ 1,129,071</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	\$ 121,628	\$	\$
Developer Advances			
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ 121,628</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 2,599,563</b>	<b>\$ 2,377,849</b>	<b>\$ 1,129,071</b>
<b>BEGINNING FUND BALANCE</b>	11,185,256	8,807,407	7,678,336
<b>ENDING FUND BALANCE</b>	<b>\$ 13,784,819</b>	<b>\$ 11,185,256</b>	<b>\$ 8,807,407</b>

See accompanying independent auditor's report.



		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 2,175,584	\$ 2,192,737	48.4 %	43.2 %	52.3 %	45.9 %	47.2 %
1,045,333	1,040,722	17.3	16.6	21.2	22.1	22.4
584,400	586,693	9.2	9.2	12.2	12.4	12.6
31,549	29,963	0.6	0.6	0.7	0.7	0.6
594,062	546,788	9.3	9.8	11.7	12.6	11.8
		3.8	14.5			
47,812	180,983	10.2	5.3	0.4	1.0	3.9
252,926	67,792	1.2	0.8	1.5	5.3	1.5
<u>\$ 4,731,666</u>	<u>\$ 4,645,678</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 211,501	\$ 281,168	4.1 %	4.8 %	4.9 %	4.5 %	6.1 %
503,390	460,092	8.5	8.8	10.2	10.6	9.9
1,370,185	1,340,376	24.1	24.0	30.2	29.0	28.9
536,051	439,977	9.5	9.1	10.0	11.3	9.5
277,839	305,359	5.0	4.5	5.8	5.9	6.6
931,591	1,111,701	7.9	8.5	7.1	19.7	23.9
156,159	168,302	2.7	2.3	3.3	3.3	3.6
1,297,696	435,079	0.4	2.1	5.4	27.4	9.4
<u>\$ 5,284,412</u>	<u>\$ 4,542,054</u>	<u>62.2 %</u>	<u>64.1 %</u>	<u>76.9 %</u>	<u>111.7 %</u>	<u>97.9 %</u>
<u>\$ (552,746)</u>	<u>\$ 103,624</u>	<u>37.8 %</u>	<u>35.9 %</u>	<u>23.1 %</u>	<u>(11.7) %</u>	<u>2.1 %</u>
\$	\$					
	121,000					
<u>\$ -0-</u>	<u>\$ 121,000</u>					
\$ (552,746)	\$ 224,624					
8,231,082	8,006,458					
<u>\$ 7,678,336</u>	<u>\$ 8,231,082</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 652,731	\$ 946,035	\$ 1,574,045
Penalty and Interest	67,798	91,873	61,634
Investment and Miscellaneous Revenues	<u>66,796</u>	<u>43,811</u>	<u>6,965</u>
<b>TOTAL REVENUES</b>	<u>\$ 787,325</u>	<u>\$ 1,081,719</u>	<u>\$ 1,642,644</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 128,788	\$ 128,198	\$ 130,533
Debt Service Principal	975,000	920,000	3,215,000
Debt Service Interest and Fees	<u>45,875</u>	<u>74,300</u>	<u>152,400</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,149,663</u>	<u>\$ 1,122,498</u>	<u>\$ 3,497,933</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (362,338)	\$ (40,779)	\$ (1,855,289)
<b>BEGINNING FUND BALANCE</b>	<u>1,743,743</u>	<u>1,784,522</u>	<u>3,639,811</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 1,381,405</u>	<u>\$ 1,743,743</u>	<u>\$ 1,784,522</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>5,526</u>	<u>5,526</u>	<u>5,541</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>5,478</u>	<u>5,574</u>	<u>5,493</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues						
2021	2020	2024	2023	2022	2021	2020		
\$ 2,840,642	\$ 2,654,309	82.9 %	87.4 %	95.8 %	96.5 %	95.1 %		
80,457	64,822	8.6	8.5	3.8	2.7	2.3		
<u>25,003</u>	<u>71,942</u>	<u>8.5</u>	<u>4.1</u>	<u>0.4</u>	<u>0.8</u>	<u>2.6</u>		
<u>\$ 2,946,102</u>	<u>\$ 2,791,073</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 146,030	\$ 132,403	16.4 %	11.9 %	7.9 %	5.0 %	4.7 %		
3,050,000	2,980,000	123.8	85.0	195.7	103.5	106.8		
<u>250,025</u>	<u>315,500</u>	<u>5.8</u>	<u>6.9</u>	<u>9.3</u>	<u>8.5</u>	<u>11.3</u>		
<u>\$ 3,446,055</u>	<u>\$ 3,427,903</u>	<u>146.0 %</u>	<u>103.8 %</u>	<u>212.9 %</u>	<u>117.0 %</u>	<u>122.8 %</u>		
\$ (499,953)	\$ (636,830)	<u>(46.0) %</u>	<u>(3.8) %</u>	<u>(112.9) %</u>	<u>(17.0) %</u>	<u>(22.8) %</u>		
<u>4,139,764</u>	<u>4,776,594</u>							
<u>\$ 3,639,811</u>	<u>\$ 4,139,764</u>							
<u>5,535</u>	<u>5,525</u>							
<u>5,487</u>	<u>5,481</u>							

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**MAY 31, 2024**

District Mailing Address - Harris County Municipal Utility District No. 53  
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP  
1980 Post Oak Blvd., Suite 1380  
Houston, TX 77056

District Telephone Number - (713) 850-9000

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended May 31, 2024	Expense Reimbursements for the year ended May 31, 2024	Title
Judy Grant	05/2022 – 05/2026 (Elected)	\$ 7,159	\$ 3,006	President
Andre Bradley	05/2022 – 05/2026 (Elected)	\$ 5,833	\$ 1,722	Vice President
Drew Fontenette	05/2024 – 05/2028 (Elected)	\$ 6,781	\$ 2,772	Secretary/ Treasurer
Kristine Johnstone	05/2022 – 05/2026 (Elected)	\$ 7,088	\$ 2,292	Assistant Vice President
Peter Mitchell	05/2024 – 05/2028 (Elected)	\$ 7,017	\$ 2,442	Assistant Secretary/ 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: November 7, 2022

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

See accompanying independent auditor’s report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 53**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**MAY 31, 2024**

<u>Consultants:</u>	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2024</u>	<u>Title</u>
Sanford Kuhl Hagan Kugle Parker Kahn LLP	02/20/90	\$ 116,697	General Counsel
McCall Gibson Swedlund Barfoot PLLC	05/12/92	\$ 22,500	Auditor
Municipal Accounts & Consulting, L.P.	06/04/03	\$ 89,256	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/16/85	\$ 20,263	Delinquent Tax Attorney
Huitt-Zollars, Inc.	07/24/73	\$ 140,191	Engineer
Rathmann & Associates, L.P.	02/19/91	\$ -0-	Financial Advisor
Harris County Fresh Water Supply District No. 51	04/13/99	\$ 965,008	Operator
Bob Leared Interests	02/01/84	\$ 73,393	Tax Assessor/ Collector

See accompanying independent auditor's report.

