




# **Harris County Municipal Utility District No. 370 Harris County, Texas**

## **Independent Auditor's Report and Financial Statements**

August 31, 2024



**Harris County Municipal Utility District No. 370**  
**Contents**  
**August 31, 2024**

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## **Independent Auditor's Report**

Board of Directors  
Harris County Municipal Utility District No. 370  
Harris County, Texas

### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 370 (the District), as of and for the year ended August 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of August 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

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

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

**Forvis Mazars, LLP**

**Houston, Texas  
January 9, 2025**

### ***Overview of the Financial Statements***

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

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

### ***Government-Wide Financial Statements***

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

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

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

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

### ***Fund Financial Statements***

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

**Governmental Funds**

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

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

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

**Notes to Financial Statements**

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

**Financial Analysis of the District as a Whole**

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

**Summary of Net Position**

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 9,433,099	\$ 11,057,296
Capital assets	<u>21,151,728</u>	<u>21,630,213</u>
Total assets	<u>30,584,827</u>	<u>32,687,509</u>
Deferred outflows of resources	<u>39,944</u>	<u>55,448</u>
Total assets and deferred outflows of resources	<u>\$ 30,624,771</u>	<u>\$ 32,742,957</u>
Long-term liabilities	\$ 12,994,175	\$ 16,389,713
Other liabilities	<u>603,517</u>	<u>588,481</u>
Total liabilities	<u>13,597,692</u>	<u>16,978,194</u>
Deferred inflows of resources	<u>35,316</u>	<u>42,768</u>

**Summary of Net Position (Continued)**

	<u>2024</u>	<u>2023</u>
Net position:		
Net investment in capital assets	\$ 9,509,195	\$ 8,273,852
Restricted	2,679,824	2,697,488
Unrestricted	<u>4,802,744</u>	<u>4,750,655</u>
Total net position	<u>\$ 16,991,763</u>	<u>\$ 15,721,995</u>

The total net position of the District increased by \$1,269,768, or about 8%. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Summary of Changes in Net Position**

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 2,633,461	\$ 2,330,960
Charges for services	1,994,621	2,032,289
Other revenues	<u>516,842</u>	<u>482,521</u>
Total revenues	<u>5,144,924</u>	<u>4,845,770</u>
Expenses:		
Services	3,030,857	2,638,644
Depreciation	541,481	536,533
Debt service	<u>302,818</u>	<u>750,605</u>
Total expenses	<u>3,875,156</u>	<u>3,925,782</u>
Change in net position	1,269,768	919,988
Net position, beginning of year	<u>15,721,995</u>	<u>14,802,007</u>
Net position, end of year	<u>\$ 16,991,763</u>	<u>\$ 15,721,995</u>

***Financial Analysis of the District's Funds***

The District's combined fund balances as of the end of the fiscal year ended August 31, 2024, were \$8,897,831, a decrease of \$1,631,437 from the prior year.

The general fund's fund balance increased by \$51,079, primarily due to property tax and service revenues and investment income exceeding service operations and capital outlay expenditures.

The debt service fund's fund balance decreased by \$112,684, primarily due to bond principal and interest requirements and contracted services expenditures exceeding property tax revenues and investment income.

The capital projects fund's fund balance decreased by \$1,569,832, primarily due to capital outlay expenditures exceeding investment income.

**General Fund Budgetary Highlights**

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to regional water fee and contracted services expenditures being greater than anticipated and regional water fee revenues and purchased services expenditures, repairs and maintenance expenditures and capital outlay expenditures being less than anticipated. The fund balance as of August 31, 2024, was expected to be \$4,531,195 and the actual end-of-year fund balance was \$4,796,024.

**Capital Assets and Related Debt**

**Capital Assets**

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

**Capital Assets (Net of Accumulated Depreciation)**

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 7,685,971	\$ 7,685,971
Water facilities	2,354,274	2,459,062
Wastewater facilities	3,982,492	4,115,939
Drainage facilities	<u>7,128,991</u>	<u>7,369,241</u>
 Total capital assets	 <u>\$ 21,151,728</u>	 <u>\$ 21,630,213</u>

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

New lift pumps	\$ 27,043
System pressure EDA and air compressor at the water plant	28,799
Verbatim dialer at the wastewater treatment plant	<u>7,154</u>
	<u>\$ 62,996</u>

**Debt**

The changes in the debt position of the District during the fiscal year ended August 31, 2024, are summarized as follows:

Long-term debt payable, beginning of year	\$ 16,389,713
Decreases in long-term debt	<u>(3,395,538)</u>
Long-term debt payable, end of year	<u>\$ 12,994,175</u>

At August 31, 2024, the District had \$6,715,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.



Developers of the District have constructed water, sewer and drainage facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from proceeds of future bonds issues, or available funds, subject to approval of the Commission. At August 31, 2024, a liability for developer-constructed capital assets of \$1,300,261 was recorded in the government-wide financial statements.

The District's bonds carry an underlying rating of "A+" from Standard & Poor's. The Series 2020 refunding and 2021 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty, Inc. The Series 2022 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

***Other Relevant Factors***

***Relationship to the City of Houston***

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent if the City complies with the procedures and requirements of Chapter 43, Texas Local Government Code, as amended. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

**Harris County Municipal Utility District No. 370**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**August 31, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash	\$ 350,265	\$ 127,080	\$ 260	\$ 477,605	\$ -	\$ 477,605
Certificates of deposit	1,615,000	460,000	-	2,075,000	-	2,075,000
Short-term investments	3,035,989	1,925,413	1,592,439	6,553,841	-	6,553,841
Receivables:						
Property taxes	6,720	22,220	-	28,940	-	28,940
Service accounts	244,756	-	-	244,756	-	244,756
Accrued interest	43,427	9,530	-	52,957	-	52,957
Interfund receivable	29	-	-	29	(29)	-
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	7,685,971	7,685,971
Infrastructure	-	-	-	-	13,465,757	13,465,757
<b>Total assets</b>	<b>5,296,186</b>	<b>2,544,243</b>	<b>1,592,699</b>	<b>9,433,128</b>	<b>21,151,699</b>	<b>30,584,827</b>
<b>Deferred Outflows of Resources</b>						
Deferred amount on debt refundings	-	-	-	-	39,944	39,944
<b>Total assets and deferred outflows of resources</b>	<b>\$ 5,296,186</b>	<b>\$ 2,544,243</b>	<b>\$ 1,592,699</b>	<b>\$ 9,433,128</b>	<b>\$ 21,191,643</b>	<b>\$ 30,624,771</b>

**Harris County Municipal Utility District No. 370**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**August 31, 2024**

**(Continued)**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Liabilities</b>						
Accounts payable	\$ 338,519	\$ 12,886	\$ -	\$ 351,405	\$ -	\$ 351,405
Accrued interest payable	-	-	-	-	97,189	97,189
Customer deposits	112,805	-	-	112,805	-	112,805
Due to others	42,118	-	-	42,118	-	42,118
Interfund payable	-	29	-	29	(29)	-
Long-term liabilities:						
Due within one year	-	-	-	-	1,395,000	1,395,000
Due after one year	-	-	-	-	11,599,175	11,599,175
Total liabilities	<u>493,442</u>	<u>12,915</u>	<u>-</u>	<u>506,357</u>	<u>13,091,335</u>	<u>13,597,692</u>
<b>Deferred Inflows of Resources</b>						
Deferred property tax revenues	6,720	22,220	-	28,940	(28,940)	-
Deferred amount on debt refundings	-	-	-	-	35,316	35,316
Total deferred inflows of resources	<u>6,720</u>	<u>22,220</u>	<u>-</u>	<u>28,940</u>	<u>6,376</u>	<u>35,316</u>
<b>Fund Balances/Net Position</b>						
Fund balances:						
Restricted:						
Unlimited tax bonds	-	2,509,108	-	2,509,108	(2,509,108)	-
Water, sewer and drainage	-	-	1,592,699	1,592,699	(1,592,699)	-
Assigned, future expenditures	415,869	-	-	415,869	(415,869)	-
Unassigned	<u>4,380,155</u>	<u>-</u>	<u>-</u>	<u>4,380,155</u>	<u>(4,380,155)</u>	<u>-</u>
Total fund balances	<u>4,796,024</u>	<u>2,509,108</u>	<u>1,592,699</u>	<u>8,897,831</u>	<u>(8,897,831)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,296,186</u>	<u>\$ 2,544,243</u>	<u>\$ 1,592,699</u>	<u>\$ 9,433,128</u>		
Net position:						
Net investment in capital assets					9,509,195	9,509,195
Restricted for debt service					2,434,139	2,434,139
Restricted for capital projects					245,685	245,685
Unrestricted					<u>4,802,744</u>	<u>4,802,744</u>
Total net position					<u>\$ 16,991,763</u>	<u>\$ 16,991,763</u>

**Harris County Municipal Utility District No. 370**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended August 31, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 789,498	\$ 1,848,484	\$ -	\$ 2,637,982	\$ (4,521)	\$ 2,633,461
Water service	430,023	-	-	430,023	-	430,023
Sewer service	618,994	-	-	618,994	-	618,994
Regional water fee	945,604	-	-	945,604	-	945,604
Penalty and interest	36,613	21,800	-	58,413	(15,388)	43,025
Tap connection and inspection fees	7,791	-	-	7,791	-	7,791
Investment income	251,000	111,052	103,886	465,938	-	465,938
Other income	-	88	-	88	-	88
<b>Total revenues</b>	<b>3,079,523</b>	<b>1,981,424</b>	<b>103,886</b>	<b>5,164,833</b>	<b>(19,909)</b>	<b>5,144,924</b>
<b>Expenditures/Expenses</b>						
Service operations:						
Purchased services	598,597	-	-	598,597	-	598,597
Regional water fee	489,346	-	-	489,346	-	489,346
Professional fees	134,565	9,140	-	143,705	-	143,705
Contracted services	676,321	46,958	-	723,279	1,622	724,901
Utilities	70,195	-	-	70,195	-	70,195
Repairs and maintenance	763,879	-	-	763,879	136,818	900,697
Other expenditures	95,727	7,629	60	103,416	-	103,416
Capital outlay	199,814	-	1,673,658	1,873,472	(1,873,472)	-
Depreciation	-	-	-	-	541,481	541,481
Debt service:						
Principal retirement	-	1,615,000	-	1,615,000	(1,615,000)	-
Interest and fees	-	415,381	-	415,381	(112,563)	302,818
<b>Total expenditures/expenses</b>	<b>3,028,444</b>	<b>2,094,108</b>	<b>1,673,718</b>	<b>6,796,270</b>	<b>(2,921,114)</b>	<b>3,875,156</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>51,079</b>	<b>(112,684)</b>	<b>(1,569,832)</b>	<b>(1,631,437)</b>	<b>1,631,437</b>	
<b>Change in Net Position</b>					<b>1,269,768</b>	<b>1,269,768</b>
<b>Fund Balances/Net Position</b>						
Beginning of year	4,744,945	2,621,792	3,162,531	10,529,268	-	15,721,995
End of year	<b>\$ 4,796,024</b>	<b>\$ 2,509,108</b>	<b>\$ 1,592,699</b>	<b>\$ 8,897,831</b>	<b>\$ -</b>	<b>\$ 16,991,763</b>

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

Harris County Municipal Utility District No. 370 (the District) was created by an order of the Texas Natural Resource Conservation Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective August 30, 1999, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District. The District also provides solid waste disposal service.

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

### ***Reporting Entity***

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

### ***Government-Wide and Fund Financial Statements***

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

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

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

The District presents the following major governmental funds:

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

**Harris County Municipal Utility District No. 370**  
**Notes to Financial Statements**  
**August 31, 2024**

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

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

***Fund Balances – Governmental Funds***

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

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

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

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

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

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

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

***Measurement Focus and Basis of Accounting***

***Government-Wide Financial Statements***

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

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

***Fund Financial Statements***

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

***Deferred Outflows and Inflows of Resources***

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

***Interfund Transactions***

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

***Pension Costs***

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

***Use of Estimates***

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

***Investments and Investment Income***

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

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

***Property Taxes***

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

**Harris County Municipal Utility District No. 370**  
**Notes to Financial Statements**  
**August 31, 2024**

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In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended August 31, 2024, include collections during the current period or within 60 days of year-end related to the 2023 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended August 31, 2024, the 2023 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

**Capital Assets**

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

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

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

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

**Deferred Amount on Debt Refundings**

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

**Debt Issuance Costs**

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

**Long-Term Obligations**

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

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



**Harris County Municipal Utility District No. 370**  
**Notes to Financial Statements**  
**August 31, 2024**

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***Net Position/Fund Balances***

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

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

***Reconciliation of Government-Wide and Fund Financial Statements***

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

Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements.	\$ 21,151,728
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	28,940
Deferred amounts on debt refundings for governmental activities are not financial resources and are not reported in the fund financial statements.	4,628
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the fund financial statements.	(97,189)
Long-term debt obligations are not due and payable in the current period and are not reported in the fund financial statements.	<u>(12,994,175)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ 8,093,932</u>

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

Change in fund balances.	\$ (1,631,437)
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense and noncapitalized costs in the current period.	1,193,551

**Harris County Municipal Utility District No. 370**  
**Notes to Financial Statements**  
**August 31, 2024**

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Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	\$ 1,615,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(19,909)
Some expenses previously reported in the statement of activities are reported as expenditures in the governmental funds.	<u>112,563</u>
Change in net position of governmental activities.	<u>\$ 1,269,768</u>

**Note 2. Deposits, Investments and Investment Income**

***Deposits***

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

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

At August 31, 2024, none of the District’s bank balances were exposed to custodial credit risk.

***Investments***

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

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

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District’s investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. The District’s investments in Texas CLASS are reported at net asset value.

**Harris County Municipal Utility District No. 370**  
**Notes to Financial Statements**  
**August 31, 2024**

At August 31, 2024, the District had the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Texas CLASS	\$ 6,553,841	\$ 6,553,841	\$ -	\$ -	\$ -

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

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At August 31, 2024, the District’s investments in Texas CLASS were rated “AAAm” by Standard & Poor’s.

**Summary of Carrying Values**

The carrying values of deposits and investments shown previously are included in the balance sheet at August 31, 2024, as follows:

Carrying value:	
Deposits	\$ 2,552,605
Investments	<u>6,553,841</u>
Total	<u>\$ 9,106,446</u>

Included in the following statement of net position captions:

Cash	\$ 477,605
Certificates of deposit	2,075,000
Short-term investments	<u>6,553,841</u>
Total	<u>\$ 9,106,446</u>

**Investment Income**

Investment income of \$465,938 for the year ended August 31, 2024, consisted of interest income.

**Fair Value Measurements**

The District has the following recurring fair value measurements as of August 31, 2024:

- Pooled investments of \$6,553,841 are valued at fair value per share of the pool’s underlying portfolio.

**Note 3. Capital Assets**

A summary of changes in capital assets for the year ended August 31, 2024, is presented as follows.

**Harris County Municipal Utility District No. 370**  
**Notes to Financial Statements**  
**August 31, 2024**

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Additions</b>	<b>Balances, End of Year</b>
Capital assets, non-depreciable:			
Land and improvements	\$ 7,685,971	\$ -	\$ 7,685,971
Capital assets, depreciable:			
Water production and distribution facilities	5,538,015	28,799	5,566,814
Wastewater collection and treatment facilities	7,471,805	34,197	7,506,002
Drainage facilities	10,760,047	-	10,760,047
Total capital assets, depreciable	23,769,867	62,996	23,832,863
Less accumulated depreciation:			
Water production and distribution facilities	(3,078,953)	(133,587)	(3,212,540)
Wastewater collection and treatment facilities	(3,355,866)	(167,644)	(3,523,510)
Drainage facilities	(3,390,806)	(240,250)	(3,631,056)
Total accumulated depreciation	(9,825,625)	(541,481)	(10,367,106)
Total governmental activities, net	<u>\$ 21,630,213</u>	<u>\$ (478,485)</u>	<u>\$ 21,151,728</u>

**Note 4. Long-Term Liabilities**

Changes in long-term liabilities for the year ended August 31, 2024, were as follows:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Decreases</b>	<b>Balances, End of Year</b>	<b>Amounts Due in One Year</b>
Bonds payable:				
General obligation bonds	\$ 12,955,000	\$ 1,615,000	\$ 11,340,000	\$ 1,395,000
Add premiums on bonds	464,169	108,564	355,605	-
Less discounts on bonds	1,753	62	1,691	-
	13,417,416	1,723,502	11,693,914	1,395,000
Due to developers	2,972,297	1,672,036	1,300,261	-
Total governmental activities long-term liabilities	<u>\$ 16,389,713</u>	<u>\$ 3,395,538</u>	<u>\$ 12,994,175</u>	<u>\$ 1,395,000</u>

**Harris County Municipal Utility District No. 370**  
**Notes to Financial Statements**  
**August 31, 2024**

**General Obligation Bonds**

	<u>Refunding Series 2020</u>	<u>Refunding Series 2021</u>
Amounts outstanding, August 31, 2024	\$2,235,000	\$2,105,000
Interest rates	3.00%	3.00% to 4.00%
Maturity dates, serially beginning/ending	December 1, 2024/2026	December 1, 2024/2028
Interest payment dates	December 1/June 1	December 1/June 1
Callable dates*	N/A	N/A
		<u>Series 2022</u>
Amount outstanding, August 31, 2024		\$7,000,000
Interest rates		3.25% to 4.25%
Maturity dates, serially beginning/ending		December 1, 2026/2042
Interest payment dates		December 1/June 1
Callable date*		December 1, 2028

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

**Annual Debt Service Requirements**

The schedule that follows shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at August 31, 2024:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,395,000	\$ 367,831	\$ 1,762,831
2026	1,385,000	326,131	1,711,131
2027	1,415,000	280,869	1,695,869
2028	1,300,000	235,819	1,535,819
2029	1,295,000	194,769	1,489,769
2030-2034	1,625,000	729,220	2,354,220
2035-2039	1,625,000	428,187	2,053,187
2040-2043	1,300,000	107,859	1,407,859
Total	<u>\$ 11,340,000</u>	<u>\$ 2,670,685</u>	<u>\$ 14,010,685</u>

**Harris County Municipal Utility District No. 370**  
**Notes to Financial Statements**  
**August 31, 2024**

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

Bonds voted	\$	45,000,000
Bonds sold		38,285,000
Refunding bonds voted		45,000,000
Refunding bond authorization used		1,897,512

***Due to Developers***

Developers of the District have constructed underground utilities on behalf of the District. The District's engineer estimates reimbursable costs for completed projects are \$1,300,261. The District has agreed to reimburse these amounts plus interest to the extent approved by the Commission from the proceeds of future bond sales, or available funds. These amounts have been recorded in the financial statements as long-term liabilities.

**Note 5. Significant Bond Order and Commission Requirements**

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended August 31, 2024, the District levied an ad valorem debt service tax at the rate of \$0.2100 per \$100 of assessed valuation, which resulted in a tax levy of \$1,846,160 on the taxable valuation of \$879,124,068 for the 2023 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$1,783,756, of which \$194,378 has been paid and \$1,589,378 is due December 1, 2024.

**Note 6. Maintenance Taxes**

At an election held November 2, 1999, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended August 31, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.0900 per \$100 of assessed valuation, which resulted in a tax levy of \$791,212 on the taxable valuation of \$879,124,068 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

**Note 7. Waste Disposal Agreement**

On April 3, 2000, the District and AquaSource, L.P., now known as Aqua Texas, Inc., entered into an agreement for the construction and operation of joint wastewater treatment facilities. Under the terms of the agreement, the parties shared construction costs on capacity acquired. The District has acquired 475,000 gallons per day of capacity in the facilities. During the current year, the District incurred operating costs of \$84,492 related to the agreement.

**Note 8. Regional Water Authority**

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority). The Authority was created by the Texas Legislature to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements

**Harris County Municipal Utility District No. 370**  
**Notes to Financial Statements**  
**August 31, 2024**

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mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of August 31, 2024, the Authority was billing the District \$3.95 per 1,000 gallons of water pumped from its wells and \$4.35 per 1,000 gallons for purchased surface water. These amounts are subject to future increases.

**Note 9. Risk Management**

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

***Required Supplementary Information***



**Harris County Municipal Utility District No. 370**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended August 31, 2024**

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>				
Property taxes	\$ 500,000	\$ 786,000	\$ 789,498	\$ 3,498
Water service	437,000	437,000	430,023	(6,977)
Sewer service	635,400	635,400	618,994	(16,406)
Regional water fee	1,045,500	1,045,500	945,604	(99,896)
Penalty and interest	27,500	27,500	36,613	9,113
Tap connection and inspection fees	-	-	7,791	7,791
Investment income	251,250	251,250	251,000	(250)
<b>Total revenues</b>	<b>2,896,650</b>	<b>3,182,650</b>	<b>3,079,523</b>	<b>(103,127)</b>
<b>Expenditures</b>				
Service operations:				
Purchased services	833,200	670,000	598,597	71,403
Regional water fee	288,800	455,500	489,346	(33,846)
Professional fees	140,800	140,800	134,565	6,235
Contracted services	595,200	637,200	676,321	(39,121)
Utilities	58,400	66,400	70,195	(3,795)
Repairs and maintenance	570,900	874,300	763,879	110,421
Other expenditures	119,500	117,200	95,727	21,473
Capital outlay	110,000	435,000	199,814	235,186
<b>Total expenditures</b>	<b>2,716,800</b>	<b>3,396,400</b>	<b>3,028,444</b>	<b>367,956</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>179,850</b>	<b>(213,750)</b>	<b>51,079</b>	<b>264,829</b>
<b>Fund Balance, Beginning of Year</b>	<b>4,744,945</b>	<b>4,744,945</b>	<b>4,744,945</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 4,924,795</b>	<b>\$ 4,531,195</b>	<b>\$ 4,796,024</b>	<b>\$ 264,829</b>

**Harris County Municipal Utility District No. 370**  
**Notes to Required Supplementary Information**  
**August 31, 2024**

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***Budgets and Budgetary Accounting***

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

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

***Supplementary Information***

**Harris County Municipal Utility District No. 370**  
**Other Schedules Included Within This Report**  
**August 31, 2024**

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

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 11-21
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –  
Five Years
- [X] Board Members, Key Personnel and Consultants

**Harris County Municipal Utility District No. 370**  
**Schedule of Services and Rates**  
**Year Ended August 31, 2024**

1. Services provided by the District:

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 17.50	10,000	N	\$ 1.00	10,001 to 15,000
				\$ 1.30	15,001 to 20,000
				\$ 1.70	20,001 to 30,000
				\$ 2.10	30,001 to No Limit
Wastewater:	\$ 40.33	1	Y		
Regional water fee:	\$ 4.35	1	N	\$ 4.35	1,001 to No Limit

Does the District employ winter averaging for wastewater usage? Yes  No

Total charges per 10,000 gallons usage (including fees): Water \$ 61.00 Wastewater \$ 40.33

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	756	756	x1.0	756
1"	782	782	x2.5	1,955
1 1/2"	-	-	x5.0	-
2"	13	13	x8.0	104
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	2	2	x50.0	100
8"	1	1	x80.0	80
10"	-	-	x115.0	-
Total water	1,555	1,555		3,010
Total wastewater	1,496	1,496	x1.0	1,496

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

Gallons pumped into the system:	275,227
Gallons billed to customers:	258,461
Water accountability ratio (gallons billed/gallons pumped):	93.91%

\*"ESFC" means equivalent single-family connections

**Harris County Municipal Utility District No. 370**  
**Schedule of General Fund Expenditures**  
**Year Ended August 31, 2024**

<b>Personnel (including benefits)</b>		\$	-
<b>Professional Fees</b>			
Auditing	\$	24,000	
Legal		78,123	
Engineering		32,442	
Financial advisor		-	134,565
<b>Purchased Services for Resale</b>			
Bulk water and wastewater service purchases			598,597
<b>Regional Water Fee</b>			489,346
<b>Contracted Services</b>			
Bookkeeping		69,732	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		94,242	
Other contracted services		85,795	249,769
<b>Utilities</b>			70,195
<b>Repairs and Maintenance</b>			763,879
<b>Administrative Expenditures</b>			
Directors' fees		13,039	
Office supplies		12,568	
Insurance		13,878	
Other administrative expenditures		56,242	95,727
<b>Capital Outlay</b>			
Capitalized assets		62,996	
Expenditures not capitalized		136,818	199,814
<b>Tap Connection Expenditures</b>			-
<b>Solid Waste Disposal</b>			426,552
<b>Fire Fighting</b>			-
<b>Parks and Recreation</b>			-
<b>Other Expenditures</b>			-
Total expenditures			<u>\$ 3,028,444</u>

**Harris County Municipal Utility District No. 370**  
**Schedule of Temporary Investments**  
**August 31, 2024**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
<b>General Fund</b>				
Certificates of Deposit				
No. 91300012111909	5.50%	09/24/24	\$ 230,000	\$ 11,784
No. 440057990	5.50%	10/06/24	230,000	4,991
No. 6041064	5.15%	12/20/24	230,000	2,336
No. 2000000474	5.05%	07/22/25	230,000	1,273
No. 6000059789	5.25%	07/26/25	230,000	1,191
No. 9009004752	5.54%	11/11/24	235,000	10,451
No. 6550130891	5.55%	10/10/24	230,000	11,401
Texas CLASS	5.43%	Demand	<u>3,035,989</u>	<u>-</u>
			<u>4,650,989</u>	<u>43,427</u>
<b>Debt Service Fund</b>				
Certificates of Deposit				
No. 6000067519	5.50%	03/27/25	230,000	5,441
No. 9009005382	5.15%	04/27/25	230,000	4,089
Texas CLASS	5.43%	Demand	<u>1,925,413</u>	<u>-</u>
			<u>2,385,413</u>	<u>9,530</u>
<b>Capital Projects Fund</b>				
Texas CLASS	5.43%	Demand	<u>1,592,439</u>	<u>-</u>
Totals			<u>\$ 8,628,841</u>	<u>\$ 52,957</u>

**Harris County Municipal Utility District No. 370**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended August 31, 2024**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 5,710	\$ 27,751
Additions and corrections to prior years' taxes	(704)	(3,207)
Adjusted receivable, beginning of year	<u>5,006</u>	<u>24,544</u>
<b>2023 Original Tax Levy</b>	791,293	1,846,349
Additions and corrections	(81)	(189)
Adjusted tax levy	<u>791,212</u>	<u>1,846,160</u>
Total to be accounted for	796,218	1,870,704
Tax collections: Current year	(786,260)	(1,834,606)
Prior years	(3,238)	(13,878)
Receivable, end of year	<u><u>\$ 6,720</u></u>	<u><u>\$ 22,220</u></u>
<b>Receivable, by Years</b>		
2023	\$ 4,952	\$ 11,554
2022	670	2,902
2021	211	985
2020	118	885
2019	111	834
2018	111	830
2017	110	829
2016	97	802
2015	97	857
2014	103	877
2013	140	865
Receivable, end of year	<u><u>\$ 6,720</u></u>	<u><u>\$ 22,220</u></u>



**Harris County Municipal Utility District No. 370  
 Analysis of Taxes Levied and Receivable  
 Year Ended August 31, 2024**

**(Continued)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Property Valuations</b>				
Land	\$ 183,589,352	\$ 148,732,714	\$ 148,715,460	\$ 123,616,184
Improvements	705,781,854	595,649,056	524,287,005	519,124,546
Personal property	18,434,965	8,645,432	4,950,158	5,027,949
Exemptions	<u>(28,682,103)</u>	<u>(24,746,636)</u>	<u>(21,382,464)</u>	<u>(17,777,583)</u>
Total property valuations	<u>\$ 879,124,068</u>	<u>\$ 728,280,566</u>	<u>\$ 656,570,159</u>	<u>\$ 629,991,096</u>
<b>Tax Rates per \$100 Valuation</b>				
Debt service tax rates	\$ 0.2100	\$ 0.2600	\$ 0.3000	\$ 0.3000
Maintenance tax rates*	<u>0.0900</u>	<u>0.0600</u>	<u>0.0400</u>	<u>0.0400</u>
Total tax rates per \$100 valuation	<u>\$ 0.3000</u>	<u>\$ 0.3200</u>	<u>\$ 0.3400</u>	<u>\$ 0.3400</u>
<b>Tax Levy</b>	<u>\$ 2,637,372</u>	<u>\$ 2,330,497</u>	<u>\$ 2,232,339</u>	<u>\$ 2,141,970</u>
<b>Percent of Taxes Collected to Taxes Levied**</b>	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

\*Maximum tax rate approved by voters: \$1.50 on November 2, 1999

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

**Harris County Municipal Utility District No. 370**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**August 31, 2024**

Due During Fiscal Years Ending August 31	Refunding Series 2020		
	Principal Due December 1	Interest Due December 1, June 1	Total
2025	\$ 1,020,000	\$ 51,750	\$ 1,071,750
2026	1,015,000	21,225	1,036,225
2027	200,000	3,000	203,000
Totals	<u>\$ 2,235,000</u>	<u>\$ 75,975</u>	<u>\$ 2,310,975</u>

Harris County Municipal Utility District No. 370  
 Schedule of Long-Term Debt Service Requirements by Years  
 August 31, 2024

(Continued)

Due During Fiscal Years Ending August 31	Refunding Series 2021		
	Principal Due December 1	Interest Due December 1, June 1	Total
2025	\$ 375,000	\$ 62,175	\$ 437,175
2026	370,000	51,000	421,000
2027	465,000	36,150	501,150
2028	450,000	20,100	470,100
2029	445,000	6,675	451,675
Totals	<u>\$ 2,105,000</u>	<u>\$ 176,100</u>	<u>\$ 2,281,100</u>

Harris County Municipal Utility District No. 370  
 Schedule of Long-Term Debt Service Requirements by Years  
 August 31, 2024

(Continued)

Due During Fiscal Years Ending August 31	Series 2022		
	Principal Due December 1	Interest Due December 1, June 1	Total
2025	\$ -	\$ 253,906	\$ 253,906
2026	-	253,906	253,906
2027	750,000	241,719	991,719
2028	850,000	215,719	1,065,719
2029	850,000	188,094	1,038,094
2030	325,000	168,594	493,594
2031	325,000	157,219	482,219
2032	325,000	145,844	470,844
2033	325,000	134,469	459,469
2034	325,000	123,094	448,094
2035	325,000	111,312	436,312
2036	325,000	98,718	423,718
2037	325,000	85,719	410,719
2038	325,000	72,719	397,719
2039	325,000	59,719	384,719
2040	325,000	46,718	371,718
2041	325,000	33,719	358,719
2042	325,000	20,516	345,516
2043	325,000	6,906	331,906
Totals	\$ 7,000,000	\$ 2,418,610	\$ 9,418,610

Harris County Municipal Utility District No. 370  
 Schedule of Long-Term Debt Service Requirements by Years  
 August 31, 2024

(Continued)

Due During Fiscal Years Ending August 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 1,395,000	\$ 367,831	\$ 1,762,831
2026	1,385,000	326,131	1,711,131
2027	1,415,000	280,869	1,695,869
2028	1,300,000	235,819	1,535,819
2029	1,295,000	194,769	1,489,769
2030	325,000	168,594	493,594
2031	325,000	157,219	482,219
2032	325,000	145,844	470,844
2033	325,000	134,469	459,469
2034	325,000	123,094	448,094
2035	325,000	111,312	436,312
2036	325,000	98,718	423,718
2037	325,000	85,719	410,719
2038	325,000	72,719	397,719
2039	325,000	59,719	384,719
2040	325,000	46,718	371,718
2041	325,000	33,719	358,719
2042	325,000	20,516	345,516
2043	325,000	6,906	331,906
Totals	<u>\$ 11,340,000</u>	<u>\$ 2,670,685</u>	<u>\$ 14,010,685</u>

**Harris County Municipal Utility District No. 370**  
**Changes in Long-Term Bonded Debt**  
**Year Ended August 31, 2024**

	<b>Bond Issues</b>			<b>Totals</b>
	<b>Refunding Series 2020</b>	<b>Refunding Series 2021</b>	<b>Series 2022</b>	
Interest rates	3.00%	3.00% to 4.00%	3.25% to 4.25%	
Dates interest payable	December 1/ June 1	December 1/ June 1	December 1/ June 1	
Maturity dates	December 1, 2024/2026	December 1, 2024/2028	December 1, 2026/2042	
Bonds outstanding, beginning of current year	\$ 3,670,000	\$ 2,285,000	\$ 7,000,000	\$ 12,955,000
Retirements, principal	<u>1,435,000</u>	<u>180,000</u>	<u>-</u>	<u>1,615,000</u>
Bonds outstanding, end of current year	<u>\$ 2,235,000</u>	<u>\$ 2,105,000</u>	<u>\$ 7,000,000</u>	<u>\$ 11,340,000</u>
Interest paid during current year	<u>\$ 88,575</u>	<u>\$ 70,500</u>	<u>\$ 253,906</u>	<u>\$ 412,981</u>

Paying agent's name and address:

**Series 2020** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas

**Series 2021** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas

**Series 2022** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas

Bond authority:

	<b>Tax Bonds</b>	<b>Other Bonds</b>	<b>Refunding Bonds</b>
Amount authorized by voters	\$ 45,000,000	\$ -	\$ 45,000,000
Amount issued	<u>\$ 38,285,000</u>	<u>\$ -</u>	<u>\$ 1,897,512</u>
Remaining to be issued	<u>\$ 6,715,000</u>	<u>\$ -</u>	<u>\$ 43,102,488</u>

Debt service fund cash and temporary investment balances as of August 31, 2024: \$ 2,512,493

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 737,404

**Harris County Municipal Utility District No. 370**  
**Comparative Schedule of Revenues and Expenditures – General Fund**  
**Five Years Ended August 31,**

	Amounts				
	2024	2023	2022	2021	2020
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 789,498	\$ 434,035	\$ 395,280	\$ 250,712	\$ 255,230
Water service	430,023	452,972	443,367	402,116	420,316
Sewer service	618,994	621,839	608,923	597,769	592,401
Regional water fee	945,604	957,478	910,789	743,738	752,494
Penalty and interest	36,613	28,557	29,300	39,891	21,579
Tap connection and inspection fees	7,791	-	159,117	-	-
Investment income	251,000	197,604	19,571	26,540	101,903
<b>Total revenues</b>	<u>3,079,523</u>	<u>2,692,485</u>	<u>2,566,347</u>	<u>2,060,766</u>	<u>2,143,923</u>
<b>Expenditures</b>					
Service operations:					
Purchased services	598,597	658,703	746,478	779,000	459,549
Regional water fee	489,346	430,704	263,492	103,610	380,124
Professional fees	134,565	121,854	133,170	127,364	117,121
Contracted services	676,321	568,959	500,702	488,942	472,371
Utilities	70,195	66,601	55,094	39,302	57,365
Repairs and maintenance	763,879	591,217	604,271	559,036	511,329
Other expenditures	95,727	102,291	149,887	77,672	74,654
Tap connections	-	-	83,237	-	-
Capital outlay	199,814	79,024	51,155	290,325	25,595
Debt service, debt issuance costs	-	-	1,200	-	-
<b>Total expenditures</b>	<u>3,028,444</u>	<u>2,619,353</u>	<u>2,588,686</u>	<u>2,465,251</u>	<u>2,098,108</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	51,079	73,132	(22,339)	(404,485)	45,815
<b>Other Financing Sources</b>					
Interfund transfers in	-	1,200	-	-	-
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	51,079	74,332	(22,339)	(404,485)	45,815
<b>Fund Balance, Beginning of Year</b>	4,744,945	4,670,613	4,692,952	5,097,437	5,051,622
<b>Fund Balance, End of Year</b>	<u>\$ 4,796,024</u>	<u>\$ 4,744,945</u>	<u>\$ 4,670,613</u>	<u>\$ 4,692,952</u>	<u>\$ 5,097,437</u>
<b>Total Active Retail Water Connections</b>	<u>1,555</u>	<u>1,555</u>	<u>1,538</u>	<u>1,515</u>	<u>1,540</u>
<b>Total Active Retail Wastewater Connections</b>	<u>1,496</u>	<u>1,496</u>	<u>1,479</u>	<u>1,455</u>	<u>1,481</u>

**Percent of Fund Total Revenues**

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
25.6 %	16.1 %	15.4 %	12.2 %	11.9 %
14.0	16.8	17.3	19.5	19.6
20.1	23.1	23.7	29.0	27.6
30.7	35.6	35.5	36.1	35.1
1.2	1.1	1.1	1.9	1.0
0.2	-	6.2	-	-
8.2	7.3	0.8	1.3	4.8
100.0	100.0	100.0	100.0	100.0
19.4	24.5	29.1	37.8	21.4
15.9	16.0	10.3	5.0	17.7
4.4	4.5	5.2	6.2	5.5
21.9	21.1	19.5	23.7	22.0
2.3	2.5	2.2	1.9	2.7
24.8	22.0	23.5	27.1	23.9
3.1	3.8	5.8	3.8	3.5
-	-	3.2	-	-
6.5	2.9	2.0	14.1	1.2
-	-	0.1	-	-
98.3	97.3	100.9	119.6	97.9
1.7 %	2.7 %	(0.9) %	(19.6) %	2.1 %



**Harris County Municipal Utility District No. 370**  
**Comparative Schedule of Revenues and Expenditures – Debt Service Fund**  
**Five Years Ended August 31,**

	Amounts				
	2024	2023	2022	2021	2020
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 1,848,484	\$ 1,880,222	\$ 1,851,990	\$ 1,880,309	\$ 1,914,225
Penalty and interest	21,800	10,314	21,733	13,791	10,999
Investment income	111,052	98,027	16,132	9,988	45,204
Other income	88	-	14	43	102
Total revenues	<u>1,981,424</u>	<u>1,988,563</u>	<u>1,889,869</u>	<u>1,904,131</u>	<u>1,970,530</u>
<b>Expenditures</b>					
Current:					
Professional fees	9,140	3,458	6,911	2,527	2,965
Contracted services	46,958	43,466	42,203	42,289	42,376
Other expenditures	7,629	6,799	7,137	8,733	7,289
Debt service:					
Principal retirement	1,615,000	1,760,000	1,750,000	1,720,000	1,690,000
Interest and fees	415,381	372,007	238,200	271,838	442,945
Debt issuance costs	-	-	114,838	220,729	6,830
Debt defeasance	-	-	12,000	55,000	-
Total expenditures	<u>2,094,108</u>	<u>2,185,730</u>	<u>2,171,289</u>	<u>2,321,116</u>	<u>2,192,405</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(112,684)</u>	<u>(197,167)</u>	<u>(281,420)</u>	<u>(416,985)</u>	<u>(221,875)</u>
<b>Other Financing Sources (Uses)</b>					
General obligation bonds issued	-	-	2,470,000	6,230,000	-
Premium on debt issued	-	-	271,015	477,707	-
Payments with escrow agent	-	-	(2,618,086)	(6,478,499)	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>122,929</u>	<u>229,208</u>	<u>-</u>
<b>Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>(112,684)</u>	<u>(197,167)</u>	<u>(158,491)</u>	<u>(187,777)</u>	<u>(221,875)</u>
<b>Fund Balance, Beginning of Year</b>	<u>2,621,792</u>	<u>2,818,959</u>	<u>2,977,450</u>	<u>3,165,227</u>	<u>3,387,102</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,509,108</u>	<u>\$ 2,621,792</u>	<u>\$ 2,818,959</u>	<u>\$ 2,977,450</u>	<u>\$ 3,165,227</u>

**Percent of Fund Total Revenues**

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
93.3 %	94.6 %	98.0 %	98.8 %	97.1 %
1.1	0.5	1.2	0.7	0.6
5.6	4.9	0.8	0.5	2.3
<u>0.0</u>	<u>-</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.4	0.2	0.4	0.1	0.2
2.4	2.2	2.2	2.2	2.2
0.4	0.3	0.4	0.5	0.4
81.5	88.5	92.6	90.3	85.6
21.0	18.7	12.6	14.3	22.5
-	-	6.1	11.6	0.3
<u>-</u>	<u>-</u>	<u>0.6</u>	<u>2.9</u>	<u>-</u>
<u>105.7</u>	<u>109.9</u>	<u>114.9</u>	<u>121.9</u>	<u>111.2</u>
<u>(5.7) %</u>	<u>(9.9) %</u>	<u>(14.9) %</u>	<u>(21.9) %</u>	<u>(11.2) %</u>

**Harris County Municipal Utility District No. 370  
Board Members, Key Personnel and Consultants  
Year Ended August 31, 2024**

Complete District mailing address:	Harris County Municipal Utility District No. 370 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 2400 Houston, Texas 77056
District business telephone number:	713.623.4531
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 22, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected &amp; Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
Steven Reyenga	Elected 05/22- 05/26	\$ 2,652	\$ 274	President
Harold Cobb	Elected 05/22- 05/26	1,768	128	Vice President
Mike Ecklund	Elected 05/24- 05/28	6,188	2,657	Secretary
Linda Myers	Elected 05/24- 05/28	2,431	453	Assistant Secretary
Chuck Werninger	Elected 05/24- 05/28	-	-	Assistant Secretary

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

**Harris County Municipal Utility District No. 370  
Board Members, Key Personnel and Consultants  
Year Ended August 31, 2024**

**(Continued)**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
B&A Municipal Tax Service, LLC	10/01/11	\$ 36,938	Tax Assessor/ Collector
Benchmark Engineering Corporation	01/10/00	454,965	Engineer
Forvis Mazars, LLP	08/14/00	24,600	Auditor
Harris Central Appraisal District	Legislative Action	21,253	Appraiser
Masterson Advisors LLC	05/14/18	-	Financial Advisor
Municipal Accounts & Consulting, L.P.	04/14/03	75,406	Bookkeeper
Schwartz, Page & Harding, L.L.P.	09/08/99	82,115	General Counsel
TNG Utility Corp.	06/01/12	612,028	Operator
Ted A. Cox, P.C.	04/14/03	9,140	Delinquent Tax Attorney
<b>Investment Officers</b>			
Mark. M. Burton and Ghia Lewis	07/12/04	N/A	Bookkeepers