

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal Utility District No. 50
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. 50 (the "District") as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2023, 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.

Board of Directors
Harris County Municipal Utility District No. 50

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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

June 27, 2024

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2023**

Management’s discussion and analysis of Harris County Municipal Utility District No. 50’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended May 31, 2023. 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, liabilities, and, if applicable, deferred inflows of resources and deferred outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District 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. 50
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2023**

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 \$7,847,624 as of May 31, 2023. A portion of the District’s net position reflects its net investment in capital assets (land as well as water and wastewater facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 11,752,843	\$ 10,758,664	\$ 994,179
Capital Assets (Net of Accumulated Depreciation)	<u>12,844,426</u>	<u>13,301,506</u>	<u>(457,080)</u>
Total Assets	<u>\$ 24,597,269</u>	<u>\$ 24,060,170</u>	<u>\$ 537,099</u>
Due to Developer	\$ 843,090	\$ 843,090	\$
Notes Payable	221,089	331,025	109,936
Bonds Payable	15,185,000	15,680,000	495,000
Other Liabilities	<u>500,466</u>	<u>728,982</u>	<u>228,516</u>
Total Liabilities	<u>\$ 16,749,645</u>	<u>\$ 17,583,097</u>	<u>\$ 833,452</u>
Net Position:			
Net Investment in Capital Assets	\$ 1,343,599	\$ 1,169,470	\$ 174,129
Restricted	2,935,790	2,809,784	126,006
Unrestricted	<u>3,568,235</u>	<u>2,497,819</u>	<u>1,070,416</u>
Total Net Position	<u>\$ 7,847,624</u>	<u>\$ 6,477,073</u>	<u>\$ 1,370,551</u>

The following table provides a summary of the District's operations for the years ending May 31, 2023, and May 31, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,999,044	\$ 1,652,831	\$ 346,213
Charges for Services	2,036,765	2,022,519	14,246
Other Revenues	<u>390,904</u>	<u>114,537</u>	<u>276,367</u>
Total Revenues	<u>\$ 4,426,713</u>	<u>\$ 3,789,887</u>	<u>\$ 636,826</u>
Expenses for Services	<u>3,056,162</u>	<u>5,207,363</u>	<u>2,151,201</u>
Change in Net Position	\$ 1,370,551	\$ (1,417,476)	\$ 2,788,027
Net Position, Beginning of Year	<u>6,477,073</u>	<u>7,894,549</u>	<u>(1,417,476)</u>
Net Position, End of Year	<u>\$ 7,847,624</u>	<u>\$ 6,477,073</u>	<u>\$ 1,370,551</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of May 31, 2023, were \$10,121,672, an increase of \$1,190,269 from the prior year.

The General Fund fund balance increased by \$893,766, primarily due to service and tax revenues exceeding operating and capital costs.

The Debt Service Fund fund balance increased by \$160,294, primarily due to the structure of the District’s outstanding debt service requirements.

The Capital Projects Fund fund balance increased by \$136,209, primarily due to investment revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$1,186,198 more than budgeted revenues and actual expenditures were \$206,572 more than budgeted expenditures. This resulted in a positive budget variance of \$979,626. See the budget to actual comparison for further information.

LONG-TERM DEBT ACTIVITY

As of May 31, 2023, the District had total bond debt payable of \$15,185,000. The changes in the debt position of the District during the fiscal year ended May 31, 2023, are summarized as follows:

Bond Debt Payable, June 1, 2022	\$ 15,680,000
Less: Bond Principal Paid	<u>495,000</u>
Bond Debt Payable, May 31, 2023	<u>\$ 15,185,000</u>

The District’s bonds do not carry an underlying rating. The Series 2020 and Series 2021 bonds carry an insured rating of “AA” from Standard and Poor’s by virtue of bond insurance by Build America Mutual Assurance Company.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2023**

CAPITAL ASSETS

Capital assets as of May 31, 2023, total \$12,844,426 (net of accumulated depreciation) and include land and the water and wastewater systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 224,719	\$ 224,719	\$
Construction in Progress	9,354	9,354	
Capital Assets, Net of Accumulated Depreciation:			
Equipment	4,030	10,425	(6,395)
Water System	3,767,094	3,951,704	(184,610)
Wastewater System	8,839,229	9,105,304	(266,075)
Total Net Capital Assets	\$ 12,844,426	\$ 13,301,506	\$ (457,080)

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. 50, c/o Norton Rose Fulbright US LLP, 1301 McKinney, Suite 5100, Houston, Texas 77010-3095.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2023

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 148,796	\$ 110,371
Investments	3,336,895	2,056,697
Receivables:		
Property Taxes	370,515	406,790
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Uncollectible Accounts of \$144,122)	328,333	
Other	452	
Due from Other Funds	31,543	34,532
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 4,216,534	\$ 2,608,390

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>
\$ 138,776	\$ 397,943	\$	\$ 397,943
4,413,180	9,806,772		9,806,772
	777,305		777,305
		442,038	442,038
	328,333		328,333
	452		452
	66,075	(66,075)	
		224,719	224,719
		9,354	9,354
		<u>12,610,353</u>	<u>12,610,353</u>
<u>\$ 4,551,956</u>	<u>\$ 11,376,880</u>	<u>\$ 13,220,389</u>	<u>\$ 24,597,269</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2023

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 164,863	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds	34,532	6,850
Due to Taxpayers		19,150
Security Deposits	227,815	
Long-Term Liabilities:		
Notes Payable, Due Within One Year		
Notes Payable, Due After One Year		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 427,210	\$ 26,000
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 370,515	\$ 406,790
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		2,175,600
Unassigned	3,418,809	
TOTAL FUND BALANCES	\$ 3,418,809	\$ 2,175,600
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,216,534	\$ 2,608,390
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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>
\$	\$ 164,863	\$	\$ 164,863
		88,638	88,638
		843,090	843,090
24,693	66,075	(66,075)	
	19,150		19,150
	227,815		227,815
		109,936	109,936
		111,153	111,153
		630,000	630,000
		<u>14,555,000</u>	<u>14,555,000</u>
<u>\$ 24,693</u>	<u>\$ 477,903</u>	<u>\$ 16,271,742</u>	<u>\$ 16,749,645</u>
<u>\$ -0-</u>	<u>\$ 777,305</u>	<u>\$ (777,305)</u>	<u>\$ -0-</u>
\$ 4,527,263	\$ 4,527,263	\$ (4,527,263)	\$
	2,175,600	(2,175,600)	
	<u>3,418,809</u>	<u>(3,418,809)</u>	
<u>\$ 4,527,263</u>	<u>\$ 10,121,672</u>	<u>\$ (10,121,672)</u>	<u>\$ - 0 -</u>
<u>\$ 4,551,956</u>	<u>\$ 11,376,880</u>		
		\$ 1,343,599	\$ 1,343,599
		2,935,790	2,935,790
		<u>3,568,235</u>	<u>3,568,235</u>
		<u>\$ 7,847,624</u>	<u>\$ 7,847,624</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2023

Total Fund Balances - Governmental Funds \$ 10,121,672

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. 12,844,426

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District. 1,219,343

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:

Due to Developer	\$ (843,090)	
Accrued Interest Payable	(88,638)	
Notes Payable	(221,089)	
Bonds Payable	<u>(15,185,000)</u>	<u>(16,337,817)</u>

Total Net Position - Governmental Activities \$ 7,847,624

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2023

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,069,011	\$ 881,900
Water Service	672,158	
Wastewater Service	1,033,424	
Penalty and Interest	36,187	145,968
Tap Connection and Inspection Fees	167,045	
Investment Revenues	98,182	68,721
Miscellaneous Revenues	82,171	1,684
TOTAL REVENUES	\$ 3,158,178	\$ 1,098,273
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 320,878	\$ 40,632
Contracted Services	453,862	34,390
Utilities	126,544	
SJRA Assessment	51,695	
Repairs and Maintenance	478,249	
Depreciation		
Other	515,407	4,165
Personnel	144,656	
Capital Outlay	63,185	
Debt Service:		
Note Principal	109,936	
Bond Principal		495,000
Bond Interest		363,792
TOTAL EXPENDITURES/EXPENSES	\$ 2,264,412	\$ 937,979
NET CHANGE IN FUND BALANCES	\$ 893,766	\$ 160,294
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JUNE 1, 2022	2,525,043	2,015,306
FUND BALANCES/NET POSITION - MAY 31, 2023	\$ 3,418,809	\$ 2,175,600

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,950,911	\$ 48,133	\$ 1,999,044
	672,158		672,158
	1,033,424		1,033,424
	182,155	(18,017)	164,138
	167,045		167,045
140,146	307,049		307,049
	83,855		83,855
<u>\$ 140,146</u>	<u>\$ 4,396,597</u>	<u>\$ 30,116</u>	<u>\$ 4,426,713</u>
\$	\$ 361,510	\$	\$ 361,510
	488,252		488,252
	126,544		126,544
	51,695		51,695
	478,249		478,249
		520,265	520,265
3,937	523,509		523,509
	144,656		144,656
	63,185	(63,185)	
	109,936	(109,936)	
	495,000	(495,000)	
	363,792	(2,310)	361,482
<u>\$ 3,937</u>	<u>\$ 3,206,328</u>	<u>\$ (150,166)</u>	<u>\$ 3,056,162</u>
\$ 136,209	\$ 1,190,269	\$ (1,190,269)	\$
		1,370,551	1,370,551
4,391,054	8,931,403	(2,454,330)	6,477,073
<u>\$ 4,527,263</u>	<u>\$ 10,121,672</u>	<u>\$ (2,274,048)</u>	<u>\$ 7,847,624</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
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, 2023**

Net Change in Fund Balances - Governmental Funds \$ 1,190,269

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. 48,133

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. (18,017)

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. (520,265)

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. 63,185

Governmental funds report note and bond principal payments as expenditures. However, in the Statement of Net Position, note and bond principal payments are reported as decreases in long-term liabilities. 604,936

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. 2,310

Change in Net Position - Governmental Activities \$ 1,370,551

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 50 (the “District”) of Harris County, Texas was created by an Order of the Texas Water Rights Commission effective May 22, 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 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 June 12, 1973, and the first bonds were sold on December 16, 1977.

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.

Financial Statement Presentation

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, 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.

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, 2023, the General Fund owed the Debt Service Fund \$34,532 for an excess transfer of maintenance tax collections, the Debt Service Fund owed the General Fund \$6,850 for arbitrage compliance costs and the Capital Projects Fund owed the General Fund \$9,022 for construction costs and \$15,671 for bond issuance costs.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost 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:

	<u>Years</u>
Water System	10-45
Wastewater System	10-45

Budgeting

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

Pensions

The District has not established a pension plan for 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.

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. The District does not have any nonspendable fund balances.

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

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

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

Accounting Estimates

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 3. LONG-TERM DEBT

	<u>Series 2007</u>	<u>Series 2013</u>	<u>Series 2015</u>	<u>Series 2016</u>
Amount Outstanding – May 31, 2023	\$475,000	\$810,000	\$1,505,000	\$1,650,000
Interest Rates	2.60% - 2.75%	3.84% - 4.76%	1.50% - 2.38%	0.88% - 1.73%
Maturity Dates – Serially Beginning/Ending	March 1, 2024/2028	March 1, 2024/2033	March 1, 2024/2034	March 1, 2024/2035
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2017*	September 1, 2023*	September 1, 2024*	September 1, 2026*
	<u>Series 2018</u>	<u>Series 2020</u>	<u>Series 2021</u>	
Amount Outstanding – May 31, 2023	\$2,420,000	\$2,125,000	\$6,200,000	
Interest Rates	1.50% - 2.59%	2.00% - 4.50%	1.50% - 4.00%	
Maturity Dates – Serially Beginning/Ending	March 1, 2024/2047	March 1, 2024/2048	March 1, 2024/2050	
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	
Callable Dates	December 1, 2028*	March 1, 2025*	March 1, 2027*	

* Or on any date thereafter callable at par plus unpaid accrued interest from the most recent interest payment date to the date of redemption. Series 2020 term bonds maturing March 1, 2036, March 1, 2039, March 1, 2042, March 1, 2045, and March 1, 2048, are subject to mandatory sinking fund redemption beginning March 1, 2034, March 1, 2037, March 1, 2040, March 1, 2043, and March 1, 2046. Series 2021 term bonds maturing March 1, 2050 are subject to mandatory sinking fund redemption beginning March 1, 2040.

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2023:

	<u>June 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>May 31, 2023</u>
Bonds Payable	<u>\$ 15,680,000</u>	<u>\$ -0-</u>	<u>\$ 495,000</u>	<u>\$ 15,185,000</u>
		Amount Due Within One Year		\$ 630,000
		Amount Due After One Year		<u>14,555,000</u>
		Bonds Payable		<u>\$ 15,185,000</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 3. LONG-TERM DEBT (Continued)

As of May 31, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 630,000	\$ 354,550	\$ 984,550
2025	660,000	339,490	999,490
2026	685,000	322,683	1,007,683
2027	715,000	304,743	1,019,743
2028	735,000	285,119	1,020,119
2029-2033	3,605,000	1,177,673	4,782,673
2034-2038	2,490,000	804,155	3,294,155
2039-2043	2,410,000	551,761	2,961,761
2044-2048	2,630,000	253,366	2,883,366
2049-2050	625,000	21,850	646,850
	<u>\$ 15,185,000</u>	<u>\$ 4,415,390</u>	<u>\$ 19,600,390</u>

As of May 31, 2023, the District had authorized but unissued bonds in the amount of \$14,401,000 for acquiring and constructing water, sewer and drainage systems.

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 the Series 2007, 2013 and 2015 bonds 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, 2023, the District levied an ad valorem debt service tax rate of \$0.40 per \$100 of assessed valuation, which resulted in a tax levy of \$865,230 on the adjusted taxable valuation of \$216,307,577 for the 2022 tax year. The bond orders require 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 ORDER 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 the five-year anniversary of the issue.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS
(Continued)

The bond orders state 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.

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 \$397,943 and the bank balance was \$512,819. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2023, as listed below:

	Cash
GENERAL FUND	\$ 148,796
DEBT SERVICE FUND	110,371
CAPITAL PROJECTS FUND	138,776
TOTAL DEPOSITS	\$ 397,943

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The District invests in Fidelity Institutional Money Market Treasury Portfolio, money market mutual funds which are SEC-registered. The District measures its investments in these funds at amortized cost for financial reporting purposes. There are no limits or restrictions on withdrawals from these funds.

The District invests in TexPool an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. Federated Hermes, Inc. manages the daily operations of TexPool under a contract with the Comptroller. TexPool meets the criteria established in GASB No. 79 and measures all of their portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serve as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restriction on withdrawals from Texas CLASS.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

As of May 31, 2023, the District had the following investments and maturities.

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 978,009	\$ 978,009
Texas CLASS	2,358,886	2,358,886
<u>DEBT SERVICE FUND</u>		
TexPool	294,399	294,399
Texas CLASS	1,762,298	1,762,298
<u>CAPITAL PROJECTS FUND</u>		
TexPool	3,210,074	3,210,074
Money Market Mutual Fund	1,203,106	1,203,106
TOTAL INVESTMENTS	\$ 9,806,772	\$ 9,806,772

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2023, the District's investments in the money market mutual fund, TexPool and Texas CLASS were rated AAAM by Standard and Poor's.

Interest rate risk is the risk the changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in the money market mutual fund, TexPool and Texas CLASS to have a maturity of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District.

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. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2023:

	June 1, 2022	Increases	Decreases	May 31, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 224,719		\$ 63,185	\$ 224,719
Construction in Progress	9,354	63,185	63,185	9,354
Total Capital Assets Not Being Depreciated	\$ 234,073	\$ 63,185	\$ 63,185	\$ 234,073
Capital Assets Subject to Depreciation				
Equipment	\$ 31,976	\$ 63,185	\$ -	\$ 31,976
Water System	8,236,194			8,236,194
Wastewater System	14,602,232	63,185		14,665,417
Total Capital Assets Subject to Depreciation	\$ 22,870,402	\$ 63,185	\$ -0-	\$ 22,933,587
Accumulated Depreciation				
Equipment	\$ 21,551	\$ 6,395	\$ -	\$ 27,946
Water System	4,284,490	184,610		4,469,100
Wastewater System	5,496,928	329,260		5,826,188
Total Accumulated Depreciation	\$ 9,802,969	\$ 520,265	\$ -0-	\$ 10,323,234
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 13,067,433	\$ (457,080)	\$ -0-	\$ 12,610,353
Total Capital Assets, Net of Accumulated Depreciation	\$ 13,301,506	\$ (393,895)	\$ 63,185	\$ 12,844,426

NOTE 7. MAINTENANCE TAX

On November 6, 2007, the voters of the District approved the levy and collection of a maintenance tax in an unlimited amount 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, 2023, the District levied an ad valorem maintenance tax rate of \$0.526 per \$100 of assessed valuation, which resulted in a tax levy of \$1,137,778 on the adjusted taxable valuation of \$216,307,577 for the 2022 tax year.

NOTE 8. RISK MANAGEMENT

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 9. UNREIMBURSED COSTS

The District executed a financing agreement with a Developer which calls for the Developer to fund costs associated with the construction of public infrastructure located within the District. Reimbursement for the infrastructure costs will come from operating or construction funds to the extent approved by the Commission. The District has recorded a Due to Developer of \$843,090 in the Statement of Net Position for completed projects.

Due to Developer, beginning of year		\$	843,090
Additions/Reimbursements			<u>-0-</u>
Due to Developer, end of year		\$	<u>843,090</u>

NOTE 10. NOTES PAYABLE

On October 28, 2014, the District and Harris County entered into an agreement for the relocation of the District’s water and sewer facilities within the right of way of the improvements to be constructed by Harris County to Crosby-Lynchburg Road. The District’s share of the cost of the relocation of the facilities was estimated to be \$1,289,424. In accordance with the contract, the District paid \$300,000 to Harris County and committed to pay nine additional annual payments of \$109,936 which are due on the anniversary date of the contract. As of this date, the unpaid balance of this commitment to Harris County was \$221,089. The loan is payable from the net revenues of the District.

NOTE 11. SUBSIDENCE DISTRICT AND SAN JACINTO RIVER AUTHORITY

The District is within the Harris-Galveston Subsidence District (the “Subsidence District”) Regulatory Area No. 2. The Subsidence District regulates the withdrawal of groundwater within its jurisdiction. The District’s authority to pump groundwater from its well is subject to annual permits issued by the Subsidence District. The Subsidence District has ordered certain areas of suburban Houston to convert most of their water supply to surface water under various schedules. Beginning on January 2003, the District was required to have a groundwater reduction plan (“GRP”), approved by the Subsidence District and by January 2005, the District provided evidence to the Subsidence District that construction of the infrastructure defined within the District’s certified groundwater reduction plan has started. The Subsidence District designated January 2010, as the date required for the District to restrict the withdrawal of ground water and convert 30% of its total water use to surface water; January 2025 as the date required for the District to restrict the withdrawal of ground water and convert 60% of its total water use to surface water; and January 2035 as the date required for the District to restrict the withdrawal of groundwater and convert 80% of its total water use to surface water. If the District does not meet the requirements of the Subsidence District, the District may be required to pay the disincentive fees adopted by the Subsidence District.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2023

NOTE 11. SUBSIDENCE DISTRICT AND SAN JACINTO RIVER AUTHORITY
(Continued)

With the approval of the Subsidence District on February 12, 2014, the District has obtained a Groundwater Reduction Exemption which is a temporary exemption from the groundwater reduction requirements and disincentive fees. The District adopted a Groundwater Conservation Plan in order to obtain this exemption.

The District has reserved raw water out of the SJRA channel that runs through the District. If the District decides to build a surface water plant, then the District will treat the water. Since the District does not have a surface water plant, the District is paying a monthly commitment fee to SJRA for the reserved raw water. The District recorded expenditures of \$51,695 for fees assessed during the current fiscal year.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2023

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property Taxes	\$	\$ 1,069,011	\$ 1,069,011
Water Service	679,000	672,158	(6,842)
Wastewater Service	1,073,000	1,033,424	(39,576)
Penalty and Interest	36,000	36,187	187
Tap Connection and Inspection Fees	122,000	167,045	45,045
Investment Revenues	180	98,182	98,002
Miscellaneous Revenues	61,800	82,171	20,371
	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	\$ 1,971,980	\$ 3,158,178	\$ 1,186,198
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 282,090	\$ 320,878	\$ (38,788)
Contracted Services	445,000	453,862	(8,862)
Utilities	131,300	126,544	4,756
SJRA Assessment	43,000	51,695	(8,695)
Repairs and Maintenance	489,300	478,249	11,051
Other	481,150	515,407	(34,257)
Personnel	186,000	144,656	41,344
Debt Service:			
Note Principal		109,936	(109,936)
Capital Outlay		63,185	(63,185)
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	\$ 2,057,840	\$ 2,264,412	\$ (206,572)
NET CHANGE IN FUND BALANCE	\$ (85,860)	\$ 893,766	\$ 979,626
FUND BALANCE - JUNE 1, 2022	<u>2,525,043</u>	<u>2,525,043</u>	<u> </u>
FUND BALANCE - MAY 31, 2023	<u><u>\$ 2,439,183</u></u>	<u><u>\$ 3,418,809</u></u>	<u><u>\$ 979,626</u></u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

MAY 31, 2023

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2023

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective January 3, 2023.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 26.00	5,000	N	\$ 1.80 \$ 2.00 \$ 2.40 \$ 2.90	5,001 to 15,000 15,001 to 25,000 25,001 to 35,000 35,001 and up
WASTEWATER:	\$ 43.50	5,000	N	\$ 1.80 \$ 2.00 \$ 2.40 \$ 2.90	5,001 to 15,000 15,001 to 25,000 25,001 to 35,000 35,001 and up
SURCHARGE:	TCEQ Regulatory Assessment		N	0.5% of water and wastewater charges	

District employs winter averaging for wastewater usage?

_____	_____
Yes	X No

Total monthly charges per 10,000 gallons usage: Water: \$35.00 Wastewater: \$52.50 Surcharge: \$0.44 Total: \$87.94

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2023

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	
≤ ³ / ₄ "	<u>1,730</u>	<u>1,730</u>	x 1.0	<u>1,730</u>
1"	<u>6</u>	<u>6</u>	x 2.5	<u>15</u>
1½"	<u>4</u>	<u>4</u>	x 5.0	<u>20</u>
2"	<u>11</u>	<u>11</u>	x 8.0	<u>88</u>
3"	<u>3</u>	<u>3</u>	x 15.0	<u>45</u>
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>1,754</u></u>	<u><u>1,754</u></u>		<u><u>1,898</u></u>
Total Wastewater Connections	<u><u>1,754</u></u>	<u><u>1,754</u></u>	x 1.0	<u><u>1,754</u></u>

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

Gallons billed to customers:	109,854,000	Water Accountability Ratio: 72.1 % (Gallons billed/Gallons pumped)
Gallons pumped:	152,411,000	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2023

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

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2023

PERSONNEL EXPENDITURES (Including Benefits)	<u>\$ 144,656</u>
PROFESSIONAL FEES:	
Auditing	\$ 26,000
Engineering	211,136
Legal	82,842
Financial Advisor	<u>900</u>
TOTAL PROFESSIONAL FEES	<u>\$ 320,878</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 33,374
Operations and Billing	92,940
Consent Decree Consultant	30,000
Acting Executive Director	21,085
Solid Waste Disposal	<u>276,463</u>
TOTAL CONTRACTED SERVICES	<u>\$ 453,862</u>
UTILITIES:	
Electricity	\$ 114,659
Telephone	<u>11,885</u>
TOTAL UTILITIES	<u>\$ 126,544</u>
REPAIRS AND MAINTENANCE	<u>\$ 478,249</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 24,900
Election Costs	19,558
Insurance	31,552
Office Supplies and Postage	59,241
Payroll Taxes and Expenses	15,321
Travel and Meetings	20,733
Other	<u>1,102</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 172,407</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2023

CAPITAL OUTLAY	\$ 63,185
TAP CONNECTIONS	<u>\$ 150,664</u>
OTHER EXPENDITURES:	
Chemicals	\$ 24,908
Laboratory Fees	30,225
Permit Fees	63,481
Inspection Fees	4,189
SJRA Assessment	51,695
Regulatory Assessment	6,660
Sludge Hauling	45,659
Other	<u>17,214</u>
TOTAL OTHER EXPENDITURES	<u>\$ 244,031</u>
DEBT SERVICE:	
Note Principal	<u>\$ 109,936</u>
TOTAL EXPENDITURES	<u>\$ 2,264,412</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
INVESTMENTS
MAY 31, 2023

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>					
TexPool	XXXX0001	Varies	Daily	\$ 790,852	\$
TexPool	XXXX0004	Varies	Daily	187,157	
Texas CLASS	XXXX0001	Varies	Daily	<u>2,358,886</u>	
TOTAL GENERAL FUND				<u>\$ 3,336,895</u>	<u>\$ -0-</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 294,399	\$
Texas CLASS	XXXX0002			<u>1,762,298</u>	
TOTAL DEBT SERVICE FUND				<u>\$ 2,056,697</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 3,210,074	\$
Money Market Mutual Fund	XXXX4518	Varies	Daily	<u>1,203,106</u>	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 4,413,180</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 9,806,772</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2023

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JUNE 1, 2022	\$	303,801	\$	425,371
Adjustments to Beginning				
Balance		<u>(2,053)</u>		<u>(1,911)</u>
	\$	301,748	\$	423,460
Original 2022 Tax Levy	\$	1,114,522	\$	847,545
Adjustment to 2022 Tax Levy		<u>23,256</u>	<u>1,137,778</u>	<u>17,685</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,439,526		\$ 1,288,690
TAX COLLECTIONS:				
Prior Years	\$	63,549	\$	117,291
Current Year		<u>1,005,462</u>	<u>1,069,011</u>	<u>764,609</u>
				<u>881,900</u>
TAXES RECEIVABLE -				
MAY 31, 2023		<u>\$ 370,515</u>		<u>\$ 406,790</u>
TAXES RECEIVABLE BY				
YEAR:				
2022	\$	132,316	\$	100,621
2021		31,093		69,690
2020		19,604		47,321
2019		14,461		34,795
2018		12,043		23,435
2017		16,703		31,208
2016		9,130		15,142
2015		8,116		14,055
2014 and prior		<u>127,049</u>		<u>70,523</u>
TOTAL	\$	<u>370,515</u>	\$	<u>406,790</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2023

	2022	2021	2020	2019
PROPERTY VALUATIONS:				
Land	\$ 84,098,976	\$ 76,643,803	\$ 71,190,932	\$ 46,090,274
Improvements	143,503,498	105,868,328	91,822,421	82,760,743
Personal Property	12,017,311	10,914,775	10,674,669	6,568,687
Exemptions	(23,312,208)	(19,719,837)	(19,013,561)	(13,319,396)
TOTAL PROPERTY VALUATIONS	\$ 216,307,577	\$ 173,707,069	\$ 154,674,461	\$ 122,100,308
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.400	\$ 0.65	\$ 0.70	\$ 0.77
Maintenance	0.526	0.29	0.29	0.32
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.926	\$ 0.94	\$ 0.99	\$ 1.09
ADJUSTED TAX LEVY*	\$ 2,003,008	\$ 1,632,851	\$ 1,531,277	\$ 1,330,893
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	88.37 %	93.83 %	95.63 %	96.30 %

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

Maintenance Tax – An unlimited tax rate per \$100 of assessed valuation approved by voters on November 6, 2007.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2023

S E R I E S - 2 0 0 7

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2024	\$ 90,000	\$ 12,740	\$ 102,740
2025	90,000	10,400	100,400
2026	95,000	8,015	103,015
2027	100,000	5,450	105,450
2028	100,000	2,750	102,750
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
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2049			
2050			
	<u>\$ 475,000</u>	<u>\$ 39,355</u>	<u>\$ 514,355</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2023

SERIES - 2013

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2024	\$ 65,000	\$ 36,056	\$ 101,056
2025	70,000	33,560	103,560
2026	75,000	30,746	105,746
2027	75,000	27,604	102,604
2028	80,000	24,341	104,341
2029	80,000	20,757	100,757
2030	85,000	17,109	102,109
2031	90,000	13,191	103,191
2032	95,000	8,997	103,997
2033	95,000	4,522	99,522
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 810,000</u>	<u>\$ 216,883</u>	<u>\$ 1,026,883</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2023

S E R I E S - 2 0 1 5

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2024	\$ 125,000	\$ 30,624	\$ 155,624
2025	125,000	28,750	153,750
2026	130,000	26,747	156,747
2027	130,000	24,486	154,486
2028	135,000	22,067	157,067
2029	135,000	19,370	154,370
2030	140,000	16,562	156,562
2031	140,000	13,538	153,538
2032	145,000	10,416	155,416
2033	150,000	7,080	157,080
2034	150,000	3,570	153,570
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
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2048			
2049			
2050			
	<u>\$ 1,505,000</u>	<u>\$ 203,210</u>	<u>\$ 1,708,210</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2023

S E R I E S - 2 0 1 6

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2024	\$ 125,000	\$ 23,336	\$ 148,336
2025	125,000	22,236	147,236
2026	130,000	20,948	150,948
2027	130,000	19,454	149,454
2028	135,000	17,776	152,776
2029	135,000	15,914	150,914
2030	140,000	13,984	153,984
2031	140,000	11,912	151,912
2032	145,000	9,770	154,770
2033	145,000	7,478	152,478
2034	150,000	5,114	155,114
2035	150,000	2,596	152,596
2036			
2037			
2038			
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2046			
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2048			
2049			
2050			
	<u>\$ 1,650,000</u>	<u>\$ 170,518</u>	<u>\$ 1,820,518</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2023

SERIES - 2018

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2024	\$ 75,000	\$ 55,736	\$ 130,736
2025	75,000	54,611	129,611
2026	80,000	53,419	133,419
2027	80,000	52,066	132,066
2028	85,000	50,627	135,627
2029	85,000	49,012	134,012
2030	85,000	47,311	132,311
2031	90,000	45,544	135,544
2032	90,000	43,627	133,627
2033	95,000	41,664	136,664
2034	95,000	39,527	134,527
2035	100,000	37,333	137,333
2036	100,000	34,972	134,972
2037	105,000	32,563	137,563
2038	105,000	30,000	135,000
2039	110,000	27,407	137,407
2040	110,000	24,668	134,668
2041	115,000	21,896	136,896
2042	115,000	18,986	133,986
2043	120,000	16,065	136,065
2044	120,000	13,005	133,005
2045	125,000	9,934	134,934
2046	130,000	6,721	136,721
2047	130,000	3,367	133,367
2048			
2049			
2050			
	<u>\$ 2,420,000</u>	<u>\$ 810,061</u>	<u>\$ 3,230,061</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2023

S E R I E S - 2 0 2 0				
Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total	
2024	\$ 25,000	\$ 51,245	\$	76,245
2025	25,000	50,120		75,120
2026	25,000	48,995		73,995
2027	25,000	47,870		72,870
2028	25,000	46,745		71,745
2029	65,000	45,620		110,620
2030	65,000	42,695		107,695
2031	70,000	41,070		111,070
2032	75,000	39,670		114,670
2033	75,000	38,170		113,170
2034	80,000	36,670		116,670
2035	85,000	34,970		119,970
2036	85,000	33,164		118,164
2037	90,000	31,358		121,358
2038	95,000	29,378		124,378
2039	100,000	27,288		127,288
2040	105,000	25,088		130,088
2041	110,000	22,725		132,725
2042	110,000	20,250		130,250
2043	115,000	17,775		132,775
2044	125,000	15,188		140,188
2045	130,000	12,375		142,375
2046	135,000	9,450		144,450
2047	140,000	6,413		146,413
2048	145,000	3,263		148,263
2049				
2050				
	\$ 2,125,000	\$ 777,555	\$	2,902,555

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2023

S E R I E S - 2 0 2 1

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2024	\$ 125,000	\$ 144,813	\$ 269,813
2025	150,000	139,813	289,813
2026	150,000	133,813	283,813
2027	175,000	127,813	302,813
2028	175,000	120,813	295,813
2029	175,000	117,313	292,313
2030	175,000	113,813	288,813
2031	200,000	111,188	311,188
2032	200,000	107,188	307,188
2033	200,000	103,188	303,188
2034	200,000	99,188	299,188
2035	225,000	95,188	320,188
2036	225,000	90,688	315,688
2037	225,000	86,188	311,188
2038	225,000	81,688	306,688
2039	250,000	77,188	327,188
2040	250,000	71,875	321,875
2041	250,000	66,125	316,125
2042	275,000	60,375	335,375
2043	275,000	54,050	329,050
2044	275,000	47,725	322,725
2045	275,000	41,400	316,400
2046	300,000	35,075	335,075
2047	300,000	28,175	328,175
2048	300,000	21,275	321,275
2049	300,000	14,375	314,375
2050	325,000	7,475	332,475
	<u>\$ 6,200,000</u>	<u>\$ 2,197,808</u>	<u>\$ 8,397,808</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2023

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 630,000	\$ 354,550	\$ 984,550
2025	660,000	339,490	999,490
2026	685,000	322,683	1,007,683
2027	715,000	304,743	1,019,743
2028	735,000	285,119	1,020,119
2029	675,000	267,986	942,986
2030	690,000	251,474	941,474
2031	730,000	236,443	966,443
2032	750,000	219,668	969,668
2033	760,000	202,102	962,102
2034	675,000	184,069	859,069
2035	560,000	170,087	730,087
2036	410,000	158,824	568,824
2037	420,000	150,109	570,109
2038	425,000	141,066	566,066
2039	460,000	131,883	591,883
2040	465,000	121,631	586,631
2041	475,000	110,746	585,746
2042	500,000	99,611	599,611
2043	510,000	87,890	597,890
2044	520,000	75,918	595,918
2045	530,000	63,709	593,709
2046	565,000	51,246	616,246
2047	570,000	37,955	607,955
2048	445,000	24,538	469,538
2049	300,000	14,375	314,375
2050	325,000	7,475	332,475
	<u>\$ 15,185,000</u>	<u>\$ 4,415,390</u>	<u>\$ 19,600,390</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2023

Description	Original Bonds Issued	Bonds Outstanding June 1, 2022
Harris County Municipal Utility District No. 50 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2007	\$ 1,500,000	\$ 560,000
Harris County Municipal Utility District No. 50 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2013	1,350,000	875,000
Harris County Municipal Utility District No. 50 Unlimited Tax and Revenue Bonds, Series 2015	2,460,000	1,625,000
Harris County Municipal Utility District No. 50 Unlimited Tax Bonds - Series 2016	2,470,000	1,775,000
Harris County Municipal Utility District No. 50 Unlimited Tax Bonds - Series 2018	2,770,000	2,495,000
Harris County Municipal Utility District No. 50 Unlimited Tax Bonds - Series 2020	2,200,000	2,150,000
Harris County Municipal Utility District No. 50 Unlimited Tax Bonds - Series 2021	<u>6,200,000</u>	<u>6,200,000</u>
TOTAL	<u>\$ 18,950,000</u>	<u>\$ 15,680,000</u>

Bond Authority:	<u>Tax and Revenue Bonds</u>
Amount Authorized by Voters	\$ 38,686,000
Amount Issued	<u>24,285,000</u>
Remaining to be Issued	<u>\$ 14,401,000</u>

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding May 31, 2023	Paying Agent
	Principal	Interest		
\$	\$ 85,000	\$ 14,950	\$ 475,000	Wells Fargo Bank N.A. Houston, TX
	65,000	38,442	810,000	Amegy Bank, N.A. Houston, TX
	120,000	32,220	1,505,000	Amegy Bank, N.A. Houston, TX
	125,000	24,249	1,650,000	Amegy Bank, N.A. Houston, TX
	75,000	56,748	2,420,000	Amegy Bank, N.A. Houston, TX
	25,000	52,370	2,125,000	Amegy Bank, N.A. Houston, TX
		144,813	6,200,000	Amegy Bank, N.A. Houston, TX
<u>\$ - 0 -</u>	<u>\$ 495,000</u>	<u>\$ 363,792</u>	<u>\$ 15,185,000</u>	

Debt Service Fund cash, investments and cash with paying agent balances as of May 31, 2023: \$ 2,167,068

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 725,940

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

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 1,069,011	\$ 514,739	\$ 458,785
Water Service	672,158	699,583	753,042
Wastewater Service	1,033,424	986,270	900,328
Penalty and Interest	36,187	34,516	7,317
Tap Connection and Inspection Fees	167,045	162,923	175,983
Investment Revenues	98,182	2,832	805
Miscellaneous Revenues	82,171	80,523	64,653
TOTAL REVENUES	\$ 3,158,178	\$ 2,481,386	\$ 2,360,913
EXPENDITURES			
Professional Fees	\$ 320,878	\$ 245,747	\$ 211,098
Contracted Services	453,862	389,467	327,169
Utilities	126,544	120,854	97,076
SJRA Assessment	51,695	45,735	31,526
Repairs and Maintenance	478,249	595,574	351,781
Other	515,407	507,196	368,255
Personnel	144,656	168,379	179,399
Note Principal	109,936	109,936	109,936
Note Interest			
Capital Outlay	63,185		20,000
TOTAL EXPENDITURES	\$ 2,264,412	\$ 2,182,888	\$ 1,696,240
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 893,766	\$ 298,498	\$ 664,673
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$	\$ 43,611	\$
Capital Lease Proceeds			
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ 43,611	\$ -0-
NET CHANGE IN FUND BALANCE	\$ 893,766	\$ 342,109	\$ 664,673
BEGINNING FUND BALANCE	2,525,043	2,182,934	1,518,261
ENDING FUND BALANCE	\$ 3,418,809	\$ 2,525,043	\$ 2,182,934

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 370,249	\$ 368,695	33.9 %	20.8 %	19.5 %	17.6 %	20.4 %
606,975	449,843	21.3	28.2	31.9	28.8	24.8
827,596	711,135	32.7	39.7	38.1	39.2	39.2
24,037	36,559	1.1	1.4	0.3	1.1	2.0
159,958	139,441	5.3	6.6	7.5	7.6	7.7
273	214	3.1	0.1			
119,750	107,666	2.6	3.2	2.7	5.7	5.9
<u>\$ 2,108,838</u>	<u>\$ 1,813,553</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 142,873	\$ 125,512	10.2 %	9.9 %	8.9 %	6.8 %	6.9 %
287,871	284,345	14.4	15.7	13.9	13.7	15.7
97,717	90,993	4.0	4.9	4.1	4.6	5.0
26,794	40,851	1.6	1.8	1.3	1.3	2.3
385,474	285,752	15.1	24.0	14.9	18.3	15.8
352,905	370,811	16.3	20.4	15.6	16.7	20.4
230,334	203,678	4.6	6.8	7.6	10.9	11.2
279,091	198,013	3.5	4.4	4.7	13.2	10.9
2,536	5,689				0.1	0.3
	31,976	2.0		0.8		1.8
<u>\$ 1,805,595</u>	<u>\$ 1,637,620</u>	<u>71.7 %</u>	<u>87.9 %</u>	<u>71.8 %</u>	<u>85.6 %</u>	<u>90.3 %</u>
<u>\$ 303,243</u>	<u>\$ 175,933</u>	<u>28.3 %</u>	<u>12.1 %</u>	<u>28.2 %</u>	<u>14.4 %</u>	<u>9.7 %</u>
\$ 121,809	\$					
	31,976					
<u>\$ 121,809</u>	<u>\$ 31,976</u>					
\$ 425,052	\$ 207,909					
1,093,209	885,300					
<u>\$ 1,518,261</u>	<u>\$ 1,093,209</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 881,900	\$ 1,121,070	\$ 1,079,474
Penalty and Interest	145,968	126,554	107,137
Investment Revenue	68,721	2,184	1,169
Miscellaneous Revenues	<u>1,684</u>	<u>25,208</u>	<u>9,879</u>
TOTAL REVENUES	<u>\$ 1,098,273</u>	<u>\$ 1,275,016</u>	<u>\$ 1,197,659</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 74,922	\$ 70,512	\$ 77,976
Debt Service Principal	495,000	480,000	475,000
Debt Service Interest and Fees	<u>368,057</u>	<u>316,574</u>	<u>235,980</u>
TOTAL EXPENDITURES	<u>\$ 937,979</u>	<u>\$ 867,086</u>	<u>\$ 788,956</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 160,294</u>	<u>\$ 407,930</u>	<u>\$ 408,703</u>
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	<u>\$ -0-</u>	<u>\$ 72,406</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	\$ 160,294	\$ 480,336	\$ 408,703
BEGINNING FUND BALANCE	<u>2,015,306</u>	<u>1,534,970</u>	<u>1,126,267</u>
ENDING FUND BALANCE	<u>\$ 2,175,600</u>	<u>\$ 2,015,306</u>	<u>\$ 1,534,970</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>1,754</u>	<u>1,704</u>	<u>*</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>1,754</u>	<u>1,704</u>	<u>*</u>

***Information was unavailable at time of audit.**

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2020</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
\$ 854,986	\$ 664,292	80.2 %	87.8 %	90.2 %	87.9 %	82.2 %
73,219	95,186	13.3	9.9	8.9	7.5	11.8
1,525	1,443	6.3	0.2	0.1	0.2	0.2
<u>42,813</u>	<u>47,150</u>	<u>0.2</u>	<u>2.0</u>	<u>0.8</u>	<u>4.4</u>	<u>5.8</u>
\$ <u>972,543</u>	\$ <u>808,071</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 57,185	\$ 58,343	6.8 %	5.5 %	6.5 %	5.9 %	7.2 %
435,000	430,000	45.1	37.6	39.7	44.7	53.2
<u>190,692</u>	<u>149,362</u>	<u>33.5</u>	<u>24.8</u>	<u>19.7</u>	<u>19.6</u>	<u>18.5</u>
\$ <u>682,877</u>	\$ <u>637,705</u>	<u>85.4 %</u>	<u>67.9 %</u>	<u>65.9 %</u>	<u>70.2 %</u>	<u>78.9 %</u>
\$ 289,666	\$ 170,366	<u>14.6 %</u>	<u>32.1 %</u>	<u>34.1 %</u>	<u>29.8 %</u>	<u>21.1 %</u>
\$ <u>-0-</u>	\$ <u>-0-</u>					
\$ 289,666	\$ 170,366					
<u>836,601</u>	<u>666,235</u>					
\$ <u>1,126,267</u>	\$ <u>836,601</u>					
<u>*</u>	<u>1,492</u>					
<u>*</u>	<u>1,468</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2023

District Mailing Address - Harris County Municipal Utility District No. 50
c/o Norton Rose Fulbright US LLP
1301 McKinney, Suite 5100
Houston, TX 77010-3095

District Telephone Number - (713) 651-5151

Board Members	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended May 31, 2023</u>	<u>Expense Reimbursements for the year ended May 31, 2023</u>	<u>Title</u>
Andrew Sonnier	11/2020 – 11/2024 (Elected)	\$ 6,600	\$ 3,382	President/ Position 4
Martin Lemond	11/2022 – 11/2026 (Elected)	\$ 5,850	\$ 2,914	Vice President/ Position 5
Alice Dangerfield	11/2020 – 11/2024 (Elected)	\$ 4,950	\$ 3,214	Secretary/ Position 2
Daryl G. Johnson	11/2022 – 11/2026 (Elected)	\$ 5,850	\$ 4,448	Treasurer/ Position 3

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: July 31, 2023

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200. 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. 50
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2023

	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2023</u>	<u>Title</u>
Consultants:			
Norton Rose Fulbright US LLP	09/04/17	\$ 89,119	General Counsel
McCall Gibson Swedlund Barfoot PLLC	08/07/18	\$ 26,000	Auditor
Elite Bookkeeping LLC	04/01/22	\$ 38,818	Bookkeeper
Linebarger Heard Goggan Blair & Sampson, L.L.P.	04/02/96	\$ 40,632	Delinquent Tax Attorney
Cobb Fendley & Associates, Inc.	11/01/16	\$ 267,308	Engineer
The GMS Group, L.L.C.	Prior to 2014	\$ 900	Financial Advisor
Municipal Operations and Consulting, Inc.	01/01/15	\$ 543,091	Operator
San Jacinto Tax Service Co., L.L.C.	01/81	\$ 18,154	Tax Assessor/ Collector
John Hall	Prior to 2013	\$ 30,000	Public Affairs
Kenneth Byrd	02/25/21	\$ -0-	Investment Officer

See accompanying independent auditor's report.

