

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2020

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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
E-Mail: mgsb@mgsbpllc.com

9600 Great Hills Trail
Suite 150W
Austin, Texas 78759
(512) 610-2209
www.mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 383
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 383 (the "District"), as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of March 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

July 1, 2020

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2020**

Management’s discussion and analysis of Harris County Municipal Utility District No. 383’s (the “District”) financial performance provides an overview of the District’s financial activities for the year ended March 31, 2020. 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 other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Activities reports how the District’s net position changed during the current 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 five governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The District has two Special Revenue Funds. One Special Revenue Fund accounts for the water plants jointly owned by the District and Harris County Municipal Utility District No. 367. The other Special Revenue Fund accounts for the operations of a jointly owned wastewater treatment plant with Harris County Municipal Utility District No. 367. The Debt

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2020**

FUND FINANCIAL STATEMENTS (Continued)

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.

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"). Budgetary comparison schedules are included as RSI for the General Fund and each Special Revenue 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 and deferred outflows of resources exceeded liabilities by \$2,332,026 as of March 31, 2020.

A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 11,821,751	\$ 12,261,389	\$ (439,638)
Capital Assets (Net of Accumulated Depreciation)	<u>31,025,254</u>	<u>31,781,698</u>	<u>(756,444)</u>
Total Assets	<u>\$ 42,847,005</u>	<u>\$ 44,043,087</u>	<u>\$ (1,196,082)</u>
Deferred Outflows of Resources	<u>\$ 582,472</u>	<u>\$ 455,591</u>	<u>\$ 126,881</u>
Due to Developer	\$ 18,509	\$ 277,971	\$ 259,462
Long -Term Liabilities	37,610,544	39,388,843	1,778,299
Other Liabilities	<u>3,468,398</u>	<u>3,076,285</u>	<u>(392,113)</u>
Total Liabilities	<u>\$ 41,097,451</u>	<u>\$ 42,743,099</u>	<u>\$ 1,645,648</u>
Net Position:			
Net Investment in Capital Assets	\$ (7,548,586)	\$ (7,547,003)	\$ (1,583)
Restricted	4,501,350	4,801,949	(300,599)
Unrestricted	<u>5,379,262</u>	<u>4,500,633</u>	<u>878,629</u>
Total Net Position	<u>\$ 2,332,026</u>	<u>\$ 1,755,579</u>	<u>\$ 576,447</u>

The following table provides comparative analysis of the District's operations for the years ending March 31, 2020, and March 31, 2019. The District's net position increased by \$576,447 during the current year.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 4,207,869	\$ 3,980,804	\$ 227,065
Charges for Services	4,781,390	4,449,170	332,220
Other Revenues	<u>721,082</u>	<u>330,982</u>	<u>390,100</u>
Total Revenues	<u>\$ 9,710,341</u>	<u>\$ 8,760,956</u>	<u>\$ 949,385</u>
Expenses for Services	<u>9,133,894</u>	<u>8,211,220</u>	<u>(922,674)</u>
Change in Net Position	\$ 576,447	\$ 549,736	\$ 26,711
Net Position, Beginning of Year	<u>1,755,579</u>	<u>1,205,843</u>	<u>549,736</u>
Net Position, End of Year	<u>\$ 2,332,026</u>	<u>\$ 1,755,579</u>	<u>\$ 576,447</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2020, were \$10,326,412, a decrease of \$668,733 from the prior fiscal year.

The General Fund fund balance increased by \$849,178, primarily due to service revenues exceeding current year operating and capital costs as well as a transfer from the Capital Projects Fund to reimburse engineering and construction costs.

The Debt Service Fund fund balance decreased by \$298,297, primarily due to the structure of the District's debt service requirements.

The Special Revenue Funds of the District are revenue neutral. Costs incurred are billed to the respective participants on a monthly basis.

The Capital Projects Fund fund balance decreased by \$1,219,614, primarily due to the use of surplus funds for projects, a developer reimbursement and a transfer of funds to the General Fund to reimburse construction and engineering costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the year to increase projected property tax collections, purchased wastewater service cost and capital outlay. Actual revenues were \$539,770 more than budgeted revenues. Actual expenditures were \$389,060 less than budgeted expenditures. See page 41 for further information.

CAPITAL ASSETS

Capital assets as of March 31, 2020, total \$31,025,254 (net accumulated depreciation) and include land, as well as the water, wastewater and drainage systems. Capital asset activity completed during the current year included the ground storage tank recoating project at water plant no. 1 and HMI equipment at water plant nos. 1 and 2, the wastewater treatment plant and lift stations no. 5.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2020**

CAPITAL ASSETS (Continued)

Capital Assets At Year-End, Net of Accumulated Depreciation			Change
	2020	2019	Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 2,485,789	\$ 2,485,789	\$
Construction in Progress	189,994		189,994
Capital Assets, Net of Accumulated Depreciation:			
Greenbelt Fence	1,728,760	1,984,647	(255,887)
Water System	6,135,163	6,223,987	(88,824)
Wastewater System	12,418,322	12,766,884	(348,562)
Drainage System	8,067,226	8,320,391	(253,165)
Total Net Capital Assets	\$ 31,025,254	\$ 31,781,698	\$ (756,444)

Additional information on the District's capital assets can be found in Note 6 of this report.

LONG-TERM DEBT ACTIVITY

At the end of the current year, the District had total bond debt payable of \$39,125,000. The changes in the debt position of the District during the year ended March 31, 2020, are summarized as follows:

Bond Debt Payable, April 1, 2019	\$ 40,845,000
Add: Bond Sales - Refunding Series 2019A	5,455,000
Less: Bond Principal Paid and Refunded	7,175,000
Bond Debt Payable, March 31, 2020	\$ 39,125,000

The District's Series 2013 Refunding, Series 2013 and Series 2014 Refunding bonds carry an underlying rating of "BBB" from S&P. The District's Series 2014A, Series 2015, Series 2015A, Series 2016 Refunding, 2016A Refunding, Series 2018, Series 2019 and Series 2019 Refunding bonds carry an underlying rating of "A3" by Moody's. The Series 2013 and Series 2014 Refunding bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2013 Refunding, Series 2014A, Series 2015, Series 2015A, Series 2016 Refunding, Series 2016A Refunding, Series 2018, Series 2019 and Series 2019 Refunding bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The above ratings are as of March 31, 2020 and reflect all rating changes through the year then ended.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2020**

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. 383, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2020

	General Fund	Special Revenue Funds	
		Water Plant	Wastewater Treatment Plant
ASSETS			
Cash	\$ 280,660	\$ 403,401	\$ 202,641
Investments	5,179,516		
Receivables:			
Property Taxes	35,769		
Penalty and Interest on Delinquent Taxes			
Service Accounts	133,363		
Accrued Interest	39,470		
Other	26,207		
Due from Other Funds	112,951	213,926	31,590
Prepaid Costs			
Due from Other Governmental Units	717	179,299	39,914
Advance for Water Plant Operations	204,075		
Advance for Regional Wastewater Treatment Plant Operations	90,212		
Land			
Construction in Progress			
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	<u>\$ 6,102,940</u>	<u>\$ 796,626</u>	<u>\$ 274,145</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,102,940</u>	<u>\$ 796,626</u>	<u>\$ 274,145</u>

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 205,358	\$ 1,981	\$ 1,094,041	\$	\$ 1,094,041
4,293,674	612,385	10,085,575		10,085,575
78,614		114,383		114,383
			20,853	20,853
		133,363		133,363
36,710		76,180		76,180
		26,207		26,207
		358,467	(358,467)	
			51,219	51,219
		219,930		219,930
		204,075	(204,075)	
		90,212	(90,212)	
			2,485,789	2,485,789
			189,994	189,994
			<u>28,349,471</u>	<u>28,349,471</u>
<u>\$ 4,614,356</u>	<u>\$ 614,366</u>	<u>\$ 12,402,433</u>	<u>\$ 30,444,572</u>	<u>\$ 42,847,005</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 582,472</u>	<u>\$ 582,472</u>
<u>\$ 4,614,356</u>	<u>\$ 614,366</u>	<u>\$ 12,402,433</u>	<u>\$ 31,027,044</u>	<u>\$ 43,429,477</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2020

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
LIABILITIES			
Accounts Payable	\$ 129,247	\$ 308,105	\$ 64,361
Accrued Interest Payable			
Due to Other Governmental Units	1,220		
Due to Developers	18,509		
Due to Other Funds	245,516		
Due to Taxpayers			
Security Deposits	380,405		
Advance for Regional Wastewater Treatment Plant Operations			209,784
Advance for Water Plant Operations		488,521	
Long-Term Liabilities:			
Bonds Payable, Due Within One Year			
Bonds Payable, Due After One Year			
TOTAL LIABILITIES	\$ 774,897	\$ 796,626	\$ 274,145
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 35,769	\$ -0-	\$ -0-

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 1,881	\$ 503,594	\$	\$ 503,594
			103,023	103,023
		1,220		1,220
		18,509		18,509
29,698	83,253	358,467	(358,467)	
1,138		1,138		1,138
		380,405		380,405
		209,784	(90,212)	119,572
		488,521	(204,075)	284,446
			2,075,000	2,075,000
			<u>37,610,544</u>	<u>37,610,544</u>
<u>\$ 30,836</u>	<u>\$ 85,134</u>	<u>\$ 1,961,638</u>	<u>\$ 39,135,813</u>	<u>\$ 41,097,451</u>
<u>\$ 78,614</u>	<u>\$ -0-</u>	<u>\$ 114,383</u>	<u>\$ (114,383)</u>	<u>\$ -0-</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2020

	Special Revenue Funds		
	General Fund	Water Plant	Wastewater Treatment Plant
FUND BALANCES			
Nonspendable:			
For Water Plant Operations	\$ 204,075	\$	\$
For Regional Wastewater Treatment Plant Operations	90,212		
Restricted for Authorized Construction			
Restricted for Debt Service			
Assigned for Future Capital Improvements	775,000		
Unassigned	4,222,987		
TOTAL FUND BALANCES	\$ 5,292,274	\$ - 0 -	\$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,102,940	\$ 796,626	\$ 274,145
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>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$	\$ 204,075	\$ (204,075)	\$
		90,212	(90,212)	
	529,232	529,232	(529,232)	
4,504,906		4,504,906	(4,504,906)	
		775,000	(775,000)	
		<u>4,222,987</u>	<u>(4,222,987)</u>	
<u>\$ 4,504,906</u>	<u>\$ 529,232</u>	<u>\$ 10,326,412</u>	<u>\$ (10,326,412)</u>	<u>\$ - 0 -</u>
<u>\$ 4,614,356</u>	<u>\$ 614,366</u>	<u>\$ 12,402,433</u>		
			\$ (7,548,586)	\$ (7,548,586)
			4,501,350	4,501,350
			<u>5,379,262</u>	<u>5,379,262</u>
			<u>\$ 2,332,026</u>	<u>\$ 2,332,026</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2020**

Total Fund Balances - Governmental Funds \$ 10,326,412

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

Bond insurance premiums paid at closing are amortized over the term of the refunding bonds. 51,219

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 31,025,254

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 582,472

Deferred inflows of resources related property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District. 135,236

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (103,023)	
Bonds Payable Within One Year	(2,075,000)	
Bonds Payable After One Year	<u>(37,610,544)</u>	<u>(39,788,567)</u>

Total Net Position - Governmental Activities \$ 2,332,026

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2020

	General Fund	Special Revenue Funds	
		Water Plant	Wastewater Treatment Plant
REVENUES			
Property Taxes	\$ 1,409,509	\$	\$
Water Service	763,444	2,943,924	
Wastewater Service	292,726		629,518
Regional Water Authority Fees	1,106,415		
Penalty and Interest	37,247		
Tap Connection and Inspection Fees	437,120		
Sales Tax Revenues	107,755		
Investment Revenues	97,484	865	395
Water Reuse Credits		292,656	
Miscellaneous Revenues	90,125	600	
TOTAL REVENUES	\$ 4,341,825	\$ 3,238,045	\$ 629,913
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 222,923	\$ 5,446	\$ 24,335
Contracted Services	428,999	32,967	31,375
Purchased Water Service	1,178,073	2,102,151	
Purchased Wastewater Service	272,386		
Utilities	4,942	84,959	102,968
Regional Water Authority Assessment		554,874	
Repairs and Maintenance	468,141	87,145	132,957
Depreciation			
Contribution to Harris County	33,222		
Community Improvements	436,445		
Other	423,633	23,934	338,278
Capital Outlay	67,736	346,569	
Debt Service:			
Bond Principal			
Bond Interest			
Bond Issuance Costs			
Payment to Refunded Bond Escrow Agent			
TOTAL EXPENDITURES/EXPENSES	\$ 3,536,500	\$ 3,238,045	\$ 629,913
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES/EXPENSES	\$ 805,325	\$ -0-	\$ -0-

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
\$ 2,794,684	\$	\$ 4,204,193	\$ 3,676	\$ 4,207,869
		3,707,368	(1,178,073)	2,529,295
		922,244	(272,386)	649,858
		1,106,415		1,106,415
19,261		56,508	2,194	58,702
		437,120		437,120
		107,755		107,755
88,402	28,161	215,307		215,307
		292,656		292,656
14,639		105,364		105,364
<u>\$ 2,916,986</u>	<u>\$ 28,161</u>	<u>\$ 11,154,930</u>	<u>\$ (1,444,589)</u>	<u>\$ 9,710,341</u>
\$ 5,759	\$ 19,730	\$ 278,193	\$	\$ 278,193
66,765	1,354	561,460		561,460
		3,280,224	(1,178,073)	2,102,151
		272,386	(272,386)	
		192,869		192,869
		554,874		554,874
	913,476	1,601,719		1,601,719
			1,170,749	1,170,749
		33,222		33,222
		436,445		436,445
5,587	66	791,498		791,498
	269,296	683,601	(683,601)	
1,875,000		1,875,000	(1,875,000)	
1,199,542		1,199,542	22,341	1,221,883
216,174		216,174	(27,343)	188,831
66,000		66,000	(66,000)	
<u>\$ 3,434,827</u>	<u>\$ 1,203,922</u>	<u>\$ 12,043,207</u>	<u>\$ (2,909,313)</u>	<u>\$ 9,133,894</u>
<u>\$ (517,841)</u>	<u>\$ (1,175,761)</u>	<u>\$ (888,277)</u>	<u>\$ 1,464,724</u>	<u>\$ 576,447</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2020

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ 43,853	\$	\$
Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	\$ 43,853	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCES	\$ 849,178	\$ -0-	\$ -0-
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - APRIL 1, 2019	4,443,096		
FUND BALANCES/NET POSITION - MARCH 31, 2020	\$ 5,292,274	\$ -0-	\$ -0-

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 5,455,000	\$ (43,853)	\$ 5,455,000	\$ (5,455,000)	\$
(5,320,504)		(5,320,504)	5,320,504	
<u>85,048</u>		<u>85,048</u>	<u>(85,048)</u>	
\$ 219,544	\$ (43,853)	\$ 219,544	\$ (219,544)	\$ -0-
\$ (298,297)	\$ (1,219,614)	\$ (668,733)	\$ 668,733	\$
			576,447	576,447
<u>4,803,203</u>	<u>1,748,846</u>	<u>10,995,145</u>	<u>(9,239,566)</u>	<u>1,755,579</u>
<u>\$ 4,504,906</u>	<u>\$ 529,232</u>	<u>\$ 10,326,412</u>	<u>\$ (7,994,386)</u>	<u>\$ 2,332,026</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020**

Net Change in Fund Balances - Governmental Funds	\$ (668,733)
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.	3,676
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.	2,194
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(1,170,749)
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.	683,601
Governmental funds report bond premiums as other financing sources. However, in the Statement of Net Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. Bond insurance premiums are also amortized over the life of the bonds.	(57,705)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,875,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(22,341)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(5,455,000)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.	<u>5,386,504</u>
Change in Net Position - Governmental Activities	<u>\$ 576,447</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 383 (the “District”) was created effective April 2, 2002, by an Order of 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, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on April 3, 2002, and the first bonds were sold on April 20, 2004.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

The District has entered into an agreement with Harris County Municipal Utility District No. 367 for water service through three joint water plants. The District has oversight over the water plants. Additional disclosure concerning this agreement is provided in Note 8.

The District has entered into an agreement with Harris County Municipal Utility District No. 367 for wastewater disposal through a regional wastewater treatment plant (the “Plant”). The District has oversight responsibility over the Plant. Additional disclosure concerning this agreement is provided in Note 9.

Financial Statement Presentation

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

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

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has five governmental funds and considers each to be major.

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

Special Revenue Fund Water Plant – To account for financial resources collected and administered by the District for the operation of the joint water plants which is a joint venture of the District with Harris County Municipal Utility District No. 367.

Special Revenue Fund Wastewater Treatment Plant – To account for financial resources collected and administered by the District for the operation of the joint wastewater treatment plant which is a joint venture of the District with Harris County Municipal Utility District No. 367.

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 year 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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. See Note 15 for interfund receivables/payables and transfers as of March 31, 2020.

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.

The District chose to early implement GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$10,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund and each Special Revenue 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 amended. Neither Special Revenue Fund budgets were amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Funds present the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered to be “employees” for federal payroll tax purposes only.

Measurement Focus

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

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

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

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

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the period. 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. The District has assigned \$775,000 of its General Fund fund balance for future capital improvements.

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. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 3. LONG-TERM DEBT

	Refunding Series 2013	Series 2013		
Amount Outstanding – March 31, 2020	\$3,670,000	\$65,000		
Interest Rates	2.25% - 3.50%	2.60%		
Maturity Date	September 1, 2020/2029	September 1, 2020		
Interest Payment Dates	September 1/ March 1	September 1/ March 1		
Callable Dates	September 1, 2019*	September 1, 2019*		
	Refunding Series 2014	Series 2014A	Series 2015	
Amount Outstanding – March 31, 2020	\$3,190,000	\$5,750,000	\$4,875,000	
Interest Rates	2.00% - 3.625%	2.00% - 3.75%	2.00% - 3.75%	
Maturity Date	September 1, 2020/2031	September 1, 2020/2040	September 1, 2020/2040	
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	
Callable Dates	September 1, 2022*	September 1, 2022*	September 1, 2023*	

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2014A term bonds maturing on September 1, 2027, and September 1, 2040, are subject to mandatory redemption by random selection beginning September 1, 2025, and September 1, 2038, respectively.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2015A</u>	<u>Refunding Series 2016</u>	<u>Refunding Series 2016A</u>
Amount Outstanding – March 31, 2020	\$2,185,000	\$4,065,000	\$2,900,000
Interest Rates	2.00% - 4.00%	3.00% - 4.00%	2.00% - 4.00%
Maturity Date	September 1, 2020/2040	September 1, 2020/2031	September 1, 2020/2032
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023*	September 1, 2023*	September 1, 2023*
	<u>Series 2018</u>	<u>Series 2019</u>	<u>Refunding Series 2019A</u>
Amount Outstanding – March 31, 2020	\$3,720,000	\$3,250,000	\$5,455,000
Interest Rates	2.00% - 3.50%	2.00% - 3.375%	2.00% - 4.00%
Maturity Date	September 1, 2020/2040	September 1, 2020/2040	September 1, 2020/2037
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023*	September 1, 2024*	September 1, 2024*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2015A term bonds maturing on September 1, 2030, and September 1, 2033, are subject to mandatory redemption by random selection beginning September 1, 2029, and September 1, 2032, respectively. Series 2018 term bonds maturing on September 1, 2032, September 1, 2034, September 1, 2036, September 1, 2038, and September 1, 2040, are subject to mandatory redemption by random selection beginning September 1, 2031, September 1, 2033, September 1, 2035, September 1, 2037, and September 1, 2039, respectively. Series 2019 term bonds maturing on September 1, 2036, September 1, 2038, and September 1, 2040, are subject to mandatory redemption by random selection beginning September 1, 2035, September 1, 2037, and September 1, 2039, respectively. Series 2019A Refunding term bonds maturing on September 1, 2028, and September 1, 2030, are subject to mandatory redemption by random selection beginning September 1, 2027, and September 1, 2029, respectively.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended March 31, 2020:

	April 1, 2019	Additions	Retirements	March 31, 2020
Bonds Payable	\$ 40,845,000	\$ 5,455,000	\$ 7,175,000	\$ 39,125,000
Unamortized Discounts	(173,579)		(106,022)	(67,557)
Unamortized Premiums	592,422	85,048	49,369	628,101
Bonds Payable, Net	\$ 41,263,843	\$ 5,540,048	\$ 7,118,347	\$ 39,685,544
		Amount Due Within One Year		\$ 2,075,000
		Amount Due After One Year		37,610,544
		Bonds Payable, Net		\$ 39,685,544

As of March 31, 2020, the District has authorized but unissued tax bonds of \$71,180,000 and authorized but unissued refunding bonds of \$24,235,000.

As of March 31, 2020, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 2,075,000	\$ 1,212,421	\$ 3,287,421
2022	2,095,000	1,161,672	3,256,672
2023	2,120,000	1,106,344	3,226,344
2024	2,150,000	1,046,089	3,196,089
2025	2,195,000	980,396	3,175,396
2026-2030	11,550,000	3,823,829	15,373,829
2031-2035	9,405,000	1,983,873	11,388,873
2036-2040	6,610,000	660,288	7,270,288
2041	925,000	16,720	941,720
	\$ 39,125,000	\$ 11,991,632	\$ 51,116,632

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. During the year ended March 31, 2020, the District levied an ad valorem debt service tax rate of \$0.485 per \$100 of assessed valuation, which resulted in a tax levy of \$2,824,485 on the adjusted taxable valuation of \$582,368,190 for the 2019 tax year. The bond resolutions 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

- A. The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.
- B. The bond resolutions state that the District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five year anniversary of each issue.

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 year end, the carrying amount of the District's deposits was \$5,654,041 and the bank balance was \$5,836,613. The District was not exposed to custodial credit risk at year-end.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2020, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 280,660	\$ 2,640,000	\$ 2,920,660
SPECIAL REVENUE FUNDS	606,042		606,042
DEBT SERVICE FUND	205,358	1,920,000	2,125,358
CAPITAL PROJECTS FUND	1,981		1,981
TOTAL DEPOSITS	\$ 1,094,041	\$ 4,560,000	\$ 5,654,041

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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. Wells Fargo Bank, N.A. serves 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 restrictions on withdrawals from Texas CLASS.

As of March 31, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 2,539,516	\$ 2,539,516
Certificates of Deposit	2,640,000	2,640,000
<u>DEBT SERVICE FUND</u>		
Texas CLASS	2,373,674	2,373,674
Certificates of Deposit	1,920,000	1,920,000
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	612,385	612,385
TOTAL INVESTMENTS	<u>\$ 10,085,575</u>	<u>\$ 10,085,575</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2020, the District’s investments in Texas CLASS was rated “AAAm” by Standard & Poor’s. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investments of the Special Revenue Funds are restricted for the water plant and wastewater treatment plant operations. 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.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2020:

	April 1, 2019	Increases	Decreases	March 31, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 2,485,789		\$	\$ 2,485,789
Construction in Progress		414,304	224,310	189,994
Total Capital Assets Not Being Depreciated	<u>\$ 2,485,789</u>	<u>\$ 414,304</u>	<u>\$ 224,310</u>	<u>\$ 2,675,783</u>
Capital Assets Subject to Depreciation				
Greenbelt Fence	\$ 2,551,877		\$	\$ 2,551,877
Water System	8,692,894	193,840		8,886,734
Wastewater System	15,231,118	30,471		15,261,589
Drainage System	10,668,823			10,668,823
Total Capital Assets Subject to Depreciation	<u>\$ 37,144,712</u>	<u>\$ 224,311</u>	<u>\$ - 0 -</u>	<u>\$ 37,369,023</u>
Accumulated Depreciation				
Greenbelt Fence	\$ 567,230	\$ 255,887	\$	\$ 823,117
Water System	2,468,907	282,664		2,751,571
Wastewater System	2,464,234	379,033		2,843,267
Drainage System	2,348,432	253,165		2,601,597
Total Accumulated Depreciation	<u>\$ 7,848,803</u>	<u>\$ 1,170,749</u>	<u>\$ - 0 -</u>	<u>\$ 9,019,552</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 29,295,909</u>	<u>\$ (946,438)</u>	<u>\$ - 0 -</u>	<u>\$ 28,349,471</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 31,781,698</u>	<u>\$ (532,134)</u>	<u>\$ 224,310</u>	<u>\$ 31,025,254</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 7. MAINTENANCE TAX

On May 4, 2002, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.20 per \$100 of assessed valuation of taxable property within the District. During the year ending March 31, 2020, the District levied an ad valorem maintenance tax rate of \$0.245 per \$100 of assessed valuation, which resulted in a tax levy of \$1,426,802 on the adjusted taxable valuation of \$582,368,190 for the 2019 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

NOTE 8. WATER SUPPLY AGREEMENT

On July 10, 2002, the District and Harris County Municipal Utility District No. 367 ("District No. 367") agreed to combine the District's and District No. 367's water systems to become an integrated water system. On October 9, 2007, the First Amendment to this agreement was entered into. On April 8, 2015, the Second Amendment to this agreement was entered into. The District owns 54.51% of the capacity in water plant nos. 1, 2 and 3. District No. 367 owns the remaining 45.49%. The District performs the accounting for the integrated system and is responsible for operating the water plants. Each District is billed based upon their proportionate share of the prior month's usage of water. The districts have an operating reserve of \$488,521, with the District funding \$204,075 and District No. 367 funding \$284,446 of the reserve. During the current fiscal year, the District recorded an expenditure of \$1,178,073 in accordance with this agreement.

NOTE 9. REGIONAL SEWAGE TREATMENT PLANT AGREEMENT

On May 8, 2002, the District and District No. 367 entered into a regional sewage treatment plant agreement. On April 8, 2015, the First Amendment to this agreement was entered into. Wastewater treatment is currently provided by a 1,500,000 gallon per day ("gpd") wastewater treatment plant that is jointly owned by the District and District No. 367. Currently, the District owns 61.75% of the capacity in the plant and District No. 367 owns 38.25% of the capacity in the plant. The District is responsible for operating the plant.

The participating districts have been required to fund an operating reserve with the District. As of March 31, 2020, the reserve is \$209,784, with the District's share being \$90,212 and District No. 367's share being \$119,572. The operating costs are shared based on the proportionate share of sewer connections of each district. During the current year, the District recorded an expenditure of \$272,386 in accordance with this agreement.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the Seventy-Fifth Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority has entered into a contract for purchase of surface water from the City of Houston, Texas to assure that its participants comply with the Harris-Galveston Subsidence District (“HGSD”) pumpage requirements, which mandate that districts within HGSD boundaries, including the District, convert a percentage of their water use to surface water over a period of time. A five-member board of directors governs the Authority. The directors serve staggered four-year terms.

The Authority currently charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted, of \$3.85 per 1,000 gallons of water pumped from each well. This fee enables the Authority to fulfill its purpose and regulatory functions. During the current fiscal year, the Joint Water Plants recorded expenditures of \$554,874 related to these fees. On July 1, 2020, the fee increased to \$4.25 per 1,000 gallons.

On August 18, 2008, the District approved the Groundwater Transfer Agreement-Buyer with the Authority. In accordance with the agreement, the District elected to participate in the groundwater transfer program of the Authority, under the Regulations for Buy/Sell Agreement for Implementation of the Groundwater Transfer Program adopted by the Authority on September 8, 2003, as amended, and agreed to assume all rights and obligations of a buyer. The Authority agreed to the District electing the buyer status.

On March 15, 2010, the District and District No. 367 entered into a Water Supply Agreement (the “Agreement”) with the Authority in order for the districts to maintain compliance with the Commission’s requirements related to the districts’ minimum water supply capacity. This Agreement replaced the August 18, 2008, Groundwater Transfer Agreement-Buyer with the Authority. In accordance with the Agreement, the Authority agrees to sell and deliver to the districts a volume of the Authority’s water between 0.75 and 2.0 million gallons per day. The term of the Agreement shall end on January 1, 2040.

On November 7, 2011, the District and District No. 367 entered into an Interlocal Agreement Regarding the Delivery of Authority Water to Harris County Municipal Utility District Nos. 367 and 383 with the Authority (the “Interlocal Agreement”) for the purpose of establishing the Authority as the provider of water to the districts’ joint water plant no. 3 (which came online in October 2013). In accordance with the Interlocal Agreement, the Authority agrees to sell and deliver to the districts up to 0.7 million gallons of water average daily flow and up to 1.2 million gallons during peak day flow, at a rate not to exceed 90,000 gallons per hour. The term of the Interlocal Agreement shall end on November 6, 2051 unless renewed by mutual consent of the parties.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

The current fee under the Agreement and the Interlocal Agreement is \$4.30 per 1,000 gallons of water delivered. During the current fiscal year, the Joint Water Plants recorded expenditures of \$2,102,151 related to the Agreement and the Interlocal Agreement. On July 1, 2020, the fee increased to \$4.70 per 1,000 gallons.

On November 4, 2019, the District and Gleannloch Pines, LTD (“the Golf Club”) entered into an Alternative Water Use Incentive Agreement with the Authority. Under the terms of the Agreement, the Golf Club may pump a combination of groundwater, effluent for reuse and captured rainwater from its storage pond for the purpose of irrigating its golf course. The District expended \$2,803,484 for construction and engineering for an effluent reuse system. The Agreement calls on the Authority to reimburse 10%, or \$280,348, through alternative water use credits within 30 days of the effective date of the Agreement. On a monthly basis, alternative water use credits shall be issued at the rate equal to one-half of the rate then being charged by the Authority for water pumped from a non-exempt well. The maximum alternative water credits shall not exceed the capital costs of \$2,803,484. The Agreement shall be in force for 20 years from the effective date. During the current fiscal year, the Joint Water Plants recorded water reuse credits of \$292,656, which included the return of 10% of the aforementioned capital costs.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage and no settlements have exceeded coverage in the past three years.

NOTE 12. EMERGENCY WATER SUPPLY CONTRACT

On September 15, 1997, District No. 367 executed an Emergency Water Supply Contract with Harris County Water Control and Improvement District No. 119 (District No. 119). The agreement provides for water to be supplied on an emergency basis for up to thirty (30) days. An emergency is defined as a situation whereby a participant would lose 50% or more of the individual District’s productive capacity. District No. 367 was responsible for the construction cost of the interconnect. The cost of water to both parties is \$0.85 per 1,000 gallons of “average daily usage”; the contract spells out the definition of average daily usage. This agreement was amended May 10, 2000, to include a provision for allocating the costs incurred as a result of the fees being paid to the newly formed regional water authority. The term of the contract is 40 years.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 12. EMERGENCY WATER SUPPLY CONTRACT (Continued)

On October 15, 2007, the Second Amendment to Emergency Water Supply Contract was entered into. In accordance with the amendment, the District was added as a party to the contract. The amended agreement called for the District and District No. 367 to design and install a new two-way flow meter at the point of interconnect. On April 14, 2008, the Third Amendment to Emergency Water Supply Contract was approved. District No. 119 agreed to supply water to the District and District No. 367 on an interim basis until such time as the waterline connecting to the Authority's water facilities to water plant no. 1 was completed and declared operational, thus defining the interim period. The interim period has passed and the District is now receiving surface water from the Authority, as further described in Note 10.

NOTE 13. MASTER COST SHARING AGREEMENT

On May 13, 2008, and as amended on August 11, 2009, May 9, 2012, December 11, 2013, June 14, 2017, November 14, 2018 and May 8, 2019, the District entered into the Master Cost Sharing Agreement with District No. 367. This agreement was entered into to consolidate a series of prior cost sharing agreements between the districts into one formalized agreement. The costs for all joint facilities will now be shared based on the allocations outlined in this agreement except for the water plants and the wastewater treatment plant. See Notes 8 and 9.

NOTE 14. STRATEGIC PARTNERSHIP AGREEMENT

On December 12, 2008, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and the Act, the City shall annex a tract or tracts of land for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The District will continue to develop, own, operate, and maintain a water, wastewater, and drainage system in the District.

All taxable property within the District shall not be liable for any present or future debts of the City, and current and future taxes levied by the City shall not be levied on taxable property within the District. The District retains all rights to assess and levy ad valorem taxes on taxable property within the Tract. Upon the limited purpose annexation of the Tract, the City's municipal courts shall have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and State laws. Provisions of the Regulatory Plan adopted by the City will be applicable to the District and the Tract of land within the District. The District's assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period of this agreement.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 14. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

After the Tract is annexed for limited purposes by the City, the qualified voters of the Tract may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the Tract.

The City shall impose a Sales and Use Tax within the boundaries of the Tract upon the limited-purpose annexation of the Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City agreed to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. The City agreed to deliver to the District its share of the sales tax receipts with 30 days of the City receiving the funds from the State Comptroller's office.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from the effective date of the Agreement. During the current fiscal year, the District recorded \$107,755 in sales tax revenue, of which \$26,207 was recorded as a receivable.

NOTE 15. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

As of March 31, 2020, the District had the following interfund liabilities: the Debt Service Fund owed the General Fund \$29,698 for maintenance tax collections, the General Fund owed the Special Revenue Funds \$245,516 for the water and wastewater treatment plant operating costs and the Capital Projects Fund owed the General Fund \$83,253 for engineering and construction costs. During the current fiscal year, the Capital Projects Fund transferred \$43,853 to the General Fund to reimburse for engineering and construction costs.

NOTE 16. USE OF SURPLUS FUNDS

On April 3, 2019, the District approved the use of \$88,323 in surplus capital projects funds for the construction and engineering of the water plant no. 2 fencing repair project. During the current fiscal year, the District expended \$83,253 on the project and it was in progress at year-end.

On February 5, 2020, the District approved the use of \$135,650 in surplus capital projects funds for the construction and engineering of the recoating of the ground storage tank at water plant no.1, installation of HMI equipment at water plant nos. 1 and 2, installation of HMI equipment at the wastewater treatment plant, installation of HMI equipment at lift station no. 5, replacement of water plant no. 1 fencing and installation of a wastewater treatment plant effluent meter.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 17. INTERLOCAL AGREEMENT

On March 27, 2018, the District entered into an interlocal agreement with District No. 367 and Harris County. The agreement outlines how the districts and the County will share in the costs to upgrade Gleannloch Forest Drive between approximately 1,400 feet south of SH 99 and SH 99, to a 4-lane, concrete boulevard. The districts will share in the costs to prepare the plans, specifications and estimates for construction of the project. The County will award and advance fund the construction of the project. The District shall make six annual installments to the County including a 6% cost carry on the unpaid balance for its share of the related project costs funded by the County. As of March 31, 2020, the District has contributed \$191,561 towards this project.

NOTE 18. REFUNDING BOND SALE

On June 20, 2019, the District issued \$5,455,000 of Unlimited Tax Refunding Bonds, Series 2019A. The net proceeds of \$5,505,073 and \$66,000 of available Debt Service Fund monies were used to call and refund \$4,250,000 of Series 2012 bonds and \$1,050,000 of Series 2013 bonds. As a result, the refunded bonds are considered to be defeased and have been removed from the Statement of Net Position. The effect of the refunding decreased total debit service by \$473,820 and obtained net present value savings of \$347,799.

NOTE 19. UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 1,160,158	\$ 1,424,148	\$ 1,409,509	\$ (14,639)
Water Service	723,300	723,300	763,444	40,144
Wastewater Service	281,630	281,630	292,726	11,096
Regional Water Authority Fee	1,022,877	1,022,877	1,106,415	83,538
Penalty and Interest	27,000	27,000	37,247	10,247
Tap Connection and Inspection Fees	117,800	117,800	437,120	319,320
Sales Tax Revenues	102,000	102,000	107,755	5,755
Investment Revenues	90,600	90,600	97,484	6,884
Miscellaneous Revenues	12,700	12,700	90,125	77,425
TOTAL REVENUES	<u>\$ 3,538,065</u>	<u>\$ 3,802,055</u>	<u>\$ 4,341,825</u>	<u>\$ 539,770</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 243,300	\$ 243,300	\$ 222,923	\$ 20,377
Contracted Services	382,926	382,926	428,999	(46,073)
Purchased Water Service	1,174,448	1,174,448	1,178,073	(3,625)
Purchased Wastewater Service	277,178	296,581	272,386	24,195
Utilities	6,240	6,240	4,942	1,298
Repairs and Maintenance	372,300	372,300	468,141	(95,841)
Contribution to Harris County			33,222	(33,222)
Community Improvements			436,445	(436,445)
Other	272,950	282,950	423,633	(140,683)
Capital Outlay	613,345	1,166,815	67,736	1,099,079
TOTAL EXPENDITURES	<u>\$ 3,342,687</u>	<u>\$ 3,925,560</u>	<u>\$ 3,536,500</u>	<u>\$ 389,060</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 195,378</u>	<u>\$ (123,505)</u>	<u>\$ 805,325</u>	<u>\$ 928,830</u>
OTHER FINANCING SOURCES(USES)				
Transfers In	\$ 263,200	\$ 263,200	\$ 43,853	\$ (219,347)
NET CHANGE IN FUND BALANCE	\$ 458,578	\$ 139,695	\$ 849,178	\$ 709,483
FUND BALANCE - APRIL 1, 2019	<u>4,443,096</u>	<u>4,443,096</u>	<u>4,443,096</u>	<u></u>
FUND BALANCE - MARCH 31, 2020	<u>\$ 4,901,674</u>	<u>\$ 4,582,791</u>	<u>\$ 5,292,274</u>	<u>\$ 709,483</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - WATER PLANT
FOR THE YEAR ENDED MARCH 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Water Service	\$ 3,074,422	\$ 2,943,924	\$ (130,498)
Investment Revenues	650	865	215
Water Reuse Credits		292,656	292,656
Miscellaneous Revenues		600	600
TOTAL REVENUES	<u>\$ 3,075,072</u>	<u>\$ 3,238,045</u>	<u>\$ 162,973</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 21,300	\$ 5,446	\$ 15,854
Contracted Services	33,200	32,967	233
Purchased Water Service	2,052,200	2,102,151	(49,951)
Utilities	90,700	84,959	5,741
Regional Water Authority Assessment	423,300	554,874	(131,574)
Repairs and Maintenance	91,100	87,145	3,955
Other	24,072	23,934	138
Capital Outlay	339,200	346,569	(7,369)
TOTAL EXPENDITURES	<u>\$ 3,075,072</u>	<u>\$ 3,238,045</u>	<u>\$ (162,973)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - APRIL 1, 2019	_____	_____	_____
FUND BALANCE - MARCH 31, 2020	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - WASTEWATER TREATMENT PLANT
FOR THE YEAR ENDED MARCH 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Wastewater Service	\$ 865,865	\$ 629,518	\$ (236,347)
Investment Revenues	300	395	95
Miscellaneous Revenues			
TOTAL REVENUES	<u>\$ 866,165</u>	<u>\$ 629,913</u>	<u>\$ (236,252)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 47,500	\$ 24,335	\$ 23,165
Contracted Services	31,970	31,375	595
Utilities	130,300	102,968	27,332
Repairs and Maintenance	119,440	132,957	(13,517)
Other	374,725	338,278	36,447
Capital Outlay	162,230		162,230
TOTAL EXPENDITURES	<u>\$ 866,165</u>	<u>\$ 629,913</u>	<u>\$ 236,252</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - APRIL 1, 2019	_____	_____	_____
FUND BALANCE - MARCH 31, 2020	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MARCH 31, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2020

1. SERVICES PROVIDED BY THE DISTRICT DURING THE YEAR:

<u> X </u>	Retail Water	_____	Wholesale Water	<u> X </u>	Drainage
<u> X </u>	Retail Wastewater	_____	Wholesale Wastewater	_____	Irrigation
<u> X </u>	Parks/Recreation	_____	Fire Protection	_____	Security
<u> X </u>	Solid Waste/Garbage	_____	Flood Control	_____	Roads
<u> X </u>	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 approved September 5, 2018.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 13.75	1,000	N	\$ 1.00	1,001 to 10,000
				\$ 1.50	10,001 – 20,000
				\$ 2.75	20,001 – 30,000
				\$ 4.00	30,001 – 40,000
				\$ 4.50	40,001 and up
WASTEWATER:	\$ 10.50		Y		
SURCHARGE:					
Solid Waste/Garbage*					
Commission					
Regulatory Assessments*					
Regional Water Authority Fees			N	\$ 4.30	0001 and up
Other					

District employs winter averaging for wastewater usage? _____ X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$22.75 Wastewater: \$10.50 Surcharge: \$43.00 Total: \$76.25

* Charges above include solid waste disposal and regulatory assessments

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2020

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 "	1,137	1,124	x 1.0	1,124
1"	509	509	x 2.5	1,273
1½"	9	9	x 5.0	45
2"	53	53	x 8.0	424
3"	1	1	x 15.0	15
4"	2	2	x 25.0	50
6"	1	1	x 50.0	50
8"	4	4	x 80.0	320
10"			x 115.0	
Total Water Connections	<u>1,716</u>	<u>1,703</u>		<u>3,301</u>
Total Wastewater Connections	<u>1,616</u>	<u>1,602</u>	x 1.0	<u>1,602</u>

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

Gallons pumped into system:	142,387,000	Water Accountability Ratio: 98.1% (Gallons billed /Gallons pumped)
Gallons billed to customers:	266,691,000	
Total gallons purchased:	490,847,000	From: North Harris County Regional Water Authority
Total gallons sold:	348,721,000	To: Harris County Municipal Utility District No. 367
Leaks and Flushing:	6,000,000	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2020

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

Does the District have Debt Service standby fees? Yes ___ No X

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely X Partly _____ Not at all _____

ETJ's in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2020

PROFESSIONAL FEES:	
Auditing	\$ 16,000
Engineering	21,299
Legal	<u>185,624</u>
TOTAL PROFESSIONAL FEES	<u>\$ 222,923</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 1,178,073
Purchased Wastewater Service	<u>272,386</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,450,459</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 37,283
Operations and Billing	<u>95,143</u>
TOTAL CONTRACTED SERVICES	<u>\$ 132,426</u>
UTILITIES:	
Electricity	\$ 4,799
Telephone	<u>143</u>
TOTAL UTILITIES	<u>\$ 4,942</u>
REPAIRS AND MAINTENANCE	<u>\$ 468,141</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 25,650
Election Costs	2,918
Insurance	13,308
Legal Notices	892
Office Supplies and Postage	31,338
Payroll Taxes	1,962
Travel and Meetings	15,488
Other	<u>101,010</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 192,566</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2020

CONTRIBUTION TO HARRIS COUNTY	\$ <u>33,222</u>
COMMUNITY IMPROVEMENTS	\$ <u>436,445</u>
CAPITAL OUTLAY	\$ <u>67,736</u>
TAP CONNECTIONS	\$ <u>177,583</u>
SOLID WASTE DISPOSAL	\$ <u>296,573</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 18,590
Permit Fees	3,517
Reconnection Fees	11,900
Inspection Fees	14,257
Regulatory Assessment	<u>5,220</u>
TOTAL OTHER EXPENDITURES	\$ <u>53,484</u>
TOTAL EXPENDITURES	\$ <u><u>3,536,500</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
INVESTMENTS
MARCH 31, 2020

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0003	Varies	Daily	\$ 1,734,594	\$
Texas CLASS	XXXX0006	Varies	Daily	804,922	
Certificate of Deposit	XXXX5627	2.05%	12/03/20	240,000	1,591
Certificate of Deposit	XXXX9560	2.05%	09/28/20	240,000	2,507
Certificate of Deposit	XXXX0833	2.40%	05/31/20	240,000	4,781
Certificate of Deposit	XXXX3383	2.60%	05/07/20	240,000	5,607
Certificate of Deposit	XXXX2304	2.65%	04/14/20	240,000	6,099
Certificate of Deposit	XXXX5368	1.65%	02/11/21	240,000	521
Certificate of Deposit	XXXX0174	2.65%	05/13/20	240,000	5,628
Certificate of Deposit	XXXX0496	1.70%	01/16/21	240,000	894
Certificate of Deposit	XXXX3641	1.79%	01/04/21	240,000	1,012
Certificate of Deposit	XXXX2019	2.60%	07/04/20	240,000	4,616
Certificate of Deposit	XXXX4476	2.70%	04/14/20	240,000	6,214
TOTAL GENERAL FUND				<u>\$ 5,179,516</u>	<u>\$ 39,470</u>
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0002	Varies	Daily	\$ 2,373,674	\$
Certificate of Deposit	XXXX8648	2.60%	04/17/20	240,000	5,949
Certificate of Deposit	XXXX6567	2.75%	05/08/20	240,000	5,931
Certificate of Deposit	XXXX2700	2.60%	04/16/20	240,000	5,949
Certificate of Deposit	XXXX5205	1.65%	01/31/21	240,000	629
Certificate of Deposit	XXXX0511	2.65%	04/17/20	240,000	6,064
Certificate of Deposit	XXXX0057	2.15%	08/27/20	240,000	3,068
Certificate of Deposit	XXXX0234	2.45%	08/25/20	240,000	3,512
Certificate of Deposit	XXXX4015	2.60%	05/07/20	240,000	5,608
TOTAL DEBT SERVICE FUND				<u>\$ 4,293,674</u>	<u>\$ 36,710</u>
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0005	Varies	Daily	\$ 390,986	\$
Texas CLASS	XXXX0009	Varies	Daily	221,399	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 612,385</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 10,085,575</u>	<u>\$ 76,180</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
APRIL 1, 2019	\$	30,387		\$ 80,320
Adjustments to Beginning				
Balance		<u>(11,911)</u>	\$ 18,476	<u>(31,507)</u> \$ 48,813
Original 2019 Tax Levy	\$	1,338,312		\$ 2,649,311
Adjustment to 2019 Tax Levy		<u>88,490</u>	<u>1,426,802</u>	<u>175,174</u> <u>2,824,485</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,445,278		\$ 2,873,298
TAX COLLECTIONS:				
Prior Years	\$	8,213		\$ 20,691
Current Year		<u>1,401,296</u>	<u>1,409,509</u>	<u>2,773,993</u> <u>2,794,684</u>
TAXES RECEIVABLE -				
MARCH 31, 2020		<u>\$ 35,769</u>		<u>\$ 78,614</u>
TAXES RECEIVABLE BY				
YEAR:				
2019	\$	25,506		\$ 50,492
2018		4,970		12,780
2017		1,189		3,630
2016		809		2,855
2015		373		1,866
2014		438		1,374
2013		475		1,210
2012		404		1,115
2011		424		862
2010		550		1,145
2009		595		1,208
2008		<u>36</u>		<u>77</u>
TOTAL	\$	<u><u>35,769</u></u>		<u><u>\$ 78,614</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2020

	2019	2018	2017	2016
PROPERTY VALUATIONS:				
Land	\$ 134,331,678	\$ 134,414,065	\$ 132,282,534	\$ 106,917,297
Improvements	505,273,448	462,228,838	437,062,517	412,906,958
Personal Property	11,946,874	9,414,021	2,883,636	3,180,483
Exemptions	<u>(69,183,810)</u>	<u>(65,317,815)</u>	<u>(59,984,192)</u>	<u>(47,216,017)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 582,368,190</u>	<u>\$ 540,739,109</u>	<u>\$ 512,244,495</u>	<u>\$ 475,788,721</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.485	\$ 0.54	\$ 0.58	\$ 0.60
Maintenance	<u>0.245</u>	<u>0.21</u>	<u>0.19</u>	<u>0.17</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.730</u>	<u>\$ 0.75</u>	<u>\$ 0.77</u>	<u>\$ 0.77</u>
ADJUSTED TAX LEVY*	<u>\$ 4,251,287</u>	<u>\$ 4,055,543</u>	<u>\$ 3,944,282</u>	<u>\$ 3,663,573</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.21 %</u>	<u>99.56 %</u>	<u>99.88 %</u>	<u>99.90 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.20 per \$100 of assessed valuation approved by voters on May 4, 2002.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

REFUNDING SERIES - 2013

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 305,000	\$ 111,669	\$ 416,669
2022	310,000	103,588	413,588
2023	325,000	93,250	418,250
2024	345,000	81,525	426,525
2025	360,000	69,187	429,187
2026	370,000	57,338	427,338
2027	385,000	46,012	431,012
2028	405,000	33,910	438,910
2029	425,000	20,941	445,941
2030	440,000	7,150	447,150
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	<u>\$ 3,670,000</u>	<u>\$ 624,570</u>	<u>\$ 4,294,570</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

S E R I E S - 2 0 1 3			
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 65,000	\$ 845	\$ 65,845
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	\$ 65,000	\$ 845	\$ 65,845

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

S E R I E S - 2 0 1 4 R E F U N D I N G

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 220,000	\$ 94,831	\$ 314,831
2022	225,000	89,819	314,819
2023	230,000	84,131	314,131
2024	235,000	77,731	312,731
2025	250,000	70,456	320,456
2026	255,000	62,881	317,881
2027	265,000	55,081	320,081
2028	280,000	46,731	326,731
2029	290,000	37,644	327,644
2030	300,000	27,868	327,868
2031	315,000	17,294	332,294
2032	325,000	5,891	330,891
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	<u>\$ 3,190,000</u>	<u>\$ 670,358</u>	<u>\$ 3,860,358</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

S E R I E S - 2 0 1 4 A				
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2021	\$ 275,000	\$ 177,488	\$	452,488
2022	275,000	171,301		446,301
2023	275,000	164,425		439,425
2024	275,000	156,863		431,863
2025	275,000	148,612		423,612
2026	275,000	140,362		415,362
2027	275,000	132,112		407,112
2028	275,000	123,862		398,862
2029	275,000	115,612		390,612
2030	275,000	107,363		382,363
2031	275,000	99,111		374,111
2032	275,000	90,691		365,691
2033	275,000	81,925		356,925
2034	275,000	72,987		347,987
2035	275,000	63,878		338,878
2036	275,000	54,425		329,425
2037	270,000	44,887		314,887
2038	270,000	35,268		305,268
2039	270,000	25,313		295,313
2040	270,000	15,187		285,187
2041	270,000	5,063		275,063
	\$ 5,750,000	\$ 2,026,735	\$	7,776,735

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

S E R I E S - 2 0 1 5				
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2021	\$ 235,000	\$ 141,112	\$	376,112
2022	235,000	136,413		371,413
2023	235,000	131,712		366,712
2024	235,000	127,013		362,013
2025	235,000	121,137		356,137
2026	235,000	114,088		349,088
2027	235,000	107,037		342,037
2028	235,000	99,988		334,988
2029	235,000	92,937		327,937
2030	230,000	85,963		315,963
2031	230,000	79,062		309,062
2032	230,000	72,163		302,163
2033	230,000	65,262		295,262
2034	230,000	58,363		288,363
2035	230,000	51,462		281,462
2036	230,000	44,275		274,275
2037	230,000	36,656		266,656
2038	230,000	28,750		258,750
2039	230,000	20,700		250,700
2040	230,000	12,650		242,650
2041	230,000	4,313		234,313
	\$ 4,875,000	\$ 1,631,056	\$	6,506,056

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

S E R I E S - 2 0 1 5 A

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 105,000	\$ 64,144	\$ 169,144
2022	105,000	59,944	164,944
2023	105,000	56,794	161,794
2024	105,000	54,694	159,694
2025	105,000	52,528	157,528
2026	105,000	50,231	155,231
2027	105,000	47,803	152,803
2028	105,000	44,981	149,981
2029	105,000	41,831	146,831
2030	105,000	38,681	143,681
2031	105,000	35,531	140,531
2032	105,000	32,381	137,381
2033	105,000	29,166	134,166
2034	105,000	25,885	130,885
2035	105,000	22,538	127,538
2036	105,000	19,125	124,125
2037	105,000	15,646	120,646
2038	100,000	12,187	112,187
2039	100,000	8,750	108,750
2040	100,000	5,250	105,250
2041	100,000	1,750	101,750
	<u>\$ 2,185,000</u>	<u>\$ 719,840</u>	<u>\$ 2,904,840</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

S E R I E S - 2 0 1 6 R E F U N D I N G

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 255,000	\$ 150,725	\$ 405,725
2022	270,000	142,850	412,850
2023	280,000	134,600	414,600
2024	290,000	124,600	414,600
2025	305,000	112,700	417,700
2026	325,000	100,100	425,100
2027	345,000	86,700	431,700
2028	355,000	72,700	427,700
2029	380,000	58,000	438,000
2030	400,000	42,400	442,400
2031	420,000	26,000	446,000
2032	440,000	8,800	448,800
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	<u>\$ 4,065,000</u>	<u>\$ 1,060,175</u>	<u>\$ 5,125,175</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

S E R I E S - 2 0 1 6 A R E F U N D I N G

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 240,000	\$ 97,300	\$ 337,300
2022	235,000	92,550	327,550
2023	230,000	86,750	316,750
2024	225,000	79,925	304,925
2025	225,000	73,175	298,175
2026	220,000	65,400	285,400
2027	220,000	56,600	276,600
2028	220,000	47,800	267,800
2029	220,000	39,000	259,000
2030	220,000	30,200	250,200
2031	215,000	21,500	236,500
2032	215,000	12,900	227,900
2033	215,000	4,300	219,300
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	<u>\$ 2,900,000</u>	<u>\$ 707,400</u>	<u>\$ 3,607,400</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

S E R I E S - 2 0 1 8

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 180,000	\$ 109,638	\$ 289,638
2022	180,000	105,813	285,813
2023	180,000	101,538	281,538
2024	180,000	97,038	277,038
2025	180,000	92,538	272,538
2026	180,000	87,588	267,588
2027	180,000	82,188	262,188
2028	180,000	76,788	256,788
2029	180,000	71,388	251,388
2030	175,000	66,063	241,063
2031	175,000	60,813	235,813
2032	175,000	55,344	230,344
2033	175,000	49,656	224,656
2034	175,000	43,969	218,969
2035	175,000	38,281	213,281
2036	175,000	32,594	207,594
2037	175,000	26,906	201,906
2038	175,000	21,109	196,109
2039	175,000	15,203	190,203
2040	175,000	9,188	184,188
2041	175,000	3,063	178,063
	<u>\$ 3,720,000</u>	<u>\$ 1,246,706</u>	<u>\$ 4,966,706</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

S E R I E S - 2 0 1 9				
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2021	\$ 155,000	\$ 88,569	\$	243,569
2022	155,000	85,469		240,469
2023	155,000	82,369		237,369
2024	155,000	79,075		234,075
2025	155,000	75,588		230,588
2026	155,000	72,100		227,100
2027	155,000	68,419		223,419
2028	155,000	64,544		219,544
2029	155,000	60,475		215,475
2030	155,000	56,019		211,019
2031	155,000	51,369		206,369
2032	155,000	46,719		201,719
2033	155,000	42,069		197,069
2034	155,000	37,419		192,419
2035	155,000	32,769		187,769
2036	155,000	27,925		182,925
2037	155,000	22,888		177,888
2038	155,000	17,850		172,850
2039	155,000	12,803		167,803
2040	155,000	7,678		162,678
2041	150,000	2,531		152,531
	\$ 3,250,000	\$ 1,034,647	\$	4,284,647

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

S E R I E S - 2 0 1 9 A R E F U N D I N G

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 40,000	\$ 176,100	\$ 216,100
2022	105,000	173,925	278,925
2023	105,000	170,775	275,775
2024	105,000	167,625	272,625
2025	105,000	164,475	269,475
2026	105,000	161,850	266,850
2027	100,000	159,800	259,800
2028	95,000	156,900	251,900
2029	95,000	153,100	248,100
2030	95,000	149,300	244,300
2031	100,000	145,400	245,400
2032	450,000	134,400	584,400
2033	675,000	111,900	786,900
2034	670,000	88,350	758,350
2035	665,000	68,325	733,325
2036	655,000	48,525	703,525
2037	650,000	28,950	678,950
2038	640,000	9,600	649,600
2039			
2040			
2041			
	<u>\$ 5,455,000</u>	<u>\$ 2,269,300</u>	<u>\$ 7,724,300</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2020

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending March 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 2,075,000	\$ 1,212,421	\$ 3,287,421
2022	2,095,000	1,161,672	3,256,672
2023	2,120,000	1,106,344	3,226,344
2024	2,150,000	1,046,089	3,196,089
2025	2,195,000	980,396	3,175,396
2026	2,225,000	911,938	3,136,938
2027	2,265,000	841,752	3,106,752
2028	2,305,000	768,204	3,073,204
2029	2,360,000	690,928	3,050,928
2030	2,395,000	611,007	3,006,007
2031	1,990,000	536,080	2,526,080
2032	2,370,000	459,289	2,829,289
2033	1,830,000	384,278	2,214,278
2034	1,610,000	326,973	1,936,973
2035	1,605,000	277,253	1,882,253
2036	1,595,000	226,869	1,821,869
2037	1,585,000	175,933	1,760,933
2038	1,570,000	124,764	1,694,764
2039	930,000	82,769	1,012,769
2040	930,000	49,953	979,953
2041	925,000	16,720	941,720
	<u>\$ 39,125,000</u>	<u>\$ 11,991,632</u>	<u>\$ 51,116,632</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2020

Description	Original Bonds Issued	Bonds Outstanding April 1, 2019
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2008	5,560,000	230,000
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2012	4,400,000	4,275,000
Harris County Municipal Utility District No. 383 Unlimited Tax Refunding Bonds - Series 2013	5,095,000	3,965,000
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2013	1,500,000	1,180,000
Harris County Municipal Utility District No. 383 Unlimited Tax Refunding Bonds - Series 2014	4,180,000	3,400,000
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2014A	7,120,000	6,025,000
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2015	5,580,000	5,110,000
Harris County Municipal Utility District No. 383 Unlimited Tax Park Bonds - Series 2015A	2,500,000	2,290,000
Harris County Municipal Utility District No. 383 Unlimited Tax Refunding Bonds - Series 2016	4,610,000	4,310,000
Harris County Municipal Utility District No. 383 Unlimited Tax Refunding Bonds - Series 2016A	2,930,000	2,910,000

See accompanying independent auditor's report.

Current Year Transactions

<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding March 31, 2020</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
	230,000	4,485	\$ -0-	Wells Fargo Bank N.A. Houston, TX
	4,275,000	375	-0-	Wells Fargo Bank N.A. Houston, TX
	295,000	118,050	3,670,000	The Bank of New York Mellon Trust Company Dallas, TX
	1,115,000	2,535	65,000	The Bank of New York Mellon Trust Company Dallas, TX
	210,000	99,131	3,190,000	The Bank of New York Mellon Trust Company Dallas, TX
	275,000	182,988	5,750,000	The Bank of New York Mellon Trust Company Dallas, TX
	235,000	145,813	4,875,000	The Bank of New York Mellon Trust Company Dallas, TX
	105,000	68,344	2,185,000	The Bank of New York Mellon Trust Company Dallas, TX
	245,000	158,225	4,065,000	The Bank of New York Mellon Trust Company Dallas, TX
	10,000	99,800	2,900,000	The Bank of New York Mellon Trust Company Dallas, TX

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2020

Description	Original Bonds Issued	Bonds Outstanding April 1, 2019	
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2018	3,900,000	3,900,000	
Harris County Municipal Utility District No. 383 Unlimited Tax Bonds - Series 2019	3,250,000	3,250,000	
Harris County Municipal Utility District No. 383 Unlimited Tax Refunding Bonds - Series 2019A	<u>5,455,000</u>		
TOTAL	<u>\$ 56,080,000</u>	<u>\$ 40,845,000</u>	
Bond Authority:	Tax Bonds*	Refunding Bonds	Park Bonds
Amount Authorized by Voters	\$ 120,000,000	\$ 25,000,000	\$ 2,500,000
Amount Issued	<u>48,820,000</u>	<u>765,000</u>	<u>2,500,000</u>
Remaining to be Issued	<u>\$ 71,180,000</u>	<u>\$ 24,235,000</u>	<u>\$ - 0 -</u>
Debt Service Fund cash, investments and cash with paying agent balances as of March 31, 2020:		<u>\$ 4,499,032</u>	
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 2,434,125</u>	

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

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

Current Year Transactions

<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding March 31, 2020</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
	180,000	113,237	3,720,000	The Bank of New York Mellon Trust Company Dallas, TX
		83,360	3,250,000	The Bank of New York Mellon Trust Company Dallas, TX
<u>5,455,000</u>		<u>123,199</u>	<u>5,455,000</u>	The Bank of New York Mellon Trust Company Dallas, TX
<u>\$ 5,455,000</u>	<u>\$ 7,175,000</u>	<u>\$ 1,199,542</u>	<u>\$ 39,125,000</u>	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 1,409,509	\$ 1,108,898	\$ 1,026,393
Water Service	763,444	733,791	758,677
Wastewater Service	292,726	271,046	266,020
Regional Water Authority Fee	1,106,415	901,977	874,383
Penalty and Interest	37,247	27,102	24,910
Tap Connection and Inspection Fees	437,120	531,445	300,675
Sales Tax Revenues	107,755	113,499	87,263
Investment Revenues	97,484	73,918	27,745
Miscellaneous Revenues	90,125	17,352	17,334
TOTAL REVENUES	\$ 4,341,825	\$ 3,779,028	\$ 3,383,400
EXPENDITURES			
Professional Fees	\$ 222,923	\$ 203,898	\$ 279,925
Contracted Services	428,999	366,728	354,049
Purchased Water Service	1,178,073	1,028,001	1,008,920
Purchased Wastewater Service	272,386	301,260	249,191
Utilities	4,942	6,067	5,030
Repairs and Maintenance	468,141	440,804	346,015
Contribution to Harris County	33,222	158,339	
Community Improvements	436,445		
Other	423,633	471,160	284,885
Capital Outlay	67,736	86,131	463,105
TOTAL EXPENDITURES	\$ 3,536,500	\$ 3,062,388	\$ 2,991,120
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 805,325	\$ 716,640	\$ 392,280
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ 43,853	\$ 160,638	\$ 3,071
NET CHANGE IN FUND BALANCE	\$ 849,178	\$ 877,278	\$ 395,351
BEGINNING FUND BALANCE	4,443,096	3,565,818	3,170,467
ENDING FUND BALANCE	\$ 5,292,274	\$ 4,443,096	\$ 3,565,818

See accompanying independent auditor's report.

		Percentage of Total Revenue				
<u>2017</u>	<u>2016</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 757,283	\$ 533,473	32.4 %	29.2 %	30.4 %	28.7 %	23.5 %
705,341	620,062	17.6	19.4	22.4	26.9	27.3
245,727	210,441	6.7	7.2	7.9	9.4	9.3
687,336	524,499	25.5	23.9	25.8	26.2	23.1
25,401	26,360	0.9	0.7	0.7	1.0	1.2
179,200	331,915	10.1	14.1	8.9	6.8	14.6
		2.5	3.0	2.6		
16,866	11,891	2.2	2.0	0.8	0.6	0.5
9,425	10,454	2.1	0.5	0.5	0.4	0.5
<u>\$ 2,626,579</u>	<u>\$ 2,269,095</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 242,463	\$ 197,962	5.1 %	5.4 %	8.3 %	9.2 %	8.7 %
348,932	320,169	9.9	9.7	10.5	13.3	14.1
824,312	646,394	27.1	27.2	29.8	31.4	28.5
247,639	184,626	6.3	8.0	7.4	9.4	8.1
4,796	4,818	0.1	0.2	0.1	0.2	0.2
327,981	350,827	10.8	11.7	10.2	12.5	15.5
		0.8	4.2			
		10.1				
189,545	279,784	9.8	12.5	8.4	7.2	12.3
319,533	174,462	1.6	2.3	13.7	12.2	7.7
<u>\$ 2,505,201</u>	<u>\$ 2,159,042</u>	<u>81.6 %</u>	<u>81.2 %</u>	<u>88.4 %</u>	<u>95.4 %</u>	<u>95.1 %</u>
<u>\$ 121,378</u>	<u>\$ 110,053</u>	<u>18.4 %</u>	<u>18.8 %</u>	<u>11.6 %</u>	<u>4.6 %</u>	<u>4.9 %</u>
<u>\$ - 0 -</u>	<u>\$ 76,404</u>					
\$ 121,378	\$ 186,457					
<u>3,049,089</u>	<u>2,862,632</u>					
<u>\$ 3,170,467</u>	<u>\$ 3,049,089</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 2,794,684	\$ 2,846,573	\$ 3,166,485
Penalty and Interest	19,261	35,589	12,972
Investment Revenues	88,402	79,937	34,433
Miscellaneous Revenues	14,639	936	18,424
TOTAL REVENUES	\$ 2,916,986	\$ 2,963,035	\$ 3,232,314
EXPENDITURES			
Tax Collection Expenditures	\$ 69,761	\$ 69,938	\$ 59,602
Debt Service Principal	1,875,000	1,670,000	1,640,000
Debt Service Interest and Fees	1,207,892	1,208,510	1,191,168
Bond Issuance Costs	216,174		
Payment to Refunded Bond Escrow Agent	66,000		
TOTAL EXPENDITURES	\$ 3,434,827	\$ 2,948,448	\$ 2,890,770
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (517,841)	\$ 14,587	\$ 341,544
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$	\$	\$
Refunding Bonds	5,455,000		
Payment to Refunded Bond Escrow Agent	(5,320,504)		
Bond Premium	85,048		
TOTAL OTHER FINANCING SOURCES (USES)	\$ 219,544	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCE	\$ (298,297)	\$ 14,587	\$ 341,544
BEGINNING FUND BALANCE	4,803,203	4,788,616	4,447,072
ENDING FUND BALANCE	\$ 4,504,906	\$ 4,803,203	\$ 4,788,616
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,703	1,642	1,583
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,602	1,546	1,497

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2017	2016	2020	2019	2018	2017	2016
\$ 2,699,371	\$ 2,638,275	95.8 %	96.1 %	97.9 %	97.1 %	99.2 %
17,981	11,929	0.7	1.2	0.4	0.6	0.4
18,631	9,966	3.0	2.7	1.1	0.7	0.4
44,980	25	0.5		0.6	1.6	
<u>\$ 2,780,963</u>	<u>\$ 2,660,195</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 53,922	\$ 51,188	2.4 %	2.4 %	1.8 %	1.9 %	1.9 %
1,335,000	1,240,000	64.3	56.4	50.7	48.0	46.6
1,263,820	1,036,448	41.4	40.8	36.9	45.4	39.0
136,435	176,745	7.4			4.9	6.6
		2.3				
<u>\$ 2,789,177</u>	<u>\$ 2,504,381</u>	<u>117.8 %</u>	<u>99.6 %</u>	<u>89.4 %</u>	<u>100.2 %</u>	<u>94.1 %</u>
<u>\$ (8,214)</u>	<u>\$ 155,814</u>	<u>(17.8) %</u>	<u>0.4 %</u>	<u>10.6 %</u>	<u>(0.2) %</u>	<u>5.9 %</u>
\$	\$					
2,930,000	236,406					
(3,099,628)	4,610,000					
312,965	(4,816,333)					
<u>143,337</u>	<u>386,965</u>					
\$ 135,123	\$ 417,038					
4,311,949	572,852					
<u>4,447,072</u>	<u>3,739,097</u>					
<u>1,528</u>	<u>4,311,949</u>					
<u>1,449</u>	<u>1,476</u>					
<u>1,449</u>	<u>1,399</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 383
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2020

District Mailing Address - Harris County Municipal Utility District No. 383
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the fiscal year ended <u>March 31, 2020</u>	Expense Reimbursements for the fiscal year ended <u>March 31, 2020</u>	<u>Title</u>
John R. Porea	05/2018 05/2022 (Elected)	\$ 5,700	\$ 2,123	President
John J. Ryan	05/2018 05/2022 (Elected)	\$ 6,450	\$ 2,937	Vice President
Jim Cain	05/2019 05/2020 (Appointed)	\$ 2,700	\$ 1,971	Assistant Vice President
Ron Benton	05/2018 05/2022 (Elected)	\$ 3,300	\$ 1,679	Secretary
Jean M. Casagrande	05/2016 05/2020 (Elected)	\$ 7,200	\$ 2,814	Assistant Secretary

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 17, 2020

The limit on Fees of Office that a Director may receive during a fiscal year is approved to the maximum extend allowed by the law as set by Board Resolution on April 3, 2002. 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. 383
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2020

Consultants:	<u>Date Hired</u>	<u>District Fees for the fiscal year ended March 31, 2020</u>	<u>Water Plant and Wastewater Treatment Plant Fees for the fiscal year ended March 31, 2020</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/27/03	\$ 209,523 \$ 54,773	\$ 6,156 \$ -0-	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/03/03	\$ 16,000 \$ 5,500	\$ 5,000 \$ -0-	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	03/01/05	\$ 39,535	\$ 19,884	Bookkeeper
Perdue Brandon Fielder Collins & Mott	03/05/03	\$ 5,759	\$ -0-	Delinquent Tax Attorney
Costello, Inc.	04/03/02	\$ 25,988	\$ 27,094	Engineer
Masterson Advisors LLC	04/25/18	\$ 57,183	\$ -0-	Financial Advisor
Mark Burton	08/06/08	\$ -0-	\$ -0-	Investment Officer
Municipal Operations & Consultants, Inc.	10/19/12	\$ 496,048	\$ 299,282	Operator
Tax Tech, Inc.	01/02/08	\$ 31,227	\$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.

