



# **Harris County Municipal Utility District No. 81 Harris County, Texas**

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

December 31, 2024



**Harris County Municipal Utility District No. 81**  
**Contents**  
**December 31, 2024**

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## **Independent Auditor's Report**

Board of Directors  
Harris County Municipal Utility District No. 81  
Harris County, Texas

### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 81 (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

### ***Supplementary Information***

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

**Forvis Mazars, LLP**

Houston, Texas  
May 12, 2025

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

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

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

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

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

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

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

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

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

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

### Governmental Funds

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

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

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

### Notes to Financial Statements

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

### Financial Analysis of the District as a Whole

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

#### Summary of Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 13,889,698	\$ 14,801,637
Capital assets	10,514,001	10,513,006
Total assets	<u>24,403,699</u>	<u>25,314,643</u>
Deferred outflows of resources	97,482	113,762
Total assets and deferred outflows of resources	<u>\$ 24,501,181</u>	<u>\$ 25,428,405</u>
Long-term liabilities	\$ 10,271,556	\$ 10,684,449
Other liabilities	1,375,797	2,259,697
Total liabilities	<u>11,647,353</u>	<u>12,944,146</u>
Deferred inflows of resources	<u>2,242,235</u>	<u>2,325,292</u>

**Summary of Net Position (Continued)**

	<b>2024</b>	<b>2023</b>
Net position:		
Net investment in capital assets	\$ 339,927	\$ 92,743
Restricted	1,600,580	871,869
Unrestricted	8,671,086	9,194,355
Total net position	<u>\$ 10,611,593</u>	<u>\$ 10,158,967</u>

The total net position of the District increased by \$452,626 or about 4%. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Summary of Changes in Net Position**

	<b>2024</b>	<b>2023</b>
Revenues:		
Property taxes	\$ 2,286,207	\$ 2,119,760
City of Houston rebates	267,396	277,333
Charges for services	4,690,770	4,634,187
Other revenues	816,838	715,861
Total revenues	<u>8,061,211</u>	<u>7,747,141</u>
Expenses:		
Services	6,441,095	6,006,811
Depreciation	849,721	854,365
Debt service	317,769	324,283
Total expenses	<u>7,608,585</u>	<u>7,185,459</u>
Change in net position	452,626	561,682
Net position, beginning of year	<u>10,158,967</u>	<u>9,597,285</u>
Net position, end of year	<u>\$ 10,611,593</u>	<u>\$ 10,158,967</u>

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

The District's combined fund balances as of the end of the fiscal year ended December 31, 2024, were \$10,156,184, an increase of \$42,883 from the prior year.

The general fund's fund balance decreased by \$523,213 due to service operations and capital outlay expenditures in excess of property taxes, sales tax rebates, and services revenues and investment income.

The special revenue fund's fund balance remained the same, as all expenditures were billed to participants.

The debt service fund's fund balance increased by \$801,499 due to property tax revenues being greater than bond principal and interest requirements and contracted services expenditures.

The capital projects fund's fund balance decreased by \$235,403, primarily due to capital outlay expenditures incurred for District facilities.

### ***General Fund Budgetary Highlights***

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property tax revenues, investment income and purchased services and repairs and maintenance expenditures being greater than anticipated, as well as regional water fee revenues and regional water authority and professional fees expenditures being less than anticipated. In addition, capital outlay expenditures were not included in the budget. The fund balance as of December 31, 2024, was expected to be \$8,954,635 and the actual end-of-year fund balance was \$8,586,568.

### ***Capital Assets and Related Debt***

#### ***Capital Assets***

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

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

	<b><u>2024</u></b>	<b><u>2023</u></b>
Construction in progress	\$ 449,396	\$ 626,533
Water facilities	7,715,139	7,563,305
Wastewater facilities	<u>2,349,466</u>	<u>2,323,168</u>
Total capital assets	<b><u>\$ 10,514,001</u></b>	<b><u>\$ 10,513,006</u></b>

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

Construction in progress related to sanitary sewer rehabilitation for Memorial Parkway, Sections 3, 4 and 5, sanitary sewer rehabilitation, Phases 5 and 7, manhole rehabilitation, Phases 5 and 7, water plant No. 3 elevated storage tank rehabilitation and force main replacement	\$ 280,639
New 250-hp US motor	114,405
Alternate fill lines for ground storage tanks at water plant Nos. 1, 2 and 4	1,174
Emergency diesel generator replacement at water plant No. 2	264,434
Memorial Parkway, Sections 6-8, and Cimarron, Sections 1-3, televising and cleaning	<u>190,064</u>
Total additions to capital assets	<b><u>\$ 850,716</u></b>

#### ***Debt***

The changes in the debt position of the District during the fiscal year ended December 31, 2024, are summarized below.



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Long-term debt payable, beginning of year	\$ 10,684,449
Decreases in long-term debt	<u>(412,893)</u>
Long-term debt payable, end of year	<u>\$ 10,271,556</u>

At December 31, 2024, the District had \$16,735,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's bonds carry an underlying rating of "A+" from Standard & Poor's. The Series 2014 and 2020 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Refunding Series 2019 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty, Inc.

***Other Relevant Factors***

***Relationship to the City of Houston (the City)***

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent, except as set forth below.

Effective December 2, 2002, the District entered into a Strategic Partnership Agreement (the Agreement) with the City which annexed certain portions of the District into the City for "limited purposes," as described therein. Under the terms of the Agreement, the City has agreed it will not annex the District as a whole for full purposes for 30 years, at which time the City has the option to annex the District if it chooses to do so.

**Harris County Municipal Utility District No. 81**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**December 31, 2024**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>							
Cash	\$ 614,220	\$ 53,656	\$ 1,352,612	\$ 876	\$ 2,021,364	\$ -	\$ 2,021,364
Short-term investments	8,198,499	455,801	1,589,917	11,466	10,255,683	-	10,255,683
Receivables:							
Property taxes	753,643	-	233,496	-	987,139	-	987,139
Service accounts	368,651	-	-	-	368,651	-	368,651
Sales tax rebates	43,250	-	-	-	43,250	26,887	70,137
Accrued penalty and interest	-	-	-	-	-	64,748	64,748
Interfund receivables	1,085,315	-	-	-	1,085,315	(1,085,315)	-
Due from participants	-	35,059	-	-	35,059	(11,382)	23,677
Due from others	1,803	6,800	-	-	8,603	-	8,603
Operating reserve	119,696	-	-	-	119,696	(30,000)	89,696
Capital assets (net of accumulated depreciation):							
Construction in progress	-	-	-	-	-	449,396	449,396
Infrastructure	-	-	-	-	-	10,064,605	10,064,605
Total assets	11,185,077	551,316	3,176,025	12,342	14,924,760	9,478,939	24,403,699
<b>Deferred Outflows of Resources</b>							
Deferred amount on debt refundings	-	-	-	-	-	97,482	97,482
Total assets and deferred outflows of resources	\$ 11,185,077	\$ 551,316	\$ 3,176,025	\$ 12,342	\$ 14,924,760	\$ 9,576,421	\$ 24,501,181

**Harris County Municipal Utility District No. 81**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**December 31, 2024**

**(Continued)**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Liabilities</b>							
Accounts payable	\$ 374,498	\$ 113,514	\$ 25,496	\$ -	\$ 513,508	\$ (11,382)	\$ 502,126
Accrued interest payable	-	-	-	-	-	93,277	93,277
Customer deposits	372,592	-	-	-	372,592	-	372,592
Due to others	-	317,802	-	-	317,802	-	317,802
Due to participants	-	120,000	-	-	120,000	(30,000)	90,000
Interfund payables	-	-	1,072,973	12,342	1,085,315	(1,085,315)	-
Long-term liabilities:							
Due within one year	-	-	-	-	-	440,000	440,000
Due after one year	-	-	-	-	-	9,831,556	9,831,556
Total liabilities	747,090	551,316	1,098,469	12,342	2,409,217	9,238,136	11,647,353
<b>Deferred Inflows of Resources</b>							
Deferred property tax revenues	1,851,419	-	507,940	-	2,359,359	(117,124)	2,242,235
<b>Fund Balances/Net Position</b>							
Fund balances:							
Restricted for unlimited tax bonds	-	-	1,569,616	-	1,569,616	(1,569,616)	-
Assigned to operating reserve	119,696	-	-	-	119,696	(119,696)	-
Unassigned	8,466,872	-	-	-	8,466,872	(8,466,872)	-
Total fund balances	8,586,568	-	1,569,616	-	10,156,184	(10,156,184)	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,185,077</u>	<u>\$ 551,316</u>	<u>\$ 3,176,025</u>	<u>\$ 12,342</u>	<u>\$ 14,924,760</u>		
Net position:							
Net investment in capital assets						339,927	339,927
Restricted for debt service						1,600,580	1,600,580
Unrestricted						8,671,086	8,671,086
Total net position						<u>\$ 10,611,593</u>	<u>\$ 10,611,593</u>

**Harris County Municipal Utility District No. 81**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended December 31, 2024**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>							
Property taxes	\$ 779,858	\$ -	\$ 1,499,477	\$ -	\$ 2,279,335	\$ 6,872	\$ 2,286,207
Sales tax rebates	264,298	-	-	-	264,298	3,098	267,396
Water service	884,069	-	-	-	884,069	-	884,069
Sewer service	1,631,579	-	-	-	1,631,579	-	1,631,579
Regional water fee	1,275,338	-	-	-	1,275,338	-	1,275,338
Service to other districts	-	1,101,772	-	-	1,101,772	(201,988)	899,784
Penalty and interest	72,375	-	42,670	-	115,045	(1,070)	113,975
Tap connection and inspection fees	2,745	-	-	-	2,745	-	2,745
Investment income	443,157	47,606	82,598	10,023	583,384	-	583,384
Other income	59,305	40,800	-	-	100,105	16,629	116,734
Total revenues	5,412,724	1,190,178	1,624,745	10,023	8,237,670	(176,459)	8,061,211
<b>Expenditures/Expenses</b>							
Service operations:							
Purchased services	801,321	-	-	-	801,321	(201,988)	599,333
Regional water authority	1,388,930	8	-	-	1,388,938	-	1,388,938
Professional fees	207,024	120,936	19,856	-	347,816	8,692	356,508
Contracted services	279,883	70,621	62,053	-	412,557	-	412,557
Solid waste	841,737	-	-	-	841,737	-	841,737
Utilities	163,390	149,660	-	-	313,050	-	313,050
Repairs and maintenance	1,192,359	626,195	-	-	1,818,554	-	1,818,554
Other expenditures	436,346	239,387	34,325	360	710,418	-	710,418
Capital outlay	624,947	-	-	234,461	859,408	(859,408)	-
Depreciation	-	-	-	-	-	849,721	849,721
Debt service:							
Principal retirement	-	-	415,000	-	415,000	(415,000)	-
Interest and fees	-	-	292,012	-	292,012	15,152	307,164
Debt issuance costs	-	-	-	10,605	10,605	-	10,605
Total expenditures/expenses	5,935,937	1,206,807	823,246	245,426	8,211,416	(602,831)	7,608,585
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(523,213)	(16,629)	801,499	(235,403)	26,254	426,372	
<b>Other Financing Sources</b>							
Proceeds from insurance	-	16,629	-	-	16,629	(16,629)	
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	(523,213)	-	801,499	(235,403)	42,883	(42,883)	
<b>Change in Net Position</b>						452,626	452,626
<b>Fund Balances/Net Position</b>							
Beginning of year	9,109,781	-	768,117	235,403	10,113,301	-	10,158,967
End of year	\$ 8,586,568	\$ -	\$ 1,569,616	\$ -	\$ 10,156,184	\$ -	\$ 10,611,593

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

Harris County Municipal Utility District No. 81 (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective July 16, 1973, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District. The District also provides solid waste disposal service.

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

### ***Reporting Entity***

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

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

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

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

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

The District presents the following major governmental funds:

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

**Harris County Municipal Utility District No. 81**  
**Notes to Financial Statements**  
**December 31, 2024**

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*Special Revenue Fund* – Accounts for revenues and expenditures involving specific revenue sources that are legally restricted to expenditures for specified purposes. The primary source of revenue is participant fees.

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

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

***Fund Balances – Governmental Funds***

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

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

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

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

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

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

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

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

***Government-Wide Financial Statements***

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

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

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

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

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

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

### ***Interfund Transactions***

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

### ***Pension Costs***

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

### ***Use of Estimates***

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

### ***Investments and Investment Income***

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

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

### ***Property Taxes***

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

**Harris County Municipal Utility District No. 81**  
**Notes to Financial Statements**  
**December 31, 2024**

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In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal year 2023 on the 2023 levy.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended December 31, 2024, the tax levied in October 2024 is recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ending December 31, 2025. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

***Capital Assets***

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

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

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

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

***Deferred Amount on Debt Refundings***

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

***Debt Issuance Costs***

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

***Long-Term Obligations***

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

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



**Harris County Municipal Utility District No. 81**  
**Notes to Financial Statements**  
**December 31, 2024**

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***Net Position/Fund Balances***

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

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

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

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 10,514,001
Sales tax rebates receivable from the City of Houston (the City) are not available in the current period and are not reported in the funds.	26,887
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	117,124
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	64,748
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	97,482
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(93,277)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(10,271,556)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ 455,409</u></u>

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

Change in fund balances.	\$ 42,883
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense and noncapitalized costs in the current period.	995

**Harris County Municipal Utility District No. 81**  
**Notes to Financial Statements**  
**December 31, 2024**

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Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	\$ 415,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	8,900
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(15,152)</u>
Change in net position of governmental activities.	<u>\$ 452,626</u>

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

***Deposits***

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

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

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

***Investments***

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

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

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. The District’s investments in TexPool are reported at amortized cost.

**Harris County Municipal Utility District No. 81**  
**Notes to Financial Statements**  
**December 31, 2024**

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

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 10,255,683	\$ 10,255,683	\$ -	\$ -	\$ -

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

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2024, the District's investments in TexPool were rated "AAAm" by Standard & Poor's.

**Summary of Carrying Values**

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

Carrying value:	
Deposits	\$ 2,021,364
Investments	10,255,683
Total	<u>\$ 12,277,047</u>

**Investment Income**

Investment income of \$583,384 for the year ended December 31, 2024, consisted of interest income.

**Note 3. Capital Assets**

A summary of changes in capital assets for the year ended December 31, 2024, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Reclassifications	Balances, End of Year
Capital assets, non-depreciable:				
Construction in progress	<u>\$ 626,533</u>	<u>\$ 280,639</u>	<u>\$ (457,776)</u>	<u>\$ 449,396</u>
Capital assets, depreciable:				
Water production and distribution facilities	18,142,825	380,013	457,776	18,980,614
Wastewater collection and treatment facilities	<u>8,830,753</u>	<u>190,064</u>	<u>-</u>	<u>9,020,817</u>
Total capital assets, depreciable	<u>26,973,578</u>	<u>570,077</u>	<u>457,776</u>	<u>28,001,431</u>

**Harris County Municipal Utility District No. 81**  
**Notes to Financial Statements**  
**December 31, 2024**

<b>Governmental Activities (Continued)</b>	<b>Balances, Beginning of Year</b>	<b>Additions</b>	<b>Reclassifi- cations</b>	<b>Balances, End of Year</b>
Less accumulated depreciation:				
Water production and distribution facilities	\$ (10,579,520)	\$ (685,955)	\$ -	\$ (11,265,475)
Wastewater collection and treatment facilities	(6,507,585)	(163,766)	-	(6,671,351)
Total accumulated depreciation	(17,087,105)	(849,721)	-	(17,936,826)
Total governmental activities, net	<u>\$ 10,513,006</u>	<u>\$ 995</u>	<u>\$ -</u>	<u>\$ 10,514,001</u>

**Note 4. Long-Term Liabilities**

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

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Decreases</b>	<b>Balances, End of Year</b>	<b>Amounts Due in One Year</b>
Bonds payable:				
General obligation bonds	\$ 10,415,000	\$ 70,000	\$ 10,345,000	\$ 440,000
Direct placement bonds	345,000	345,000	-	-
Less discounts on bonds	123,739	5,134	118,605	-
Add premium on bonds	48,188	3,027	45,161	-
Total governmental activities long-term liabilities	<u>\$ 10,684,449</u>	<u>\$ 412,893</u>	<u>\$ 10,271,556</u>	<u>\$ 440,000</u>

**General Obligation Bonds**

	<b>Series 2014</b>	<b>Refunding Series 2019</b>
Amounts outstanding, December 31, 2024	\$1,110,000	\$5,235,000
Interest rates	2.50% to 4.00%	3.00%
Maturity dates, serially beginning/ending	September 1, 2025/2036	September 1, 2025/2036
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2021	September 1, 2024

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

**Harris County Municipal Utility District No. 81**  
**Notes to Financial Statements**  
**December 31, 2024**

	<b>Series 2020</b>
Amount outstanding, December 31, 2024	\$4,000,000
Interest rate	2.000% to 2.125%
Maturity dates, serially beginning/ending	September 1, 2037/2044
Interest payment dates	March 1/ September 1
Callable date*	September 1, 2025

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

***Annual Debt Service Requirements***

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

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 440,000	\$ 279,832	\$ 719,832
2026	450,000	266,819	716,819
2027	470,000	253,118	723,118
2028	480,000	238,806	718,806
2029	500,000	224,182	724,182
2030-2034	2,770,000	878,743	3,648,743
2035-2039	2,615,000	451,295	3,066,295
2040-2044	2,620,000	170,743	2,790,743
Total	<u>\$ 10,345,000</u>	<u>\$ 2,763,538</u>	<u>\$ 13,108,538</u>

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

Bonds voted	\$ 47,450,000
Bonds sold	30,715,000

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

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended December 31, 2024, the District levied an ad valorem debt service tax at the rate of \$0.0500 per \$100 of assessed valuation, which resulted in a tax levy of \$448,447 on the taxable valuation of \$896,899,355 for the 2024 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$719,832.

## **Note 6. Maintenance Taxes**

At an election held January 21, 1995, voters authorized a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended December 31, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.2000 per \$100 of assessed valuation, which resulted in a tax levy of \$1,793,788 on the taxable valuation of \$896,899,355 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

## **Note 7. Strategic Partnership Agreement**

Effective December 2, 2002, the District and the City entered into a Strategic Partnership Agreement (the Agreement), under which the City annexed a tract of land (the tract) within the boundaries of the District for limited purposes of applying certain of the City's Planning, Zoning, Health and Safety Ordinances. Under the Agreement, the City provides health inspection services and enforcement of Chapters 20 and 21 of the City's Code of Ordinances. The District continues to exercise all powers and functions of a municipal utility district, as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments and the services provided by the City, the District agrees to continue to provide and develop water, sewer and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 30 years. During the current year, the District recorded \$267,396 in revenues related to the Agreement.

## **Note 8. Regional Water Authority**

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority) which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of December 31, 2024, the Authority was billing the District \$3.95 per 1,000 gallons of water pumped from its wells. This amount is subject to future adjustments.

## **Note 9. Financing and Operating of Regional Facilities**

### ***West Memorial Regional Sewage Treatment Plant***

On August 30, 1983, the District entered into a 40-year agreement with Cimarron Municipal Utility District, West Memorial Municipal Utility District (West Memorial), Interstate Municipal Utility District and Mason Creek Utility District (Mason Creek), whereby West Memorial agreed to provide or cause to be provided, the expansion of the regional wastewater treatment and disposal facilities necessary to serve the participants. West Memorial has oversight responsibilities and holds title for the benefit of the participating districts. On August 30, 2023, the District entered into the First Amendment to Waste Treatment Agreement to extend the term. Upon expiration of the initial term, which was August 30, 2023, the contract will continue for an additional period of one year, the initial term extension. Following the initial term extension, the contract will continue for successive one-year terms unless a party to the agreement gives at least 60 days written notice that the agreement is to terminate at the end of the initial term extension or at the end of any successive one-year term.

**Harris County Municipal Utility District No. 81**  
**Notes to Financial Statements**  
**December 31, 2024**

Construction costs were shared based on the pro rata share of capacity acquired by the districts. The District has contributed approximately \$860,000 for its share of construction costs. Each participant's gallons-per-day (gpd) capacity and percentage of ownership is as shown below:

<b>Participants</b>	<b>Gallons-per-day Capacity</b>	<b>Percentage</b>
Cimarron Municipal Utility District	2,471,000	38.16
West Memorial	599,000	9.25
Interstate Municipal Utility District	1,350,000	20.85
Mason Creek	800,000	12.36
The District	1,255,000	19.38
Totals	6,475,000	100.00

West Memorial operates the West Memorial Regional Wastewater Treatment Plant. The District has paid \$89,696 for its pro rata share of an operating and maintenance reserve, which is equivalent to three months of average budgeted operating and maintenance expenses. Participants are billed monthly at a rate of \$11.25 per residential connection for operating costs based on a contractual formula. During the current year, the District incurred \$581,021 for its share of operating costs.

The statement shown below represents condensed financial information of the plant operations as of and for the year ended June 30, 2024, which was audited by another certified public accounting firm who issued an unqualified opinion thereon. The most recent audited information available is as follows:

	<b>West Memorial Plant General Fund</b>
Total assets	\$ 709,658
Total liabilities	\$ 161,232
Total fund balance	548,426
Total liabilities and fund balance	\$ 709,658
Total revenues	\$ 2,407,612
Total expenditures	2,407,612
Excess revenues	-
Other financing sources:	
Increase in operating reserve	41,313
Net increase in fund balance	\$ 41,313

***Cinco Regional Sewage Treatment Plant***

On May 15, 1978, the District, Cornerstones Municipal Utility District, Memorial Municipal Utility District and Mason Creek entered into a 40-year agreement to construct and operate the Cinco Regional Sewage Treatment Plant (Cinco Regional Plant) and trunk sewer lines. This agreement has been amended on August 25, 1978, June 14, 1979, June 27, 1979, September 13, 1982, July 31, 1987, August 18, 1987 and February 21, 1992. Cinco Municipal Utility District No. 1 (Cinco No. 1) was added by amendment for the purpose of sharing the costs of trunk lines to the physical plant and having the opportunity to expand the Plant, if necessary. The agreement was amended on October 1, 2004, so that Cinco No. 1 is no longer a party to the agreement. Construction and related costs were shared based on a pro rata share of capacity acquired by each participant. The District's share of construction and related costs was \$683,454.

On December 11, 1997, the participants in the Cinco Regional Plant entered into a restated agreement, as amended by the First Amendment to the Restated Cinco Regional Sewage Treatment Plant Agreement dated May 1, 2005. The restated agreement amends the manner in which monthly operating costs are shared. The restatement also redefines the participants' responsibility for the maintenance of joint conveyance lines where costs will be shared based on capacity in the lines owned by the participants. Each district made a \$30,000 contribution for an operating reserve. Operations under the new contract began January 1, 1998. During the current year, the District incurred \$201,988 for its share of operating costs.

Each participant's gpd capacity and percentage of ownership is as follows:

<b>Participants</b>	<b>Gallons-per-day Capacity</b>	<b>Percentage</b>
Cornerstones Municipal Utility District	1,000,000	33.33
Memorial Municipal Utility District	940,000	31.33
Mason Creek	500,000	16.67
The District	560,000	18.67
Totals	3,000,000	100.00

***Reclaimed Water Agreement***

On May 11, 2016, as amended on March 20, 2017, December 9, 2020 and October 20, 2022, the Cinco Regional Plant participants entered into a Reclaimed Water Agreement with Cinco No. 1, effective for a period of 30 years. The agreement grants an easement to Cinco No. 1, under the terms and conditions specified in the agreement, for the purposes of constructing, maintaining and operating a wastewater treatment plant effluent reuse facility and wastewater effluent line on the site the Cinco Regional Plant is located. The agreement allows Cinco No. 1 to purchase up to 100% of the wastewater effluent from the Cinco Regional Plant for the purpose of providing irrigation to its service area and is responsible for the sole cost and expense of the design and construction of the effluent reuse facility. The District has been designated as the representative district to act as the Operating District on behalf of the participants for the purposes of this agreement. Upon completion of the construction of the wastewater effluent line, Cinco No. 1 will convey ownership of the line to Memorial Municipal Utility District and maintenance responsibility will be accepted by the Cinco Regional Plant. During the terms of the agreement, Cinco No. 1 will hold legal title to the wastewater treatment plant effluent reuse facility.

Under the agreement Cinco No. 1 was required to pay an initial rate of \$0.25 per 1,000 gallons of wastewater effluent purchased, with an automatic increase of 10% of the dollar amount of any increase in the groundwater pumpage fees charged by the North Fort Bend Water Authority. At December 31, 2024, the rate charged to Cinco No. 1 was \$0.43 per 1,000 gallons of wastewater effluent purchased.



**Harris County Municipal Utility District No. 81**  
**Notes to Financial Statements**  
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The participants also entered into a letter agreement dated April 14, 2016, supplemented on December 15, 2016, December 9, 2020, and October 20, 2022, that sets forth the procedures for the Cinco Plant Operating Committee to provide representation to the Operating District from each of the Cinco Regional Plant participants. All operational and financial matters arising under the Reclaimed Water Agreement shall be brought to the Cinco Plant Operating Committee for review and recommendation. In addition, all payments from Cinco No. 1 under the agreement shall be deposited into the Plant operating account, to be allocated among the Plant participants upon the basis of their percentage of ownership.

**Note 10. Risk Management**

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

***Required Supplementary Information***

**Harris County Municipal Utility District No. 81**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended December 31, 2024**

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>				
Property taxes	\$ 715,000	\$ 715,000	\$ 779,858	\$ 64,858
Sales tax rebates	264,000	264,000	264,298	298
Water service	857,600	857,600	884,069	26,469
Sewer service	1,531,400	1,675,400	1,631,579	(43,821)
Regional water fee	1,600,000	1,600,000	1,275,338	(324,662)
Penalty and interest	61,200	61,200	72,375	11,175
Tap connection and inspection fees	-	-	2,745	2,745
Investment income	60,000	60,000	443,157	383,157
Other income	24,000	24,000	59,305	35,305
<b>Total revenues</b>	<b>5,113,200</b>	<b>5,257,200</b>	<b>5,412,724</b>	<b>155,524</b>
<b>Expenditures</b>				
Service operations:				
Purchased services	626,172	626,172	801,321	(175,149)
Regional water fee	1,600,000	1,600,000	1,388,930	211,070
Professional fees	278,500	278,500	207,024	71,476
Contracted services	276,600	276,600	279,883	(3,283)
Solid waste	888,000	888,000	841,737	46,263
Utilities	170,400	170,400	163,390	7,010
Repair and maintenance	1,100,000	1,100,000	1,192,359	(92,359)
Other expenditures	471,954	472,674	436,346	36,328
Capital outlay	-	-	624,947	(624,947)
<b>Total expenditures</b>	<b>5,411,626</b>	<b>5,412,346</b>	<b>5,935,937</b>	<b>(523,591)</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(298,426)</b>	<b>(155,146)</b>	<b>(523,213)</b>	<b>(368,067)</b>
<b>Fund Balance, Beginning of Year</b>	<b>9,109,781</b>	<b>9,109,781</b>	<b>9,109,781</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 8,811,355</b>	<b>\$ 8,954,635</b>	<b>\$ 8,586,568</b>	<b>\$ (368,067)</b>

**Harris County Municipal Utility District No. 81**  
**Budgetary Comparison Schedule – Special Revenue Fund**  
**Year Ended December 31, 2024**

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Service to other districts	\$ 1,139,940	\$ 1,101,772	\$ (38,168)
Investment income	1,800	47,606	45,806
Other income	40,800	40,800	-
Total revenues	1,182,540	1,190,178	7,638
<b>Expenditures</b>			
Service operations:			
Regional water authority	120	8	112
Professional fees	112,400	120,936	(8,536)
Contracted services	68,000	70,621	(2,621)
Utilities	150,000	149,660	340
Repairs and maintenance	628,200	626,195	2,005
Other expenditures	223,820	239,387	(15,567)
Total expenditures	1,182,540	1,206,807	(24,267)
<b>Deficiency of Revenues Over Expenditures</b>	-	(16,629)	(16,629)
<b>Other Financing Sources</b>			
Proceeds from insurance	-	16,629	16,629
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	-	-	-
<b>Fund Balance, Beginning of Year</b>	-	-	-
<b>Fund Balance, End of Year</b>	\$ -	\$ -	\$ -

***Budgets and Budgetary Accounting***

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

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

## ***Supplementary Information***

**Harris County Municipal Utility District No. 81**  
**Other Schedules Included Within This Report**  
**December 31, 2024**

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

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 11-23
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –  
Five Years
- [X] Board Members, Key Personnel and Consultants

**Harris County Municipal Utility District No. 81**  
**Schedule of Services and Rates**  
**Year Ended December 31, 2024**

1. Services provided by the District:

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

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels	
Water:	\$ 12.00	5,000	N	\$ 1.50	5,001 to	15,000
				\$ 2.50	15,001 to	30,000
				\$ 3.50	30,001 to	No Limit

Wastewater: \$ 39.00 - Y

Regional water fee: \$ 3.95 1 N \$ 3.95 1 to No Limit

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

Total charges per 10,000 gallons usage (including fees): Water \$ 59.00 Wastewater \$ 39.00

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	3,094	3,060	x1.0	3,060
1"	66	52	x2.5	130
1 1/2"	23	21	x5.0	105
2"	38	37	x8.0	296
3"	-	-	x15.0	-
4"	3	3	x25.0	75
6"	-	-	x50.0	-
8"	1	1	x80.0	80
10"	-	-	x115.0	-
Total water	3,225	3,174		3,746
Total wastewater	3,178	3,131	x1.0	3,131

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

Gallons pumped into the system:	357,962
Gallons billed to customers:	326,311
Water accountability ratio (gallons billed/gallons pumped):	91.16%

\*"ESFC" means equivalent single-family connections



**Harris County Municipal Utility District No. 81**  
**Schedule of General Fund Expenditures**  
**Year Ended December 31, 2024**

<b>Personnel (including benefits)</b>		\$ -
<b>Professional Fees</b>		
Auditing	\$ 23,100	
Legal	132,476	
Engineering	51,448	
Financial advisor	-	207,024
<b>Purchased Services for Resale</b>		
Bulk water and wastewater service purchases		801,321
<b>Regional Water Authority</b>		1,388,930
<b>Contracted Services</b>		
Bookkeeping	26,925	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	252,958	279,883
<b>Utilities</b>		163,390
<b>Repairs and Maintenance</b>		1,192,359
<b>Administrative Expenditures</b>		
Directors' fees	31,103	
Office supplies	69,223	
Insurance	63,433	
Other administrative expenditures	263,184	426,943
<b>Capital Outlay</b>		
Capitalized assets	622,372	
Expenditures not capitalized	2,575	624,947
<b>Tap Connection Expenditures</b>		-
<b>Solid Waste Disposal</b>		841,737
<b>Debt Issuance Costs</b>		-
<b>Parks and Recreation</b>		-
<b>Other Expenditures</b>		9,403
Total expenditures		<u>\$ 5,935,937</u>

**Harris County Municipal Utility District No. 81**  
**Schedule of Temporary Investments**  
**December 31, 2024**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
<b>General Fund</b>				
TexPool	4.48%	Demand	\$ 8,198,499	\$ -
<b>Special Revenue Fund</b>				
TexPool	4.48%	Demand	455,801	-
<b>Debt Service Fund</b>				
TexPool	4.48%	Demand	1,589,917	-
<b>Capital Projects Fund</b>				
TexPool	4.48%	Demand	<u>11,466</u>	<u>-</u>
Totals			<u>\$ 10,255,683</u>	<u>\$ -</u>

**Harris County Municipal Utility District No. 81**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended December 31, 2024**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 618,892	\$ 1,134,673
Additions and corrections to prior years' taxes	(13,018)	(26,067)
Adjusted receivable, beginning of year	605,874	1,108,606
<b>2024 Original Tax Levy</b>	1,655,539	413,885
Additions and corrections	138,249	34,562
Adjusted tax levy	1,793,788	448,447
Total to be accounted for	2,399,662	1,557,053
Tax collections: Current year	(1,097,776)	(274,444)
Prior years	(548,243)	(1,049,113)
Receivable, end of year	<u>\$ 753,643</u>	<u>\$ 233,496</u>
<b>Receivable, by Years</b>		
2024	\$ 696,012	\$ 174,003
2023	12,368	24,048
2022	7,129	10,297
2021	7,339	4,056
2020	12,169	7,045
2019	3,702	3,239
2018	4,946	3,124
2017	2,110	1,371
2016	2,079	1,532
2015	1,656	1,076
2014	1,531	1,302
2013	1,120	1,061
2012 and prior	1,482	1,342
Receivable, end of year	<u>\$ 753,643</u>	<u>\$ 233,496</u>

**Harris County Municipal Utility District No. 81**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended December 31, 2024**

**(Continued)**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Property Valuations</b>				
Land	\$ 274,518,304	\$ 266,974,842	\$ 251,971,972	\$ 181,438,178
Improvements	734,120,442	706,869,037	613,985,575	570,844,422
Personal property	27,120,426	24,706,324	23,499,632	21,269,316
Exemptions	<u>(138,859,817)</u>	<u>(121,075,456)</u>	<u>(110,032,880)</u>	<u>(99,173,745)</u>
Total property valuations	<u>\$ 896,899,355</u>	<u>\$ 877,474,747</u>	<u>\$ 779,424,299</u>	<u>\$ 674,378,171</u>
<b>Tax Rates per \$100 Valuation</b>				
Debt service tax rates	\$ 0.0500	\$ 0.1750	\$ 0.1625	\$ 0.1050
Maintenance tax rates*	<u>0.2000</u>	<u>0.0900</u>	<u>0.1125</u>	<u>0.1900</u>
Total tax rates per \$100 valuation	<u>\$ 0.2500</u>	<u>\$ 0.2650</u>	<u>\$ 0.2750</u>	<u>\$ 0.2950</u>
<b>Tax Levy</b>	<u>\$ 2,242,235</u>	<u>\$ 2,325,292</u>	<u>\$ 2,143,402</u>	<u>\$ 1,989,400</u>
<b>Percent of Taxes Collected to Taxes Levied**</b>	<u>61% ***</u>	<u>98%</u>	<u>99%</u>	<u>99%</u>

\*Maximum tax rate approved by voters: \$0.50 on January 21, 1995

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

\*\*\*In process of collection. Not due until January 31, 2025. Taxes were over 94% collected as of the date of the audit report.

**Harris County Municipal Utility District No. 81**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**December 31, 2024**

Due During Fiscal Years Ending December 31	Series 2014		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 75,000	\$ 38,913	\$ 113,913
2026	80,000	36,850	116,850
2027	85,000	34,250	119,250
2028	90,000	31,487	121,487
2029	95,000	28,563	123,563
2030	95,000	25,475	120,475
2031	95,000	22,150	117,150
2032	95,000	18,825	113,825
2033	100,000	15,500	115,500
2034	100,000	11,750	111,750
2035	100,000	8,000	108,000
2036	100,000	4,000	104,000
Totals	<u>\$ 1,110,000</u>	<u>\$ 275,763</u>	<u>\$ 1,385,763</u>

Harris County Municipal Utility District No. 81  
Schedule of Long-Term Debt Service Requirements by Years  
December 31, 2024

(Continued)

Due During Fiscal Years Ending December 31	Refunding Series 2019		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ 365,000	\$ 157,050	\$ 522,050
2026	370,000	146,100	516,100
2027	385,000	135,000	520,000
2028	390,000	123,450	513,450
2029	405,000	111,750	516,750
2030	425,000	99,600	524,600
2031	440,000	86,850	526,850
2032	460,000	73,650	533,650
2033	470,000	59,850	529,850
2034	490,000	45,750	535,750
2035	505,000	31,050	536,050
2036	530,000	15,900	545,900
Totals	<u>\$ 5,235,000</u>	<u>\$ 1,086,000</u>	<u>\$ 6,321,000</u>

Harris County Municipal Utility District No. 81  
Schedule of Long-Term Debt Service Requirements by Years  
December 31, 2024

(Continued)

Due During Fiscal Years Ending December 31	Series 2020		
	Principal Due September 1	Interest Due March 1, September 1	Total
2025	\$ -	\$ 83,869	\$ 83,869
2026	-	83,869	83,869
2027	-	83,868	83,868
2028	-	83,869	83,869
2029	-	83,869	83,869
2030	-	83,868	83,868
2031	-	83,869	83,869
2032	-	83,869	83,869
2033	-	83,868	83,868
2034	-	83,869	83,869
2035	-	83,869	83,869
2036	-	83,869	83,869
2037	445,000	83,869	528,869
2038	460,000	74,969	534,969
2039	475,000	65,769	540,769
2040	490,000	55,675	545,675
2041	505,000	45,262	550,262
2042	525,000	34,531	559,531
2043	540,000	23,375	563,375
2044	560,000	11,900	571,900
Totals	<u>\$ 4,000,000</u>	<u>\$ 1,401,775</u>	<u>\$ 5,401,775</u>

Harris County Municipal Utility District No. 81  
Schedule of Long-Term Debt Service Requirements by Years  
December 31, 2024

(Continued)

Due During Fiscal Years Ending December 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 440,000	\$ 279,832	\$ 719,832
2026	450,000	266,819	716,819
2027	470,000	253,118	723,118
2028	480,000	238,806	718,806
2029	500,000	224,182	724,182
2030	520,000	208,943	728,943
2031	535,000	192,869	727,869
2032	555,000	176,344	731,344
2033	570,000	159,218	729,218
2034	590,000	141,369	731,369
2035	605,000	122,919	727,919
2036	630,000	103,769	733,769
2037	445,000	83,869	528,869
2038	460,000	74,969	534,969
2039	475,000	65,769	540,769
2040	490,000	55,675	545,675
2041	505,000	45,262	550,262
2042	525,000	34,531	559,531
2043	540,000	23,375	563,375
2044	560,000	11,900	571,900
Totals	<u>\$ 10,345,000</u>	<u>\$ 2,763,538</u>	<u>\$ 13,108,538</u>



**Harris County Municipal Utility District No. 81**  
**Changes in Long-Term Bonded Debt**  
**Year Ended December 31, 2024**

	<b>Bond Issues</b>				<b>Totals</b>
	<b>Series 2014</b>	<b>Refunding Series 2015</b>	<b>Refunding Series 2019</b>	<b>Series 2020</b>	
Interest rates	2.50% to 4.00%	2.23%	3.00%	2.000% to 2.125%	
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity dates	September 1, 2025/2036		September 1, 2025/2036	September 1, 2037/2044	
Bonds outstanding, beginning of current year	\$ 1,145,000	\$ 345,000	\$ 5,270,000	\$ 4,000,000	\$ 10,760,000
Retirements, principal	35,000	345,000	35,000	-	415,000
Bonds outstanding, end of current year	<u>\$ 1,110,000</u>	<u>\$ -</u>	<u>\$ 5,235,000</u>	<u>\$ 4,000,000</u>	<u>\$ 10,345,000</u>
Interest paid during current year	<u>\$ 39,875</u>	<u>\$ 7,694</u>	<u>\$ 158,100</u>	<u>\$ 83,868</u>	<u>\$ 289,537</u>
Paying agent's name and address:					
<b>Series 2014</b> - The Bank of New York Mellon Trust Company, N.A., Houston, Texas					
<b>Series 2015</b> - The Bank of New York Mellon Trust Company, N.A., Houston, Texas					
<b>Series 2019</b> - The Bank of New York Mellon Trust Company, N.A., Houston, Texas					
<b>Series 2020</b> - The Bank of New York Mellon Trust Company, N.A., Houston, Texas					
Bond authority:					
		<b>Tax Bonds</b>	<b>Other Bonds</b>	<b>Refunding Bonds</b>	
Amount authorized by voters		\$ 47,450,000	\$ -	\$ -	
Amount issued		\$ 30,715,000	\$ -	\$ -	
Remaining to be issued		\$ 16,735,000	\$ -	\$ -	
Debt service fund cash and temporary investment balances as of December 31, 2024:					\$ 2,942,529
Average annual debt service payment (principal and interest) for remaining term of all debt:					\$ 655,427

**Harris County Municipal Utility District No. 81**  
**Comparative Schedule of Revenues and Expenditures – General Fund**  
**Five Years Ended December 31,**

	Amounts				
	2024	2023	2022	2021	2020
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 779,858	\$ 872,043	\$ 1,272,676	\$ 1,228,534	\$ 1,011,942
Sales tax rebates	264,298	279,678	274,499	277,839	250,900
Water service	884,069	923,912	919,619	817,538	870,240
Sewer service	1,631,579	1,595,709	1,535,050	1,421,392	1,396,347
Regional water fee	1,275,338	1,371,665	1,263,107	1,017,018	1,077,803
Bulk water sales	-	-	391,901	452,275	-
Penalty and interest	72,375	69,622	60,885	36,591	39,398
Tap connection and inspection fees	2,745	-	21,464	-	-
Investment income	443,157	434,156	128,463	2,383	37,890
Other income	59,305	32,311	33,802	29,282	26,224
Total revenues	5,412,724	5,579,096	5,901,466	5,282,852	4,710,744
<b>Expenditures</b>					
Service operations:					
Purchased services	801,321	713,726	561,175	648,933	641,411
Regional water authority	1,388,930	1,460,464	1,571,464	1,719,359	1,127,580
Professional fees	207,024	197,138	204,088	302,760	320,885
Contracted services	279,883	258,116	255,285	220,826	222,220
Solid waste	841,737	789,921	728,414	677,674	641,946
Utilities	163,390	157,290	151,389	167,202	143,838
Repairs and maintenance	1,192,359	940,849	989,607	989,140	880,385
Other expenditures	436,346	462,173	416,942	385,817	407,845
Tap connections	-	-	9,240	-	-
Capital outlay	624,947	461,476	7,299	1,800	78,493
Total expenditures	5,935,937	5,441,153	4,894,903	5,113,511	4,464,603
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(523,213)	137,943	1,006,563	169,341	246,141
<b>Other Financing Sources</b>					
Interfund transfers in	-	-	-	-	126,624
Recovery from governmental agency	-	-	-	-	16,717
Proceeds from insurance	-	-	53,196	-	-
Total other financing sources	-	-	53,196	-	143,341
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	(523,213)	137,943	1,059,759	169,341	389,482
<b>Fund Balance, Beginning of Year</b>	9,109,781	8,971,838	7,912,079	7,742,738	7,353,256
<b>Fund Balance, End of Year</b>	\$ 8,586,568	\$ 9,109,781	\$ 8,971,838	\$ 7,912,079	\$ 7,742,738
<b>Total Active Retail Water Connections</b>	3,174	3,172	3,184	3,190	3,174
<b>Total Active Retail Wastewater Connections</b>	3,131	3,172	3,144	3,109	3,129

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
14.4 %	15.6 %	21.6 %	23.2 %	21.5 %
4.9	5.0	4.6	5.3	5.3
16.3	16.6	15.6	15.5	18.5
30.1	28.6	26.0	26.9	29.6
23.6	24.6	21.4	19.2	22.9
-	-	6.6	8.6	-
1.3	1.2	1.0	0.7	0.8
0.1	-	0.4	-	-
8.2	7.8	2.2	0.1	0.8
1.1	0.6	0.6	0.5	0.6
100.0	100.0	100.0	100.0	100.0
14.8	12.8	9.5	12.3	13.6
25.7	26.2	26.6	32.6	23.9
3.8	3.5	3.4	5.7	6.8
5.2	4.6	4.3	4.2	4.7
15.6	14.2	12.3	12.8	13.6
3.0	2.8	2.6	3.2	3.1
22.0	16.8	16.8	18.7	18.7
8.1	8.3	7.1	7.3	8.7
-	-	0.2	-	-
11.5	8.3	0.1	0.0	1.7
109.7	97.5	82.9	96.8	94.8
(9.7) %	2.5 %	17.1 %	3.2 %	5.2 %

**Harris County Municipal Utility District No. 81**  
**Comparative Schedule of Revenues and Expenditures – Debt Service Fund**  
**Five Years Ended December 31,**

	Amounts				
	2024	2023	2022	2021	2020
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 1,499,477	\$ 1,248,345	\$ 704,624	\$ 713,733	\$ 882,917
Penalty and interest	42,670	43,808	23,431	37,892	36,967
Investment income	82,598	45,051	6,862	176	3,361
Other income	-	-	20	10	70
Total revenues	<u>1,624,745</u>	<u>1,337,204</u>	<u>734,937</u>	<u>751,811</u>	<u>923,315</u>
<b>Expenditures</b>					
Current:					
Professional fees	19,856	13,518	13,055	9,684	16,917
Contracted services	62,053	62,484	61,208	62,621	60,424
Other expenditures	34,325	33,616	34,029	34,864	28,950
Debt service:					
Principal retirement	415,000	405,000	395,000	380,000	370,000
Interest and fees	<u>292,012</u>	<u>301,183</u>	<u>310,355</u>	<u>327,258</u>	<u>275,637</u>
Total expenditures	<u>823,246</u>	<u>815,801</u>	<u>813,647</u>	<u>814,427</u>	<u>751,928</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	801,499	521,403	(78,710)	(62,616)	171,387
<b>Fund Balance, Beginning of Year</b>	<u>768,117</u>	<u>246,714</u>	<u>325,424</u>	<u>388,040</u>	<u>216,653</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,569,616</u>	<u>\$ 768,117</u>	<u>\$ 246,714</u>	<u>\$ 325,424</u>	<u>\$ 388,040</u>

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
92.3 %	93.3 %	95.9 %	95.0 %	95.6 %
2.6	3.3	3.2	5.0	4.0
5.1	3.4	0.9	0.0	0.4
-	-	0.0	0.0	0.0
100.0	100.0	100.0	100.0	100.0
1.2	1.0	1.8	1.3	1.8
3.8	4.7	8.3	8.3	6.5
2.1	2.5	4.6	4.7	3.1
25.6	30.3	53.8	50.5	40.1
18.0	22.5	42.2	43.5	29.9
50.7	61.0	110.7	108.3	81.4
49.3 %	39.0 %	(10.7) %	(8.3) %	18.6 %

**Harris County Municipal Utility District No. 81**  
**Board Members, Key Personnel and Consultants**  
**Year Ended December 31, 2024**

Complete District mailing address:	Harris County Municipal Utility District No. 81 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 23, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<b>Board Members</b>	<b>Term of Office Elected &amp; Expires</b>	<b>Fees*</b>	<b>Expense Reimbursements</b>	<b>Title at Year-End</b>
Patrick W. Cathcart	Elected 05/22- 05/26	\$ 7,200	\$ -	President
Bruce Cox	Elected 05/22- 05/26	7,200	-	Vice President
Michael Olsen	Elected 05/24- 05/28	4,862	-	Secretary
George Goff	Elected 05/24- 05/28	7,200	1,297	Treasurer
Donna Brown	Elected 05/22- 05/26	4,641	-	Assistant Secretary

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

**Harris County Municipal Utility District No. 81  
Board Members, Key Personnel and Consultants  
Year Ended December 31, 2024**

**(Continued)**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
Allen Boone Humphries Robinson LLP	07/24/03	\$ 227,653	General Counsel
BGE, Inc.	12/18/03	352,220	Engineer
Forvis Mazars, LLP	10/18/84	33,000	Auditor
Harris Central Appraisal District	Legislative Action	15,067	Appraiser
Stacy Lightsey	02/20/23	21,846	District Employee
McLennan & Associates, LP	03/08/04	64,146	Bookkeeper
Municipal District Services, LLC	04/01/12	1,540,436	District Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/28/96	855	Delinquent Tax Attorney
Robert W. Baird & Co. Incorporated	03/26/15	-	Financial Advisor
Si Environmental, LLC	07/12/12	403,594	Cinco Regional Plant Operator
Doris Vogt		3,557	District Employee
Wheeler & Associates, Inc.	08/10/76	78,482	Tax Assessor/ Collector
<b>Investment Officer</b>			
Michael Olsen	07/28/22	N/A	Director