

WEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 15
HARRIS COUNTY, TEXAS
ANNUAL AUDIT REPORT
SEPTEMBER 30, 2023

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-9
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	10-11
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	12-13
NOTES TO THE FINANCIAL STATEMENTS	14-23
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND	24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, REGIONAL SEWAGE TREATMENT PLANT SPECIAL REVENUE FUND	25
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, JOINT WATER PLANT FACILITIES SPECIAL REVENUE FUND	26
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	27
SCHEDULE OF SERVICES AND RATES	28-29
EXPENDITURES FOR THE YEAR ENDED SEPTEMBER 30, 2023	30-31
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS, ALL GOVERNMENTAL FUND TYPES	32
SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS	33
TAXES LEVIED AND RECEIVABLE	34-35
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS	36
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT	37
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND	38
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND	39
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	40-41

Mark C. Eyring, CPA, PLLC

12702 Century Drive • Suite C2 • Stafford, Texas 77477 • 281-277-9595 • Mark@EyringCPA.com

January 9, 2024

INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Harris County Municipal
Utility District No. 15
Harris County, Texas

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the West Harris County Municipal Utility District No. 15 as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise West Harris County Municipal Utility District No. 15's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the West Harris County Municipal Utility District No. 15, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of West Harris County Municipal Utility District No. 15, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Harris County Municipal Utility District No. 15's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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. I 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 West Harris County Municipal Utility District No. 15's internal control. Accordingly, no such opinion is expressed. I 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. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Harris County Municipal Utility District No. 15's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 information 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)**Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Harris County Municipal Utility District No. 15's basic financial statements. The supplementary information on Pages 25 to 41 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in dark ink, appearing to read "M. G. J.", is located in the lower right quadrant of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the West Harris County Municipal Utility District No. 15 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2023.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. 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. In the District's case, the single governmental program is provision of water and sewer 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 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 and liabilities owned by 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 total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' 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. 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 period.

Although the statement of activities looks different from a commercial enterprise's income statement, 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 fund financial statements consist of a balance sheet and statement of revenues, expenditures and change 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 and sewer 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 total assets and total liabilities 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 are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the 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.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. The financial objective for the Special Revenue Funds is to insure that the expenditures in the funds are billed to the participants in accordance with the contracts. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current and other assets	\$ 6,716,396	\$ 6,284,041	\$ 432,355
Capital assets	2,716,209	2,461,094	255,115
Total assets	<u>9,432,605</u>	<u>8,745,135</u>	<u>687,470</u>
Long-term liabilities	3,809,599	3,831,744	(22,145)
Other liabilities	681,758	660,758	21,000
Total liabilities	<u>4,491,357</u>	<u>4,492,502</u>	<u>(1,145)</u>
Net position:			
Invested in capital assets, net of related debt	(1,307,986)	(1,580,215)	272,229
Restricted	2,682,702	2,595,231	87,471
Unrestricted	3,566,532	3,237,617	328,915
Total net position	<u>\$ 4,941,248</u>	<u>\$ 4,252,633</u>	<u>\$ 688,615</u>

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues:			
Property taxes	\$ 1,325,755	\$ 1,310,384	\$ 15,371
Charges for services	1,866,294	1,634,009	232,285
Other revenues	276,605	40,332	236,273
Total revenues	<u>3,468,654</u>	<u>2,984,725</u>	<u>483,929</u>
Expenses:			
Service operations	2,689,754	2,367,481	322,273
Debt service	90,285	96,465	(6,180)
Total expenses	<u>2,780,039</u>	<u>2,463,946</u>	<u>316,093</u>
Change in net position	688,615	520,779	37,957
Net position, beginning of year	<u>4,252,633</u>	<u>3,731,854</u>	<u>520,779</u>
Net position, end of year	<u>\$ 4,941,248</u>	<u>\$ 4,252,633</u>	<u>\$ 688,615</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2023, were \$6,359,892, an increase of \$447,824 from the prior year.

The General Fund balance increased by \$348,594, in accordance with the District's financial plan.

The Regional Sewage Treatment Plant Special Revenue Fund balance did not change.

The Joint Water Plant Facilities Special Revenue Fund balance did not change.

The Debt Service Fund balance increased by \$12,375, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by \$86,855, as interest earnings exceeded authorized expenditures.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 24 of this report. The budgetary fund balance as of September 30, 2023, was expected to be \$3,403,629 and the actual end of year fund balance was \$3,564,162.

Capital Asset and Debt Administration

Capital Assets

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 57,354	\$ 57,354	\$ 0
Construction in progress	17,454	5,163	12,291
Water facilities	1,796,562	1,632,401	164,161
Sewer facilities	844,839	766,176	78,663
Totals	<u>\$ 2,716,209</u>	<u>\$ 2,461,094</u>	<u>\$ 255,115</u>

Changes to capital assets during the fiscal year ended September 30, 2023, are summarized as follows:

Additions:		
Water system improvements		\$ 121,636
Construction by landowner		222,640
Joint wastewater treatment plant improvements		<u>16,741</u>
Total additions to capital assets		361,017
Decreases:		
Depreciation		<u>(105,902)</u>
Net change to capital assets		<u>\$ 255,115</u>

Debt

Changes in the bonded debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows:

Bonded debt payable, beginning of year	\$ 4,045,000
Bonds paid	<u>(210,000)</u>
Bonded debt payable, end of year	<u>\$ 3,835,000</u>

At September 30, 2023, the District had no bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District's Series 2020 bonds have an underlying rating of A2 by Moody's. The Series 2020 bonds are insured by Assured Guaranty Municipal Corp. The Series 2020 bonds are rated AA and A1 by Standard & Poor's and Moody's, respectively. The Series 2020 insured rating by Moody's was upgraded during the year ended September 30, 2023.

On January 12, 2021, the District entered into a contract with a landowner within the district for the development of improvements within the boundaries of the landowner's property. The landowner has constructed underground facilities to serve the land and the District has agreed to reimburse the landowner for the cost of facilities. The cost of the facilities has been determined to be \$222,640 and the parties have agreed that the District will repay this amount in annual installments equal to the amount of maintenance tax revenues generated by the property each year until the earlier of such time as the cost has been repaid in full, or twenty years from January 12, 2021. At September 30, 2023, the unpaid balance of the amount due to the landowner was \$192,451.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$95,320,000 for the 2022 tax year (approximately 16%) due to the increase of the average assessed valuations on existing property and personal property.

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Houston. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

The District is authorized to enter into a strategic partnership agreement with the City of Houston to provide the terms and conditions under which services would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District would be annexed for limited purposes by the City. The terms of any such agreement would be determined by the City and the District.

The District is not aware of any plans regarding annexation or a strategic partnership with the City of Houston.

Water Supply Issues

The District is within the Harris-Galveston Subsidence District (the "Subsidence District") Regulatory Area No. 3. The Subsidence District regulates the withdrawal of groundwater within its jurisdiction. The District's authority to pump ground water from its well is subject to annual permits issued by the Subsidence District. The Subsidence District has ordered certain areas of suburban Houston to convert most of their water supply to surface water under various schedules. Beginning in January 2003, the District was required to have a groundwater reduction plan ("GRP"), approved by the Subsidence District and by January 2005, the District must have provided evidence to the Subsidence District that construction of the infrastructure defined within the District's certified groundwater reduction plan has started. The Subsidence District has designated January 2010, as the date required for the District to restrict the withdrawal of ground water and convert 30% of its total water use to surface water; January 2025, as the date required for the District to restrict the withdrawal of ground water and convert 60% of its total water use to surface water and January 2035, as the date required for the District to restrict the withdrawal of ground water and convert 80% of its total water use to surface water. If the District does not meet the requirements of the Subsidence District, the District may be required to pay the disincentive fees adopted by the Subsidence District.

In May, 2001, the Texas Legislature created the West Harris County Regional Water Authority (the "Authority") and included the District within the boundaries of the Authority. The Authority was created to provide a regional entity to build the necessary facilities to meet the subsidence District's requirements for conversion from ground water to surface water of all permit holders within its boundaries, including the District. Accordingly, the District is required to pay groundwater reduction plan fees to the Authority, and in turn is entitled to rely upon the Authority's GRP to achieve compliance with the subsidence District's requirements. In accordance with the GRP, the Authority has negotiated a water supply contract with the City of Houston and has issued revenue bonds to finance the surface water supply system. The Authority may establish such fees, charges, or tolls as necessary to accomplish its purposes. At September 30, 2023, the Authority's ground water pumpage fee was equal to \$3.95 per 1,000 gallons pumped, and is expected to increase in the future. At September 30, 2023, the Authority's surface water usage fee was equal to \$4.35 per 1,000 gallons purchased, and is expected to increase in the future.

The District cannot predict the amount or level of fees and charges which may be due the Authority for future years, but anticipates that it will pass such fees through to its customers in higher water rates. In addition, conversion to surface water will necessitate improvements to the District's water supply system, which could require issuance of additional bonds. In the event the Authority fails to commence construction of surface water infrastructure by the deadline established by the Subsidence District, the District and others within the Authority's GRP group could be required to pay the disincentive fee on withdrawn groundwater. This disincentive fee is substantial, and the District expects it would need to pass such fee through to its customers in higher water rates. This disincentive fee would be in addition to the Authority's fee.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

SEPTEMBER 30, 2023

	<u>General</u>	Aberdeen Regional Sewage Treatment Plant Special Revenue Fund	Aberdeen Joint Water Plant Facilities Special Revenue Fund	Debt Service	Capital Projects	<u>Total</u>	Adjustments (Note 3)	Statement of Net Position
ASSETS								
Cash, including interest-bearing accounts, Note 7	\$ 203,033	\$ 22,016	\$ 23,751	\$ 100,235	\$ 48,886	\$ 397,921	\$	\$ 397,921
Certificates of deposit, at cost, Note 7	240,000					240,000		240,000
Temporary investments, at cost, Note 7	3,260,481			258,481	2,256,427	5,775,389		5,775,389
Receivables:								
Property taxes	2,370			1,013		3,383		3,383
Accrued penalty and interest on property taxes						0	2,209	2,209
Service accounts	78,991					78,991		78,991
Accrued interest	7,502					7,502		7,502
Other	46,685					46,685		46,685
Due from other funds		11,175	59,484	31,868		102,527	(102,527)	0
Due from participants in joint facilities, Note 9		11,192	153,124			164,316		164,316
Operating reserve at Regional Sewage Treatment Plant and Joint Water Plant Facilities, Note 9	67,325					67,325	(67,325)	0
Capital assets, net of accumulated depreciation, Note 4:								
Capital assets not being depreciated						0	74,808	74,808
Depreciable capital assets						0	2,641,401	2,641,401
Total assets	<u>\$ 3,906,387</u>	<u>\$ 44,383</u>	<u>\$ 236,359</u>	<u>\$ 391,597</u>	<u>\$ 2,305,313</u>	<u>\$ 6,884,039</u>	<u>2,548,566</u>	<u>9,432,605</u>

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

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET, (Continued)

SEPTEMBER 30, 2023

	<u>General</u>	<u>Aberdeen Regional Sewage Treatment Plant Special Revenue Fund</u>	<u>Aberdeen Joint Water Plant Facilities Special Revenue Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
LIABILITIES								
Accounts payable	\$ 96,889	\$ 14,383	\$ 150,109	\$ 10,633	\$ 581	\$ 272,595	\$	\$ 272,595
Due to participants in joint facilities, Note 9					5,203	5,203		5,203
Customer and other deposits	140,439					140,439		140,439
Due to other funds	102,527					102,527	(102,527)	0
Other district equity in Regional Sewage Treatment Plant and Joint Water Plant Facilities						0	48,925	48,925
Long-term liabilities, Note 5:								
Due within one year						0	214,596	214,596
Due in more than one year						0	3,809,599	3,809,599
Total liabilities	<u>339,855</u>	<u>14,383</u>	<u>150,109</u>	<u>10,633</u>	<u>5,784</u>	<u>520,764</u>	<u>3,970,593</u>	<u>4,491,357</u>
DEFERRED INFLOWS OF RESOURCES								
Property tax revenues	<u>2,370</u>	<u>0</u>	<u>0</u>	<u>1,013</u>	<u>0</u>	<u>3,383</u>	<u>(3,383)</u>	<u>0</u>
FUND BALANCES / NET POSITION								
Fund balances:								
 Nonspendable:								
Reserved for reserve at Regional Sewage Treat- ment Plant and Joint Water Plant Facilities, Note 9	67,325	30,000	86,250			183,575	(183,575)	0
 Assigned to:								
Debt service				379,951		379,951	(379,951)	0
Capital projects					2,299,529	2,299,529	(2,299,529)	0
Unassigned	<u>3,496,837</u>					<u>3,496,837</u>	<u>(3,496,837)</u>	<u>0</u>
Total fund balances	<u>3,564,162</u>	<u>30,000</u>	<u>86,250</u>	<u>379,951</u>	<u>2,299,529</u>	<u>6,359,892</u>	<u>(6,359,892)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 3,906,387</u>	<u>\$ 44,383</u>	<u>\$ 236,359</u>	<u>\$ 391,597</u>	<u>\$ 2,305,313</u>	<u>\$ 6,884,039</u>		
Net position:								
Invested in capital assets, net of related debt, Note 4							(1,307,986)	(1,307,986)
Restricted for debt service							383,173	383,173
Restricted for capital projects							2,299,529	2,299,529
Unrestricted							<u>3,566,532</u>	<u>3,566,532</u>
Total net position							<u>\$ 4,941,248</u>	<u>\$ 4,941,248</u>

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

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Aberdeen Regional Sewage Treatment Plant Special Revenue Fund	Aberdeen Joint Water Plant Facilities Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES								
Property taxes	\$ 1,012,020	\$	\$	\$ 303,175	\$	\$ 1,315,195	\$ (26,269)	\$ 1,288,926
Water service	293,333					293,333		293,333
Sewer service	89,750					89,750		89,750
Surface water fees, Note 10	459,109					459,109		459,109
From participants in joint facilities, Note 9		570,072	1,326,170			1,896,242	(1,034,065)	862,177
Penalty, interest and other	65,000			41,998		106,998	(5,169)	101,829
Tap connection and inspection fees	96,925					96,925		96,925
Interest on deposits and investments	158,821		33	17,755	99,996	276,605		276,605
Total revenues	2,174,958	570,072	1,326,203	362,928	99,996	4,534,157	(1,065,503)	3,468,654
EXPENDITURES / EXPENSES								
Service operations:								
Purchased services, Note 9	1,005,365					1,005,365	(1,005,365)	0
Professional fees	270,379	3,541	1,250	28,801	850	304,821		304,821
Contracted services	84,099	19,633	30,282	16,386		150,400		150,400
Utilities	5,767	77,082	64,922			147,771		147,771
Surface water fees, Note 10			1,043,796			1,043,796		1,043,796
Repairs, maintenance and operating expenditures	167,233	425,493	170,389			763,115		763,115
Administrative expenditures	47,321	15,623	15,564	5,516		84,024		84,024
Depreciation						0	105,902	105,902
Capital outlay / non-capital outlay	246,200	28,700			12,291	287,191	(197,266)	89,925
Debt service:								
Principal retirement				210,000		210,000	(210,000)	0
Interest and fees				89,850		89,850	435	90,285
Total expenditures / expenses	1,826,364	570,072	1,326,203	350,553	13,141	4,086,333	(1,306,294)	2,780,039
Excess (deficiency) of revenues over expenditures	348,594	0	0	12,375	86,855	447,824	240,791	688,615

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

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES, (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Aberdeen Regional Sewage Treatment Plant Special Revenue Fund	Aberdeen Joint Water Plant Facilities Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
Excess (deficiency) of revenues over expenditures	\$ 348,594	\$ 0	\$ 0	\$ 12,375	\$ 86,855	\$ 447,824	\$ 240,791	\$ 688,615
Net change in fund balances / net position	348,594	0	0	12,375	86,855	447,824	240,791	688,615
Beginning of year	<u>3,215,568</u>	<u>30,000</u>	<u>86,250</u>	<u>367,576</u>	<u>2,212,674</u>	<u>5,912,068</u>	<u>(1,659,435)</u>	<u>4,252,633</u>
End of year	<u>\$ 3,564,162</u>	<u>\$ 30,000</u>	<u>\$ 86,250</u>	<u>\$ 379,951</u>	<u>\$ 2,299,529</u>	<u>\$ 6,359,892</u>	<u>\$ (1,418,644)</u>	<u>\$ 4,941,248</u>

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

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15NOTES TO THE FINANCIAL STATEMENTSSEPTEMBER 30, 2023

NOTE 1: REPORTING ENTITY

West Harris County Municipal Utility District No. 15 (the "District") was created by an order of the Texas Department of Water Resources (now the Texas Commission on Environmental Quality) effective July 8, 1980, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on July 14, 1980, and the first bonds were sold on March 19, 1984. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

The District is the manager of the Aberdeen Regional Sewage Treatment Plant and the West Harris County Municipal Utility District No. 15 Joint Water Plant Facilities. Oversight of these joint facilities is exercised by the Board of Directors of the District and financial activity of the joint facilities has been included as component units in the financial statements of the District. The facilities' General Funds have been reported as Special Revenue Funds of the District. Transactions with these joint ventures are described in Note 9.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Special Revenue Funds -- To account for all revenues and expenditures of the general operations of the Aberdeen Regional Sewage Treatment Plant and the Joint Water Plant Facilities.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, 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 expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 6,359,892
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		2,716,209
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Due to landowner	\$ (192,451)	
Bonds payable	(3,835,000)	
Net issuance discount (to be amortized as interest expense)	<u>3,256</u>	(4,024,195)
The assets in the Special Revenue Funds are owned by the District and other participants in the joint venture:		
The District's equity	(67,325)	
Other participants' equity	<u>(48,925)</u>	(116,250)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	2,209	
Uncollected property taxes	<u>3,383</u>	<u>5,592</u>
Net position, end of year		<u>\$ 4,941,248</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ 447,824
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 168,566	
Depreciation	<u>(105,902)</u>	62,664
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Principal reduction		210,000
<p>The funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Issuance discount		(435)
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	(5,169)	
Uncollected property taxes	<u>(26,269)</u>	<u>(31,438)</u>
Change in net position		<u>\$ 688,615</u>

NOTE 4: CAPITAL ASSETS

At September 30, 2023, "Invested in capital assets, net of related debt" was \$(1,307,986). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of \$5,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 57,354	\$	\$	\$ 57,354
Construction in progress	<u>5,163</u>	<u>12,291</u>		<u>17,454</u>
Total capital assets not being depreciated	<u>62,517</u>	<u>12,291</u>	<u>0</u>	<u>74,808</u>
Depreciable capital assets:				
Water system	3,723,786	220,665		3,944,451
Sewer system	<u>1,927,277</u>	<u>128,061</u>		<u>2,055,338</u>
Total depreciable capital assets	<u>5,651,063</u>	<u>348,726</u>	<u>0</u>	<u>5,999,789</u>
Less accumulated depreciation for:				
Water system	(2,091,385)	(56,504)		(2,147,889)
Sewer system	<u>(1,161,101)</u>	<u>(49,398)</u>		<u>(1,210,499)</u>
Total accumulated depreciation	<u>(3,252,486)</u>	<u>(105,902)</u>	<u>0</u>	<u>(3,358,388)</u>
Total depreciable capital assets, net	<u>2,398,577</u>	<u>242,824</u>	<u>0</u>	<u>2,641,401</u>
Total capital assets, net	<u>\$ 2,461,094</u>	<u>\$ 255,115</u>	<u>\$ 0</u>	<u>\$ 2,716,209</u>
Changes to capital assets:				
Capital outlay		\$ 168,566	\$	
Increase in liability to landowner for construction		222,640		
Capital outlay paid (decrease in liability) to landowner		(30,189)		
Depreciation expense for the fiscal year		<u>(105,902)</u>		
Net increases / decreases to capital assets		<u>\$ 255,115</u>	<u>\$ 0</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 4,045,000	\$	\$ 210,000	\$ 3,835,000	\$ 215,000
Less deferred amounts:					
For issuance discounts	<u>(3,691)</u>		<u>(435)</u>	<u>(3,256)</u>	<u>(404)</u>
Total bonds payable	<u>4,041,309</u>	<u>0</u>	<u>209,565</u>	<u>3,831,744</u>	<u>214,596</u>
Due to landowner (see below)	<u>0</u>	<u>222,640</u>	<u>30,189</u>	<u>192,451</u>	<u>-----</u>
Total long-term liabilities	<u>\$ 4,041,309</u>	<u>\$ 222,640</u>	<u>\$ 239,754</u>	<u>\$ 4,024,195</u>	<u>\$ 214,596</u>

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Landowner Construction Commitments and Liabilities

On January 12, 2021, the District entered into a contract with a landowner within the district for the development of improvements within the boundaries of the landowner's property. The landowner has constructed underground facilities to serve the land and the District has agreed to reimburse the landowner for the cost of facilities. The cost of the facilities has been determined to be \$222,640 and the parties have agreed that the District will repay this amount in annual installments equal to the amount of maintenance tax revenues generated by the property each year until the earlier of such time as the cost has been repaid in full, or twenty years from January 12, 2021. At September 30, 2023, the unpaid balance of the amount due to the landowner was \$192,451.

The principal and interest payments due October 1 are usually paid on or before September 30. The following schedule shows the amounts due assuming that this practice will be followed in the future. As of September 30, 2023, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 215,000	\$ 82,800	\$ 297,800
2025	225,000	76,350	301,350
2026	235,000	71,850	306,850
2027	240,000	67,150	307,150
2028	250,000	62,350	312,350
2029 - 2033	1,380,000	232,994	1,612,994
2034 - 2037	<u>1,290,000</u>	<u>73,912</u>	<u>1,363,912</u>
	<u>\$ 3,835,000</u>	<u>\$ 667,406</u>	<u>\$ 4,502,406</u>

Bonds voted	\$ 14,000,000
Bonds approved for sale and sold	14,000,000
Bonds voted and not issued	0
Refunding bonds voted	9,000,000
Refunding bonds approved for sale and sold	1,190,000
Refunding bonds voted and not issued	7,810,000

The principal and interest payments due October 1 are usually paid on or before September 30. The following schedule shows the amounts due assuming that this practice will be followed in the future. At September 30, 2023, the bond issues payable were as follows:

	<u>Series 2020</u>
Amounts outstanding, September 30, 2023	\$3,835,000
Interest rates	2.00% to 3.00%
Maturity dates, serially beginning/ending	October 1, 2024/2037
Interest payment dates	April 1/October 1
Callable dates	October 1, 2025*

*Or any date thereafter, in whole or in part, at a price equal to the par value thereof plus accrued interest to the date fixed for redemption.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6: PROPERTY TAXES

The Harris County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

At an election held August 12, 1980, the voters within the District authorized a maintenance tax not to exceed \$0.75 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On October 11, 2022, the District levied the following ad valorem taxes for the 2022 tax year on the adjusted taxable valuation of \$686,658,534:

	Rate	Amount
Debt service	\$ 0.0450	\$ 308,996
Maintenance	0.1500	1,029,988
	\$ 0.1950	\$ 1,338,984

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2022 tax year total property tax levy	\$ 1,338,984
Appraisal district adjustments to prior year taxes	(50,058)
Statement of Activities property tax revenues	\$ 1,288,926

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and in TexPool, a local government investment pool sponsored by the State Comptroller. TexPool is rated AAAM by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was \$637,921 and the bank balance was \$803,627. Of the bank balance, \$600,618 was covered by federal insurance and \$203,009 was covered by the market value of collateral held by the District's custodial bank in the District's name. The market value of collateral was reported to the District by the depository.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At the balance sheet date the carrying value and market value of the investments in TexPool was \$5,775,389.

Deposits and temporary investments restricted by state statutes and the Bond Orders:

Debt Service Fund

For payment of debt principal and interest,
paying agent fees and costs of assessing and
collecting taxes:

Cash		\$	100,235
Temporary investments			<u>258,481</u>
		\$	<u>358,716</u>

Capital Projects Fund

For construction of capital assets:

Cash		\$	48,886
Temporary investments			<u>2,256,427</u>
		\$	<u>2,305,313</u>

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At September 30, 2023, the District had physical damage and boiler and machinery coverage of \$8,450,000, comprehensive general liability coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, pollution coverage of \$1,000,000, automobile liability coverage of \$1,000,000, consultant's crime coverage of \$10,000 and a tax assessor-collector bond of \$10,000.

NOTE 9: CONTRACTS WITH OTHER DISTRICTS

Regional Wastewater Treatment Contract

On July 7, 1983, the District and West Harris County Municipal Utility District No. 14 ("No. 14") entered into the Aberdeen Regional Sewage Treatment Agreement. This agreement is for a term of forty years and provides for the ownership and operation of the Aberdeen Regional Sewage Treatment Plant (the "Plant"). Under the terms of the agreement, the District is the "Administrator District" of the Plant and, as such, has full and complete management of the Plant. Expansion costs of the Plant are to be funded by the contribution of funds from each participating district. The Plant issues no debt. The Plant's General Fund has been reported as a Special Revenue Fund of the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

On May 11, 2021, the participants entered into the Second Amended and Restated Memorandum of Agreement for capacity in the Plant. Under the Second Amended and Restated Memorandum Agreement, the District owns 58.33% and No. 14 owns 41.67% of the total capacity in the Plant. Participants are billed a monthly amount which is equal to the actual costs incurred during the prior month divided according to percentage of ownership in the Plant. During the fiscal year ended September 30, 2023, the District accrued \$315,782 for its share of Plant expenditures and \$16,741 for its share of Plant capital outlay. At this date the District had contributed \$15,000 of the Plant's \$30,000 operating reserve.

Water Supply Agreements

On August 19, 1998, the District and No. 14 entered into a Lease Agreement for Capacity in the Aberdeen Regional Water Plant (the "Plant"). The term of the agreement was forty years. On March 13, 2002, the participants entered into a Third Amended Lease Agreement for Capacity in the Third Amended Lease Agreement for Capacity in the Aberdeen Regional Water Plant. Under the Third Amended Agreement, No. 14 currently owns or leases 59.00% of the capacity in the Plant.

On July 8, 1998, the District and No. 14 entered into an Amended Agreement for Construction, Operation and Ownership of Joint Water Plant Facilities. On June 1, 2010, the District and No. 15 entered into the Second Amended Agreement for Construction, Operation and Ownership of Water Plant Facilities which superseded the prior agreement. The agreements provided for the construction of a second water plant to serve both districts and described the method of billing expenditures between the districts. This agreement provided for the joint construction of a second water plant to serve both districts. The District owns 72.30% of the capacity in the second water plant and No. 14 owns 27.70% of the capacity.

The District operates and accounts for the operations of all the joint water plant facilities. Operation and maintenance costs are divided according to the percentage of ownership of each plant, except for surface water expenditures, which are to be divided according to the percentage of water delivered to customers by each district. The joint water plant facilities' General Fund has been reported as a Special Revenue Fund of the District. During the fiscal year ended September 30, 2023, the District accrued \$689,583 for its cost for water purchased from the joint water plant facilities. At this date the District had contributed \$52,325 of the joint water plant facilities' \$86,250 operating reserve.

NOTE 10: REGIONAL WATER AUTHORITY

The West Harris County Regional Water Authority (the "Authority") was created by House Bill 1842, Acts of the 77th Legislature, Regular Session 2001. The Authority is a political subdivision of the State of Texas, governed by an elected nine member Board of Directors. The Authority is empowered to, among other powers, "acquire or develop surface water and groundwater supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporations, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." In accordance with this provision, as of September 30, 2023, the Authority had established a surface water pumpage fee of \$3.95 per 1,000 gallons of water pumped from each regulated well and a surface water usage fee of \$4.35 per 1,000 gallons of water purchased. The District's share of the \$1,043,796 surface water fees payable by the Joint Water Plant Facilities to the Authority for the fiscal year ended September 30, 2023, was \$516,432. The District billed its customers \$459,109 during the fiscal year to pay for the fees charged by the Authority.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUNDFOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 970,000	\$ 970,000	\$ 1,012,020	\$ 42,020
Water service	235,000	235,000	293,333	58,333
Sewer service	70,000	70,000	89,750	19,750
Surface water fees	300,000	300,000	459,109	159,109
Penalty and other	6,800	6,800	65,000	58,200
Tap connection and inspection fees	0	0	96,925	96,925
Interest on deposits and investments	10,000	10,000	158,821	148,821
TOTAL REVENUES	1,591,800	1,591,800	2,174,958	583,158
EXPENDITURES				
Service operations:				
Purchased services	815,239	815,239	1,005,365	190,126
Professional fees	281,000	281,000	270,379	(10,621)
Contracted services	75,500	75,500	84,099	8,599
Utilities	5,000	5,000	5,767	767
Repairs, maintenance and other operating expenditures	179,300	179,300	167,233	(12,067)
Administrative expenditures	47,700	47,700	47,321	(379)
Capital outlay	0	0	246,200	246,200
TOTAL EXPENDITURES	1,403,739	1,403,739	1,826,364	422,625
EXCESS REVENUES (EXPENDITURES)	188,061	188,061	348,594	160,533
FUND BALANCE, BEGINNING OF YEAR	3,215,568	3,215,568	3,215,568	0
FUND BALANCE, END OF YEAR	\$ 3,403,629	\$ 3,403,629	\$ 3,564,162	\$ 160,533

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL,
REGIONAL SEWAGE TREATMENT PLANT, SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
From participants:				
West Harris County Municipal Utility District No. 15:				
For current expenditures	\$ 227,527	\$ 227,527	\$ 332,523	\$ 104,996
West Harris County Municipal Utility District No. 14:				
For current expenditures	264,423	264,423	237,549	(26,874)
Interest on deposits and investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	<u>491,950</u>	<u>491,950</u>	<u>570,072</u>	<u>78,122</u>
EXPENDITURES				
Service operations:				
Professional fees	21,250	21,250	3,541	(17,709)
Contracted services	20,400	20,400	19,633	(767)
Utilities	70,000	70,000	77,082	7,082
Repairs, maintenance and other operating expenditures	365,000	365,000	425,493	60,493
Administrative expenditures	15,300	15,300	15,623	323
Capital outlay	<u>0</u>	<u>0</u>	<u>28,700</u>	<u>28,700</u>
TOTAL EXPENDITURES	<u>491,950</u>	<u>491,950</u>	<u>570,072</u>	<u>78,122</u>
EXCESS REVENUES (EXPENDITURES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, BEGINNING OF YEAR	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 0</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL,
JOINT WATER PLANT FACILITIES, SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
From participants:				
West Harris County Municipal Utility District No. 15:				
For current expenditures	\$ 587,712	\$ 587,712	\$ 689,583	\$ 101,871
West Harris County Municipal Utility District No. 14:				
For current expenditures	524,138	524,138	636,587	112,449
Interest on deposits and investments	<u>0</u>	<u>0</u>	<u>33</u>	<u>33</u>
TOTAL REVENUES	<u>1,111,850</u>	<u>1,111,850</u>	<u>1,326,203</u>	<u>214,353</u>
EXPENDITURES				
Service operations:				
Professional fees	11,300	11,300	1,250	(10,050)
Contracted services	33,000	33,000	30,282	(2,718)
Utilities	55,200	55,200	64,922	9,722
Surface water fees	800,000	800,000	1,043,796	243,796
Repairs, maintenance and other operating expenditures	196,750	196,750	170,389	(26,361)
Administrative expenditures	15,600	15,600	15,564	(36)
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>1,111,850</u>	<u>1,111,850</u>	<u>1,326,203</u>	<u>214,353</u>
EXCESS REVENUES (EXPENDITURES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, BEGINNING OF YEAR	<u>86,250</u>	<u>86,250</u>	<u>86,250</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 86,250</u>	<u>\$ 86,250</u>	<u>\$ 86,250</u>	<u>\$ 0</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SEPTEMBER 30, 2023

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

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15

SCHEDULE OF SERVICES AND RATES (Continued)

SEPTEMBER 30, 2023

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	0	0	1.0	0
< or = 3/4"	198	194	1.0	194
1"	8	7	2.5	18
1-1/2"	14	14	5.0	70
2"	41	39	8.0	312
3"	4	4	15.0	60
4"	5	5	25.0	125
6"	2	2	50.0	100
8"	7	7	80.0	560
10"	0	0	115.0	0
Total Water	<u>279</u>	<u>272</u>		<u>1,439</u>
Total Wastewater	<u>238</u>	<u>237</u>	1.0	<u>237</u>

*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited):	<u>241,193</u>
Gallons billed to No. 15 customers (unaudited):	<u>108,784</u>
Gallons billed to No. 14 customers (unaudited):	<u>115,726</u>
Total gallons billed to customers (unaudited):	<u>224,510</u>

Water Accountability Ratio
(Gallons billed/ gallons pumped): 93%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, date of the most recent Commission Order: _____

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

If yes, date of the most recent Commission Order: _____

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15

EXPENDITURES

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>General Fund</u>	<u>Regional Wastewater Treatment Plant Special Revenue Fund</u>	<u>Joint Water Facilities Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT						
Purchased services:						
Water from joint facilities	\$ 672,842	\$	\$	\$	\$	\$ 672,842
Sewer from regional plant	332,523					332,523
	<u>1,005,365</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,005,365</u>
Professional fees:						
Auditing	11,937	1,250	1,250			14,437
Legal	225,722			28,801	850	255,373
Engineering	32,720	2,291				35,011
	<u>270,379</u>	<u>3,541</u>	<u>1,250</u>	<u>28,801</u>	<u>850</u>	<u>304,821</u>
Contracted services:						
Bookkeeping	23,089	5,035	8,385			36,509
Operation and billing	61,010	14,598	21,897			97,505
Tax assessor-collector				6,535		6,535
Central appraisal district				9,851		9,851
	<u>84,099</u>	<u>19,633</u>	<u>30,282</u>	<u>16,386</u>	<u>0</u>	<u>150,400</u>
Utilities	<u>5,767</u>	<u>77,082</u>	<u>64,922</u>	<u>0</u>	<u>0</u>	<u>147,771</u>
Surface water fees:						
Ground water pumpage fees			374,527			374,527
Purchased surface water			669,269			669,269
	<u>0</u>	<u>0</u>	<u>1,043,796</u>	<u>0</u>	<u>0</u>	<u>1,043,796</u>
Repairs, maintenance and other operating expenditures:						
Repairs and maintenance	138,588	268,290	139,409			546,287
Sludge hauling		48,522				48,522
Chemicals	698	61,553	29,766			92,017
Laboratory costs	17,643	34,175	1,214			53,032
Inspection costs	3,208					3,208
TCEQ assessment	1,790					1,790
Other operating expenditures	5,306	12,953				18,259
	<u>167,233</u>	<u>425,493</u>	<u>170,389</u>	<u>0</u>	<u>0</u>	<u>763,115</u>
Administrative expenditures:						
Director's fees	7,926					7,926
Office supplies and postage	30,016	3,136	829			33,981
Insurance	5,357	9,113	14,735	100		29,305
Permit fees	588	3,374				3,962
Other	3,434			5,416		8,850
	<u>47,321</u>	<u>15,623</u>	<u>15,564</u>	<u>5,516</u>	<u>0</u>	<u>84,024</u>
CAPITAL OUTLAY						
Authorized expenditures	156,275	28,700			12,291	197,266
Tap connection costs	89,925					89,925
	<u>246,200</u>	<u>28,700</u>	<u>0</u>	<u>0</u>	<u>12,291</u>	<u>287,191</u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15EXPENDITURES (Continued)FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Regional Wastewater Treatment Plant Special Revenue Fund</u>	<u>Joint Water Facilities Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
DEBT SERVICE						
Principal retirement	\$ 0	\$ 0	\$ 0	\$ 210,000	\$ 0	\$ 210,000
Interest and fees:				89,100		89,100
Interest				750		750
Paying agent fees	<u>0</u>	<u>0</u>	<u>0</u>	<u>89,850</u>	<u>0</u>	<u>89,850</u>
TOTAL EXPENDITURES	<u>\$ 1,826,364</u>	<u>\$ 570,072</u>	<u>\$ 1,326,203</u>	<u>\$ 350,553</u>	<u>\$ 13,141</u>	<u>\$ 4,086,333</u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Regional Wastewater Treatment Plant Special Revenue Fund</u>	<u>Joint Water Facilities Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS						
Cash receipts from revenues excluding maintenance taxes	\$ 1,169,288	\$ 608,564	\$ 1,307,688	\$ 362,928	\$ 99,996	\$ 3,548,464
Maintenance tax receipts				1,012,020		1,012,020
Transfer of maintenance taxes	1,080,359					1,080,359
Increase in customer and other deposits	46,213					46,213
Reimbursement from other fund	32,523					32,523
Overpayments by taxpayers				155,278		155,278
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	<u>2,328,383</u>	<u>608,564</u>	<u>1,307,688</u>	<u>1,530,226</u>	<u>99,996</u>	<u>5,874,857</u>
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS						
Cash disbursements for:						
Current expenditures	1,647,259	587,808	1,370,130	54,846	850	3,660,893
Capital outlay	246,200	28,700			11,710	286,610
Debt service				299,850		299,850
Other district					4,709	4,709
Transfer of maintenance taxes				1,080,359		1,080,359
Reimbursement to other fund					32,523	32,523
Refund of taxpayer overpayments				99,967		99,967
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	<u>1,893,459</u>	<u>616,508</u>	<u>1,370,130</u>	<u>1,535,022</u>	<u>49,792</u>	<u>5,464,911</u>
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	434,924	(7,944)	(62,442)	(4,796)	50,204	409,946
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>3,268,590</u>	<u>29,960</u>	<u>86,193</u>	<u>363,512</u>	<u>2,255,109</u>	<u>6,003,364</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u>\$ 3,703,514</u>	<u>\$ 22,016</u>	<u>\$ 23,751</u>	<u>\$ 358,716</u>	<u>\$ 2,305,313</u>	<u>\$ 6,413,310</u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15

SCHEDULE OF CERTIFICATES OF DEPOSITS AND TEMPORARY INVESTMENTS

SEPTEMBER 30, 2023

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Certificate of Deposit				
No. 6000039039	3.50%	11/08/23	\$ <u>240,000</u>	\$ <u>7,502</u>
TexPool				
No. 2562100003	Market	On demand	\$ <u>3,260,481</u>	\$ <u>0</u>
DEBT SERVICE FUND				
TexPool				
No. 2562100001	Market	On demand	\$ <u>258,481</u>	\$ <u>0</u>
CAPITAL PROJECTS FUND				
TexPool				
No. 2562100002	Market	On demand	\$ <u>2,256,427</u>	\$ <u>0</u>
Total – All Funds			\$ <u>6,015,389</u>	\$ <u>7,502</u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15TAXES LEVIED AND RECEIVABLEFOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 22,049	\$ 7,603
Additions and corrections to prior year taxes	<u>(37,647)</u>	<u>(12,411)</u>
Adjusted receivable, beginning of year	(15,598)	(4,808)
2022 ADJUSTED TAX ROLL	<u>1,029,988</u>	<u>308,996</u>
Total to be accounted for	1,014,390	304,188
Refund of prior year taxes collected in prior years	<u>17,072</u>	<u>5,553</u>
Tax collections: Current tax year	(1,029,092)	(308,728)
Prior tax years	<u>0</u>	<u>0</u>
RECEIVABLE, END OF YEAR	<u>\$ 2,370</u>	<u>\$ 1,013</u>
RECEIVABLE, BY TAX YEAR		
2012 and prior	\$ 42	\$ 144
2013	2	1
2014	2	1
2015	170	88
2016	314	162
2017	92	52
2018	23	18
2019	30	12
2020	21	7
2021	779	260
2022	<u>895</u>	<u>268</u>
RECEIVABLE, END OF YEAR	<u>\$ 2,370</u>	<u>\$ 1,013</u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15TAXES LEVIED AND RECEIVABLE (Continued)FOR THE YEAR ENDED SEPTEMBER 30, 2023

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 111,536,139	\$ 116,182,430	\$ 72,819,756	\$ 58,217,910
Improvements	392,136,511	311,852,132	291,935,398	260,204,804
Personal property	364,664,699	324,506,396	501,427,720	378,767,601
Less exemptions	<u>(181,678,815)</u>	<u>(161,200,634)</u>	<u>(301,004,872)</u>	<u>(159,734,807)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 686,658,534</u>	<u>\$ 591,340,324</u>	<u>\$ 565,178,002</u>	<u>\$ 537,455,508</u>
TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.04500	\$ 0.05250	\$ 0.05500	\$ 0.07000
Maintenance tax rates*	<u>0.15000</u>	<u>0.15750</u>	<u>0.17000</u>	<u>0.18000</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.19500</u>	<u>\$ 0.21000</u>	<u>\$ 0.22500</u>	<u>\$ 0.25000</u>
TAX ROLLS	<u>\$ 1,338,984</u>	<u>\$ 1,256,984</u>	<u>\$ 1,271,651</u>	<u>\$ 1,343,639</u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u>99.9 %</u>	<u>99.9 %</u>	<u>99.9 %</u>	<u>99.9 %</u>

*Maximum tax rate approved by voters on August 12, 1980: \$0.75

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
SEPTEMBER 30, 2023

The principal and interest payments due October 1 are usually paid on or before September 30. These schedules show the amounts due assuming that this practice will be followed in the future.

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2020</u>		
	<u>Principal Due October 1</u>	<u>Interest Due April 1, October 1</u>	<u>Total</u>
2024	\$ 215,000	\$ 82,800	\$ 297,800
2025	225,000	76,350	301,350
2026	235,000	71,850	306,850
2027	240,000	67,150	307,150
2028	250,000	62,350	312,350
2029	260,000	57,350	317,350
2030	265,000	52,150	317,150
2031	275,000	46,850	321,850
2032	285,000	41,350	326,350
2033	295,000	35,294	330,294
2034	305,000	29,024	334,024
2035	315,000	22,163	337,163
2036	330,000	15,075	345,075
2037	340,000	7,650	347,650
TOTALS	<u>\$ 3,835,000</u>	<u>\$ 667,406</u>	<u>\$ 4,502,406</u>

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Bond Series:	2020
Interest Rate:	2.00% to 3.00%
Dates Interest Payable:	April 1/ October 1
Maturity Dates:	October 1, 2024/2037
Bonds Outstanding at Beginning of Current Year	\$ 4,045,000
Less Retirements	<u>(210,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 3,835,000</u>
Current Year Interest Paid	<u>\$ 89,100</u>

Bond Descriptions and Original Amount of Issue

West Harris County Municipal Utility District No. 15 Unlimited Tax Bonds, Series 2020 (\$4,445,000)

Paying Agent/Registrar

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 14,000,000	\$ 0	\$ 9,000,000
Amount Issued:	14,000,000		1,190,000
Remaining to be Issued:	0		7,810,000

Net Debt Service Fund deposits and investments balances as of September 30, 2023:	\$379,951
Average annual debt service payment for remaining term of all debt:	321,600

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND
FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
REVENUES										
Property taxes	\$ 1,012,020	\$ 953,476	\$ 953,903	\$ 979,870	\$ 573,870	46.5 %	50.9 %	63.9 %	60.9 %	45.9 %
Water service	293,333	241,696	190,466	187,947	171,045	13.5	12.9	12.7	11.7	13.7
Sewer service	89,750	70,633	65,908	63,440	60,012	4.1	3.8	4.4	3.9	4.8
Surface water fees	459,109	364,076	272,816	252,457	212,689	21.1	19.5	18.2	15.7	17.0
Penalty and other	65,000	14,861	8,051	10,411	10,898	3.0	0.8	0.5	0.6	0.9
Tap connection and inspection fees	96,925	204,695	0	90,475	174,305	4.5	10.9	0.0	5.6	14.0
Interest on deposits and investments	158,821	22,187	4,927	25,150	46,572	7.3	1.2	0.3	1.6	3.7
TOTAL REVENUES	2,174,958	1,871,624	1,496,071	1,609,750	1,249,391	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Service operations:										
Purchased services	1,005,365	803,304	595,522	532,690	506,424	46.2	43.0	39.7	33.2	40.5
Professional fees	270,379	249,524	259,913	298,428	263,895	12.4	13.3	17.4	18.5	21.1
Contracted services	84,099	69,087	61,489	50,856	31,942	3.9	3.7	4.1	3.2	2.6
Repairs, maintenance, utilities and other operating expenditures	173,000	126,771	121,600	137,396	220,377	8.0	6.7	8.2	8.5	17.6
Security service	0	0	0	0	12,500	0.0	0.0	0.0	0.0	1.0
Administrative expenditures	47,321	46,431	40,022	43,572	45,676	2.2	2.5	2.7	2.7	3.7
Capital outlay	246,200	204,645	0	81,261	379,053	11.3	10.9	0.0	5.0	30.3
TOTAL EXPENDITURES	1,826,364	1,499,762	1,078,546	1,144,203	1,459,867	84.0	80.1	72.1	71.1	116.8
EXCESS REVENUES (EXPENDITURES)	\$ 348,594	\$ 371,862	\$ 417,525	\$ 465,547	\$ (210,476)	16.0 %	19.9 %	27.9 %	28.9 %	(16.8) %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	272	267	256	258	255					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	237	234	226	228	225					

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED SEPTEMBER 30

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES										
Property taxes	\$ 303,175	\$ 317,817	\$ 307,723	\$ 381,050	\$ 458,547	83.5 %	96.5 %	97.7 %	97.2 %	97.7 %
Penalty and interest	41,998	8,477	7,199	4,508	3,410	11.6	2.6	2.3	1.2	0.7
Accrued interest on bonds received at date of sale	0	0	0	3,370	0	0.0	0.0	0.0	0.9	0.0
Interest on deposits and investments	<u>17,755</u>	<u>2,993</u>	<u>132</u>	<u>2,806</u>	<u>7,365</u>	<u>4.9</u>	<u>0.9</u>	<u>0.0</u>	<u>0.7</u>	<u>1.6</u>
TOTAL REVENUES	<u>362,928</u>	<u>329,287</u>	<u>315,054</u>	<u>391,734</u>	<u>469,322</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Current:										
Professional fees	28,801	3,756	1,741	10,811	2,221	7.9	1.1	0.6	2.8	0.5
Contracted services	16,386	15,185	14,146	14,281	12,843	4.5	4.6	4.5	3.6	2.7
Other expenditures	5,516	5,466	7,174	4,836	2,754	1.5	1.7	2.3	1.2	0.6
Debt service:										
Principal retirement	210,000	205,000	195,000	360,000	305,000	57.9	62.2	61.8	91.9	65.0
Interest and fees	<u>89,850</u>	<u>96,000</u>	<u>101,850</u>	<u>83,770</u>	<u>30,723</u>	<u>24.8</u>	<u>29.2</u>	<u>32.3</u>	<u>21.4</u>	<u>6.5</u>
TOTAL EXPENDITURES	<u>350,553</u>	<u>325,407</u>	<u>319,911</u>	<u>473,698</u>	<u>353,541</u>	<u>96.6</u>	<u>98.8</u>	<u>101.5</u>	<u>120.9</u>	<u>75.3</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ 12,375</u>	<u>\$ 3,880</u>	<u>\$ (4,857)</u>	<u>\$ (81,964)</u>	<u>\$ 115,781</u>	<u>3.4 %</u>	<u>1.2 %</u>	<u>(1.5) %</u>	<u>(20.9) %</u>	<u>24.7 %</u>

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSSEPTEMBER 30, 2023

Complete District Mailing Address: West Harris County Municipal Utility District No. 15
c/o Young & Brooks
10000 Memorial Drive, Suite 260
Houston, Texas 77024

District Business Telephone No.: 713-951-0800

Submission date of the most recent District Registration Form: May 10, 2022

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Robert Campbell 6307 Washington Ave. Houston, Texas 77007	Elected 5/07/22- 5/02/26	\$ 1,271	\$ 0	President/ Investment Officer
Cliff McDaniel 8914 Cardwell Lane Houston, Texas 77055	Elected 5/02/20- 5/04/24	1,500	0	Vice President
Vince Vaden 24902 Pintail Court Katy, Texas 77494	Elected 5/02/20- 5/04/24	1,642	0	Secretary
Kevin Page 1096 CR 253 Weimer, Texas 78962	Elected 5/02/20- 5/04/24	1,721	673	Assistant Secretary
Randy Roden P.O. Box 399 Lovelady, Texas 75851	Elected 5/07/22- 5/02/26	1,792	1,428	Director

See accompanying independent auditor's report.

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)SEPTEMBER 30, 2023CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Young & Brooks 10000 Memorial Drive, Suite 260 Houston, Texas 77024	10/04/84	\$ 255,373	Attorney
Myrtle Cruz, Inc. 3401 Louisiana, Suite 400 Houston, Texas 77002	1/12/82	39,454	Bookkeeper
Municipal Operations & Consulting, Inc. 27316 Spectrum Way Oak Ridge, Texas 77385	1/14/04	744,543	Operator
R. G. Miller Engineers, Inc. 16340 Park Ten Place, Suite 350 Houston, Texas 77084	11/20/96	47,302	Engineer
Bob Leared 11111 Katy Freeway, Suite 725 Houston, Texas 77079	10/04/84	11,100	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	9,851	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	6/12/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	14,437	Independent Auditor

See accompanying independent auditor's report.