




Harris County Municipal Utility District No. 155 Harris County, Texas

Independent Auditor's Report and Financial Statements

August 31, 2024



Harris County Municipal Utility District No. 155
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August 31, 2024

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 155
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. 155 (the District), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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
February 19, 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	\$ 4,488,945	\$ 3,898,986
Capital assets	<u>4,027,840</u>	<u>3,625,639</u>
Total assets	<u>\$ 8,516,785</u>	<u>\$ 7,524,625</u>
Long-term liabilities	\$ -	\$ 95,000
Other liabilities	<u>767,678</u>	<u>699,042</u>
Total liabilities	<u>767,678</u>	<u>794,042</u>
Net position:		
Investment in capital assets	4,027,840	3,530,639
Restricted	341,247	432,533
Unrestricted	<u>3,380,020</u>	<u>2,767,411</u>
Total net position	<u>\$ 7,749,107</u>	<u>\$ 6,730,583</u>

The total net position of the District increased by \$1,018,524, or about 15%. The majority of the increase in net position is related to property taxes and charges for services revenues exceeding services and depreciation expenses.

Summary of Changes in Net Position

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 1,498,596	\$ 1,451,676
Charges for services	1,990,317	1,524,225
Other revenues	<u>245,247</u>	<u>175,221</u>
Total revenues	<u>3,734,160</u>	<u>3,151,122</u>
Expenses:		
Services	2,461,557	2,629,117
Depreciation	251,546	215,626
Debt service	<u>2,533</u>	<u>10,973</u>
Total expenses	<u>2,715,636</u>	<u>2,855,716</u>
Change in net position	1,018,524	295,406
Net position, beginning of year	<u>6,730,583</u>	<u>6,435,177</u>
Net position, end of year	<u>\$ 7,749,107</u>	<u>\$ 6,730,583</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended August 31, 2024, were \$3,614,357, an increase of \$505,572 from the prior year.

The general fund's fund balance increased by \$538,556 primarily due to property taxes and services revenues and investment income exceeding service operations and capital outlay expenditures.

The sewage treatment plant fund's fund balance remained the same, as all expenditures were billed to the participants.

The joint water plant fund's fund balance increased by \$19,564 due to a transfer from the general fund for an increase in the reserve balance.

The debt service fund's fund balance decreased by \$63,035 due to bond principal and interest requirements and a transfer to the general fund.

The capital projects fund's fund balance increased by \$10,487 due to investment income.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes and water service revenues, investment income and capital outlay expenditures being greater than anticipated, as well as purchased services and repairs and maintenance expenditures being less than anticipated. In addition, principal retirement expenditures were not budgeted. The fund balance as of August 31, 2024, was expected to be \$3,267,935 and the actual end-of-year fund balance was \$3,273,110.

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:

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 894,039	\$ 894,039
Construction in progress	29,151	30,035
Water facilities	556,578	505,950
Wastewater facilities	942,380	1,025,101
Drainage facilities	491,023	318,839
Parks and recreation	1,114,669	851,675
Total capital assets	<u>\$ 4,027,840</u>	<u>\$ 3,625,639</u>

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

Construction in progress related to the irrigation for swale project	\$ 29,151
Water plant ground storage tank rehabilitation	88,025
Backslope project, Phase 2	193,566
Emergency fence repairs and replacement	361,326
Total additions to capital assets	<u>\$ 672,068</u>

Debt

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

Long-term debt payable, beginning of year	\$ 95,000
Decreases in long-term debt	<u>(95,000)</u>
Long-term debt payable, end of year	<u>\$ -</u>

At August 31, 2024, the District had \$2,025,000 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. In addition, the District has \$30,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring or constructing park and recreation facilities.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Harris County Municipal Utility District No. 155
Statement of Net Position and Governmental Funds Balance Sheet
August 31, 2024

	<u>General Fund</u>	<u>Sewage Treatment Plant Fund</u>	<u>Joint Water Plant Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets								
Cash	\$ 17,477	\$ 272,786	\$ 289,075	\$ -	\$ -	\$ 579,338	\$ -	\$ 579,338
Short-term investments	3,314,142	-	-	15	196,205	3,510,362	-	3,510,362
Receivables:								
Property taxes	60,450	-	-	-	-	60,450	-	60,450
Service accounts	60,316	-	-	-	-	60,316	-	60,316
Accrued penalty and interest	-	-	-	-	-	-	46,460	46,460
Interfund receivables	26,546	16,311	35,120	-	-	77,977	(77,977)	-
Due from others	52,414	-	-	-	-	52,414	(35,654)	16,760
Participants receivables	-	57,827	157,432	-	-	215,259	-	215,259
Capital assets (net of accumulated depreciation):								
Land and improvements	-	-	-	-	-	-	894,039	894,039
Construction in progress	-	-	-	-	-	-	29,151	29,151
Infrastructure	-	-	-	-	-	-	1,989,981	1,989,981
Parks and recreation	-	-	-	-	-	-	1,114,669	1,114,669
Total assets	<u><u>\$ 3,531,345</u></u>	<u><u>\$ 346,924</u></u>	<u><u>\$ 481,627</u></u>	<u><u>\$ 15</u></u>	<u><u>\$ 196,205</u></u>	<u><u>\$ 4,556,116</u></u>	<u><u>\$ 3,960,669</u></u>	<u><u>\$ 8,516,785</u></u>

Harris County Municipal Utility District No. 155
Statement of Net Position and Governmental Funds Balance Sheet
August 31, 2024

(Continued)

	General Fund	Sewage Treatment Plant Fund	Joint Water Plant Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities								
Accounts payable	\$ 46,609	\$ 100,988	\$ 108,488	\$ -	\$ -	\$ 256,085	\$ -	\$ 256,085
Customer deposits	99,745	-	-	-	-	99,745	-	99,745
Operating deposits	-	165,396	167,960	-	-	333,356	-	333,356
Due to participants	-	-	91,420	-	-	91,420	(35,654)	55,766
Due to others	-	22,726	-	-	-	22,726	-	22,726
Interfund payables	51,431	20,171	6,375	-	-	77,977	(77,977)	-
Total liabilities	197,785	309,281	374,243	-	-	881,309	(113,631)	767,678
Deferred Inflows of Resources								
Deferred property tax revenues	60,450	-	-	-	-	60,450	(60,450)	-
Fund Balances/Net Position								
Fund balances:								
Restricted:								
Unlimited tax bonds	-	-	-	15	-	15	(15)	-
Water and sewer	-	-	-	-	196,205	196,205	(196,205)	-
Committed:								
Water production and distribution	-	-	107,384	-	-	107,384	(107,384)	-
Wastewater collection and treatment	-	37,643	-	-	-	37,643	(37,643)	-
Unassigned	3,273,110	-	-	-	-	3,273,110	(3,273,110)	-
Total fund balances	3,273,110	37,643	107,384	15	196,205	3,614,357	(3,614,357)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 3,531,345	\$ 346,924	\$ 481,627	\$ 15	\$ 196,205	\$ 4,556,116		
Net position:								
Investment in capital assets							4,027,840	4,027,840
Restricted for plant operations							145,027	145,027
Restricted for debt service							15	15
Restricted for capital projects							196,205	196,205
Unrestricted							3,380,020	3,380,020
Total net position							\$ 7,749,107	\$ 7,749,107

Harris County Municipal Utility District No. 155
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended August 31, 2024

	General Fund	Sewage Treatment Plant Fund	Joint Water Plant Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues								
Property taxes	\$ 1,488,844	\$ -	\$ -	\$ -	\$ -	\$ 1,488,844	\$ 9,752	\$ 1,498,596
Water service	181,019	-	-	-	-	181,019	-	181,019
Sewer service	192,984	-	-	-	-	192,984	-	192,984
Regional water fee	351,570	-	-	-	-	351,570	-	351,570
Water and sewer service to other districts	-	826,682	1,124,014	-	-	1,950,696	(685,952)	1,264,744
Penalty and interest	30,131	-	-	-	-	30,131	4,732	34,863
Tap connection and inspection fees	3,905	-	-	-	-	3,905	-	3,905
Investment income	168,266	128	1,009	1,214	10,487	181,104	-	181,104
Other income	25,375	-	-	-	-	25,375	-	25,375
Total revenues	2,442,094	826,810	1,125,023	1,214	10,487	4,405,628	(671,468)	3,734,160
Expenditures/Expenses								
Service operations:								
Purchased services	656,147	-	660,728	-	-	1,316,875	(656,147)	660,728
Regional water authority	-	-	258,368	-	-	258,368	-	258,368
Professional fees	89,056	19,171	7,110	-	-	115,337	2,880	118,217
Contracted services	128,219	84,785	30,794	-	-	243,798	-	243,798
Utilities	1,118	100,765	53,243	-	-	155,126	-	155,126
Repairs and maintenance	202,603	577,691	87,178	-	-	867,472	-	867,472
Other expenditures	104,674	44,398	8,776	-	-	157,848	-	157,848
Capital outlay	667,606	-	18,826	-	-	686,432	(686,432)	-
Depreciation	-	-	-	-	-	-	251,546	251,546
Debt service:								
Principal retirement	62,577	-	-	32,423	-	95,000	(95,000)	-
Interest and fees	-	-	-	3,800	-	3,800	(1,267)	2,533
Total expenditures/expenses	1,912,000	826,810	1,125,023	36,223	-	3,900,056	(1,184,420)	2,715,636
Excess (Deficiency) of Revenues Over Expenditures	530,094	-	-	(35,009)	10,487	505,572	512,952	
Other Financing Sources (Uses)								
Interfund transfers in (out)	8,462	-	19,564	(28,026)	-	-	-	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	538,556	-	19,564	(63,035)	10,487	505,572	(505,572)	
Change in Net Position							1,018,524	1,018,524
Fund Balances/Net Position								
Beginning of year	2,734,554	37,643	87,820	63,050	185,718	3,108,785	-	6,730,583
End of year	\$ 3,273,110	\$ 37,643	\$ 107,384	\$ 15	\$ 196,205	\$ 3,614,357	\$ -	\$ 7,749,107

See Notes to Financial Statements

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

Harris County Municipal Utility District No. 155 (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective November 12, 1980, 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 is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

Harris County Municipal Utility District No. 155
Notes to Financial Statements
August 31, 2024

Sewage Treatment Plant 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.

Joint Water Plant 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.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements

Harris County Municipal Utility District No. 155
Notes to Financial Statements
August 31, 2024

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

Harris County Municipal Utility District No. 155
Notes to Financial Statements
August 31, 2024

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.

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

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

Capital Assets

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

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

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

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Parks and recreation facilities	10-20

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.

Harris County Municipal Utility District No. 155
Notes to Financial Statements
August 31, 2024

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.

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.	\$ 4,027,840
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	60,450
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	<u>46,460</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ 4,134,750</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.	\$ 505,572
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.	402,201
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	95,000

Harris County Municipal Utility District No. 155
Notes to Financial Statements
August 31, 2024

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.	\$ 14,484
Some expenses previously reported in the statement of activities are reported as expenditures in governmental funds.	<u>1,267</u>
Change in net position of governmental activities.	<u><u>\$ 1,018,524</u></u>

Note 2. Deposits, Investments and Investment Income

Deposits

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

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

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

Investments

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

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

The District invests in 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.

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

Harris County Municipal Utility District No. 155
Notes to Financial Statements
August 31, 2024

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

Type	Maturities in Years				
	Amortized Cost/ Fair Value	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 2,932,918	\$ 2,932,918	\$ -	\$ -	\$ -
Texas CLASS	577,444	577,444	-	-	-
Totals	<u>\$ 3,510,362</u>	<u>\$ 3,510,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 external investment pools 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 August 31, 2024, the District’s investments in TexPool and Texas CLASS were rated “AAAm” by Standard & Poor’s.

Summary of Carrying Values

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

Carrying value:	
Deposits	\$ 579,338
Investments	<u>3,510,362</u>
Total	<u>\$ 4,089,700</u>

Investment Income

Investment income of \$181,104 for the year ended August 31, 2024, consisted of interest income.

Fair Value Measurements

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

- Pooled investments of \$577,444 are valued at fair value per share of the pool’s underlying portfolio.

Note 3. Capital Assets

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

Harris County Municipal Utility District No. 155
Notes to Financial Statements
August 31, 2024

Governmental Activities	Balances, Beginning of Year	Additions	Reclassifi- cations/ Retirements	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	\$ 894,039	\$ -	\$ -	\$ 894,039
Construction in progress	30,035	29,151	(30,035)	29,151
Total capital assets, non-depreciable	924,074	29,151	(30,035)	923,190
Capital assets, depreciable:				
Water production and distribution facilities	2,339,853	88,025	11,714	2,439,592
Wastewater collection and treatment facilities	3,717,021	-	-	3,717,021
Drainage facilities	341,261	193,566	-	534,827
Parks and recreation	1,515,268	361,326	-	1,876,594
Total capital assets, depreciable	7,913,403	642,917	11,714	8,568,034
Less accumulated depreciation:				
Water production and distribution facilities	(1,833,903)	(49,111)	-	(1,883,014)
Wastewater collection and treatment facilities	(2,691,920)	(82,721)	-	(2,774,641)
Drainage facilities	(22,422)	(21,382)	-	(43,804)
Parks and recreation	(663,593)	(98,332)	-	(761,925)
Total accumulated depreciation	(5,211,838)	(251,546)	-	(5,463,384)
Total governmental activities, net	<u>\$ 3,625,639</u>	<u>\$ 420,522</u>	<u>\$ (18,321)</u>	<u>\$ 4,027,840</u>

Note 4. Long-Term Liabilities

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

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
General obligation bonds	\$ 95,000	\$ 95,000	\$ -	\$ -
Bonds voted			\$ 12,000,000	
Bonds sold			9,975,000	
Refunding bonds voted			9,000,000	

Harris County Municipal Utility District No. 155
Notes to Financial Statements
August 31, 2024

Refunding bond authorization used	\$ 6,130,000
Parks and recreation bonds authorized	1,000,000
Parks and recreation bonds sold	970,000

Note 5. Significant Bond Order and Commission Requirements

The Bond Order requires that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended August 31, 2024, the District did not levy an ad valorem debt service tax rate for the 2023 tax year. The interest and principal requirements paid from available resources were \$98,800.

Note 6. Maintenance Taxes

At an election held April 6, 1985, voters authorized a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended August 31, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.6900 per \$100 of assessed valuation, which resulted in a tax levy of \$1,504,843 on the taxable valuation of \$218,093,208 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Contracts With Other Districts

Wastewater

On May 15, 1986, and as amended, the District entered into an agreement with Harris County Municipal Utility District No. 172 (District No. 172), Harris County Municipal District No. 173 (District No. 173) and Harris County Municipal Utility District No. 156 (District No. 156) for the financing, construction and operation of regional wastewater treatment facilities. The agreement provides that construction costs will be shared based upon capacity acquired. The District owned the initial capacity of 500,000 gallons per day (gpd). The agreement also provides that fixed operation costs will be shared based upon capacity owned by the participants and variable costs will be shared based upon connections served. The term of the agreement will expire May 15, 2026.

In 1994, the District sold 200,000 gpd of wastewater treatment capacity to District No. 173 for \$530,000. In 1995, District No. 173 advanced \$41,750 to pay for its proportionate share of modifications to the wastewater treatment plant. The modifications project was completed in a prior year and the permitted capacity of the plant was increased to 640,000 gpd as a result of those modifications.

Plant Expansion

Pursuant to the regional contract of 1986, the District undertook a major plant expansion on behalf of all four participants, as well as the Cy-Fair Independent School District (Cy-Fair ISD) and North Harris Montgomery (now Lone Star) College District, with both of whom it has long-term lease agreements. During a prior year, the District purchased 25,000 gpd of capacity from Cy-Fair ISD for \$93,750 and sold 25,000 gpd of capacity to District No. 172 for \$93,750.

The plant expansion was determined to be substantially complete in May 2006. The expanded capacity is 1,550,000 gpd, allocated as follows.

Harris County Municipal Utility District No. 155
Notes to Financial Statements
August 31, 2024

The District	District No. 156	District No. 172	District No. 173	Lone Star College District	Cy-Fair ISD
285,000 gpd	343,333 gpd	335,242 gpd	390,120 gpd	155,120 gpd	41,185 gpd

The District operates the facilities on behalf of all participants. The agreement also provides for the establishment of an operating reserve. The District's share of the reserve is \$37,643 and the other participants advanced \$165,396 for their share of the operating reserve. Transactions for the current year are summarized as follows:

	The District	District No. 156	District No. 172	District No. 173	Lone Star College District	Cy-Fair ISD	Total
Receivable (payable), beginning of year	\$ 17,544	\$ 44,101	\$ 64,430	\$ (51,525)	\$ 5,446	\$ 6,338	\$ 86,334
Participant billings	132,095	148,326	233,041	266,562	33,768	12,890	826,682
Collections	(133,328)	(160,595)	(264,452)	(231,628)	(32,276)	(16,599)	(838,878)
Receivable (payable), end of year	<u>\$ 16,311</u>	<u>\$ 31,832</u>	<u>\$ 33,019</u>	<u>\$ (16,591)</u>	<u>\$ 6,938</u>	<u>\$ 2,629</u>	<u>\$ 74,138</u>

Water

The District entered into a Water Supply Lease Agreement with District No. 156 dated September 1, 2003. The District agreed to supply water not to exceed 210,000 gpd at \$1.35 per 1,000 gallons until the end of 2005. After 2005, the District agreed to continue to supply water on a month-to-month basis until completion of the permanent joint water supply agreement described below. The revenue under this contract were recorded in water and sewer service to other districts and included the regional water authority fees.

Pursuant to the joint water supply contract dated January 15, 2007, between the District and District No. 156 as amended November 19, 2012, the District sold 534,100 gpd of surplus water capacity in the District's water plant to District No. 156. The agreement also provided for major modification of the water plant to be funded entirely by District No. 156. During a prior year, the District received \$797,778 from District No. 156, which represented the purchase of capacity, and District No. 156 also paid costs for modification of the plant. On November 19, 2012, the District and District No. 156 amended the joint water supply agreement to address allocation between the districts of fees charged by the West Harris County Regional Water Authority on the basis of water consumption by each district during a billing period.

In a prior year, the water plant expansion was completed and billings began in April 2011, which terminated the water supply lease agreement. The 2007 agreement also provides for the establishment of an operating reserve. The District's share of the reserve is \$107,384 and District No. 156's share of the reserve is \$167,960. The operation costs are allocated on a proportional share between the District and District No. 156 of 39% and 61%, respectively. Transactions for the current year are summarized below:

	The District	District No. 156	Total
Receivable, beginning of year	\$ 106,044	\$ 174,533	\$ 280,577
Participant billing	524,052	599,962	1,124,014
Collections	(594,976)	(617,063)	(1,212,039)
Receivable, end of year	<u>\$ 35,120</u>	<u>\$ 157,432</u>	<u>\$ 192,552</u>

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 August 31, 2024, the Authority was billing the District \$3.95 per 1,000 gallons of water pumped from its wells and \$4.35 for surface water purchased from the Authority. These amounts are subject to future adjustments.

Note 9. Risk Management

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

Required Supplementary Information

**Harris County Municipal Utility District No. 155
 Budgetary Comparison Schedule – General Fund
 Year Ended August 31, 2024**

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,342,986	\$ 1,488,844	\$ 145,858
Water service	120,000	181,019	61,019
Sewer service	181,800	192,984	11,184
Regional water fee	376,000	351,570	(24,430)
Penalty and interest	13,500	30,131	16,631
Tap connection and inspection fees	6,600	3,905	(2,695)
Investment income	120,000	168,266	48,266
Other income	-	25,375	25,375
Total revenues	2,160,886	2,442,094	281,208
Expenditures			
Service operations:			
Purchased services	811,156	656,147	155,009
Professional fees	104,500	89,056	15,444
Contracted services	112,520	128,219	(15,699)
Utilities	1,200	1,118	82
Repairs and maintenance	345,652	202,603	143,049
Other expenditures	102,477	104,674	(2,197)
Capital outlay	150,000	667,606	(517,606)
Debt service, principal retirement	-	62,577	(62,577)
Total expenditures	1,627,505	1,912,000	(284,495)
Excess of Revenues Over Expenditures	533,381	530,094	(3,287)
Other Financing Sources			
Interfund transfers in	-	8,462	8,462
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	533,381	538,556	5,175
Fund Balance, Beginning of Year	2,734,554	2,734,554	-
Fund Balance, End of Year	\$ 3,267,935	\$ 3,273,110	\$ 5,175

Harris County Municipal Utility District No. 155
Budgetary Comparison Schedule – Sewage Treatment Plant Fund
Year Ended August 31, 2024

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sewer service to other districts	\$ 922,379	\$ 826,682	\$ (95,697)
Investment income	-	128	128
Total revenues	<u>922,379</u>	<u>826,810</u>	<u>(95,569)</u>
Expenditures			
Service operations:			
Professional fees	65,000	19,171	45,829
Contracted services	77,940	84,785	(6,845)
Utilities	120,000	100,765	19,235
Repairs and maintenance	577,300	577,691	(391)
Other expenditures	62,139	44,398	17,741
Capital outlay	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>922,379</u>	<u>826,810</u>	<u>95,569</u>
Excess of Revenues Over Expenditures	-	-	-
Fund Balance, Beginning of Year	<u>37,643</u>	<u>37,643</u>	-
Fund Balance, End of Year	<u>\$ 37,643</u>	<u>\$ 37,643</u>	<u>\$ -</u>

**Harris County Municipal Utility District No. 155
 Budgetary Comparison Schedule – Joint Water Plant Fund
 Year Ended August 31, 2024**

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Water service to other districts	\$ 1,451,375	\$ 1,124,014	\$ (327,361)
Investment income	-	1,009	1,009
Total revenues	<u>1,451,375</u>	<u>1,125,023</u>	<u>(326,352)</u>
Expenditures			
Service operations:			
Purchased services	862,000	660,728	201,272
Regional water authority	-	258,368	(258,368)
Professional fees	51,000	7,110	43,890
Contracted services	36,900	30,794	6,106
Utilities	48,000	53,243	(5,243)
Repairs and maintenance	92,940	87,178	5,762
Other expenditures	10,535	8,776	1,759
Capital outlay	350,000	18,826	331,174
Total expenditures	<u>1,451,375</u>	<u>1,125,023</u>	<u>326,352</u>
Excess of Revenues Over Expenditures	-	-	-
Other Financing Sources			
Interfund transfers in	-	19,564	19,564
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	19,564	19,564
Fund Balance, Beginning of Year	<u>87,820</u>	<u>87,820</u>	-
Fund Balance, End of Year	<u><u>\$ 87,820</u></u>	<u><u>\$ 107,384</u></u>	<u><u>\$ 19,564</u></u>

Harris County Municipal Utility District No. 155
Notes to Required Supplementary Information
August 31, 2024

Budgets and Budgetary Accounting

Annual operating budgets are prepared for the general, sewage treatment plant and joint water plant funds by the District's consultants. The budgets reflect resources expected to be received during the current 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 budgets of the general fund, sewage treatment plant fund and joint water plant fund were not amended during fiscal 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, Sewage Treatment Plant Fund and Joint Water Plant 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. 155
Other Schedules Included Within This Report
August 31, 2024**

(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 10-20
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [] Schedule of Long-Term Debt Service Requirements by Years – Not Applicable
- [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. 155
Schedule of Services and Rates
Year Ended August 31, 2024

1. Services provided by the District:

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 2.00	5,000	N	\$ 2.00	5,001 to No Limit
Wastewater:	\$ 15.00	0	Y		
Regional water fee:	\$ 4.57	1	N	\$ 4.57	1,001 to No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):			Water	\$ 57.70	Wastewater \$ 15.00

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	786	780	x1.0	780
1"	15	15	x2.5	38
1 1/2"	4	4	x5.0	20
2"	12	12	x8.0	96
3"	1	1	x15.0	15
4"	2	2	x25.0	50
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	820	814		999
Total wastewater	794	788	x1.0	788

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

Gallons pumped into the system:	219,270
Gallons billed to customers:	212,013
Water accountability ratio (gallons billed/gallons pumped):	96.69%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 155
Schedule of General Fund Expenditures
Year Ended August 31, 2024

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$ 20,600		
Legal	58,036		
Engineering	10,420		
Financial advisor	-		89,056
Purchased Services for Resale			
Bulk water and wastewater service purchases			656,147
Regional Water Authority			-
Contracted Services			
Bookkeeping	35,717		
Appraisal District	12,276		
Tax collector	16,492		
Other contracted services	63,734		128,219
Utilities			1,118
Repairs and Maintenance			202,603
Administrative Expenditures			
Directors' fees	30,865		
Office supplies	39,052		
Insurance	9,313		
Other administrative expenditures	25,444		104,674
Capital Outlay			
Capitalized assets	664,726		
Expenditures not capitalized	2,880		667,606
Tap Connection Expenditures			-
Debt Service Expenditures			62,577
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
Total expenditures		\$	<u><u>1,912,000</u></u>

Harris County Municipal Utility District No. 155
Schedule of Temporary Investments
August 31, 2024

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
General Fund				
TexPool	5.30%	Demand	\$ 2,930,280	\$ -
Texas CLASS	5.43%	Demand	383,862	-
			<u>3,314,142</u>	<u>-</u>
Debt Service Fund				
TexPool	5.30%	Demand	15	-
Capital Projects Fund				
TexPool	5.30%	Demand	2,623	-
Texas CLASS	5.43%	Demand	193,582	-
			<u>196,205</u>	<u>-</u>
Totals			<u>\$ 3,510,362</u>	<u>\$ -</u>

Harris County Municipal Utility District No. 155
Analysis of Taxes Levied and Receivable
Year Ended August 31, 2024

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
Receivable, Beginning of Year	\$ 32,857	\$ 17,841
Additions and corrections to prior years' taxes	<u>(5,521)</u>	<u>(726)</u>
Adjusted receivable, beginning of year	<u>27,336</u>	<u>17,115</u>
2023 Original Tax Levy	1,425,767	-
Additions and corrections	<u>79,076</u>	<u>-</u>
Adjusted tax levy	<u>1,504,843</u>	<u>-</u>
Total to be accounted for	1,532,179	17,115
Tax collections: Current year	(1,486,549)	-
Prior years	<u>(1,172)</u>	<u>(1,123)</u>
Receivable, end of year	<u>\$ 44,458</u>	<u>\$ 15,992</u>
Receivable, by Years		
2023	\$ 18,294	\$ -
2022	5,874	768
2021	5,344	687
2020	4,790	986
2019	2,923	817
2018	2,149	772
2017	1,070	517
2016	774	511
2015	369	815
2014	359	706
2013	273	694
2012	206	641
2011	231	719
2010 and prior	<u>1,802</u>	<u>7,359</u>
Receivable, end of year	<u>\$ 44,458</u>	<u>\$ 15,992</u>

Harris County Municipal Utility District No. 155
Analysis of Taxes Levied and Receivable
Year Ended August 31, 2024

(Continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property Valuations				
Land	\$ 65,458,254	\$ 44,525,046	\$ 44,506,366	\$ 38,264,851
Improvements	233,439,199	227,775,598	174,597,704	169,073,406
Personal property	3,964,872	3,689,854	2,911,863	2,953,489
Exemptions	<u>(84,769,117)</u>	<u>(77,776,710)</u>	<u>(47,776,109)</u>	<u>(44,624,246)</u>
Total property valuations	<u>\$ 218,093,208</u>	<u>\$ 198,213,788</u>	<u>\$ 174,239,824</u>	<u>\$ 165,667,500</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ -	\$ 0.0850	\$ 0.0900	\$ 0.1400
Maintenance tax rates*	<u>0.6900</u>	<u>0.6500</u>	<u>0.7000</u>	<u>0.6800</u>
Total tax rates per \$100 valuation	<u>\$ 0.6900</u>	<u>\$ 0.7350</u>	<u>\$ 0.7900</u>	<u>\$ 0.8200</u>
Tax Levy	<u>\$ 1,504,843</u>	<u>\$ 1,456,872</u>	<u>\$ 1,376,495</u>	<u>\$ 1,358,474</u>
Percent of Taxes Collected to Taxes Levied**	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$1.00 on April 6, 1985

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

Harris County Municipal Utility District No. 155
Changes in Long-Term Bonded Debt
Year Ended August 31, 2024

	<u>Bond Issue</u>
	<u>Refunding</u>
	<u>Series 2010</u>
Interest rate	4.00%
Dates interest payable	November 1/ May 1
Maturity dates	
Bonds outstanding, beginning of current year	\$ 95,000
Retirements, principal	<u>95,000</u>
Bonds outstanding, end of current year	<u>\$ -</u>
Interest paid during current year	<u>\$ 3,800</u>

Paying agent's name and address:

Series 2010 - The Bank of New York Mellon Trust Company, N.A., Houston, Texas

Bond authority:	<u>Tax Bonds</u>	<u>Park Bonds</u>	<u>Refunding</u>
			<u>Bonds</u>
Amount authorized by voters	\$ 12,000,000	\$ 1,000,000	\$ 9,000,000
Amount issued	<u>\$ 9,975,000</u>	<u>\$ 970,000</u>	<u>\$ 6,130,000</u>
Remaining to be issued	<u>\$ 2,025,000</u>	<u>\$ 30,000</u>	<u>\$ 2,870,000</u>
Debt service fund cash and temporary investment balances as of August 31, 2024:			<u>\$ 15</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ -</u>

Harris County Municipal Utility District No. 155
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended August 31,

	Amounts				
	2024	2023	2022	2021	2020
General Fund					
Revenues					
Property taxes	\$ 1,488,844	\$ 1,281,758	\$ 1,225,437	\$ 1,091,945	\$ 1,055,612
Water service	181,019	175,281	205,217	218,630	233,781
Sewer service	192,984	168,857	170,576	178,105	176,652
Regional water fee	351,570	408,398	370,612	311,659	330,556
Penalty and interest	30,131	14,640	15,109	9,269	15,101
Tap connection and inspection fees	3,905	6,729	7,305	7,869	9,336
Investment income	168,266	118,408	11,869	1,719	13,082
Other income	25,375	-	-	-	1,210
Total revenues	2,442,094	2,174,071	2,006,125	1,819,196	1,835,330
Expenditures					
Service operations:					
Purchased services	656,147	709,307	728,965	534,426	566,568
Professional fees	89,056	88,394	101,614	114,585	127,749
Contracted services	128,219	96,460	93,911	90,629	88,981
Utilities	1,118	1,114	867	1,188	725
Repairs and maintenance	202,603	376,385	587,978	143,236	176,287
Other expenditures	104,674	80,773	75,452	68,401	81,510
Capital outlay	667,606	174,730	-	-	-
Debt service:					
Principal retirement	62,577	-	-	510,000	490,000
Interest and fees	-	-	-	8,007	-
Total expenditures	1,912,000	1,527,163	1,588,787	1,470,472	1,531,820
Excess of Revenues Over Expenditures	530,094	646,908	417,338	348,724	303,510
Other Financing Sources (Uses)					
Interfund transfers in (out)	8,462	4,527	(70,722)	-	18,889
Insurance proceeds	-	-	-	-	35,520
Total other financing sources (uses)	8,462	4,527	(70,722)	-	54,409
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	538,556	651,435	346,616	348,724	357,919
Fund Balance, Beginning of Year	2,734,554	2,083,119	1,736,503	1,387,779	1,029,860
Fund Balance, End of Year	\$ 3,273,110	\$ 2,734,554	\$ 2,083,119	\$ 1,736,503	\$ 1,387,779
Total Active Retail Water Connections	814	822	819	820	816
Total Active Retail Wastewater Connections	788	792	797	794	790

Percent of Fund Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
61.0 %	59.0 %	61.1 %	60.0 %	57.5 %
7.4	8.0	10.2	12.0	12.8
7.9	7.8	8.5	9.8	9.6
14.4	18.8	18.5	17.1	18.0
1.2	0.7	0.7	0.5	0.8
0.2	0.3	0.4	0.5	0.5
6.9	5.4	0.6	0.1	0.7
1.0	-	-	-	0.1
100.0	100.0	100.0	100.0	100.0
26.9	32.6	36.3	29.4	30.9
3.6	4.1	5.1	6.3	7.0
5.2	4.4	4.7	4.9	4.9
0.1	0.1	0.0	0.1	0.0
8.3	17.3	29.3	7.9	9.6
4.3	3.7	3.8	3.8	4.4
27.3	8.0	-	-	-
2.6	-	-	28.0	26.7
-	-	-	0.4	-
78.3	70.2	79.2	80.8	83.5
21.7 %	29.8 %	20.8 %	19.2 %	16.5 %

Harris County Municipal Utility District No. 155
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended August 31,

	Amounts				
	2024	2023	2022	2021	2020
Debt Service Fund					
Revenues					
Property taxes	\$ -	\$ 169,512	\$ 160,276	\$ 225,050	\$ 295,172
Penalty and interest	-	17,025	17,465	8,068	6,931
Investment income	1,214	6,590	1,152	450	6,211
Total revenues	<u>1,214</u>	<u>193,127</u>	<u>178,893</u>	<u>233,568</u>	<u>308,314</u>
Expenditures					
Current:					
Professional fees	-	4,451	4,690	1,311	1,776
Contracted services	-	26,324	23,260	21,622	21,079
Other expenditures	-	4,522	6,507	3,544	3,323
Debt service:					
Principal retirement	32,423	285,000	270,000	260,000	240,000
Interest and fees	3,800	15,950	26,750	37,900	88,332
Total expenditures	<u>36,223</u>	<u>336,247</u>	<u>331,207</u>	<u>324,377</u>	<u>354,510</u>
Deficiency of Revenues Over Expenditures	(35,009)	(143,120)	(152,314)	(90,809)	(46,196)
Other Financing Uses					
Interfund transfers out	<u>(28,026)</u>	-	-	-	-
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(63,035)	(143,120)	(152,314)	(90,809)	(46,196)
Fund Balance, Beginning of Year	<u>63,050</u>	<u>206,170</u>	<u>358,484</u>	<u>449,293</u>	<u>495,489</u>
Fund Balance, End of Year	<u>\$ 15</u>	<u>\$ 63,050</u>	<u>\$ 206,170</u>	<u>\$ 358,484</u>	<u>\$ 449,293</u>

Percent of Fund Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
- %	87.8 %	89.6 %	96.4 %	95.7 %
-	8.8	9.8	3.4	2.3
<u>100.0</u>	<u>3.4</u>	<u>0.6</u>	<u>0.2</u>	<u>2.0</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
-	2.3	2.6	0.6	0.6
-	13.6	13.0	9.3	6.8
-	2.3	3.6	1.5	1.1
2,670.8	147.6	150.9	111.3	77.8
<u>313.0</u>	<u>8.3</u>	<u>15.0</u>	<u>16.2</u>	<u>28.7</u>
<u>2,983.8</u>	<u>174.1</u>	<u>185.1</u>	<u>138.9</u>	<u>115.0</u>
<u><u>(2,883.8) %</u></u>	<u><u>(74.1) %</u></u>	<u><u>(85.1) %</u></u>	<u><u>(38.9) %</u></u>	<u><u>(15.0) %</u></u>

**Harris County Municipal Utility District No. 155
Board Members, Key Personnel and Consultants
Year Ended August 31, 2024**

Complete District mailing address:	Harris County Municipal Utility District No. 155 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019
District business telephone number:	713.652.6500
Submission date of the most recent District Registration Form (TWC Section 49.054):	May 10, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected & Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
Margaret Dawson	Elected 05/24- 05/28	\$ 6,979	\$ -	President
Jim Denmon	Elected 05/24- 05/28	7,200	-	Vice President
Clint Wilhelm	Elected 05/22- 05/26	6,758	1,074	Secretary
Corey Manahan	Elected 05/22- 05/26	6,834	-	Director
Barbara Scott	Elected 05/24- 05/28	3,094	-	Director

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

**Harris County Municipal Utility District No. 155
Board Members, Key Personnel and Consultants
Year Ended August 31, 2024**

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Bob Leared Interests	01/19/87	\$ 20,940	Tax Assessor/ Collector
Forvis Mazars, LLP	08/21/89	26,400	Auditor
Harris Central Appraisal District	Legislative Action	12,276	Appraiser
McLennan & Associates, L.P.	03/18/13	67,402	Bookkeeper
Municipal Operations & Consulting, Inc.	03/17/19	599,705	Operator
RBC Capital Markets, LLC	12/18/89	-	Financial Advisor
Smith, Murdaugh, Little & Bonham, L.L.P.	12/10/80	71,232	General Counsel
Texas Land Engineers, Inc.	11/18/13	189,377	Engineer
Investment Officers			
Jorge Diaz	01/16/17	N/A	Bookkeeper
Corey Manahan	08/16/04	N/A	Director