



Northwest Harris County Municipal Utility District No. 9 Harris County, Texas

Independent Auditor's Report and Financial Statements

September 30, 2024



Northwest Harris County Municipal Utility District No. 9
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September 30, 2024

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Independent Auditor's Report

Board of Directors
Northwest Harris County Municipal Utility District No. 9
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Northwest Harris County Municipal Utility District No. 9 (the District), as of and for the year ended September 30, 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 September 30, 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 schedule, 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
March 24, 2025

**Northwest Harris County Municipal Utility District No. 9
Management's Discussion and Analysis
September 30, 2024**

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	\$ 11,028,106	\$ 9,577,720
Capital assets	<u>6,682,150</u>	<u>6,857,787</u>
Total assets	<u>17,710,256</u>	<u>16,435,507</u>
Deferred outflows of resources	<u>159,997</u>	<u>169,458</u>
Total assets and deferred outflows of resources	<u>\$ 17,870,253</u>	<u>\$ 16,604,965</u>
Long-term liabilities	\$ 3,404,203	\$ 3,421,063
Other liabilities	<u>510,571</u>	<u>447,485</u>
Total liabilities	<u>3,914,774</u>	<u>3,868,548</u>

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Management's Discussion and Analysis
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(Continued)

Summary of Net Position (Continued)

	<u>2024</u>	<u>2023</u>
Net position:		
Net investment in capital assets	\$ 3,437,944	\$ 3,688,884
Restricted	1,267,650	1,366,737
Unrestricted	<u>9,249,885</u>	<u>7,680,796</u>
Total net position	<u>\$ 13,955,479</u>	<u>\$ 12,736,417</u>

The total net position of the District increased by \$1,219,062, or about 10%. The majority of the increase in net position is related to property tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements as well as sales tax rebates, charges for services and other revenues exceeding services expenses.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 1,826,618	\$ 1,765,631
Sales tax rebates	264,385	248,014
Charges for services	2,323,050	2,554,343
Other revenues	<u>621,707</u>	<u>460,855</u>
Total revenues	<u>5,035,760</u>	<u>5,028,843</u>
Expenses:		
Services	3,327,524	3,175,143
Depreciation	393,832	402,328
Debt service	<u>95,342</u>	<u>98,482</u>
Total expenses	<u>3,816,698</u>	<u>3,675,953</u>
Change in net position	1,219,062	1,352,890
Net position, beginning of year	<u>12,736,417</u>	<u>11,383,527</u>
Net position, end of year	<u>\$ 13,955,479</u>	<u>\$ 12,736,417</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, 2024, were \$10,379,068, an increase of \$1,392,753 from the prior year.

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Management's Discussion and Analysis
September 30, 2024**

(Continued)

The general fund's fund balance increased by \$1,579,157. This increase was primarily related to property taxes, sales tax rebates and service revenues, investment income and a transfer from the capital projects fund exceeding service operations and capital outlay expenditures.

The debt service fund's fund balance decreased by \$45,079 because bond principal and interest requirements and contracted services expenditures were greater than property tax revenues and investment income.

The capital projects fund's fund balance decreased by \$141,325 primarily due to a transfer to the general fund to close out the capital projects fund.

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 water and sewer service revenues, investment income, and professional fees expenditures being greater than anticipated and tap connection and inspection fees revenue and related expenditures, and regional water authority, repairs and maintenance and capital outlay expenditures being less than anticipated. In addition, a transfer from the capital projects fund was not included in the budget. The fund balance as of September 30, 2024, was expected to be \$8,223,712 and the actual end-of-year fund balance was \$9,182,569.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 1,091,824	\$ 1,091,824
Water facilities	2,220,910	2,161,871
Wastewater facilities	3,024,377	3,234,829
Equipment	<u>345,039</u>	<u>369,263</u>
Total capital assets	<u>\$ 6,682,150</u>	<u>\$ 6,857,787</u>

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

Purchase and installation of a fiberglass chemical building, an enclosure on the hydropneumatic tank and an 8" EZ valve	\$ 44,644
Replacement of two 12" valves on the well header	16,747
Waterline extension to serve 11151 Saathoff	<u>156,804</u>
Total additions to capital assets	<u>\$ 218,195</u>

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2024, are summarized as follows.

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(Continued)

Long-term debt payable, beginning of year	\$ 3,421,063
Increases in long-term debt	156,804
Decreases in long-term debt	<u>(173,664)</u>
Long-term debt payable, end of year	<u>\$ 3,404,203</u>

A developer of the District has constructed facilities on behalf of the District. The District has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission. At September 30, 2024, a liability for developer-constructed capital assets of \$156,804 was recorded in the government-wide financial statements.

At September 30, 2024, the District had \$25,000,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's Series 2016 unlimited tax refunding bonds carry an underlying rating of "A+" from Standard & Poor's and carry an insured rating of "AA" from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty, Inc.

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 for full purposes without the District's consent, except as follows:

Strategic Partnership Agreement

Effective April 3, 2007, the District entered into a Strategic Partnership Agreement (the Agreement) with the City, which annexed certain portions of the District into the City for "limited purposes," as described therein. Under the terms of the Agreement, the City has agreed it will not annex the District as a whole for full purposes for 30 years. At that time, the City has the option to annex the District if it chooses to do so.

Northwest Harris County Municipal Utility District No. 9
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 205,203	\$ 95,538	\$ -	\$ 300,741	\$ -	\$ 300,741
Certificates of deposit	98,685	260,271	-	358,956	-	358,956
Short-term investments	8,954,506	810,095	-	9,764,601	-	9,764,601
Receivables:						
Property taxes	54,468	20,742	-	75,210	-	75,210
Service accounts	395,578	-	-	395,578	-	395,578
Accrued penalty and interest	-	-	-	-	57,291	57,291
Accrued interest	3,197	1,402	-	4,599	-	4,599
Due from others	2,118	-	-	2,118	-	2,118
Due from City of Houston	56,164	-	-	56,164	12,848	69,012
Interfund receivables	-	36,005	-	36,005	(36,005)	-
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	1,091,824	1,091,824
Infrastructure	-	-	-	-	5,245,287	5,245,287
Equipment	-	-	-	-	345,039	345,039
Total assets	9,769,919	1,224,053	-	10,993,972	6,716,284	17,710,256
Deferred Outflows of Resources						
Deferred amount on debt refundings	-	-	-	-	159,997	159,997
Total assets and deferred outflows of resources	\$ 9,769,919	\$ 1,224,053	\$ -	\$ 10,993,972	\$ 6,876,281	\$ 17,870,253

Northwest Harris County Municipal Utility District No. 9
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2024

(Continued)

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 317,024	\$ 6,812	\$ -	\$ 323,836	\$ -	\$ 323,836
Accrued interest payable	-	-	-	-	6,882	6,882
Customer deposits	174,635	-	-	174,635	-	174,635
Due to others	5,218	-	-	5,218	-	5,218
Interfund payables	36,005	-	-	36,005	(36,005)	-
Long-term liabilities:						
Due within one year	-	-	-	-	185,000	185,000
Due after one year	-	-	-	-	3,219,203	3,219,203
Total liabilities	532,882	6,812	-	539,694	3,375,080	3,914,774
Deferred Inflows of Resources						
Deferred property tax revenues	54,468	20,742	-	75,210	(75,210)	-
Fund Balances/Net Position						
Fund balances:						
Restricted, unlimited tax bonds	-	1,196,499	-	1,196,499	(1,196,499)	-
Unassigned	9,182,569	-	-	9,182,569	(9,182,569)	-
Total fund balances	9,182,569	1,196,499	-	10,379,068	(10,379,068)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 9,769,919	\$ 1,224,053	\$ -	\$ 10,993,972		
Net position:						
Net investment in capital assets					3,437,944	3,437,944
Restricted for debt service					1,267,650	1,267,650
Unrestricted					9,249,885	9,249,885
Total net position					\$ 13,955,479	\$ 13,955,479

**Northwest Harris County Municipal Utility District No. 9
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended September 30, 2024**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,621,688	\$ 200,123	\$ -	\$ 1,821,811	\$ 4,807	\$ 1,826,618
Sales tax rebates	279,632	-	-	279,632	(15,247)	264,385
Water service	786,789	-	-	786,789	-	786,789
Sewer service	576,054	-	-	576,054	-	576,054
Regional water fee	960,207	-	-	960,207	-	960,207
Penalty and interest	27,484	28,778	-	56,262	4,695	60,957
Tap connection and inspection fees	31,620	-	-	31,620	-	31,620
Investment income	451,307	52,213	11	503,531	-	503,531
Other income	25,420	179	-	25,599	-	25,599
Total revenues	4,760,201	281,293	11	5,041,505	(5,745)	5,035,760
Expenditures/Expenses						
Service operations:						
Regional water authority	1,014,376	-	-	1,014,376	-	1,014,376
Professional fees	254,376	8,349	-	262,725	-	262,725
Contracted services	215,767	43,516	-	259,283	-	259,283
Utilities	182,691	-	-	182,691	-	182,691
Repairs and maintenance	1,421,889	-	-	1,421,889	-	1,421,889
Other expenditures	167,240	14,670	-	181,910	-	181,910
Tap connections	4,650	-	-	4,650	-	4,650
Capital outlay	61,391	-	-	61,391	(61,391)	-
Depreciation	-	-	-	-	393,832	393,832
Debt service:						
Principal retirement	-	175,000	-	175,000	(175,000)	-
Interest and fees	-	84,837	-	84,837	10,505	95,342
Total expenditures/expenses	3,322,380	326,372	-	3,648,752	167,946	3,816,698
Excess (Deficiency) of Revenues Over Expenditures	1,437,821	(45,079)	11	1,392,753	(173,691)	
Other Financing Sources (Uses)						
Interfund transfers in (out)	141,336	-	(141,336)	-	-	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,579,157	(45,079)	(141,325)	1,392,753	(1,392,753)	
Change in Net Position					1,219,062	1,219,062
Fund Balances/Net Position						
Beginning of year	7,603,412	1,241,578	141,325	8,986,315	-	12,736,417
End of year	\$ 9,182,569	\$ 1,196,499	\$ -	\$ 10,379,068	\$ -	\$ 13,955,479

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

Northwest Harris County Municipal Utility District No. 9 (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective July 16, 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.

Northwest Harris County Municipal Utility District No. 9
Notes to Financial Statements
September 30, 2024

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 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.

Northwest Harris County Municipal Utility District No. 9
Notes to Financial Statements
September 30, 2024

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

Northwest Harris County Municipal Utility District No. 9
Notes to Financial Statements
September 30, 2024

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 September 30, 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 September 30, 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
Equipment	10-45

Deferred Amount on Debt Refundings

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

Debt Issuance Costs

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

Long-Term Obligations

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

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

Northwest Harris County Municipal Utility District No. 9
Notes to Financial Statements
September 30, 2024

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.	\$ 6,682,150
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	75,210
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	57,291
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	159,997
Amounts due from the City of Houston (the City) are not receivable in the current period and are not reported in the funds.	12,848
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(6,882)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(3,404,203)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ 3,576,411</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.	\$ 1,392,753
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 depreciation expense exceeded capital outlay expenditures in the current period.	(332,441)

Northwest Harris County Municipal Utility District No. 9
Notes to Financial Statements
September 30, 2024

Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	\$ 175,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(5,745)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(10,505)</u>
Change in net position of governmental activities.	<u>\$ 1,219,062</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 September 30, 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.

Northwest Harris County Municipal Utility District No. 9
Notes to Financial Statements
September 30, 2024

At September 30, 2024, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 9,764,601	\$ 9,764,601	\$ -	\$ -	\$ -

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 pool is presented as an investment with a maturity of less than one year because it is 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 September 30, 2024, the District's investments in TexPool were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at September 30, 2024, as follows:

Carrying value:	
Deposits	\$ 659,697
Investments	<u>9,764,601</u>
Total	<u>\$ 10,424,298</u>

Included in the following statement of net position captions:

Cash	\$ 300,741
Certificates of deposit	358,956
Short-term investments	<u>9,764,601</u>
Total	<u>\$ 10,424,298</u>

Investment Income

Investment income of \$503,531 for the year ended September 30, 2024, consisted of interest income.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2024, is presented below.

Northwest Harris County Municipal Utility District No. 9
Notes to Financial Statements
September 30, 2024

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Additions</u>	<u>Balances, End of Year</u>
Capital assets, non-depreciable:			
Land and improvements	\$ 1,091,824	\$ -	\$ 1,091,824
Capital assets, depreciable:			
Water production and distribution facilities	6,179,269	218,195	6,397,464
Wastewater collection and treatment facilities	7,662,698	-	7,662,698
Equipment	751,646	-	751,646
Total capital assets, depreciable	<u>14,593,613</u>	<u>218,195</u>	<u>14,811,808</u>
Less accumulated depreciation:			
Water production and distribution facilities	(4,017,398)	(159,156)	(4,176,554)
Wastewater collection and treatment facilities	(4,427,869)	(210,452)	(4,638,321)
Equipment	(382,383)	(24,224)	(406,607)
Total accumulated depreciation	<u>(8,827,650)</u>	<u>(393,832)</u>	<u>(9,221,482)</u>
Total governmental activities, net	<u>\$ 6,857,787</u>	<u>\$ (175,637)</u>	<u>\$ 6,682,150</u>

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended September 30, 2024, were as follows:

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances, End of Year</u>	<u>Amounts Due in One Year</u>
Bonds payable:					
General obligation bonds	\$ 3,445,000	\$ -	\$ 175,000	\$ 3,270,000	\$ 185,000
Less discounts on bonds	23,937		1,336	22,601	-
	3,421,063	-	173,664	3,247,399	185,000
Due to developer	-	156,804	-	156,804	-
Total governmental activities long-term liabilities	<u>\$ 3,421,063</u>	<u>\$ 156,804</u>	<u>\$ 173,664</u>	<u>\$ 3,404,203</u>	<u>\$ 185,000</u>

Northwest Harris County Municipal Utility District No. 9
Notes to Financial Statements
September 30, 2024

General Obligation Bonds

	<u>Refunding Series 2016</u>
Amount outstanding, September 30, 2024	\$3,270,000
Interest rates	2.00% to 3.00%
Maturity dates, serially beginning/ending	March 1, 2025/2038
Interest payment dates	March 1/ September 1
Callable date*	March 1, 2021

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2024:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 185,000	\$ 80,737	\$ 265,737
2026	190,000	76,988	266,988
2027	195,000	73,137	268,137
2028	200,000	69,188	269,188
2029	205,000	65,009	270,009
2030-2034	1,165,000	246,559	1,411,559
2035-2038	1,130,000	69,750	1,199,750
Total	<u>\$ 3,270,000</u>	<u>\$ 681,368</u>	<u>\$ 3,951,368</u>

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

Bonds voted	\$ 47,700,000
Bonds sold	22,700,000
Refunding bonds voted	22,700,000
Refunding bond authorization used	17,654,263

Due to Developer

A developer of the District has constructed facilities on behalf of the District. The District has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission. At September 30, 2024, a liability for developer-constructed capital assets of \$156,804 was recorded in the government-wide financial statements.

Note 5. Significant Bond Order and Commission Requirements

- (A) The Bond Order requires that the District levy and collect an ad valorem debt service tax sufficient to pay principal and interest on bonds when due. During the year ended September 30, 2024, the District levied an ad valorem debt service tax at the rate of \$0.0350 per \$100 of assessed valuation, which resulted in a tax levy of \$200,854 on the taxable valuation of \$573,868,222 for the 2023 tax year. The principal and interest requirements paid from the tax revenues and available resources were \$259,338.
- (B) During the current year, the District transferred \$141,336 from the capital projects fund to the general fund. The transfer was made in accordance with the rules of the Commission.

Note 6. Maintenance Taxes

At an election held May 6, 2017, voters authorized a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended September 30, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.2850 per \$100 of assessed valuation, which resulted in a tax levy of \$1,635,524 on the taxable valuation of \$573,868,222 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Strategic Partnership Agreement

Effective April 3, 2007, the District and the City entered into a Strategic Partnership Agreement (the Agreement), under which the City annexed a tract of land (the tract) within the boundaries of the District for limited purposes. The District continues to exercise all powers and functions of a municipal utility district, as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all City sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments by the City, the District agrees to continue to provide and develop water, sewer and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 30 years. During the current year, the District recorded revenues of \$264,385 related to the Agreement.

Note 8. Regional Water Authority

The District is within the boundaries of the North 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 September 30, 2024, the Authority was billing the District \$3.60 per 1,000 gallons of water pumped from its wells. This amount is 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

**Northwest Harris County Municipal Utility District No. 9
 Budgetary Comparison Schedule – General Fund
 Year Ended September 30, 2024**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 1,600,000	\$ 1,621,688	\$ 21,688
Sales tax rebates	250,000	279,632	29,632
Water service	650,000	786,789	136,789
Sewer service	450,000	576,054	126,054
Regional water fee	990,000	960,207	(29,793)
Penalty and interest	12,000	27,484	15,484
Tap connection and inspection fees	175,000	31,620	(143,380)
Investment income	350,000	451,307	101,307
Other income	-	25,420	25,420
	<u>4,477,000</u>	<u>4,760,201</u>	<u>283,201</u>
Expenditures			
Service operations:			
Regional water authority	1,110,000	1,014,376	95,624
Professional fees	183,000	254,376	(71,376)
Contracted services	233,000	215,767	17,233
Utilities	185,000	182,691	2,309
Repairs and maintenance	1,499,000	1,421,889	77,111
Other expenditures	196,700	167,240	29,460
Tap connections	50,000	4,650	45,350
Capital outlay	400,000	61,391	338,609
	<u>3,856,700</u>	<u>3,322,380</u>	<u>534,320</u>
Excess of Revenues Over Expenditures	620,300	1,437,821	817,521
Other Financing Sources			
Interfund transfers in	-	141,336	141,336
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	620,300	1,579,157	958,857
Fund Balance, Beginning of Year	<u>7,603,412</u>	<u>7,603,412</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 8,223,712</u>	<u>\$ 9,182,569</u>	<u>\$ 958,857</u>

Northwest Harris County Municipal Utility District No. 9
Notes to Required Supplementary Information
September 30, 2024

Budgets and Budgetary Accounting

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

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

Supplementary Information

**Northwest Harris County Municipal Utility District No. 9
Other Schedules Included Within This Report
September 30, 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 11-20
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

**Northwest Harris County Municipal Utility District No. 9
 Schedule of Services and Rates
 Year Ended September 30, 2024**

1. Services provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input checked="" type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input 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:	\$ 15.25	5,000	N	\$ 1.60 \$ 2.10	5,001 to 10,001	10,000 No limit
Wastewater:	\$ 11.00	15,000	N	\$ 0.40 \$ 0.75	15,001 to 50,001	50,000 No limit
Regional water fee:	\$ 3.96	1	N	\$ 3.96	1 to	No Limit
Does the District employ winter averaging for wastewater usage?					Yes	No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):			Water	\$ 62.85	Wastewater	\$ 11.00

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"	1,192	1,188	x1.0	1,188
1"	26	26	x2.5	65
1 1/2"	4	4	x5.0	20
2"	68	68	x8.0	544
3"	1	1	x15.0	15
4"	6	6	x25.0	150
6"	8	8	x50.0	400
8"	2	2	x80.0	160
10"	-	-	x115.0	-
Total water	1,307	1,303		2,542
Total wastewater	1,256	1,252	x1.0	1,252

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

Gallons pumped into the system:	285,629
Gallons billed to customers:	255,182
Water accountability ratio (gallons billed/gallons pumped):	89.34%

*"ESFC" means equivalent single-family connections

Northwest Harris County Municipal Utility District No. 9
Schedule of General Fund Expenditures
Year Ended September 30, 2024

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 23,700	
Legal	120,269	
Engineering	110,407	
Financial advisor	-	254,376
Purchased Services for Resale		
Bulk water and wastewater service purchases		-
		1,014,376
Regional Water Authority		
Contracted Services		
Bookkeeping	30,133	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	171,764	201,897
Utilities		182,691
Repairs and Maintenance		1,421,889
Administrative Expenditures		
Directors' fees	28,672	
Office supplies	46,528	
Insurance	34,294	
Other administrative expenditures	57,746	167,240
Capital Outlay		
Capitalized assets	61,391	
Expenditures not capitalized	-	61,391
Tap Connection Expenditures		4,650
Solid Waste Disposal		13,870
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		<u>\$ 3,322,380</u>

**Northwest Harris County Municipal Utility District No. 9
Schedule of Temporary Investments
September 30, 2024**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
General Fund				
Certificate of Deposit				
No. 3300041537	5.23%	01/12/25	\$ 98,685	\$ 3,197
TexPool	4.98%	Demand	<u>8,954,506</u>	<u>-</u>
			<u>9,053,191</u>	<u>3,197</u>
Debt Service Fund				
Certificates of Deposit				
No. 4011896	2.25%	12/28/24	79,675	413
No. 4011888	2.25%	12/28/24	90,298	495
No. 4011870	2.25%	12/28/24	90,298	494
TexPool	4.98%	Demand	<u>810,095</u>	<u>-</u>
			<u>1,070,366</u>	<u>1,402</u>
Totals			<u>\$ 10,123,557</u>	<u>\$ 4,599</u>

**Northwest Harris County Municipal Utility District No. 9
 Analysis of Taxes Levied and Receivable
 Year Ended September 30, 2024**

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
Receivable, Beginning of Year	\$ 49,289	\$ 21,114
Additions and corrections to prior years' taxes	<u>(8,657)</u>	<u>(1,103)</u>
Adjusted receivable, beginning of year	<u>40,632</u>	<u>20,011</u>
2023 Original Tax Levy	1,564,920	192,183
Additions and corrections	<u>70,604</u>	<u>8,671</u>
Adjusted tax levy	<u>1,635,524</u>	<u>200,854</u>
Total to be accounted for	1,676,156	220,865
Tax collections: Current year	(1,616,174)	(198,478)
Prior years	<u>(5,514)</u>	<u>(1,645)</u>
Receivable, end of year	<u>\$ 54,468</u>	<u>\$ 20,742</u>
Receivable, by Years		
2023	\$ 19,350	\$ 2,376
2022	9,379	1,279
2021	4,864	720
2020	4,513	645
2019	4,209	643
2018	3,324	525
2017	3,156	526
2016	1,182	1,684
2015	573	903
2014	545	913
2013	477	931
2012 and prior	<u>2,896</u>	<u>9,597</u>
Receivable, end of year	<u>\$ 54,468</u>	<u>\$ 20,742</u>

**Northwest Harris County Municipal Utility District No. 9
 Analysis of Taxes Levied and Receivable
 Year Ended September 30, 2024**

(Continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property Valuations				
Land	\$ 140,745,401	\$ 124,352,152	\$ 114,502,886	\$ 101,046,546
Improvements	534,286,362	468,082,990	387,640,591	380,540,789
Personal property	22,710,407	22,210,899	19,657,287	20,217,333
Exemptions	<u>(123,873,948)</u>	<u>(106,207,879)</u>	<u>(75,438,359)</u>	<u>(70,402,748)</u>
Total property valuations	<u>\$ 573,868,222</u>	<u>\$ 508,438,162</u>	<u>\$ 446,362,405</u>	<u>\$ 431,401,920</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.0350	\$ 0.0420	\$ 0.0480	\$ 0.0500
Maintenance tax rates*	<u>0.2850</u>	<u>0.3080</u>	<u>0.3245</u>	<u>0.3500</u>
Total tax rates per \$100 valuation	<u>\$ 0.3200</u>	<u>\$ 0.3500</u>	<u>\$ 0.3725</u>	<u>\$ 0.4000</u>
Tax Levy	<u>\$ 1,836,378</u>	<u>\$ 1,779,534</u>	<u>\$ 1,662,700</u>	<u>\$ 1,725,607</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: \$0.50 on May 6, 2017

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

**Northwest Harris County Municipal Utility District No. 9
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024**

Due During Fiscal Years Ending September 30	Refunding Series 2016		
	Principal Due March 1	Interest Due March 1, September 1	Total
2025	\$ 185,000	\$ 80,737	\$ 265,737
2026	190,000	76,988	266,988
2027	195,000	73,137	268,137
2028	200,000	69,188	269,188
2029	205,000	65,009	270,009
2030	215,000	60,413	275,413
2031	225,000	55,322	280,322
2032	235,000	49,712	284,712
2033	240,000	43,775	283,775
2034	250,000	37,337	287,337
2035	265,000	29,925	294,925
2036	275,000	21,825	296,825
2037	285,000	13,425	298,425
2038	305,000	4,575	309,575
Totals	<u>\$ 3,270,000</u>	<u>\$ 681,368</u>	<u>\$ 3,951,368</u>

**Northwest Harris County Municipal Utility District No. 9
 Changes in Long-Term Bonded Debt
 Year Ended September 30, 2024**

	<u>Bond Issue</u>
	<u>Refunding</u> <u>Series 2016</u>
Interest rates	2.00% to 3.00%
Dates interest payable	March 1/ September 1
Maturity dates	March 1, 2025/2038
Bonds outstanding, beginning of current year	\$ 3,445,000
Retirements, principal	<u>175,000</u>
Bonds outstanding, end of current year	<u>\$ 3,270,000</u>
Interest paid during current year	<u>\$ 84,338</u>

Paying agent's name and address:

Series 2016 - Amegy Bank, a division of ZB, N.A., Houston, Texas

Bond authority:	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding</u> <u>Bonds</u>
Amount authorized by voters	\$ 47,700,000	\$ -	\$ 22,700,000
Amount of authorization issued	<u>\$ 22,700,000</u>	<u>\$ -</u>	<u>\$ 17,654,263</u>
Remaining authorization to be issued	<u>\$ 25,000,000</u>	<u>\$ -</u>	<u>\$ 5,045,737</u>
Debt service fund cash and temporary investment balances as of September 30, 2024:			<u>\$ 1,165,904</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 282,241</u>

**Northwest Harris County Municipal Utility District No. 9
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,**

	Amounts				
	2024	2023	2022	2021	2020
General Fund					
Revenues					
Property taxes	\$ 1,621,688	\$ 1,554,071	\$ 1,421,456	\$ 1,496,193	\$ 1,473,153
Sales tax rebates	279,632	253,374	310,935	246,907	244,481
Water service	786,789	775,145	641,188	590,290	676,467
Sewer service	576,054	551,266	348,734	337,295	329,815
Regional water fee	960,207	1,227,932	1,279,877	1,112,096	1,048,211
Penalty and interest	27,484	34,855	15,837	18,512	9,244
Tap connection and inspection fees	31,620	18,800	708,403	147,821	36,875
Investment income	451,307	315,684	44,800	3,215	43,772
Other income	25,420	21,356	46,175	10,216	15,420
Total revenues	<u>4,760,201</u>	<u>4,752,483</u>	<u>4,817,405</u>	<u>3,962,545</u>	<u>3,877,438</u>
Expenditures					
Service operations:					
Purchased services	-	-	22,848	-	-
Regional water authority	1,014,376	1,207,666	1,271,868	1,170,620	1,069,595
Professional fees	254,376	214,047	192,013	169,251	147,055
Contracted services	215,767	186,039	191,639	144,112	152,239
Utilities	182,691	160,801	146,799	141,852	155,930
Repairs and maintenance	1,421,889	1,145,043	1,820,986	801,766	761,351
Other expenditures	167,240	202,931	126,966	118,556	123,026
Tap connections	4,650	-	77,290	52,676	6,150
Capital outlay	61,391	234,983	742,444	750,137	604,497
Total expenditures	<u>3,322,380</u>	<u>3,351,510</u>	<u>4,592,853</u>	<u>3,348,970</u>	<u>3,019,843</u>
Excess of Revenues Over Expenditures	1,437,821	1,400,973	224,552	613,575	857,595
Other Financing Sources (Uses)					
Interfund transfers in (out)	141,336	-	-	-	(99,311)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,579,157	1,400,973	224,552	613,575	758,284
Fund Balance, Beginning of Year	<u>7,603,412</u>	<u>6,202,439</u>	<u>5,977,887</u>	<u>5,364,312</u>	<u>4,606,028</u>
Fund Balance, End of Year	<u>\$ 9,182,569</u>	<u>\$ 7,603,412</u>	<u>\$ 6,202,439</u>	<u>\$ 5,977,887</u>	<u>\$ 5,364,312</u>
Total Active Retail Water Connections	<u>1,303</u>	<u>1,298</u>	<u>1,298</u>	<u>1,297</u>	<u>1,293</u>
Total Active Retail Wastewater Connections	<u>1,252</u>	<u>1,247</u>	<u>1,247</u>	<u>1,247</u>	<u>1,244</u>

Percent of Fund Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
34.1 %	32.7 %	29.5 %	37.7 %	38.0 %
5.9	5.3	6.5	6.2	6.3
16.5	16.3	13.3	14.9	17.5
12.1	11.6	7.2	8.5	8.5
20.2	25.9	26.6	28.1	27.0
0.6	0.7	0.3	0.5	0.2
0.6	0.4	14.7	3.7	1.0
9.5	6.6	0.9	0.1	1.1
0.5	0.5	1.0	0.3	0.4
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
-	-	0.5	-	-
21.3	25.4	26.4	29.6	27.6
5.4	4.5	4.0	4.3	3.8
4.5	3.9	4.0	3.6	3.9
3.8	3.4	3.1	3.6	4.0
29.9	24.1	37.8	20.2	19.6
3.5	4.3	2.6	3.0	3.2
0.1	-	1.6	1.3	0.2
1.3	4.9	15.4	18.9	15.6
<u>69.8</u>	<u>70.5</u>	<u>95.4</u>	<u>84.5</u>	<u>77.9</u>
<u>30.2 %</u>	<u>29.5 %</u>	<u>4.6 %</u>	<u>15.5 %</u>	<u>22.1 %</u>

**Northwest Harris County Municipal Utility District No. 9
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended September 30,**

	Amounts				
	2024	2023	2022	2021	2020
Debt Service Fund					
Revenues					
Property taxes	\$ 200,123	\$ 213,736	\$ 212,383	\$ 212,536	\$ 227,974
Penalty and interest	28,778	25,290	20,656	16,925	26,174
Investment income	52,213	46,375	6,830	628	11,272
Other income	179	-	-	-	-
Total revenues	<u>281,293</u>	<u>285,401</u>	<u>239,869</u>	<u>230,089</u>	<u>265,420</u>
Expenditures					
Current:					
Professional fees	8,349	6,544	5,139	3,683	12,442
Contracted services	43,516	39,783	37,337	39,597	37,136
Other expenditures	14,670	12,289	12,803	7,832	7,003
Debt service:					
Principal retirement	175,000	170,000	165,000	160,000	155,000
Interest and fees	84,837	88,287	91,638	94,888	98,038
Total expenditures	<u>326,372</u>	<u>316,903</u>	<u>311,917</u>	<u>306,000</u>	<u>309,619</u>
Deficiency of Revenues Over Expenditures	(45,079)	(31,502)	(72,048)	(75,911)	(44,199)
Fund Balance, Beginning of Year	<u>1,241,578</u>	<u>1,273,080</u>	<u>1,345,128</u>	<u>1,421,039</u>	<u>1,465,238</u>
Fund Balance, End of Year	<u>\$ 1,196,499</u>	<u>\$ 1,241,578</u>	<u>\$ 1,273,080</u>	<u>\$ 1,345,128</u>	<u>\$ 1,421,039</u>

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
71.1 %	74.9 %	88.5 %	92.4 %	85.9 %
10.3	8.9	8.6	7.3	9.9
18.5	16.2	2.9	0.3	4.2
0.1	-	-	-	-
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
3.0	2.3	2.1	1.6	4.7
15.5	13.9	15.6	17.2	14.0
5.2	4.3	5.3	3.4	2.6
62.2	59.6	68.8	69.6	58.4
<u>30.1</u>	<u>30.9</u>	<u>38.2</u>	<u>41.2</u>	<u>36.9</u>
<u>116.0</u>	<u>111.0</u>	<u>130.0</u>	<u>133.0</u>	<u>116.6</u>
<u>(16.0) %</u>	<u>(11.0) %</u>	<u>(30.0) %</u>	<u>(33.0) %</u>	<u>(16.6) %</u>

**Northwest Harris County Municipal Utility District No. 9
Board Members, Key Personnel and Consultants
Year Ended September 30, 2024**

Complete District mailing address:	Northwest Harris County Municipal Utility District No. 9 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 Sections 36.054 and 49.054):	May 22, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-End
G. Ronald Mitchell	Elected 05/22- 05/26	\$ 7,200	\$ -	President
Donald L. Sheriff	Elected 05/22- 05/26	7,200	48	Vice President
Coy L. Baskin, Sr.	Elected 05/24- 05/28	7,072	-	Secretary
Frank Ferraro	Elected 05/24- 05/28	7,200	1,561	Director
Mike Rogers	Elected 05/22- 05/26	-	-	Director

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

**Northwest Harris County Municipal Utility District No. 9
Board Members, Key Personnel and Consultants
Year Ended September 30, 2024**

(Continued)

<u>Consultants</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title</u>
Bob Leared Interests	1979	\$ 47,010	Tax Assessor/ Collector
Forvis Mazars, LLP	11/01/89	23,700	Auditor
The GMS Group, L.L.C.	02/03/99	-	Financial Advisor
Harris Central Appraisal District	Legislative Action	16,705	Appraiser
Koehn & Associates Engineers, Inc.	01/11/83	112,072	Engineer
M. Marlon Ivy & Associates, Inc.	01/01/19	863,511	Operator
Municipal Business Services, Inc.	1980	30,133	Bookkeeper
Smith, Murdaugh, Little & Bonham, L.L.P.	09/12/77	128,698	General Counsel
<u>Investment Officer</u>			
Bob Ideus	1980	N/A	Bookkeeper