



Northwest Harris County Municipal Utility District No. 15 Harris County, Texas

Independent Auditor's Report and Financial Statements

September 30, 2024



Northwest Harris County Municipal Utility District No. 15
Contents
September 30, 2024

| | |
|--|----------|
| Independent Auditor’s Report | 1 |
| Management’s Discussion and Analysis | 3 |
| Basic Financial Statements | |
| Statement of Net Position and Governmental Funds Balance Sheet | 8 |
| Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances | 9 |
| Notes to Financial Statements | 10 |
| Required Supplementary Information | |
| Budgetary Comparison Schedule – General Fund | 22 |
| Budgetary Comparison Schedule – Special Revenue Fund | 23 |
| Notes to Required Supplementary Information | 24 |
| Supplementary Information | |
| Other Schedules Included Within This Report | 25 |
| Schedule of Services and Rates | 26 |
| Schedule of General Fund Expenditures | 27 |
| Schedule of Temporary Investments | 28 |
| Analysis of Taxes Levied and Receivable | 29 |
| Schedule of Long-Term Debt Service Requirements by Years | 31 |
| Changes in Long-Term Bonded Debt | 34 |
| Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years | 35 |
| Board Members, Key Personnel and Consultants | 37 |

Independent Auditor's Report

Board of Directors
Northwest Harris County Municipal Utility District No. 15
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. 15 (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 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
March 24, 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 | \$ 19,807,765 | \$ 17,463,462 |
| Capital assets | 13,738,782 | 14,049,581 |
| Total assets | <u>33,546,547</u> | <u>31,513,043</u> |
| Deferred outflows of resources | <u>421,677</u> | <u>485,450</u> |
| Total assets and deferred outflows of resources | <u>\$ 33,968,224</u> | <u>\$ 31,998,493</u> |
| Long-term liabilities | \$ 10,676,206 | \$ 11,653,018 |
| Other liabilities | 1,044,345 | 1,147,907 |
| Total liabilities | <u>11,720,551</u> | <u>12,800,925</u> |

Summary of Net Position (Continued)

| | <u>2024</u> | <u>2023</u> |
|----------------------------------|-----------------------------|-----------------------------|
| Net position: | | |
| Net investment in capital assets | \$ 3,484,253 | \$ 2,882,013 |
| Restricted | 1,399,605 | 1,737,202 |
| Unrestricted | <u>17,363,815</u> | <u>14,578,353</u> |
| Total net position | <u><u>\$ 22,247,673</u></u> | <u><u>\$ 19,197,568</u></u> |

The total net position of the District increased by \$3,050,105 or about 16%. The majority of the increase in net position is related to property taxes, charges for services and other revenues including investment income exceeding service expenses and depreciation on the District's capital assets. 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 | \$ 2,893,666 | \$ 2,901,509 |
| City of Houston rebates | 237,864 | 241,395 |
| Charges for services | 3,253,502 | 3,308,736 |
| Other revenues | <u>1,295,533</u> | <u>851,060</u> |
| Total revenues | <u>7,680,565</u> | <u>7,302,700</u> |
| Expenses: | | |
| Services | 3,821,394 | 4,342,145 |
| Depreciation | 498,041 | 502,557 |
| Debt service | <u>311,025</u> | <u>338,083</u> |
| Total expenses | <u>4,630,460</u> | <u>5,182,785</u> |
| Change in net position | 3,050,105 | 2,119,915 |
| Net position, beginning of year | <u>19,197,568</u> | <u>17,077,653</u> |
| Net position, end of year | <u><u>\$ 22,247,673</u></u> | <u><u>\$ 19,197,568</u></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 \$18,349,709, an increase of \$2,493,746 from the prior year.

The general fund's fund balance increased by \$2,834,106, primarily due to property taxes, sales tax rebates and service revenues as well as investment income and return of capital exceeding service operations and capital outlay expenditures.

The special revenue fund's fund balance increased by \$5,995 due to an increase in the District's share of the operating reserve.

The debt service fund's fund balance decreased by \$346,355 because bond principal and interest requirements exceeded property tax revenues and 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, water service and tap connection and inspection fees revenues, investment income, and repairs and maintenance and capital outlay expenditures being greater than anticipated, as well as regional water fee revenues and expenditures being less than anticipated. In addition, tap connection expenditures and return of capital were not budgeted. The fund balance as of September 30, 2024, was expected to be \$16,170,233 and the actual end-of-year fund balance was \$16,876,543.

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 | \$ 5,844,791 | \$ 5,844,791 |
| Water facilities | 5,103,119 | 5,271,905 |
| Wastewater facilities | 2,770,969 | 2,906,348 |
| Drainage facilities | 19,903 | 26,537 |
| Total capital assets | <u>\$ 13,738,782</u> | <u>\$ 14,049,581</u> |

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

| | |
|--|--------------------------|
| Replace fences at water plant No. 1 and lift station | \$ 98,579 |
| Well motor replacement at water plant No. 2 | 88,663 |
| Total additions to capital assets | <u>\$ 187,242</u> |

Debt

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

| | |
|---|-----------------------------|
| Long-term debt payable, beginning of year | \$ 11,653,018 |
| Decreases in long-term debt | <u>(976,812)</u> |
| Long-term debt payable, end of year | <u>\$ 10,676,206</u> |

At September 30, 2024, the District had \$14,385,000 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. Of this amount, \$7,000,000 is specifically authorized for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending a surface water supply and distribution system.

The District's Series 2021 refunding bonds carry an underlying rating of "A+" from Standard & Poor's, and also carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

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, except as set forth as follows.

Strategic Partnership Agreement

Effective December 14, 2009, the District entered into a Strategic Partnership 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 Strategic Partnership Agreement, the City has agreed it will not annex the District as a whole for full purposes for 30 years, at which time the City has the option to annex the District if it chooses to do so.

Northwest Harris County Municipal Utility District No. 15
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2024

| | General Fund | Special Revenue Fund | Debt Service Fund | Total | Adjustments | Statement of Net Position |
|--|---------------|----------------------|-------------------|---------------|---------------|---------------------------|
| Assets | | | | | | |
| Cash | \$ 415,410 | \$ 617,229 | \$ 338,419 | \$ 1,371,058 | \$ - | \$ 1,371,058 |
| Certificates of deposit | 4,245,000 | - | - | 4,245,000 | - | 4,245,000 |
| Short-term investments | 11,921,264 | - | 1,057,580 | 12,978,844 | - | 12,978,844 |
| Receivables: | | | | | | |
| Property taxes | 14,904 | - | 11,661 | 26,565 | - | 26,565 |
| Service accounts | 230,245 | - | - | 230,245 | - | 230,245 |
| Accrued interest | 104,948 | - | - | 104,948 | - | 104,948 |
| Interfund receivables | 455,550 | - | 243 | 455,793 | (455,793) | - |
| Due from participants | - | 298,840 | - | 298,840 | (39,858) | 258,982 |
| Due from others | 1,270 | - | - | 1,270 | - | 1,270 |
| Due from City of Houston | 59,796 | - | - | 59,796 | - | 59,796 |
| Due from regional water authority | - | - | - | - | 472,368 | 472,368 |
| Operating deposit | 58,689 | - | - | 58,689 | - | 58,689 |
| Capital assets (net of accumulated depreciation): | | | | | | |
| Land and improvements | - | - | - | - | 5,844,791 | 5,844,791 |
| Infrastructure | - | - | - | - | 7,893,991 | 7,893,991 |
| Total assets | 17,507,076 | 916,069 | 1,407,903 | 19,831,048 | 13,715,499 | 33,546,547 |
| Deferred Outflows of Resources | | | | | | |
| Deferred amount on debt refundings | - | - | - | - | 421,677 | 421,677 |
| Total assets and deferred outflows of resources | \$ 17,507,076 | \$ 916,069 | \$ 1,407,903 | \$ 19,831,048 | \$ 14,137,176 | \$ 33,968,224 |
| Liabilities | | | | | | |
| Accounts payable | \$ 239,947 | \$ 165,626 | \$ 2,959 | \$ 408,532 | \$ (39,858) | \$ 368,674 |
| Accrued interest payable | - | - | - | - | 85,222 | 85,222 |
| Customer deposits | 338,203 | - | - | 338,203 | - | 338,203 |
| Operating deposits | - | 215,010 | - | 215,010 | - | 215,010 |
| Due to others | 37,236 | - | - | 37,236 | - | 37,236 |
| Interfund payables | 243 | 455,550 | - | 455,793 | (455,793) | - |
| Long-term liabilities: | | | | | | |
| Due within one year | - | - | - | - | 990,000 | 990,000 |
| Due after one year | - | - | - | - | 9,686,206 | 9,686,206 |
| Total liabilities | 615,629 | 836,186 | 2,959 | 1,454,774 | 10,265,777 | 11,720,551 |
| Deferred Inflows of Resources | | | | | | |
| Deferred property tax revenues | 14,904 | - | 11,661 | 26,565 | (26,565) | - |
| Fund Balances/Net Position | | | | | | |
| Fund balances: | | | | | | |
| Restricted, unlimited tax bonds | - | - | 1,393,283 | 1,393,283 | (1,393,283) | - |
| Committed, wastewater collection and treatment | - | 79,883 | - | 79,883 | (79,883) | - |
| Assigned, operating deposit | 58,689 | - | - | 58,689 | (58,689) | - |
| Unassigned | 16,817,854 | - | - | 16,817,854 | (16,817,854) | - |
| Total fund balances | 16,876,543 | 79,883 | 1,393,283 | 18,349,709 | (18,349,709) | - |
| Total liabilities, deferred inflows of resources and fund balances | \$ 17,507,076 | \$ 916,069 | \$ 1,407,903 | \$ 19,831,048 | | |
| Net position: | | | | | | |
| Net investment in capital assets | | | | | 3,484,253 | 3,484,253 |
| Restricted for plant operations | | | | | 79,883 | 79,883 |
| Restricted for debt service | | | | | 1,319,722 | 1,319,722 |
| Unrestricted | | | | | 17,363,815 | 17,363,815 |
| Total net position | | | | | \$ 22,247,673 | \$ 22,247,673 |

Northwest Harris County Municipal Utility District No. 15
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended September 30, 2024

| | General Fund | Special Revenue Fund | Debt Service Fund | Total | Adjustments | Statement of Activities |
|---|-----------------|----------------------------|-------------------------|---------------|-------------|-------------------------------|
| Revenues | | | | | | |
| Property taxes | \$ 2,067,019 | \$ - | \$ 838,255 | \$ 2,905,274 | \$ (11,608) | \$ 2,893,666 |
| Sales tax rebates | 237,864 | - | - | 237,864 | - | 237,864 |
| Water service | 745,334 | - | - | 745,334 | - | 745,334 |
| Sewer service | 897,466 | 1,178,855 | - | 2,076,321 | (304,970) | 1,771,351 |
| Regional water fee | 736,817 | - | - | 736,817 | - | 736,817 |
| Penalty and interest | 128,576 | - | 41,181 | 169,757 | - | 169,757 |
| Tap connection and inspection fees | 189,645 | - | - | 189,645 | - | 189,645 |
| Investment income | 793,208 | 588 | 84,700 | 878,496 | 24,613 | 903,109 |
| Other income | 33,022 | - | - | 33,022 | - | 33,022 |
| Total revenues | 5,828,951 | 1,179,443 | 964,136 | 7,972,530 | (291,965) | 7,680,565 |
| Expenditures/Expenses | | | | | | |
| Service operations: | | | | | | |
| Purchased services | 315,419 | 12,978 | - | 328,397 | (304,970) | 23,427 |
| Regional water authority | 727,991 | 50,230 | - | 778,221 | - | 778,221 |
| Professional fees | 250,479 | 11,566 | 16,689 | 278,734 | - | 278,734 |
| Contracted services | 515,379 | 176,780 | 53,484 | 745,643 | - | 745,643 |
| Utilities | 71,547 | 144,736 | - | 216,283 | - | 216,283 |
| Repairs and maintenance | 567,379 | 759,642 | - | 1,327,021 | 217,007 | 1,544,028 |
| Other expenditures | 76,979 | 23,511 | 7,093 | 107,583 | - | 107,583 |
| Tap connections | 127,475 | - | - | 127,475 | - | 127,475 |
| Capital outlay | 404,249 | - | - | 404,249 | (404,249) | - |
| Depreciation | - | - | - | - | 498,041 | 498,041 |
| Debt service: | | | | | | |
| Principal retirement | - | - | 950,000 | 950,000 | (950,000) | - |
| Interest and fees | - | - | 283,225 | 283,225 | 27,800 | 311,025 |
| Total expenditures/expenses | 3,056,897 | 1,179,443 | 1,310,491 | 5,546,831 | (916,371) | 4,630,460 |
| Excess (Deficiency) of Revenues Over Expenditures | 2,772,054 | - | (346,355) | 2,425,699 | 624,406 | |
| Other Financing Sources (Uses) | | | | | | |
| Interfund transfers in (out) | (5,995) | 5,995 | - | - | - | |
| Return of capital | 68,047 | - | - | 68,047 | (68,047) | |
| Total other financing sources | 62,052 | 5,995 | - | 68,047 | (68,047) | |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | 2,834,106 | 5,995 | (346,355) | 2,493,746 | (2,493,746) | |
| Change in Net Position | | | | | 3,050,105 | 3,050,105 |
| Fund Balances/Net Position | | | | | | |
| Beginning of year | 14,042,437 | 73,888 | 1,739,638 | 15,855,963 | - | 19,197,568 |
| End of year | \$ 16,876,543 | \$ 79,883 | \$ 1,393,283 | \$ 18,349,709 | \$ - | \$ 22,247,673 |

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

Northwest Harris County Municipal Utility District No. 15 (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective March 7, 1978, 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. 15
Notes to Financial Statements
September 30, 2024

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

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

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. 15
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. 15
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 |
| Storm water pump station | 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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. 15
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. | \$ 13,738,782 |
| Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements. | 26,565 |
| Amounts due from the regional water authority are not receivable in the current period and are not reported in the funds. | 472,368 |
| Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds. | 421,677 |
| Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds. | (85,222) |
| Long-term debt obligations are not due and payable in the current period and are not reported in the funds. | <u>(10,676,206)</u> |
| Adjustment to fund balances to arrive at net position. | <u><u>\$ 3,897,964</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. | \$ 2,493,746 |
| 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 and noncapitalized costs exceeded capital outlay expenditures in the current period. | (310,799) |
| Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position. | 950,000 |

Northwest Harris County Municipal Utility District No. 15
Notes to Financial Statements
September 30, 2024

| | |
|---|---------------------|
| Return of capital is an other financing source in the governmental funds, but is a reduction of amounts due from the regional water authority and an increase in investment income in the government-wide financial statements. | \$ (43,434) |
| Revenues that have previously been reported in the statement of activities are reported as revenues for the governmental funds. | (11,608) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | <u>(27,800)</u> |
| Change in net position of governmental activities. | <u>\$ 3,050,105</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 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.

Northwest Harris County Municipal Utility District No. 15
Notes to Financial Statements
September 30, 2024

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

| Type | Maturities in Years | | | | |
|-------------|---------------------|---------------|------|------|--------------|
| | Fair Value | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| Texas CLASS | \$ 12,978,844 | \$ 12,978,844 | \$ - | \$ - | \$ - |

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 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 at September 30, 2024, as follows:

| | |
|-----------------|----------------------|
| Carrying value: | |
| Deposits | \$ 5,616,058 |
| Investments | <u>12,978,844</u> |
| Total | <u>\$ 18,594,902</u> |

Included in the following statement of net position captions:

| | |
|-------------------------|----------------------|
| Cash | \$ 1,371,058 |
| Certificates of deposit | 4,245,000 |
| Short-term investments | <u>12,978,844</u> |
| Total | <u>\$ 18,594,902</u> |

Investment Income

Investment income of \$903,109 for the year ended September 30, 2024, consisted of \$878,496 of interest income on deposits and investments and \$24,613 of interest on capital contributions to the North Harris County Regional Water Authority (the Authority).

Fair Value Measurements

The District has the following recurring fair value measurements as of September 30, 2024:

- Pooled investments of \$12,978,844 are valued at fair value per share of the pool's underlying portfolio.

Northwest Harris County Municipal Utility District No. 15
Notes to Financial Statements
September 30, 2024

Note 3. Capital Assets

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

| Governmental Activities | Balances, Beginning of Year | Additions | Balances, End of Year |
|--|--|------------------|--------------------------------------|
| Capital assets, non-depreciable: | | | |
| Land and improvements | \$ 5,844,791 | \$ - | \$ 5,844,791 |
| Capital assets, depreciable: | | | |
| Water production and distribution facilities | 11,458,989 | 176,442 | 11,635,431 |
| Wastewater collection and treatment facilities | 5,763,175 | 10,800 | 5,773,975 |
| Drainage facilities | 132,691 | - | 132,691 |
| Total capital assets, depreciable | 17,354,855 | 187,242 | 17,542,097 |
| Less accumulated depreciation: | | | |
| Water production and distribution facilities | (6,187,084) | (345,228) | (6,532,312) |
| Wastewater collection and treatment facilities | (2,856,827) | (146,179) | (3,003,006) |
| Drainage facilities | (106,154) | (6,634) | (112,788) |
| Total accumulated depreciation | (9,150,065) | (498,041) | (9,648,106) |
| Total governmental activities, net | \$ 14,049,581 | \$ (310,799) | \$ 13,738,782 |

Note 4. Long-Term Liabilities

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

| Governmental Activities | Balances, Beginning of Year | Decreases | Balances, End of Year | Amounts Due in One Year |
|---|--|------------------|--------------------------------------|--|
| Unlimited tax bonds payable: | | | | |
| Unlimited tax bonds | \$ 6,610,000 | \$ 225,000 | \$ 6,385,000 | \$ 235,000 |
| Unlimited tax bonds from direct placement | 4,750,000 | 725,000 | 4,025,000 | 755,000 |
| Add premiums on bonds | 293,018 | 26,812 | 266,206 | - |
| Total governmental activities long-term liabilities | \$ 11,653,018 | \$ 976,812 | \$ 10,676,206 | \$ 990,000 |

Northwest Harris County Municipal Utility District No. 15
Notes to Financial Statements
September 30, 2024

Unlimited Tax Bonds

| | Refunding Series 2015** | Refunding Series 2021 |
|--|------------------------------------|----------------------------------|
| Amounts outstanding, September 30, 2024 | \$4,025,000 | \$6,385,000 |
| Interest rates | 2.86% | 2.00% to 3.00% |
| Maturity dates, serially beginning/ending | June 1, 2025/2029 | June 1, 2025/2033 |
| Interest payment dates | December 1/June 1 | December 1/June 1 |
| Callable dates* | June 1, 2022 | June 1, 2029 |

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

**Direct placement bonds.

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on unlimited tax and direct placement bonds outstanding at September 30, 2024.

| Year | Unlimited Tax Bonds | | Unlimited Tax Direct Placement Bonds | | Total |
|-------------|----------------------------|-------------------|---|-------------------|----------------------|
| | Principal | Interest | Principal | Interest | |
| 2025 | \$ 235,000 | \$ 140,550 | \$ 755,000 | \$ 115,115 | \$ 1,245,665 |
| 2026 | 245,000 | 133,500 | 775,000 | 93,522 | 1,247,022 |
| 2027 | 260,000 | 126,150 | 805,000 | 71,357 | 1,262,507 |
| 2028 | 265,000 | 118,350 | 830,000 | 48,334 | 1,261,684 |
| 2029 | 280,000 | 110,400 | 860,000 | 24,596 | 1,274,996 |
| 2030-2033 | 5,100,000 | 258,000 | - | - | 5,358,000 |
| Total | <u>\$ 6,385,000</u> | <u>\$ 886,950</u> | <u>\$ 4,025,000</u> | <u>\$ 352,924</u> | <u>\$ 11,649,874</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 | \$ 39,660,000* |
| Bonds sold | 25,275,000 |
| Refunding bonds voted | 39,660,000 |
| Refunding bonds authorization used | - |

*Of this amount, \$7,000,000 is specifically authorized for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending a surface water supply and distribution system.

Note 5. Significant Bond Order and Commission Requirements

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2024, the District levied an ad valorem debt service tax at the rate of \$0.1450 per \$100 of assessed valuation, which resulted in a tax levy of \$853,428 on the taxable valuation of \$588,570,730 for the 2023 tax year. The interest and principal requirements to be paid from the tax revenues and available resources is \$1,219,408, of which \$1,091,575 has been paid and \$127,833 is due December 1, 2024.

Note 6. Maintenance Taxes

At an election held May 4, 2002, 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 \$0.3550 per \$100 of assessed valuation, which resulted in a tax levy of \$2,089,429 on the taxable valuation of \$588,570,730 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Regional Water Authority

The District is within the boundaries of the Authority, which was created by the Texas Legislature 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.

In 2003 and 2005, the District entered into capital contribution agreements (the Agreements) with the Authority. The Agreements required the District to make capital contributions to the Authority of \$953,715 and the District will receive repayment through credits for District pumpage fees and water payments as they become due each year. In addition, any amounts owed to the District that remain after the credits will be paid to the District. These repayments accrued interest from 4.8087% to 5.0575% per year and will be repaid with interest-only payments through 2009 and principal and interest from 2010 through 2036. At September 30, 2024, the repayments outstanding are as follows:

| <u>Year</u> | <u>Amount</u> |
|-----------------------------------|--------------------------|
| 2025 | \$ 68,047 |
| 2026 | 68,047 |
| 2027 | 68,047 |
| 2028 | 68,047 |
| 2029 | 68,047 |
| 2030-2034 | 217,518 |
| 2035-2036 | <u>27,155</u> |
| | 584,908 |
| Less amount representing interest | <u>(112,540)</u> |
| | <u><u>\$ 472,368</u></u> |

Northwest Harris County Municipal Utility District No. 15
Notes to Financial Statements
September 30, 2024

Note 8. Contracts With Other Districts

Permanent Wastewater Treatment Plant

On May 16, 2001, the District entered into an amended waste disposal agreement with Harris County Municipal Utility District Nos. 273, 280, 281, 282 (District Nos. 273, 280, 281 and 282), and Northwest Harris County Municipal Utility District No. 5 (District No. 5) for the expansion and operation of a permanent wastewater treatment plant. The agreement is for a 40-year period from the date of the first amendment. Each participant's capacity and percent of ownership is shown below:

| Participants | Gallons-per-day Capacity | Percentage |
|---------------------|---------------------------------|-------------------|
| District No. 5 | 754,825 | 30.97 % |
| District No. 273 | 137,950 | 5.66 |
| District No. 280 | 295,886 | 12.14 |
| District No. 281 | 332,689 | 13.65 |
| District No. 282 | 285,406 | 11.71 |
| The District | 630,525 | 25.87 |
| Total | 2,437,281 | 100.00 % |

Under the terms of the agreement, monthly operating costs are shared by the participants, based upon percentage of ownership. Transactions for the current year are summarized as follows:

| | District No. 5 | District No. 273 | District No. 280 | District No. 281 | District No. 282 | The District | Total |
|-------------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------|-------------------|
| Receivable, beginning of year | \$ 193,313 | \$ 48,531 | \$ 72,167 | \$ 163,149 | \$ 69,611 | \$ 19,063 | \$ 565,834 |
| Billings - sewer service | 365,091 | 66,723 | 143,113 | 160,914 | 138,044 | 304,970 | 1,178,855 |
| Billings - construction | 1,193 | 218 | 467 | 525 | 451 | 996 | 3,850 |
| Collections | (446,769) | (60,056) | (197,093) | (280,062) | (180,548) | (285,171) | (1,449,699) |
| Receivable, end of year | <u>\$ 112,828</u> | <u>\$ 55,416</u> | <u>\$ 18,654</u> | <u>\$ 44,526</u> | <u>\$ 27,558</u> | <u>\$ 39,858</u> | <u>\$ 298,840</u> |
| Operating deposits | <u>\$ 94,815</u> | <u>\$ 17,328</u> | <u>\$ 25,227</u> | <u>\$ 41,790</u> | <u>\$ 35,850</u> | <u>\$ 79,883</u> | <u>\$ 294,893</u> |

On July 1, 2003, the District approved the second amendment to the waste disposal agreement, which provides for the expansion of the service area, as described in the agreement and the conveyance of the plant to District No. 281, effective July 1, 2007. The third amendment to the waste disposal agreement was effective June 1, 2005, and provides for changes in ownership of capacity. Pursuant to the fourth amendment dated May 24, 2006, the District designed a 1,053,350 gallons-per-day expansion of the plant on behalf of District No. 5 and District No. 281. District Nos. 281 and five deposited funds with the District for their share of construction costs. The conveyance of the plant to District No. 281 was deferred to June 25, 2008. During a prior year, the expansion was completed and the participants' percentage of ownership reflects the increased capacity. On March 26, 2008, the districts entered into the fifth amendment to the waste disposal agreement. In accordance with the amendment, it was agreed that District No. 15 would retain legal title to the plant on behalf of the districts and would no longer be required to transfer the plant to District No. 281, unless and until the districts with beneficial ownership of at least two-thirds of the then-existing capacity in the plant vote to transfer legal title to, and operational responsibility for, the plant to another district, with such vote not to occur before January 1, 2011, if at all. On January 26, 2011, the District approved the sixth amendment to the agreement and District No. 281 purchased additional capacity from District No. 5, effective March 1, 2010. The seventh amendment to the agreement was effective September 1, 2015, and reflects the purchase of capacity by District No. 282 and District No. 273 from District No. 5. All of the

Northwest Harris County Municipal Utility District No. 15
Notes to Financial Statements
September 30, 2024

participants in the plant have executed an eighth amendment to the Waste Disposal Agreement, effective January 30, 2019, to clarify and modify the meeting schedule and procedures of the Operating Committee, and grant authority to District No. 15 to approve expenses related to operating and maintaining the plant of not more than \$75,000 without the prior approval of the Operating Committee. The eighth amendment extends the term of the Waste Disposal Agreement for 40 years from January 30, 2019. All the participants in the plant have executed a ninth amendment to the waste disposal agreement, effective July 25, 2022, to reflect each participant's proportionate share of capacity in the plant following a re-rating of the plant's flow factor for determining the number of connections each participant is entitled to use.

Permanent and Emergency Water Supply

The District, District No. 280, District No. 281 and District No. 282 have also entered into a Permanent and Emergency Water Supply Agreement effective October 1, 1997, as amended April 5, 2000, December 1, 2005, and February 6, 2017. Under the terms of the agreement, the districts shared the cost of constructing Phase I of a water plant, which consisted of a water well within the boundaries of District No. 280. During a prior year, Phase II of the construction was completed. Each district's pro rata share of ownership in the plant and well is as follows:

| Participants | Fixed Costs Percentages | Water Well and Pump Percentages | Ground Storage Percentages | Auxiliary Power Percentages | All Other Components Percentages |
|---------------------|--|--|---|--|---|
| District No. 280 | 25.98 % | 25.98 % | 31.04 % | 25.98 % | 31.04 % |
| District No. 281 | 27.74 | 27.74 | 33.15 | 27.74 | 33.15 |
| District No. 282 | 29.97 | 29.97 | 35.81 | 29.97 | 35.81 |
| The District | 16.31 | 16.31 | - | 16.31 | - |
| Totals | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % |

Phase I became operational in April 1999. Phase II became operational during April 2002. Under the terms of the agreement, the District did not share operating costs until Phase II was operational. Operational costs of the components are shared based on capacity owned by each participant and variable costs are allocated based on water usage. During the current year, the District incurred operating costs of \$10,449.

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.

Note 10. Strategic Partnership Agreement

Effective December 14, 2009, the District and the City of Houston (the City) entered into a Strategic Partnership Agreement (the SPA) 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 SPA, the City agrees to remit one-half of all sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments 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 SPA, which is 30 years. During the current year, the District recorded \$237,864 in revenue related to the SPA.

Required Supplementary Information

Northwest Harris County Municipal Utility District No. 15
Budgetary Comparison Schedule – General Fund
Year Ended September 30, 2024

| | Original Budget | Actual | Variance Favorable (Unfavorable) |
|--|----------------------------|---------------|---|
| Revenues | | | |
| Property taxes | \$ 1,728,650 | \$ 2,067,019 | \$ 338,369 |
| Sales tax rebates | 240,000 | 237,864 | (2,136) |
| Water service | 622,000 | 745,334 | 123,334 |
| Sewer service | 882,000 | 897,466 | 15,466 |
| Regional water fee | 828,000 | 736,817 | (91,183) |
| Penalty and interest | 58,625 | 128,576 | 69,951 |
| Tap connection and inspection fees | 36,000 | 189,645 | 153,645 |
| Investment income | 443,040 | 793,208 | 350,168 |
| Other income | 53,600 | 33,022 | (20,578) |
| Total revenues | 4,891,915 | 5,828,951 | 937,036 |
| Expenditures | | | |
| Service operations: | | | |
| Purchased services | 366,804 | 315,419 | 51,385 |
| Regional water authority | 828,000 | 727,991 | 100,009 |
| Professional fees | 222,550 | 250,479 | (27,929) |
| Contracted services | 498,400 | 515,379 | (16,979) |
| Utilities | 75,600 | 71,547 | 4,053 |
| Repairs and maintenance | 400,825 | 567,379 | (166,554) |
| Other expenditures | 122,440 | 76,979 | 45,461 |
| Tap connections | - | 127,475 | (127,475) |
| Capital outlay | 249,500 | 404,249 | (154,749) |
| Total expenditures | 2,764,119 | 3,056,897 | (292,778) |
| Excess of Revenues Over Expenditures | 2,127,796 | 2,772,054 | 644,258 |
| Other Financing Sources (Uses) | | | |
| Interfund transfers out | - | (5,995) | (5,995) |
| Return of capital | - | 68,047 | 68,047 |
| Total other financing sources | - | 62,052 | 62,052 |
| Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | 2,127,796 | 2,834,106 | 706,310 |
| Fund Balance, Beginning of Year | 14,042,437 | 14,042,437 | - |
| Fund Balance, End of Year | \$ 16,170,233 | \$ 16,876,543 | \$ 706,310 |

Northwest Harris County Municipal Utility District No. 15
Budgetary Comparison Schedule – Special Revenue Fund
Year Ended September 30, 2024

| | Original Budget | Actual | Variance Favorable (Unfavorable) |
|--|----------------------------|------------------|---|
| Revenues | | | |
| Sewer service | \$ 1,224,600 | \$ 1,178,855 | \$ (45,745) |
| Investment income | - | 588 | 588 |
| Total revenues | 1,224,600 | 1,179,443 | (45,157) |
| Expenditures | | | |
| Service operations: | | | |
| Purchased services | 3,000 | 12,978 | (9,978) |
| Regional water authority | 15,000 | 50,230 | (35,230) |
| Professional fees | 58,100 | 11,566 | 46,534 |
| Contracted services | 163,100 | 176,780 | (13,680) |
| Utilities | 148,000 | 144,736 | 3,264 |
| Repairs and maintenance | 770,000 | 759,642 | 10,358 |
| Other expenditures | 52,400 | 23,511 | 28,889 |
| Capital outlay | 15,000 | - | 15,000 |
| Total expenditures | 1,224,600 | 1,179,443 | 45,157 |
| Excess of Revenues Over Expenditures | - | - | - |
| Other Financing Sources | | | |
| Interfund transfers in | - | 5,995 | 5,995 |
| Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | - | 5,995 | 5,995 |
| Fund Balance, Beginning of Year | 73,888 | 73,888 | - |
| Fund Balance, End of Year | \$ 73,888 | \$ 79,883 | \$ 5,995 |

Budgets and Budgetary Accounting

Annual operating budgets are prepared for the general and special revenue funds by the District's Board of Directors and its 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 and special revenue funds 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 and Special Revenue Fund present the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Supplementary Information

Northwest Harris County Municipal Utility District No. 15
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 10-21
- [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. 15
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 checked="" type="checkbox"/> Security |
| <input checked="" type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other _____ | | |

2. Retail service providers

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

| | Minimum Charge | Minimum Usage | Flat Rate Y/N | Rate Per 1,000 Gallons Over Minimum | Usage Levels |
|-----------------------------|----------------|---------------|---------------|-------------------------------------|---|
| Water: | \$ 15.00 | 5,000 | N | \$ 2.00 \$ 4.00 \$ 6.00 | 5,001 to 15,000 15,001 to 30,000 30,001 to No Limit |
| Wastewater: | \$ 39.00 | - | Y | | |
| Regional water fee: | \$ 3.96 | 1 | N | \$ 3.96 | 1,001 to No Limit |
| TCEQ regulatory assessment: | None | 1 | N | 0.50% | 1,001 to No Limit |

Does the District employ winter averaging for wastewater usage?

Yes ☐ No ☒

Total charges per 10,000 gallons usage (including fees):

Water \$ 64.60

Wastewater \$ 39.00

b. Water and wastewater retail connections:

| Meter Size | Total Connections | Active Connections | ESFC Factor | Active ESFC* |
|------------------|-------------------|--------------------|-------------|--------------|
| Unmetered | 1 | 1 | x1.0 | 1 |
| ≤ 3/4" | 1,329 | 1,324 | x1.0 | 1,324 |
| 1" | 23 | 20 | x2.5 | 50 |
| 1 1/2" | - | - | x5.0 | - |
| 2" | 52 | 52 | x8.0 | 416 |
| 3" | - | - | x15.0 | - |
| 4" | 3 | 3 | x25.0 | 75 |
| 6" | 5 | 5 | x50.0 | 250 |
| 8" | 7 | 7 | x80.0 | 560 |
| 10" | - | - | x115.0 | - |
| 12" | - | - | x155.0 | - |
| Total water | 1,420 | 1,412 | | 2,676 |
| Total wastewater | 1,364 | 1,356 | x1.0 | 1,356 |

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

| | |
|---|---------|
| Gallons pumped into the system: | 206,472 |
| Gallons billed to customers: | 195,273 |
| Water accountability ratio (gallons billed/gallons pumped): | 94.58% |

**ESFC" means equivalent single-family connections

Northwest Harris County Municipal Utility District No. 15
Schedule of General Fund Expenditures
Year Ended September 30, 2024

| | | |
|---|-----------|--------------|
| Personnel (including benefits) | | \$ - |
| Professional Fees | | |
| Auditing | \$ 25,400 | |
| Legal | 104,548 | |
| Engineering | 120,531 | |
| Financial advisor | - | 250,479 |
| Purchased Services for Resale | | |
| Bulk water and wastewater service purchases | | 315,419 |
| Regional Water Authority | | 727,991 |
| Contracted Services | | |
| Bookkeeping | 22,308 | |
| General manager | - | |
| Appraisal district | - | |
| Tax collector | - | |
| Security | 9,855 | |
| Other contracted services | 149,290 | 181,453 |
| Utilities | | 71,547 |
| Repairs and Maintenance | | 567,379 |
| Administrative Expenditures | | |
| Directors' fees | 22,542 | |
| Office supplies | - | |
| Insurance | 21,620 | |
| Other administrative expenditures | 32,817 | 76,979 |
| Capital Outlay | | |
| Capitalized assets | 187,242 | |
| Expenditures not capitalized | 217,007 | 404,249 |
| Tap Connection Expenditures | | 127,475 |
| Solid Waste Disposal | | 333,926 |
| Fire Fighting | | - |
| Parks and Recreation | | - |
| Other Expenditures | | - |
| Total expenditures | | \$ 3,056,897 |

Northwest Harris County Municipal Utility District No. 15
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 | | | | |
| Certificates of Deposit | | | | |
| No. 3300041527 | 5.15% | 03/21/25 | \$ 245,000 | \$ 6,728 |
| No. 660001053 | 5.50% | 04/22/25 | 4,000,000 | 98,220 |
| Texas Class | 5.06% | Demand | <u>11,921,264</u> | <u>-</u> |
| | | | 16,166,264 | 104,948 |
| Debt Service Fund | | | | |
| Texas Class | 5.06% | Demand | <u>1,057,580</u> | <u>-</u> |
| Totals | | | <u><u>\$ 17,223,844</u></u> | <u><u>\$ 104,948</u></u> |

Northwest Harris County Municipal Utility District No. 15
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2024

| | Maintenance Taxes | Debt Service Taxes |
|---|------------------------------|-----------------------------------|
| Receivable, Beginning of Year | \$ 20,114 | \$ 18,059 |
| Additions and corrections to prior years' taxes | (27,620) | (21,571) |
| Adjusted receivable, beginning of year | (7,506) | (3,512) |
| 2023 Original Tax Levy | 2,047,011 | 836,103 |
| Additions and corrections | 42,418 | 17,325 |
| Adjusted tax levy | 2,089,429 | 853,428 |
| Total to be accounted for | 2,081,923 | 849,916 |
| Tax (collections) refunds: Current year | (2,082,537) | (850,614) |
| Prior years | 15,518 | 12,359 |
| Receivable, end of year | <u>\$ 14,904</u> | <u>\$ 11,661</u> |
| Receivable, by Years | | |
| 2023 | \$ 6,892 | \$ 2,814 |
| 2022 | 3,231 | 2,272 |
| 2021 | 922 | 797 |
| 2020 | 669 | 681 |
| 2019 | 730 | 742 |
| 2018 | 617 | 760 |
| 2017 | 617 | 755 |
| 2016 | 473 | 592 |
| 2015 | 5 | 8 |
| 2014 | 224 | 423 |
| 2013 | 142 | 477 |
| 2012 | 130 | 437 |
| 2011 | 145 | 490 |
| 2010 | 107 | 413 |
| Receivable, end of year | <u>\$ 14,904</u> | <u>\$ 11,661</u> |

Northwest Harris County Municipal Utility District No. 15
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 | \$ 133,583,260 | \$ 123,194,302 | \$ 113,040,334 | \$ 107,334,483 |
| Improvements | 537,826,379 | 485,058,190 | 400,475,674 | 376,250,618 |
| Personal property | 52,374,689 | 43,597,737 | 29,025,746 | 27,686,232 |
| Exemptions | <u>(135,213,598)</u> | <u>(116,019,817)</u> | <u>(70,808,290)</u> | <u>(48,874,387)</u> |
| Total property valuations | <u>\$ 588,570,730</u> | <u>\$ 535,830,412</u> | <u>\$ 471,733,464</u> | <u>\$ 462,396,946</u> |
| Tax Rates per \$100 Valuation | | | | |
| Debt service tax rates | \$ 0.1450 | \$ 0.2250 | \$ 0.2550 | \$ 0.2850 |
| Maintenance tax rates* | <u>0.3550</u> | <u>0.3200</u> | <u>0.2950</u> | <u>0.2800</u> |
| Total tax rates per \$100 valuation | <u>\$ 0.5000</u> | <u>\$ 0.5450</u> | <u>\$ 0.5500</u> | <u>\$ 0.5650</u> |
| Tax Levy | <u>\$ 2,942,857</u> | <u>\$ 2,920,275</u> | <u>\$ 2,594,535</u> | <u>\$ 2,612,544</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 4, 2002

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

Northwest Harris County Municipal Utility District No. 15
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024

| | | Refunding Series 2015 | | |
|---|--------|----------------------------|---------------------------------------|---------------------|
| Due During Fiscal Years Ending September 30 | | Principal Due June 1 | Interest Due December 1, June 1 | Total |
| | | | | |
| 2025 | | \$ 755,000 | \$ 115,115 | \$ 870,115 |
| 2026 | | 775,000 | 93,522 | 868,522 |
| 2027 | | 805,000 | 71,357 | 876,357 |
| 2028 | | 830,000 | 48,334 | 878,334 |
| 2029 | | 860,000 | 24,596 | 884,596 |
| | Totals | <u>\$ 4,025,000</u> | <u>\$ 352,924</u> | <u>\$ 4,377,924</u> |

Northwest Harris County Municipal Utility District No. 15
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024

(Continued)

| Due During Fiscal Years Ending September 30 | Refunding Series 2021 | | |
|---|----------------------------|---------------------------------------|---------------------|
| | Principal Due June 1 | Interest Due December 1, June 1 | Total |
| 2025 | \$ 235,000 | \$ 140,550 | \$ 375,550 |
| 2026 | 245,000 | 133,500 | 378,500 |
| 2027 | 260,000 | 126,150 | 386,150 |
| 2028 | 265,000 | 118,350 | 383,350 |
| 2029 | 280,000 | 110,400 | 390,400 |
| 2030 | 1,230,000 | 102,000 | 1,332,000 |
| 2031 | 1,260,000 | 77,400 | 1,337,400 |
| 2032 | 1,290,000 | 52,200 | 1,342,200 |
| 2033 | 1,320,000 | 26,400 | 1,346,400 |
| Totals | <u>\$ 6,385,000</u> | <u>\$ 886,950</u> | <u>\$ 7,271,950</u> |

Northwest Harris County Municipal Utility District No. 15
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2024

(Continued)

| Due During Fiscal Years Ending September 30 | Annual Requirements For All Series | | |
|---|------------------------------------|--------------------------|--|
| | Total Principal Due | Total Interest Due | Total Principal and Interest Due |
| 2025 | \$ 990,000 | \$ 255,665 | \$ 1,245,665 |
| 2026 | 1,020,000 | 227,022 | 1,247,022 |
| 2027 | 1,065,000 | 197,507 | 1,262,507 |
| 2028 | 1,095,000 | 166,684 | 1,261,684 |
| 2029 | 1,140,000 | 134,996 | 1,274,996 |
| 2030 | 1,230,000 | 102,000 | 1,332,000 |
| 2031 | 1,260,000 | 77,400 | 1,337,400 |
| 2032 | 1,290,000 | 52,200 | 1,342,200 |
| 2033 | 1,320,000 | 26,400 | 1,346,400 |
| Totals | <u>\$ 10,410,000</u> | <u>\$ 1,239,874</u> | <u>\$ 11,649,874</u> |

Northwest Harris County Municipal Utility District No. 15
Changes in Long-Term Bonded Debt
Year Ended September 30, 2024

| | Bond Issues | | |
|--|---|--------------------------|----------------------|
| | Refunding Series 2015 | Refunding Series 2021 | Totals |
| Interest rates | 2.86% | 2.00% to 3.00% | |
| Dates interest payable | December 1/ June 1 | December 1/ June 1 | |
| Maturity dates | June 1, 2025/2029 | June 1, 2025/2033 | |
| Bonds outstanding, beginning of current year | \$ 4,750,000 | \$ 6,610,000 | \$ 11,360,000 |
| Retirements, principal | 725,000 | 225,000 | 950,000 |
| Bonds outstanding, end of current year | <u>\$ 4,025,000</u> | <u>\$ 6,385,000</u> | <u>\$ 10,410,000</u> |
| Interest paid during current year | <u>\$ 135,850</u> | <u>\$ 147,300</u> | <u>\$ 283,150</u> |
| Paying agent's name and address: | | | |
| Series 2015 | - The Bank of New York Mellon Trust Company, N.A., Houston, Texas | | |
| Series 2021 | - The Bank of New York Mellon Trust Company, N.A., Houston, Texas | | |
| Bond authority: | | | |
| | Tax Bonds | Other Bonds | Refunding Bonds |
| Amount authorized by voters | \$ 39,660,000 | \$ - | \$ 39,660,000 |
| Amount issued | \$ 25,275,000 | \$ - | \$ - |
| Remaining to be issued | \$ 14,385,000 * | \$ - | \$ 39,660,000 |
| Debt service fund cash and temporary investment balances as of September 30, 2024: | | | \$ 1,395,999 |
| Average annual debt service payment (principal and interest) for remaining term of all debt: | | | \$ 1,294,430 |

*Of this amount, \$7,000,000 is specifically authorized for purchasing, constructing, acquiring, owning, operating, repairing, improving or extending a surface water supply and distribution system.

Northwest Harris County Municipal Utility District No. 15
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,

| | Amounts | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| General Fund | | | | | |
| Revenues | | | | | |
| Property taxes | \$ 2,067,019 | \$ 1,695,893 | \$ 1,384,710 | \$ 1,295,324 | \$ 1,291,023 |
| Sales tax rebates | 237,864 | 241,395 | 211,264 | 179,272 | 148,225 |
| Water service | 745,334 | 660,926 | 608,457 | 562,312 | 625,724 |
| Sewer service | 897,466 | 884,680 | 868,614 | 843,630 | 829,000 |
| Regional water fee | 736,817 | 860,366 | 878,978 | 750,639 | 694,591 |
| Penalty and interest | 128,576 | 75,590 | 79,283 | 87,300 | 73,566 |
| Tap connection and inspection fees | 189,645 | 25,441 | 49,479 | 54,836 | 13,947 |
| Investment income | 793,208 | 535,172 | 75,861 | 18,202 | 107,117 |
| Other income | 33,022 | 59,543 | 50,030 | 21,200 | 51,731 |
| Total revenues | 5,828,951 | 5,039,006 | 4,206,676 | 3,812,715 | 3,834,924 |
| Expenditures | | | | | |
| Service operations: | | | | | |
| Purchased services | 315,419 | 378,581 | 415,101 | 328,875 | 264,062 |
| Regional water fee | 727,991 | 982,045 | 978,532 | 817,000 | 769,239 |
| Professional fees | 250,479 | 223,429 | 198,784 | 141,202 | 161,350 |
| Contracted services | 515,379 | 474,158 | 506,276 | 454,244 | 427,334 |
| Utilities | 71,547 | 68,798 | 69,832 | 58,953 | 62,418 |
| Repairs and maintenance | 567,379 | 446,715 | 391,193 | 337,232 | 333,762 |
| Other expenditures | 76,979 | 119,981 | 87,528 | 73,053 | 73,214 |
| Tap connections | 127,475 | - | 10,151 | 36,190 | 1,913 |
| Capital outlay | 404,249 | 1,227,629 | 356,130 | 71,757 | 48,506 |
| Total expenditures | 3,056,897 | 3,921,336 | 3,013,527 | 2,318,506 | 2,141,798 |
| Excess of Revenues Over Expenditures | 2,772,054 | 1,117,670 | 1,193,149 | 1,494,209 | 1,693,126 |
| Other Financing Sources (Uses) | | | | | |
| Interfund transfers out | (5,995) | - | (681) | - | - |
| Return of capital | 68,047 | 68,047 | 68,047 | 68,047 | 68,047 |
| Total other financing sources | 62,052 | 68,047 | 67,366 | 68,047 | 68,047 |
| Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | 2,834,106 | 1,185,717 | 1,260,515 | 1,562,256 | 1,761,173 |
| Fund Balance, Beginning of Year | 14,042,437 | 12,856,720 | 11,596,205 | 10,033,949 | 8,272,776 |
| Fund Balance, End of Year | \$ 16,876,543 | \$ 14,042,437 | \$ 12,856,720 | \$ 11,596,205 | \$ 10,033,949 |
| Total Active Retail Water Connections | 1,412 | 1,413 | 1,411 | 1,402 | 1,404 |
| Total Active Retail Wastewater Connections | 1,356 | 1,353 | 1,351 | 1,342 | 1,349 |

| Percent of Fund Total Revenues | | | | |
|--------------------------------|--------|--------|--------|--------|
| 2024 | 2023 | 2022 | 2021 | 2020 |
| 35.5 % | 33.6 % | 32.9 % | 34.0 % | 33.7 % |
| 4.1 | 4.8 | 5.0 | 4.7 | 3.9 |
| 12.8 | 13.1 | 14.5 | 14.7 | 16.3 |
| 15.4 | 17.6 | 20.6 | 22.1 | 21.6 |
| 12.6 | 17.1 | 20.9 | 19.7 | 18.1 |
| 2.2 | 1.5 | 1.9 | 2.3 | 1.9 |
| 3.2 | 0.5 | 1.2 | 1.4 | 0.4 |
| 13.6 | 10.6 | 1.8 | 0.5 | 2.8 |
| 0.6 | 1.2 | 1.2 | 0.6 | 1.3 |
| 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 5.4 | 7.5 | 9.9 | 8.6 | 6.9 |
| 12.5 | 19.5 | 23.3 | 21.4 | 20.1 |
| 4.3 | 4.4 | 4.7 | 3.7 | 4.2 |
| 8.8 | 9.4 | 12.0 | 11.9 | 11.1 |
| 1.2 | 1.4 | 1.6 | 1.6 | 1.6 |
| 9.7 | 8.9 | 9.3 | 8.8 | 8.7 |
| 1.3 | 2.4 | 2.1 | 1.9 | 1.9 |
| 2.2 | - | 0.2 | 1.0 | 0.1 |
| 7.0 | 24.3 | 8.5 | 1.9 | 1.3 |
| 52.4 | 77.8 | 71.6 | 60.8 | 55.9 |
| 47.6 % | 22.2 % | 28.4 % | 39.2 % | 44.1 % |

Northwest Harris County Municipal Utility District No. 15
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 | \$ 838,255 | \$ 1,191,621 | \$ 1,196,679 | \$ 1,318,799 | \$ 1,310,574 |
| Penalty and interest | 41,181 | 56,946 | 35,272 | 45,948 | 83,130 |
| Investment income | 84,700 | 71,620 | 10,518 | 1,753 | 19,038 |
| Total revenues | 964,136 | 1,320,187 | 1,242,469 | 1,366,500 | 1,412,742 |
| Expenditures | | | | | |
| Current: | | | | | |
| Professional fees | 16,689 | 3,658 | 8,017 | 4,177 | 1,528 |
| Contracted services | 53,484 | 49,219 | 44,460 | 41,946 | 44,385 |
| Other expenditures | 7,093 | 6,051 | 7,398 | 10,151 | 5,154 |
| Debt service: | | | | | |
| Principal retirement | 950,000 | 920,000 | 895,000 | 845,000 | 810,000 |
| Interest and fees | 283,225 | 311,270 | 337,522 | 384,140 | 532,130 |
| Debt defeasance | - | - | - | 76,000 | - |
| Debt issuance costs | - | - | - | 246,619 | - |
| Total expenditures | 1,310,491 | 1,290,198 | 1,292,397 | 1,608,033 | 1,393,197 |
| Excess (Deficiency) of Revenues Over Expenditures | (346,355) | 29,989 | (49,928) | (241,533) | 19,545 |
| Other Financing Sources (Uses) | | | | | |
| General obligation bonds issued | - | - | - | 6,855,000 | - |
| Payments to escrow agent | - | - | - | (6,967,919) | - |
| Premium on debt issued | - | - | - | 359,538 | - |
| Total other financing sources | - | - | - | 246,619 | - |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | (346,355) | 29,989 | (49,928) | 5,086 | 19,545 |
| Fund Balance, Beginning of Year | 1,739,638 | 1,709,649 | 1,759,577 | 1,754,491 | 1,734,946 |
| Fund Balance, End of Year | <u>\$ 1,393,283</u> | <u>\$ 1,739,638</u> | <u>\$ 1,709,649</u> | <u>\$ 1,759,577</u> | <u>\$ 1,754,491</u> |

| Percent of Fund Total Revenues | | | | |
|--------------------------------|--------|---------|----------|--------|
| 2024 | 2023 | 2022 | 2021 | 2020 |
| 86.9 % | 90.3 % | 96.3 % | 96.5 % | 92.8 % |
| 4.3 | 4.3 | 2.8 | 3.4 | 5.9 |
| 8.8 | 5.4 | 0.9 | 0.1 | 1.3 |
| 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1.7 | 0.3 | 0.6 | 0.3 | 0.1 |
| 5.6 | 3.7 | 3.6 | 3.1 | 3.1 |
| 0.7 | 0.4 | 0.6 | 0.7 | 0.4 |
| 98.5 | 69.7 | 72.0 | 61.8 | 57.3 |
| 29.4 | 23.6 | 27.2 | 28.1 | 37.7 |
| - | - | - | 5.6 | - |
| - | - | - | 18.1 | - |
| 135.9 | 97.7 | 104.0 | 117.7 | 98.6 |
| (35.9) % | 2.3 % | (4.0) % | (17.7) % | 1.4 % |

Northwest Harris County Municipal Utility District No. 15
Board Members, Key Personnel and Consultants
Year Ended September 30, 2024

| | |
|--|--|
| Complete District mailing address: | Northwest Harris County Municipal Utility District No. 15 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 2400 Houston, Texas 77056 |
| District business telephone number: | 713.623.4531 |
| Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054): | May 30, 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 |
|-------------------------|---|--------------|-----------------------------------|------------------------------|
| Lawrence E. LaHaie, Jr. | Elected 05/24- 05/28 | \$ 7,072 | \$ 2,735 | President |
| Timothy Anderson | Elected 05/24- 05/28 | 5,525 | - | Vice President |
| Joseph Turner | Elected 05/22- 05/26 | 4,420 | 2,216 | Secretary |
| George Dupuy | Elected 05/24- 05/28 | 2,652 | - | Assistant Secretary |
| Allen Parker | Appointed 05/23- 05/26 | 2,873 | - | Assistant Secretary |

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

Northwest Harris County Municipal Utility District No. 15
Board Members, Key Personnel and Consultants
Year Ended September 30, 2024

(Continued)

| Consultants | Date Hired | Fees and Expense Reimbursements | Title |
|--|-----------------------|--|----------------------------|
| Bob Leared Interests | 1979 | \$ 37,578 | Tax Assessor/ Collector |
| Forvis Mazars, LLP | 1989 | 28,200 | Auditor |
| Harris Central Appraisal District | Legislative Action | 25,418 | Appraiser |
| L&S District Services, LLC | 04/07/99 | 30,889 | Bookkeeper |
| Perdue, Brandon, Fielder, Collins & Mott, L.L.P. | 1980 | 16,689 | Delinquent Tax Attorney |
| R.G. Miller Engineers, Inc. | 1999 | 123,712 | Engineer |
| Robert W. Baird & Co. | 2015 | - | Financial Advisor |
| Schwartz, Page & Harding, L.L.P. | 1994 | 106,515 | Attorney |
| Water District Management | 1980 | 1,451,622 | Operator |
| Investment Officers | | | |
| Debra Loggins and Tiffany Loggins | 02/26/20 | N/A | Bookkeepers |