

SHASLA PUBLIC UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Shasla Public Utility District
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Shasla Public Utility District (the "District") as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of August 31, 2024, and the respective changes in financial position 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. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund and Special Revenue Fund 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.

Board of Directors
Shasla Public Utility District

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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is 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. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

December 9, 2024

SHASLA PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED AUGUST 31, 2024

Management's discussion and analysis of the financial performance of Shasla Public Utility District (the "District") provides an overview of the District's financial activities for the fiscal year ended August 31, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets, liabilities and, if applicable deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Special Revenue Fund accounts for financial resources allocated for the operation of a joint water well. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

**SHASLA PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. Budgetary comparison schedules are included as RSI for the General Fund and Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$4,716,771 as of August 31, 2024.

A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

A comparative analysis of government-wide changes in net position is presented below.

SHASLA PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 4,047,568	\$ 4,007,270	\$ 40,298
Capital Assets (Net of Accumulated Depreciation)	3,452,568	3,353,616	98,952
Total Assets	\$ 7,500,136	\$ 7,360,886	\$ 139,250
Deferred Outflows of Resources	\$ 116,079	\$ 141,937	\$ (25,858)
Long -Term Liabilities	\$ 2,154,151	\$ 2,537,127	\$ 382,976
Other Liabilities	745,293	838,958	93,665
Total Liabilities	\$ 2,899,444	\$ 3,376,085	\$ 476,641
Net Position:			
Net Investment in Capital Assets	\$ 1,029,496	\$ 583,426	\$ 446,070
Restricted	260,092	279,191	(19,099)
Unrestricted	3,427,183	3,264,121	163,062
Total Net Position	\$ 4,716,771	\$ 4,126,738	\$ 590,033

The following table provides a summary of the District's operations for the years ended August 31, 2024, and August 31, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,219,213	\$ 1,159,531	\$ 59,682
Charges for Services	727,492	985,808	(258,316)
Other Revenues	211,751	160,670	51,081
Total Revenues	\$ 2,158,456	\$ 2,306,009	\$ (147,553)
Expenses for Services	1,568,423	1,721,800	153,377
Change in Net Position	\$ 590,033	\$ 584,209	\$ 5,824
Net Position, Beginning of Year	4,126,738	3,542,529	584,209
Net Position, End of Year	\$ 4,716,771	\$ 4,126,738	\$ 590,033

**SHASLA PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2024, were \$3,686,361, an increase of \$124,606 from the prior year.

The General Fund fund balance increased by \$157,616, primarily due to tax and services-related revenues exceeding operating expenditures and capital outlay.

The Special Revenue Fund is revenue neutral. Costs of operating the joint water well totaled \$349,133 during the current fiscal year.

The Debt Service Fund fund balance decreased by \$33,010, primarily due to the structure of the District's outstanding debt requirements.

BUDGETARY HIGHLIGHTS

The District adopted unappropriated budgets for the current fiscal year. For the General Fund, actual revenues were \$27,981 more than budgeted revenues and actual expenditures were \$427,526 less than budgeted expenditures. This resulted in a total positive variance of \$455,507. In the Special Revenue Fund, revenues and expenditures were \$341,117 less than budgeted. See the budget to actual comparisons for more information.

CAPITAL ASSETS

Capital assets as of August 31, 2024, total \$3,452,568 (net of accumulated depreciation) include land, buildings and equipment as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 198,138	\$ 198,138	\$
Construction in Progress	14,350	87,375	(73,025)
Capital Assets, Net of Accumulated Depreciation:			
Water System	1,544,480	1,477,435	67,045
Wastewater System	1,418,483	1,302,168	116,315
Drainage System	277,117	288,500	(11,383)
Total Net Capital Assets	<u>\$ 3,452,568</u>	<u>\$ 3,353,616</u>	<u>\$ 98,952</u>

**SHASLA PUBLIC UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

LONG-TERM DEBT ACTIVITY

As of August 31, 2024, the District had total bond debt payable of \$2,550,000. The changes in the debt position of the District during the fiscal year ended August 31, 2024, are summarized as follows:

Bond Debt Payable, September 1, 2023	\$ 2,925,000
Less: Bond Principal Paid	<u>375,000</u>
Bond Debt Payable, August 31, 2024	<u>\$ 2,550,000</u>

The District bonds carries an underlying rating of “BBB+” by Standard and Poor’s. The Series 2015 Refunding bonds carry an insured rating of “AA” by virtue of bond insurance issued by Build America Mutual. The Series 2013 bonds do not carry an insured rating. The above ratings reflect any rating changes, if any during the fiscal year ending August 31, 2024.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Shasla Public Utility District, c/o Young & Brooks, 10000 Memorial Drive, Suite 260, Houston, TX 77024.

SHASLA PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>
ASSETS		
Cash	\$ 85,810	\$ 169,342
Investments	3,348,542	
Cash with Fiscal Agent		
Receivables:		
Property Taxes	15,824	
Penalty and Interest on Delinquent Taxes		
Service Accounts	60,592	
Due from Other Funds		25,207
Prepaid Costs	13,143	
Due from Other Governmental Units		6,609
Advance for Water Well Operations	86,281	
Advance for Regional Wastewater Treatment		
Plant Operations	50,227	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 3,660,419</u>	<u>\$ 201,158</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 3,660,419</u></u>	<u><u>\$ 201,158</u></u>

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

<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 29,288	\$ 284,440	\$	\$ 284,440
203,401	3,551,943		3,551,943
39,850	39,850		39,850
10,810	26,634		26,634
		11,418	11,418
	60,592		60,592
5,175	30,382	(30,382)	
	13,143	2,712	15,855
	6,609		6,609
	86,281	(86,281)	
	50,227		50,227
		198,138	198,138
		14,350	14,350
		3,240,080	3,240,080
<u>\$ 288,524</u>	<u>\$ 4,150,101</u>	<u>\$ 3,350,035</u>	<u>\$ 7,500,136</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 116,079</u>	<u>\$ 116,079</u>
<u>\$ 288,524</u>	<u>\$ 4,150,101</u>	<u>\$ 3,466,114</u>	<u>\$ 7,616,215</u>

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

SHASLA PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>
LIABILITIES		
Accounts Payable	\$ 127,911	\$ 28,595
Accrued Interest Payable		
Due to Other Funds	30,382	
Advances from Participants		172,563
Security Deposits	77,655	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 235,948</u>	<u>\$ 201,158</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 15,824</u>	<u>\$ - 0 -</u>
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 13,143	\$
For Water Well Operations	86,281	
For Regional Wastewater Treatment		
Plant Operations	50,227	
Restricted for Debt Service		
Assigned to 2025 Budget Deficit	68,001	
Unassigned	<u>3,190,995</u>	
TOTAL FUND BALANCES	<u>\$ 3,408,647</u>	<u>\$ - 0 -</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 3,660,419</u></u>	<u><u>\$ 201,158</u></u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 156,506	\$	\$ 156,506
		39,850	39,850
	30,382	(30,382)	
	172,563	(86,281)	86,282
	77,655		77,655
		385,000	385,000
		<u>2,154,151</u>	<u>2,154,151</u>
<u>\$ - 0 -</u>	<u>\$ 437,106</u>	<u>\$ 2,462,338</u>	<u>\$ 2,899,444</u>
<u>\$ 10,810</u>	<u>\$ 26,634</u>	<u>\$ (26,634)</u>	<u>\$ - 0 -</u>
\$	\$ 13,143	\$ (13,143)	\$
	86,281	(86,281)	
	50,227	(50,227)	
277,714	277,714	(277,714)	
	68,001	(68,001)	
	<u>3,190,995</u>	<u>(3,190,995)</u>	
<u>\$ 277,714</u>	<u>\$ 3,686,361</u>	<u>\$ (3,686,361)</u>	<u>\$ - 0 -</u>
<u>\$ 288,524</u>	<u>\$ 4,150,101</u>		
		\$ 1,029,496	\$ 1,029,496
		260,092	260,092
		<u>3,427,183</u>	<u>3,427,183</u>
		<u>\$ 4,716,771</u>	<u>\$ 4,716,771</u>

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

SHASLA PUBLIC UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2024

Total Fund Balances - Governmental Funds	\$	3,686,361
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Prepaid bond insurance in governmental activities is not a current financial resource and, therefore, is not reported as an asset in the governmental funds.		2,712
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		3,452,568
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Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		116,079
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.		38,052
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (39,850)	
Bonds Payable	<u>(2,539,151)</u>	<u>(2,579,001)</u>
Total Net Position - Governmental Activities	\$	<u><u>4,716,771</u></u>

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

SHASLA PUBLIC UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>
REVENUES		
Property Taxes	\$ 763,521	\$
Water Service	116,307	349,118
Wastewater Service	285,651	
Regional Water Authority Fees	222,743	
Penalty and Interest	27,360	
Investment Revenues	184,037	15
Miscellaneous Revenues	<u>6,746</u>	
TOTAL REVENUES	<u>\$ 1,606,365</u>	<u>\$ 349,133</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 99,062	\$ 4,750
Contracted Services	306,582	12,323
Purchased Water Service	294,495	
Purchased Wastewater Service	168,722	
Utilities	4,806	39,438
Regional Water Authority Assessments		200,953
Repairs and Maintenance	157,503	70,339
Depreciation		
Other	102,663	21,330
Capital Outlay	314,916	
Debt Service:		
Bond Principal		
Bond Interest		
TOTAL EXPENDITURES/EXPENSES	<u>\$ 1,448,749</u>	<u>\$ 349,133</u>
NET CHANGE IN FUND BALANCES	\$ 157,616	\$ - 0 -
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2023	<u>3,251,031</u>	
FUND BALANCES/NET POSITION - AUGUST 31, 2024	<u>\$ 3,408,647</u>	<u>\$ - 0 -</u>

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

<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 446,133	\$ 1,209,654	\$ 9,559	\$ 1,219,213
	465,425	(294,495)	170,930
	285,651		285,651
	222,743		222,743
15,169	42,529	5,639	48,168
14,601	198,653		198,653
6,352	13,098		13,098
<u>\$ 482,255</u>	<u>\$ 2,437,753</u>	<u>\$ (279,297)</u>	<u>\$ 2,158,456</u>
\$ 5,325	\$ 109,137	\$	\$ 109,137
29,146	348,051		348,051
	294,495	(294,495)	
	168,722		168,722
	44,244		44,244
	200,953		200,953
	227,842		227,842
		215,964	215,964
16,569	140,562		140,562
	314,916	(314,916)	
375,000	375,000	(375,000)	
89,225	89,225	23,723	112,948
<u>\$ 515,265</u>	<u>\$ 2,313,147</u>	<u>\$ (744,724)</u>	<u>\$ 1,568,423</u>
\$ (33,010)	\$ 124,606	\$ (124,606)	\$
		590,033	590,033
<u>310,724</u>	<u>3,561,755</u>	<u>564,983</u>	<u>4,126,738</u>
<u>\$ 277,714</u>	<u>\$ 3,686,361</u>	<u>\$ 1,030,410</u>	<u>\$ 4,716,771</u>

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

SHASLA PUBLIC UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

Net Change in Fund Balances - Governmental Funds	\$	124,606
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		9,559
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Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		5,639
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(215,964)
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Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		314,916
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	---------

Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		375,000
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(23,723)
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Change in Net Position - Governmental Activities	\$	590,033
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The accompanying notes to the financial
statements are an integral part of this report.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 1. CREATION OF DISTRICT

Shasla Public Utility District of Harris County, Texas (the “District”) was created by Acts of the 62nd Legislature of the State of Texas, Regular Session, 1971, in accordance with Texas Water Code Chapters 49 and 54. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on January 21, 1972, and the first bonds were sold on September 10, 1973.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

The District has entered into a joint venture with Meadowhill Regional Municipal Utility District (Meadowhill) and Northwest Harris County Municipal Utility District No. 28 for wastewater disposal through the Meadowhill Regional Wastewater Treatment Plant. Oversight responsibility of the wastewater disposal plant is by Meadowhill. Additional disclosure concerning this joint venture is provided in Note 8.

The District has entered into a joint venture with Meadowhill for water service through the Shasla Joint Water Well. The District has oversight responsibility over the water well. Additional disclosure concerning this joint venture is provided in Note 9.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District’s Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

Special Revenue Fund – To account for financial resources collected and administered by the District for the operation of water well no. 2.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. At August 31, 2024, the General Fund owed the Debt Service Fund \$5,175 for an over transfer of maintenance taxes. The General Fund owed the Special Revenue Fund \$25,207 for water well operations.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund and the Special Revenue Fund by the District's Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. The original General Fund and Special Revenue Fund budgets for the current year were not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service determined that directors are considered to be “employees” for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District assigned \$68,001 of its General Fund fund balance to cover the projected 2025 budget shortfall.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. LONG-TERM DEBT

	<u>Series 2013</u>	<u>Refunding Series 2015</u>
Amounts Outstanding – August 31, 2024	\$ 720,000	\$ 1,830,000
Interest Rates	3.00% - 3.50%	3.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2025/2030	March 1, 2025/2029
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	March 1, 2021*	March 1, 2023*

- * Or any date thereafter at par plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2013 term bonds maturing on March 1, 2026, and March 1, 2030, are subject to mandatory redemption by random selection beginning March 1, 2024, and March 1, 2027, respectively.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended August 31, 2024:

	September 1, 2023	Additions	Retirements	August 31, 2024
Bonds Payable	\$ 2,925,000	\$	\$ 375,000	\$ 2,550,000
Unamortized Discounts	(12,873)		(2,024)	(10,849)
Bonds Payable, Net	<u>\$ 2,912,127</u>	<u>\$ -0-</u>	<u>\$ 372,976</u>	<u>\$ 2,539,151</u>
			Amount Due Within One Year	\$ 385,000
			Amount Due After One Year	2,154,151
			Bonds Payable, Net	<u>\$ 2,539,151</u>

As of August 31, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 385,000	\$ 79,700	\$ 464,700
2026	400,000	68,150	468,150
2027	410,000	56,150	466,150
2028	425,000	43,600	468,600
2029	440,000	30,600	470,600
2030	490,000	17,150	507,150
	<u>\$ 2,550,000</u>	<u>\$ 295,350</u>	<u>\$ 2,845,350</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. As of August 31, 2024, the District had authorized but unissued bonds in the amount of \$23,025,000.

During the year ended August 31, 2024, the District levied an ad valorem debt service tax rate of \$0.31 per \$100 of assessed valuation, which resulted in a tax levy of \$453,404 on the adjusted taxable valuation of \$146,259,302 for the 2023 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 3. LONG-TERM DEBT (Continued)

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND ORDERS AND LEGAL REQUIREMENTS

The bond orders state that so long as any of the bonds or coupons remain outstanding, the District covenants that it will at all times keep insured such parts of the system as are customarily insured by municipal corporations and political subdivisions in Texas operating like properties in similar locations under the same circumstances with a responsible insurance company or companies against risk, accidents or casualties against which and to the extent insurance is customarily carried by such municipal corporations and political subdivisions; provided, however, that at any time while any contractor engaged in construction work shall be fully responsible therefore.

The bond orders state that the District is required to provide continuing disclosure of annual financial information and operating data with respect to the District. This information is required to be provided to the Municipal Securities Rulemaking Board. The information, along with the audited annual financial statements, is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$284,440 and the bank balance was \$293,997. The District was not exposed to custodial credit risk at year-end.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at August 31, 2024, as listed below:

	Cash
GENERAL FUND	\$ 85,810
SPECIAL REVENUE FUND	169,342
DEBT SERVICE FUND	29,288
TOTAL DEPOSITS	<u>\$ 284,440</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Fund and Investment Type	Fair Value	Maturities Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 3,348,542	\$ 3,348,542
<u>DEBT SERVICE FUND</u>		
Texas CLASS	<u>203,401</u>	<u>203,401</u>
TOTAL INVESTMENTS	<u>\$ 3,551,943</u>	<u>\$ 3,551,943</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At August 31, 2024, the District's investment in Texas CLASS was rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

All cash and investments of the Special Revenue Fund are restricted for water well no. 2 operations.

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2024:

	September 1, 2023	Increases	Decreases	August 31, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 198,138	\$	\$	\$ 198,138
Construction in Progress	87,375	314,916	387,941	14,350
Total Capital Assets Not Being Depreciated	<u>\$ 285,513</u>	<u>\$ 314,916</u>	<u>\$ 387,941</u>	<u>\$ 212,488</u>
 Capital Assets Subject to Depreciation				
Water System	\$ 4,745,801	\$ 212,879	\$	\$ 4,958,680
Wastewater System	2,961,752	175,062		3,136,814
Drainage System	510,819			510,819
Total Capital Assets Subject to Depreciation	<u>\$ 8,218,372</u>	<u>\$ 387,941</u>	<u>\$ - 0 -</u>	<u>\$ 8,606,313</u>
Less Accumulated Depreciation				
Water System	\$ 3,268,366	\$ 145,834	\$	\$ 3,414,200
Wastewater System	1,659,584	58,747		1,718,331
Drainage System	222,319	11,383		233,702
Total Accumulated Depreciation	<u>\$ 5,150,269</u>	<u>\$ 215,964</u>	<u>\$ - 0 -</u>	<u>\$ 5,366,233</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,068,103</u>	<u>\$ 171,977</u>	<u>\$ - 0 -</u>	<u>\$ 3,240,080</u>
Total Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 3,353,616</u></u>	<u><u>\$ 486,893</u></u>	<u><u>\$ 387,941</u></u>	<u><u>\$ 3,452,568</u></u>

NOTE 7. MAINTENANCE TAX

On May 6, 1995, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.75 per \$100 of assessed valuation of taxable property within the District. During the fiscal year ended August 31, 2024, the District levied an ad valorem maintenance tax rate of \$0.53 per \$100 of assessed valuation, which resulted in a tax levy of \$775,174 on the adjusted taxable valuation of \$146,259,302 for the 2023 tax year.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 8. JOINT WASTEWATER TREATMENT PLANT OPERATIONS

On June 1, 1994, the District, Meadowhill Regional Municipal Utility District (“Meadowhill”) and Northwest Harris County Municipal Utility District No. 28 (“District No. 28”) executed a Wastewater Treatment Facilities Agreement. This agreement supersedes and replaces any previous agreements relating to permanent waste disposal and in particular the Agreement for Expansion of Joint Sewage Treatment Facility dated March 19, 1981. On August 27, 1996, the parties executed a first Amendment to the contract and on September 17, 2000, a second amendment was approved.

This agreement allows for any above named participant to expand the existing wastewater treatment plant. It is agreed that currently the undivided beneficial interest in the existing plant is as follows:

	<u>Percentage of Ownership</u>	<u>Capacity In Gallons-Per-Day</u>
Meadowhill Regional Municipal Utility District	71.30%	1,282,500
Shasla Public Utility District	14.00	252,500
Northwest Harris County Municipal Utility District No. 28	<u>14.70</u>	<u>265,000</u>
Totals	<u>100.00%</u>	<u>1,800,000</u>

The agreement provides for a three month operating reserve based upon an annual budget and for all operation costs to be billed based upon fixed and variable costs of operating the system with fixed costs defined in the agreement based upon owned capacity and variable costs based upon each participants’ equivalent single family connections. The term of the agreement is 40 years. During the fiscal year ended August 31, 2024, the District’s share of the plant’s expenditures was \$168,722. The District has also made an operating advance to the plant of \$50,227.

The following summary financial information is presented for the joint wastewater treatment plant for the fiscal year ended September 30, 2023. Financial Statements for the joint venture can be obtained from Johnson Petrov LLP, 2929 Allen Parkway, Suite 3150, Houston, TX 77019.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 8. JOINT WASTEWATER TREATMENT PLANT OPERATIONS
(Continued)

	<u>Joint Venture</u>
Total Assets	\$ 422,825
Total Liabilities	<u>107,099</u>
Total Fund Balance	<u>\$ 315,726</u>
Total Revenues	\$ 1,220,648
Total Expenditures	<u>1,220,648</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ -0-
Other Financing Sources – Reserve Increase	<u>44,241</u>
Net Change in Fund Balance	\$ 44,241
Fund Balance – Beginning of Year	<u>271,485</u>
Fund Balance – End of Year	<u>\$ 315,726</u>

NOTE 9. WATER SUPPLY CONTRACT WITH MEADOWHILL

On February 14, 2002, the District and Meadowhill Regional Municipal Utility District (“Meadowhill”) entered into a Water Supply Agreement. The agreement provides for each district to jointly participate in the construction of water well no. 2 (“Well No. 2”). Originally the District’s ownership was to be 66.67% and Meadowhill’s 33.33% of the production capacity of Well No. 2. Upon completion of the well, its production exceeded 2,000 gpm and the allocated cost changed to a 50/50 basis. In prior fiscal years, the District received \$308,333 and \$152,963 from Meadowhill for its pro rata share of the construction costs of Well No. 2. The operation of the plant as a joint venture with Meadowhill began March, 2005.

Meadowhill was responsible for the costs of the water interconnect line necessary for it to receive its pro rata share of the water capacity from Well No. 2. The District and Meadowhill share costs of Well No. 2 based upon each participant’s pro rata share of capacity. Water authority pumpage fees are billed based on water usage. The term of the contract is 40 years and shall thereafter automatically renew for successive one year terms. During the current fiscal year, the District recorded expenditures of \$294,495 for its share of operations of the well. As of August 31, 2024, the advance for water well operations was \$86,281.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority is overseeing that its participants comply with the Harris-Galveston Subsidence District pumpage requirements. The District is required to convert its water supply to surface water over a period of time. A five-member board of directors governs the Authority. The directors serve staggered four-year terms.

The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The fee currently being charged is \$3.60 per 1,000 gallons of water pumped from each well. The District and Meadowhill paid \$200,953 for fees assessed during the current fiscal year through the Special Revenue Fund (see Note 9).

NOTE 12. AMENDED AND RESTATED EMERGENCY WATER SUPPLY AGREEMENT

On October 11, 2012 the District and Meadowhill Regional Municipal Utility District approved an Amended and Restated Emergency Water Supply Contract to reflect changes in circumstances. The agreement replaces the previous Emergency Water Supply Agreement dated March 19, 1981. The price to be paid for water delivered during an emergency shall be sixty cents (\$0.60) per thousand gallons of water usage. The parties hereby agree that said rate shall be reviewed on the 10th, 20th, 30th and 40th anniversary dates of this agreement and may then be adjusted upward or downward in accordance with the mutual agreement of the parties. Should the parties fail to reach an agreement with respect to a proposed adjustment to said rate, then either party may terminate this agreement upon six (6) months written notice to the other party. In the event that the supplying party purchased all or a portion of the water supplied during such emergency from an adjoining district due to an inability of such supplying party to meet the water demand of its in-district customers and the receiving party solely through utilization of its own water production facilities, the receiving party shall pay the supplying party for water received at a rate per 1,000 gallons equal to the rate paid by the supplying party for such water in the event that such rate is greater than the rate provided above.

SHASLA PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

**NOTE 12. AMENDED AND RESTATED EMERGENCY WATER SUPPLY
 AGREEMENT (Continued)**

Further, the above price per thousand gallons shall not apply if the supplying party has converted to use of surface water in whole or in part, or if additional fees are imposed upon the supplying party by a regional water authority, other governmental entity or contractual arrangement relative to conversion to surface water. In that event, if the supplying party has converted in whole or in part (regardless of the percentage of water usage converted) to surface water, the price per thousand gallons shall be the actual cost (per thousand gallons) to the supplying party to purchase surface water. If the supplying party has not converted to surface water, the \$0.60 rate shall be increased by the amount of the fee imposed by such regional water authority, governmental entity or contractual arrangement. This agreement shall be in force and effect from the date of its execution for a period of fifty (50) years, unless earlier terminated pursuant to the provisions of the agreement or pursuant to mutual written consent of the parties.

SHASLA PUBLIC UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2024

SHASLA PUBLIC UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 724,684	\$ 763,521	\$ 38,837
Water Service	125,000	116,307	(8,693)
Wastewater Service	290,000	285,651	(4,349)
Regional Water Authority Fees	255,000	222,743	(32,257)
Penalty and Interest	23,000	27,360	4,360
Investment Revenues	155,000	184,037	29,037
Miscellaneous Revenues	<u>5,700</u>	<u>6,746</u>	<u>1,046</u>
TOTAL REVENUES	<u>\$ 1,578,384</u>	<u>\$ 1,606,365</u>	<u>\$ 27,981</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 92,500	\$ 99,062	\$ (6,562)
Contracted Services	315,500	306,582	8,918
Purchased Water Service	360,000	294,495	65,505
Purchased Wastewater Service	175,000	168,722	6,278
Utilities	5,575	4,806	769
Repairs and Maintenance	183,500	157,503	25,997
Other	98,200	102,663	(4,463)
Capital Outlay	<u>646,000</u>	<u>314,916</u>	<u>331,084</u>
TOTAL EXPENDITURES	<u>\$ 1,876,275</u>	<u>\$ 1,448,749</u>	<u>\$ 427,526</u>
NET CHANGE IN FUND BALANCE	\$ (297,891)	\$ 157,616	\$ 455,507
FUND BALANCE - SEPTEMBER 1, 2023	<u>3,251,031</u>	<u>3,251,031</u>	<u></u>
FUND BALANCE - AUGUST 31, 2024	<u>\$ 2,953,140</u>	<u>\$ 3,408,647</u>	<u>\$ 455,507</u>

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED AUGUST 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Water Service	\$ 690,200	\$ 349,118	\$ (341,082)
Investment Revenues	50	15	(35)
TOTAL REVENUES	<u>\$ 690,250</u>	<u>\$ 349,133</u>	<u>\$ (341,117)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 5,500	\$ 4,750	\$ 750
Contracted Services	14,500	12,323	2,177
Utilities	40,500	39,438	1,062
Regional Water Authority Assessment	250,000	200,953	49,047
Repairs and Maintenance/Capital Outlay	331,000	70,339	260,661
Other	48,750	21,330	27,420
TOTAL EXPENDITURES	<u>\$ 690,250</u>	<u>\$ 349,133</u>	<u>\$ 341,117</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - SEPTEMBER 1, 2023	_____	_____	_____
FUND BALANCE - AUGUST 31, 2024	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
AUGUST 31, 2024

SHASLA PUBLIC UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2024

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

<u> X </u>	Retail Water	<u> X </u>	Wholesale Water	<u> X </u>	Drainage
<u> X </u>	Retail Wastewater	<u> X </u>	Wholesale Wastewater	<u> </u>	Irrigation
<u> </u>	Parks/Recreation	<u> </u>	Fire Protection	<u> </u>	Security
<u> X </u>	Solid Waste/Garbage	<u> </u>	Flood Control	<u> </u>	Roads
<u> X </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u> </u>	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order effective June 13, 2022.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 10.00	4,000	N	\$ 1.00	4,001 to 8,000
				\$ 1.25	8,001 to 15,000
				\$ 1.50	15,001 to 25,000
				\$ 1.80	25,001 to 40,000
				\$ 2.40	40,001 and up
WASTEWATER:	\$ 32.01	50,000	N	\$ 0.75	50,001 and up

SURCHARGE:

Commission	
Regulatory Assessments	0.5% of water and sewer bill
Regional Water Authority Fees	\$ 3.60 per 1,000 gallons + 20%

District employs winter averaging for wastewater usage?	<u> </u>	<u> X </u>
	Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$16.50 Wastewater: \$32.01 Surcharge: \$43.44 Total: \$91.95

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2024

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>755</u>	<u>748</u>	x 1.0	<u>748</u>
1"	<u>10</u>	<u>10</u>	x 2.5	<u>25</u>
1½"			x 5.0	
2"	<u>6</u>	<u>6</u>	x 8.0	<u>48</u>
3"			x 15.0	
4"			x 25.0	
6"	<u>2</u>	<u>2</u>	x 50.0	<u>100</u>
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>773</u></u>	<u><u>766</u></u>		<u><u>921</u></u>
Total Wastewater Connections	<u><u>765</u></u>	<u><u>758</u></u>	x 1.0	<u><u>758</u></u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system:	42,357,000	Water Accountability Ratio: 92% (Gallons billed and sold/Gallons pumped)
Gallons billed to customers:	38,880,000	
Gallons sold:	112,000	To: Meadowhill Regional Municipal Utility District

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2024

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2024

PROFESSIONAL FEES:	
Auditing	\$ 15,500
Engineering	73,982
Legal	<u>9,580</u>
TOTAL PROFESSIONAL FEES	<u>\$ 99,062</u>
 PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 294,495
Purchased Wastewater Service	<u>168,722</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 463,217</u>
 CONTRACTED SERVICES:	
Bookkeeping	\$ 74,481
Operations and Billing	58,392
Solid Waste Disposal	172,592
Recording Secretary	<u>1,117</u>
TOTAL CONTRACTED SERVICES	<u>\$ 306,582</u>
 UTILITIES:	
Electricity	\$ 4,408
Telephone	<u>398</u>
TOTAL UTILITIES	<u>\$ 4,806</u>
 REPAIRS AND MAINTENANCE	<u>\$ 157,503</u>
 ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 26,724
Dues	5,295
Insurance	17,540
Legal Notices	135
Office Supplies and Postage	17,743
Payroll Taxes	2,044
Travel and Meetings	10,820
Other	<u>1,788</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 82,089</u>

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2024

CAPITAL OUTLAY	<u>\$ 314,916</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 2,714
Permit Fees	1,882
Reconnection Fees	13,999
Regulatory Assessment	<u>1,979</u>
TOTAL OTHER EXPENDITURES	<u>\$ 20,574</u>
TOTAL EXPENDITURES	<u><u>\$ 1,448,749</u></u>

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
INVESTMENTS
AUGUST 31, 2024

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	<u>\$ 3,348,542</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0003	Varies	Daily	<u>\$ 203,401</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 3,551,943</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
SEPTEMBER 1, 2023	\$	9,774	\$	7,301
Adjustments to Beginning				
Balance		<u>(5,603)</u>		<u>(3,762)</u>
	\$	4,171	\$	3,539
Original 2023 Tax Levy	\$	673,553	\$	393,965
Adjustment to 2023 Tax Levy		<u>101,621</u>		<u>59,439</u>
	\$	775,174	\$	453,404
TOTAL TO BE				
ACCOUNTED FOR		\$ 779,345		\$ 456,943
TAX COLLECTIONS:				
Prior Years	\$	(1,860)	\$	(1,543)
Current Year		<u>765,381</u>		<u>447,676</u>
	\$	763,521	\$	446,133
TAXES RECEIVABLE -				
AUGUST 31, 2024		<u>\$ 15,824</u>		<u>\$ 10,810</u>
TAXES RECEIVABLE BY				
YEAR:				
2023	\$	9,793	\$	5,728
2022		2,037		1,276
2021		1,771		1,462
2020		730		637
2019		697		630
2018		542		569
2017		14		16
2012		<u>240</u>		<u>492</u>
TOTAL	\$	<u>15,824</u>	\$	<u>10,810</u>

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 36,125,888	\$ 36,500,264	\$ 20,707,113	\$ 20,442,296
Improvements	147,881,544	128,490,679	115,183,537	106,959,182
Personal Property	3,012,575	2,949,711	2,534,331	2,537,124
Exemptions	<u>(40,760,705)</u>	<u>(35,390,148)</u>	<u>(22,902,886)</u>	<u>(20,759,005)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 146,259,302</u>	<u>\$ 132,550,506</u>	<u>\$ 115,522,095</u>	<u>\$ 109,179,597</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.31	\$ 0.34000	\$ 0.407	\$ 0.424
Maintenance	<u>0.53</u>	<u>0.54255</u>	<u>0.493</u>	<u>0.486</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.84</u>	<u>\$ 0.88255</u>	<u>\$ 0.900</u>	<u>\$ 0.910</u>
ADJUSTED TAX LEVY*	<u>\$ 1,228,578</u>	<u>\$ 1,169,825</u>	<u>\$ 1,039,699</u>	<u>\$ 993,534</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.74 %</u>	<u>99.72 %</u>	<u>99.69 %</u>	<u>99.86 %</u>

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$0.75 per \$100 of assessed valuation approved by voters on May 6, 1995.

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

S E R I E S - 2 0 1 3			
Due During Fiscal Years Ending August 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2025	\$ 35,000	\$ 24,800	\$ 59,800
2026	45,000	23,750	68,750
2027	50,000	22,400	72,400
2028	50,000	20,650	70,650
2029	50,000	18,900	68,900
2030	<u>490,000</u>	<u>17,150</u>	<u>507,150</u>
	<u>\$ 720,000</u>	<u>\$ 127,650</u>	<u>\$ 847,650</u>

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

REFUNDING SERIES - 2015			
Due During Fiscal Years Ending August 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2025	\$ 350,000	\$ 54,900	\$ 404,900
2026	355,000	44,400	399,400
2027	360,000	33,750	393,750
2028	375,000	22,950	397,950
2029	390,000	11,700	401,700
2030			
	<u>\$ 1,830,000</u>	<u>\$ 167,700</u>	<u>\$ 1,997,700</u>

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 385,000	\$ 79,700	\$ 464,700
2026	400,000	68,150	468,150
2027	410,000	56,150	466,150
2028	425,000	43,600	468,600
2029	440,000	30,600	470,600
2030	490,000	17,150	507,150
	<u>\$ 2,550,000</u>	<u>\$ 295,350</u>	<u>\$ 2,845,350</u>

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2024

Description	Original Bonds Issued	Bonds Outstanding September 1, 2023
Shasla Public Utility District Unlimited Tax Bonds - Series 2013	\$ 1,000,000	\$ 750,000
Shasla Public Utility District Unlimited Tax Refunding Bonds - Series 2015	<u>2,850,000</u>	<u>2,175,000</u>
TOTAL	<u>\$ 3,850,000</u>	<u>\$ 2,925,000</u>

Bond Authority:	Tax and Refunding Bonds*
Amount Authorized by Voters	\$ 32,660,000
Amount Issued	<u>9,635,000</u>
Remaining to be Issued	<u>\$ 23,025,000</u>

Debt Service Fund cash, investments and cash with paying agent balances as of
August 31, 2024: \$ 272,539

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 474,225

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with
other revenues in combination with taxes.

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

Current Year Transactions				Bonds Outstanding August 31, 2024	Paying Agent
Bonds Sold	Retirements				
	Principal	Interest			
\$	\$ 30,000	\$ 25,700	\$ 720,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	345,000	63,525	1,830,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
<u>\$ - 0 -</u>	<u>\$ 375,000</u>	<u>\$ 89,225</u>	<u>\$ 2,550,000</u>		

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 763,521	\$ 714,263	\$ 563,466
Water Service	116,307	123,089	124,834
Wastewater Service	285,651	286,364	270,798
Regional Water Authority Fees	222,743	258,352	288,577
Penalty and Interest	27,360	21,975	21,542
Tap Connection and Inspection Fees		144,372	
Investment Revenues	184,037	133,442	13,942
Miscellaneous Revenues	6,746	5,743	5,649
TOTAL REVENUES	<u>\$ 1,606,365</u>	<u>\$ 1,687,600</u>	<u>\$ 1,288,808</u>
EXPENDITURES			
Professional Fees	\$ 99,062	\$ 97,843	\$ 73,020
Contracted Services	306,582	295,038	225,363
Purchased Water Service	294,495	340,255	386,866
Purchased Wastewater Service	168,722	181,791	123,922
Utilities	4,806	4,840	4,490
Repairs and Maintenance	157,503	166,975	107,042
Other	102,663	120,386	90,850
Capital Outlay	314,916	87,375	
TOTAL EXPENDITURES	<u>\$ 1,448,749</u>	<u>\$ 1,294,503</u>	<u>\$ 1,011,553</u>
NET CHANGE IN FUND BALANCE	\$ 157,616	\$ 393,097	\$ 277,255
BEGINNING FUND BALANCE	<u>3,251,031</u>	<u>2,857,934</u>	<u>2,580,679</u>
ENDING FUND BALANCE	<u><u>\$ 3,408,647</u></u>	<u><u>\$ 3,251,031</u></u>	<u><u>\$ 2,857,934</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 527,324	\$ 498,946	47.5 %	42.3 %	43.7 %	44.0 %	42.0 %
116,914	118,894	7.2	7.3	9.7	9.7	10.0
269,375	270,386	17.8	17.0	21.0	22.4	22.7
251,940	237,792	13.9	15.3	22.4	21.0	20.0
19,803	12,970	1.7	1.3	1.7	1.7	1.1
			8.6			
9,667	40,048	11.5	7.9	1.1	0.8	3.4
5,059	10,003	0.4	0.3	0.4	0.4	0.8
<u>\$ 1,200,082</u>	<u>\$ 1,189,039</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 67,991	\$ 56,607	6.2 %	5.8 %	5.7 %	5.7 %	4.8 %
208,977	198,345	19.1	17.5	17.5	17.4	16.7
219,856	268,062	18.3	20.2	30.0	18.3	22.5
141,571	141,893	10.5	10.8	9.6	11.8	11.9
4,346	4,181	0.3	0.3	0.3	0.4	0.4
128,159	120,634	9.8	9.9	8.3	10.7	10.1
66,279	63,375	6.4	7.1	7.0	5.5	5.3
244,244	11,259	19.6	5.2		20.4	0.9
<u>\$ 1,081,423</u>	<u>\$ 864,356</u>	<u>90.2 %</u>	<u>76.8 %</u>	<u>78.4 %</u>	<u>90.2 %</u>	<u>72.6 %</u>
\$ 118,659	\$ 324,683	<u>9.8 %</u>	<u>23.2 %</u>	<u>21.6 %</u>	<u>9.8 %</u>	<u>27.4 %</u>
<u>2,462,020</u>	<u>2,137,337</u>					
<u>\$ 2,580,679</u>	<u>\$ 2,462,020</u>					

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 446,133	\$ 446,705	\$ 465,565
Penalty and Interest	15,169	17,282	10,309
Investment Revenues	14,601	13,787	829
Miscellaneous Revenues	<u>6,352</u>	<u>7,503</u>	<u>5,048</u>
TOTAL REVENUES	<u>\$ 482,255</u>	<u>\$ 485,277</u>	<u>\$ 481,751</u>
EXPENDITURES			
Professional Fees	\$ 5,325	\$ 4,674	\$ 3,234
Contracted Services	29,146	26,740	25,099
Other	16,569	15,162	4,261
Bond Principal	375,000	365,000	340,000
Bond Interest	<u>89,225</u>	<u>100,175</u>	<u>113,025</u>
TOTAL EXPENDITURES	<u>\$ 515,265</u>	<u>\$ 511,751</u>	<u>\$ 485,619</u>
NET CHANGE IN FUND BALANCE	\$ (33,010)	\$ (26,474)	\$ (3,868)
BEGINNING FUND BALANCE	<u>310,724</u>	<u>337,198</u>	<u>341,066</u>
ENDING FUND BALANCE	<u>\$ 277,714</u>	<u>\$ 310,724</u>	<u>\$ 337,198</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>766</u>	<u>764</u>	<u>761</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>758</u>	<u>755</u>	<u>752</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 459,961	\$ 452,058	92.6 %	92.1 %	96.7 %	97.9 %	96.0 %
8,818	16,658	3.1	3.6	2.1	1.9	3.5
249	979	3.0	2.8	0.2	0.1	0.2
656	1,334	1.3	1.5	1.0	0.1	0.3
\$ 469,684	\$ 471,029	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$ 3,641	\$ 4,882	1.1 %	1.0 %	0.7 %	0.8 %	1.0 %
23,129	24,611	6.0	5.5	5.2	4.9	5.2
9,973	5,040	3.4	3.1	0.9	2.1	1.1
330,000	320,000	77.8	75.2	70.6	70.3	67.9
124,744	135,475	18.5	20.6	23.5	26.6	28.8
\$ 491,487	\$ 490,008	106.8 %	105.4 %	100.9 %	104.7 %	104.0 %
\$ (21,803)	\$ (18,979)	(6.8) %	(5.4) %	(0.9) %	(4.7) %	(4.0) %
362,869	381,848					
\$ 341,066	\$ 362,869					
764	765					
755	756					

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2024

District Mailing Address - Shasla Public Utility District
c/o Young & Brooks
10000 Memorial Drive, Suite 260
Houston, TX 77024

District Telephone Number - (713) 951-0800

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>August 31, 2024</u>	Expense Reimbursements for the year ended <u>August 31, 2024</u>	<u>Title</u>
Harry D. LeMaster	11/23 11/27 (Elected)	\$ 3,962	\$ 1,162	President
Richard Barbee	11/21 11/25 (Elected)	\$ 4,996	\$ 2,929	Vice President
Jimmy L. Wesolick	11/23 11/27 (Elected)	\$ 5,651	\$ 2,657	Secretary
Frank Olivares	11/23 11/27 (Elected)	\$ 5,580	\$ 3,005	Assistant Secretary
Hector Gomez	01/22 11/25 (Appointed)	\$ 6,535	\$ 3,161	Director

Note: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer or with any of the District's consultants.

Submission date of most recent District Registration Form: December 22, 2023

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on June 18, 2023. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

SHASLA PUBLIC UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2024

Consultants:	Date Hired	Fees for the Year Ended August 31, 2024		Title
		District	Joint Facilities	
Young & Brooks	1973	\$ 9,880	\$ -0-	General Counsel
McCall Gibson Swedlund Barfoot PLLC	08/13/92	\$ 15,500	\$ 4,750	Auditor
Municipal Accounts and Consulting, Inc.	09/13/07	\$ 80,232	\$ 6,349	Bookkeeper/ Recording Secretary
Ted A. Cox	04/10/03	\$ 5,325	\$ -0-	Delinquent Tax Attorney
BGE, Inc.	1973	\$ 73,982	\$ -0-	Engineer
Blitch Associates, Inc.	11/12/09	\$ -0-	\$ -0-	Financial Advisor
Mark Burton	06/21	\$ -0-	\$ -0-	Investment Officer
Ghia Lewis	06/21	\$ -0-	\$ -0-	Investment Officer
H2O Innovations Operation & Maintenance, LLC	1973	\$ 192,584	\$ 87,031	Operator
Bob Leared Interests	1978	\$ 26,700	\$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.