

HARRIS COUNTY UTILITY DISTRICT NO. 15

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Utility District No. 15 (the "District") as of and for the year ended March 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 March 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 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
Harris County Utility District No. 15

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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

June 25, 2024

**HARRIS COUNTY UTILITY DISTRICT NO. 15
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2024**

Management’s discussion and analysis of Harris County Utility District No. 15’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended March 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 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 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 two governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs, general expenditures and costs related to the administration/activities facility. 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.

**HARRIS COUNTY UTILITY DISTRICT NO. 15
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 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. A budgetary comparison schedule is included as RSI for the General 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 and deferred inflows of resources by \$11,712,389 as of March 31, 2024.

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

The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY UTILITY DISTRICT NO. 15
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 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	\$ 8,382,652	\$ 7,977,553	\$ 405,099
Capital Assets (Net of Accumulated Depreciation)	<u>9,591,032</u>	<u>9,728,106</u>	<u>(137,074)</u>
Total Assets	<u>\$ 17,973,684</u>	<u>\$ 17,705,659</u>	<u>\$ 268,025</u>
Deferred Outflows of Resources	<u>\$ 353,977</u>	<u>\$ 385,739</u>	<u>\$ (31,762)</u>
Long -Term Liabilities	\$ 3,863,188	\$ 4,145,841	\$ 282,653
Other Liabilities	<u>684,365</u>	<u>606,763</u>	<u>(77,602)</u>
Total Liabilities	<u>\$ 4,547,553</u>	<u>\$ 4,752,604</u>	<u>\$ 205,051</u>
Deferred Inflows of Resources	<u>\$ 2,067,719</u>	<u>\$ 1,791,026</u>	<u>\$ (276,693)</u>
Net Position:			
Net Investment in Capital Assets	\$ 5,826,821	\$ 5,718,004	\$ 108,817
Restricted	208,158	256,088	(47,930)
Unrestricted	<u>5,677,410</u>	<u>5,573,676</u>	<u>103,734</u>
Total Net Position	<u><u>\$ 11,712,389</u></u>	<u><u>\$ 11,547,768</u></u>	<u><u>\$ 164,621</u></u>

The following table provides a summary of the District's operations for the years ending March 31, 2024, and March 31, 2023. The District increased its net position by \$164,621.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,735,536	\$ 1,832,763	\$ (97,227)
Charges for Services	1,097,382	1,050,127	47,255
Other Revenues	<u>378,539</u>	<u>186,129</u>	<u>192,410</u>
Total Revenues	<u>\$ 3,211,457</u>	<u>\$ 3,069,019</u>	<u>\$ 142,438</u>
Expenses for Services	<u>3,046,836</u>	<u>2,671,885</u>	<u>(374,951)</u>
Change in Net Position	\$ 164,621	\$ 397,134	\$ (232,513)
Net Position, Beginning of Year	<u>11,547,768</u>	<u>11,150,634</u>	<u>397,134</u>
Net Position, End of Year	<u><u>\$ 11,712,389</u></u>	<u><u>\$ 11,547,768</u></u>	<u><u>\$ 164,621</u></u>

**HARRIS COUNTY UTILITY DISTRICT NO. 15
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2024, were \$5,820,690, an increase of \$45,608 from the prior year.

The General Fund fund balance increased by \$101,484, primarily due to property tax revenue and service revenues exceeding operating expenditures and capital outlay.

The Debt Service Fund fund balance decreased by \$55,876, primarily due to the structure of its outstanding debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was amended during the current fiscal year. Actual revenues were \$24,093 more than budgeted and actual expenditures were \$2,010,881 less than budgeted expenditures. For additional information, see the budget to actual comparison.

CAPITAL ASSETS

Capital assets as of March 31, 2024, total \$9,591,032 (net of accumulated depreciation). These capital assets include land and improvements, construction in progress and buildings 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	\$ 1,236,456	\$ 1,236,456	\$
Construction in Progress	46,700		46,700
Capital Assets, Net of Accumulated Depreciation:			
Buildings	3,423,292	3,558,242	(134,950)
Water System	1,253,668	1,145,470	108,198
Wastewater System	2,984,848	3,119,951	(135,103)
Drainage System	646,068	667,987	(21,919)
Total Net Capital Assets	\$ 9,591,032	\$ 9,728,106	\$ (137,074)

Additional information on the District's capital assets can be found in Note 6 of this report.

**HARRIS COUNTY UTILITY DISTRICT NO. 15
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2024**

LONG-TERM DEBT ACTIVITY

As of March 31, 2024, the District had total bond debt payable of \$3,810,000.

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

Bond Debt Payable, April 1, 2023	\$ 4,060,000
Less: Bond Principal Paid	<u>250,000</u>
Bond Debt Payable, March 31, 2024	<u>\$ 3,810,000</u>

As of March 31, 2024, the District’s bonds carried an underlying rating of “A” from Standard & Poor’s. The Series 2016 refunding bonds carry an insured rating of “AA” by virtue of bond insurance issued by Build America Mutual. The above ratings are as of March 31, 2024 and reflect all changes in ratings through the fiscal year-end.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2025 projects a decrease of \$2,486,385 to the General Fund fund balance. Revenues are expected to be \$3,098,800 and expenditures are expected to be \$5,585,185.

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 Harris County Utility District No. 15, c/o Strawn & Richardson, P.C., 1155 Dairy Ashford Road, Suite 875, Houston, Texas 77079.

HARRIS COUNTY UTILITY DISTRICT NO. 15
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2024

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 87,624	\$ 236,156
Investments	5,756,084	715,169
Receivables:		
Property Taxes	133,740	42,611
Penalty and Interest on Delinquent Taxes		
Service Accounts	47,572	
Accrued Interest	21,699	
Other	67,708	
Due from Other Funds	294,376	
Due from Others	99,223	
Advance for Water Plant Operations	155,539	
Advance for Regional Wastewater Treatment Plant Operations	978,135	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 7,641,700	\$ 993,936
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding bonds	\$ - 0 -	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 7,641,700	\$ 993,936

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 323,780	\$	\$ 323,780
6,471,253		6,471,253
176,351		176,351
	41,392	41,392
47,572		47,572
21,699		21,699
67,708		67,708
294,376	(294,376)	
99,223		99,223
155,539		155,539
978,135		978,135
	1,236,456	1,236,456
	46,700	46,700
	<u>8,307,876</u>	<u>8,307,876</u>
<u>\$ 8,635,636</u>	<u>\$ 9,338,048</u>	<u>\$ 17,973,684</u>
<u>\$ - 0 -</u>	<u>\$ 353,977</u>	<u>\$ 353,977</u>
<u>\$ 8,635,636</u>	<u>\$ 9,692,025</u>	<u>\$ 18,327,661</u>

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

HARRIS COUNTY UTILITY DISTRICT NO. 15
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2024

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 131,001	\$
Accrued Interest Payable		
Due to Other Governmental Units	45,481	
Due to Other Funds		294,376
Due to Taxpayers		72,096
Security Deposits	129,733	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 306,215	\$ 366,472
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 1,710,175	\$ 432,084
FUND BALANCES		
Nonspendable for:		
Water Plant Operations	\$ 155,539	
Regional Wastewater Treatment Plant Operations	978,135	
Restricted for -		
Debt Service		195,380
Assigned to 2025 Budget Deficit	2,486,385	
Unassigned	2,005,251	
TOTAL FUND BALANCES	\$ 5,625,310	\$ 195,380
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,641,700	\$ 993,936
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>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 131,001	\$ 51,054	\$ 131,001
45,481		51,054
294,376	(294,376)	45,481
72,096		72,096
129,733		129,733
	255,000	255,000
	<u>3,863,188</u>	<u>3,863,188</u>
<u>\$ 672,687</u>	<u>\$ 3,874,866</u>	<u>\$ 4,547,553</u>
<u>\$ 2,142,259</u>	<u>\$ (74,540)</u>	<u>\$ 2,067,719</u>
\$ 155,539	\$ (155,539)	
978,135	(978,135)	
195,380	(195,380)	
2,486,385	(2,486,385)	
<u>2,005,251</u>	<u>(2,005,251)</u>	
<u>\$ 5,820,690</u>	<u>\$ (5,820,690)</u>	<u>\$ - 0 -</u>
<u>\$ 8,635,636</u>		
	\$ 5,826,821	\$ 5,826,821
	208,158	208,158
	<u>5,677,410</u>	<u>5,677,410</u>
	<u>\$ 11,712,389</u>	<u>\$ 11,712,389</u>

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

HARRIS COUNTY UTILITY DISTRICT NO. 15
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
MARCH 31, 2024

Total Fund Balances - Governmental Funds	\$	5,820,690
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		9,591,032
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Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.		115,932
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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.		353,977
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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	\$ (51,054)	
Bonds Payable Within One Year	(255,000)	
Bonds Payable After One Year	<u>(3,863,188)</u>	<u>(4,169,242)</u>

Total Net Position - Governmental Activities	\$	<u>11,712,389</u>
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The accompanying notes to the financial statements are an integral part of this report.

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HARRIS COUNTY UTILITY DISTRICT NO. 15
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,351,216	\$ 381,438
Water Service	260,601	
Wastewater Service	446,439	
Sales Tax Revenue	289,201	
Penalty and Interest	37,481	14,309
Tap Connection and Inspection Fees	44,550	
Investment Revenues	276,860	19,667
Miscellaneous Revenues	75,615	6,397
TOTAL REVENUES	\$ 2,781,963	\$ 421,811
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 134,682	\$ 7,289
Contracted Services	428,651	43,369
Purchased Water Service	414,579	
Purchased Wastewater Service	529,051	
Utilities	63,545	
Repairs and Maintenance	547,778	
Depreciation		
Other	322,962	20,879
Capital Outlay	239,231	
Debt Service:		
Bond Principal		250,000
Bond Interest		156,150
TOTAL EXPENDITURES/EXPENSES	\$ 2,680,479	\$ 477,687
NET CHANGE IN FUND BALANCES	\$ 101,484	\$ (55,876)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - APRIL 1, 2023	5,523,826	251,256
FUND BALANCES/NET POSITION - MARCH 31, 2024	\$ 5,625,310	\$ 195,380

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 1,732,654	\$ 2,882	\$ 1,735,536
260,601		260,601
446,439		446,439
289,201		289,201
51,790	4,801	56,591
44,550		44,550
296,527		296,527
82,012		82,012
<u>\$ 3,203,774</u>	<u>\$ 7,683</u>	<u>\$ 3,211,457</u>
\$ 141,971	\$	\$ 141,971
472,020		472,020
414,579		414,579
529,051		529,051
63,545		63,545
547,778		547,778
	376,305	376,305
343,841		343,841
239,231	(239,231)	
250,000	(250,000)	
156,150	1,596	157,746
<u>\$ 3,158,166</u>	<u>\$ (111,330)</u>	<u>\$ 3,046,836</u>
\$ 45,608	\$ (45,608)	\$
	164,621	164,621
<u>5,775,082</u>	<u>5,772,686</u>	<u>11,547,768</u>
<u>\$ 5,820,690</u>	<u>\$ 5,891,699</u>	<u>\$ 11,712,389</u>

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

**HARRIS COUNTY UTILITY DISTRICT NO. 15
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024**

Net Change in Fund Balances - Governmental Funds	\$	45,608
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.		2,882
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.		4,801
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.		(376,305)
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.		239,231
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.		250,000
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.		2,513
In the Statement of Net Position, bond discounts, premiums and deferred charges on refunding bonds are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		<u>(4,109)</u>
Change in Net Position - Governmental Activities	\$	<u><u>164,621</u></u>

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

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 1. CREATION OF DISTRICT

Harris County Utility District No. 15, located in Harris County, Texas, (the “District”) was created by Acts of the 62nd Legislature of the State of Texas, Regular Session, 1971, in accordance with the Texas Water Code, Chapter 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, 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 August 23, 1973, and the first bonds were sold on July 18, 1979.

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 (the “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. The GASB has established 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 is also a participant in a jointly owned water plant. Harris County Utility District No. 14 has oversight of the water plant. Summary financial information on the water plant is presented in Note 8.

The District is a participant in a jointly owned wastewater treatment plant. Harris County Municipal Utility District No. 33 has oversight of the wastewater treatment plant. Summary financial information on the wastewater treatment plant is presented in Note 9.

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 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”).

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.

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 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 two 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, operating costs, general expenditures and costs related to the administration/activities facility.

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.

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include the 2022 tax levy collections during the period October 1, 2022 to March 31, 2024 and taxes collected from April 1, 2023 to March 31, 2024 for the 2021 and prior tax levies. The 2023 tax levy has been fully deferred.

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 March 31, 2024, the Debt Service Fund owed the General Fund \$294,376 for property tax collections.

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 acquisition 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 \$10,000 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:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	40-45

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund schedule presents the original and revised budget amounts, if any, 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 has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll 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.

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. There were no committed funds as of the fiscal year ended March 31, 2024.

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. There were assigned funds of \$2,486,385 for the fiscal year 2025 budget deficit as of the fiscal year ended March 31, 2024.

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.

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding long-term liabilities for the year ended March 31, 2024:

	April 1, 2023	Additions	Retirements	March 31, 2024
Bonds Payable	\$ 4,060,000	\$	\$ 250,000	\$ 3,810,000
Unamortized Premiums	335,841		27,653	308,188
Bonds Payable, Net	\$ 4,395,841	\$ -0-	\$ 277,653	\$ 4,118,188
		Amount Due Within One Year		\$ 255,000
		Amount Due After One Year		3,863,188
		Bonds Payable, Net		\$ 4,118,188

	Refunding Series 2016
Amount Outstanding – March 31, 2024	\$ 3,810,000
Interest Rates	4.00%
Maturity Dates – Serially Beginning/Ending	June 1, 2024/2035
Interest Payment Dates	June 1/ December 1
Callable Dates	June 1, 2024*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District.

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 3. LONG-TERM DEBT (Continued)

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

Fiscal Year	Principal	Interest	Total
2025	\$ 255,000	\$ 147,300	\$ 402,300
2026	270,000	136,800	406,800
2027	275,000	125,900	400,900
2028	290,000	114,600	404,600
2029	300,000	102,800	402,800
2030-2034	1,665,000	322,500	1,987,500
2035-2036	755,000	30,500	785,500
	\$ 3,810,000	\$ 980,400	\$ 4,790,400

As of March 31, 2024, the District had authorized but unissued tax bonds in the amount \$38,670,000 for utility facilities and \$10,000,000 for parks and recreational facilities.

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.

During the year ended March 31, 2024, the District levied an ad valorem debt service tax rate of \$ 0.105 per \$100 of assessed valuation, which resulted in a tax levy of \$409,643 on the adjusted taxable valuation of \$390,136,543 for the 2023 tax year. The bond order requires 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.

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 ORDER AND LEGAL REQUIREMENTS

The bond order states that the District covenants and represents that it will maintain insurance on the system of a kind and in an amount which customarily would be carried by private companies engaged in a similar type of business, but considering any governmental immunities to which the District may be entitled.

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS
(Continued)

The bond order states that the District is required to provide continuing disclosure of certain general financial information and operating data to the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

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 \$1,263,780 and the bank balance was \$1,325,180. The District was not exposed to custodial credit risk as of March 31, 2024.

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

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 87,624	\$ 940,000	\$ 1,027,624
DEBT SERVICE FUND	236,156		236,156
TOTAL DEPOSITS	\$ 323,780	\$ 940,000	\$ 1,263,780

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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.

The District records its investments in certificates of deposit at acquisition cost.

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Fund and Investment Type	Fair Value	Maturities in Years Less Than 1
<u>GENERAL FUND</u>		
Texas CLASS	\$ 4,816,084	\$ 4,816,084
Certificates of Deposit	940,000	940,000
<u>DEBT SERVICE FUND</u>		
Texas CLASS	<u>715,169</u>	<u>715,169</u>
TOTAL INVESTMENTS	<u>\$ 6,471,253</u>	<u>\$ 6,471,253</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2024, the District's investments in Texas CLASS were rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance.

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. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

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.

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 6. CAPITAL ASSETS

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

	April 1, 2023	Increases	Decreases	March 31, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,236,456	\$	\$	\$ 1,236,456
Construction in Progress	<u> </u>	46,700	<u> </u>	46,700
Total Capital Assets Not Being Depreciated	<u>\$ 1,236,456</u>	<u>\$ 46,700</u>	<u>\$ - 0 -</u>	<u>\$ 1,283,156</u>
Capital Assets Subject to Depreciation				
Buildings	\$ 3,826,977	\$	\$	\$ 3,826,977
Water System	2,586,311	192,531	<u> </u>	2,778,842
Wastewater System	5,548,327	<u> </u>	<u> </u>	5,548,327
Drainage System	983,678	<u> </u>	<u> </u>	983,678
Total Capital Assets Subject to Depreciation	<u>\$ 12,945,293</u>	<u>\$ 192,531</u>	<u>\$ - 0 -</u>	<u>\$ 13,137,824</u>
Accumulated Depreciation				
Buildings	\$ 268,735	\$ 134,950	\$	\$ 403,685
Water System	1,440,841	84,333	<u> </u>	1,525,174
Wastewater System	2,428,376	135,103	<u> </u>	2,563,479
Drainage System	315,691	21,919	<u> </u>	337,610
Total Accumulated Depreciation	<u>\$ 4,453,643</u>	<u>\$ 376,305</u>	<u>\$ - 0 -</u>	<u>\$ 4,829,948</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,491,650</u>	<u>\$ (183,774)</u>	<u>\$ - 0 -</u>	<u>\$ 8,307,876</u>
Total Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 9,728,106</u></u>	<u><u>\$ (137,074)</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ 9,591,032</u></u>

NOTE 7. MAINTENANCE TAX

On April 1, 1978, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation of taxable property within the District. During the year ended March 31, 2024, the District levied an ad valorem maintenance tax rate of \$0.425 per \$100 of assessed valuation, which resulted in a tax levy of \$1,658,076 on the adjusted taxable valuation of \$390,136,543 for the 2023 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District’s waterworks and sanitary sewer system.

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 8. WATER SUPPLY AGREEMENTS

Joint Water Plant

On May 17, 1983, and as amended August 15, 1984, the District, Harris County Utility District No. 14 (“District No. 14”) and the developer of the two districts entered into a forty (40) year contract for the construction and operation of the Joint Water Plant (the “Plant”). The Plant’s current capacity is for 3,100 equivalent single family connections. District No. 14 owns 1,350 connections or 43.50% of total capacity, and the District owns 1,750 connections or 56.50% of total capacity. Title to the Plant is held jointly by District No. 14 and the District on a pro rata basis. Construction and related costs were shared on the pro rata basis of capacity acquired by each district. District No. 14 manages and operates the Plant. Both districts are billed based upon a per connection fee established through the budgeting process of the Plant. The districts pay the per connection fee for each residential connection and each commercial equivalent single family connection on a monthly basis. The current year per connection fee was \$24.87 per connection. In addition, each district has paid for its share of an operating and maintenance reserve. During the year ended March 31, 2024, the District recorded \$414,579 for its share of operating costs. The District’s share of the operating and maintenance reserve is \$155,539 as of March 31, 2024.

The following summary financial data of the Plant is presented for the fiscal year ended March 31, 2024. A copy of the financial statements for the Plant can be obtained by contacting Norton Rose Fulbright US LLP at 1301 McKinney, Suite 5100, Houston, Texas 77010-3095.

Total Assets	\$ 356,381
Total Liabilities	<u>69,129</u>
Total Fund Balance	<u>\$ 287,252</u>
Total Revenues	\$ 1,249,740
Total Expenditures	<u>1,172,316</u>
Excess Revenues Over Expenditures	\$ 77,424
Other Financing Sources - Receipt of Capital from Participants	<u>74,537</u>
Change in Fund Balance	\$ 151,961
Fund Balance - April 1, 2023	<u>135,291</u>
Fund Balance - March 31, 2024	<u>\$ 287,252</u>

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 8. WATER SUPPLY AGREEMENTS

Emergency Water Supply Contracts

On May 1, 1996, the District executed an emergency water supply contract with Harris County Municipal Utility District No. 180 (“District No. 180”). The contract states that the interconnect will be constructed by the District at its sole cost. Each district is responsible for maintaining the interconnect lines on its respective side of the point of interconnect. The original term of the contract is ten years, beginning on the date the contract was executed. The contract was superseded on October 25, 2006 after construction was completed and then amended on October 25, 2016. The price to be paid for water shall be \$0.45 per thousand gallons. The term of this contract is ten years, beginning on the date the contract was amended.

On May 1, 1996, the District executed an emergency water supply contract with Harris County Municipal Utility District No. 150 (“District No. 150”). The contract states that the interconnect will be constructed by the District at its sole cost. Each district is responsible for maintaining the interconnect lines on its respective side of the point of interconnect. The price to be paid for water shall be \$150 per day. The term of the contract is 40 years, beginning on the date the contract was executed.

On November 1, 2007, the District approved the Third Amended and Restated Emergency Water Supply Contract between the District, District No. 14 and Harris County Municipal Utility District No. 33 (“District No. 33”). This contract amends the contracts previously entered into on January 2, 1979, May 15, 1985 and June 15, 1988. Under the terms of the agreement, the district supplying water will bill the receiving district at a rate of \$1.00 per 1,000 gallons, plus the rate per 1,000 gallons imposed upon the supplying district by a regional water authority or other governmental entity. If the supplying district is buying the supplied water from any adjoining district, the supplying district will bill the receiving district at the rate per 1,000 gallons equal to the rate paid by the supplying district for such water in the event that such water rate is greater than the rate provided above. In addition, if the supplying district has converted to use of surface water, the billed cost will be the price per 1,000 gallons the supplying district is paying for surface water. Any additional fees imposed on the supplying district by a regional water authority or governmental entity and attributable to water provided to the receiving district will also be included in the price paid by the receiving district. The term of the agreement is for a period of 40 years from the date of execution.

On November 1, 2007, the District approved the Emergency Water Supply Agreement between the District, District No. 14 and Northwest Harris County Municipal Utility District No. 24 (“District No. 24”). The District is a party to this contract since it is joint owner of the water plant with District No. 14; however, the District has no operational or financing responsibilities under this contract. District No. 14 and District No. 24 have constructed on a 50-50 cost basis the necessary facilities to allow for the delivery of potable water between the two districts. District No. 24 has retained title to the interconnect facilities; however, any interconnect

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 8. WATER SUPPLY AGREEMENTS (Continued)

Emergency Water Supply Contracts (Continued)

maintenance and repair costs will be split on a 50-50 cost basis. Under the terms of the agreement, the district supplying water will bill the receiving district at the same rate charged to residential and commercial users of water located within the boundaries of the district supplying the water, including any regulatory or withdrawal fees. Billing for each district will be determined based upon total estimated pumpage from one district to another based upon the meter readings within a district during the time of usage, as determined by the operator of the district supplying the water. The term of the agreement is for a period of 20 years from the date of the agreement.

NOTE 9. REGIONAL WASTEWATER TREATMENT PLANT

On January 31, 1979, the District, District No. 14, and District No. 33 entered into a 40 year agreement to construct and operate the Lincoln Green Regional Wastewater Treatment Plant (the “Wastewater Plant”). This agreement has been amended and restated on November 19, 1982, September 9, 1985, February 1, 1987 and February 7, 1996. Construction and related costs were shared based on the pro rata share of capacity acquired by each participant. The District’s share of construction and related costs was approximately \$367,000. Effective October 1, 1996, District No. 33 purchased 400,000 gallons per-day of capacity from District No. 14. Effective January 25, 2011, District No. 14 bought 68,750 gallons per day capacity from the District for \$136,183. Each participant’s current capacity and percent of ownership is as follows:

<u>Participant</u>	<u>Gallons-Per-Day Capacity</u>	<u>Percent</u>
Harris County Utility District No. 15	690,300	34.52%
Harris County Utility District No. 14	370,700	18.53
Harris County Municipal Utility District No. 33	<u>939,000</u>	<u>46.95</u>
TOTAL	<u>2,000,000</u>	<u>100.00%</u>

District No. 33 manages and operates the Wastewater Plant. The participants are billed a monthly capacity charge based on each participant’s pro rata share of capacity and a connection charge for each equivalent connection. Current year billings are adjusted to actual costs incurred as of year end. In addition, each district has paid for its share of an operating and maintenance reserve. During the year ending March 31, 2024, the District recognized \$529,051 for its share of operating costs; and the District’s share of operating reserve is \$978,135.

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 9. REGIONAL WASTEWATER TREATMENT PLANT (Continued)

The following summary financial data of the Wastewater Plant is presented for the fiscal year ended September 30, 2023. A copy of the financial statements for the Wastewater Plant can be obtained by contacting Radcliffe Adams Barner PLLC, 2929 Allen Parkway, Suite 3450, Houston, Texas 77019-7120.

Total Assets	\$ 3,526,743
Total Liabilities	<u>434,783</u>
Total Fund Balance	<u>\$ 3,091,960</u>
Total Revenues	\$ 1,466,211
Total Expenditures	<u>1,640,517</u>
Excess Revenues Over Expenditures	\$ (174,306)
Fund Balance - October 1, 2022	<u>\$ 3,266,266</u>
Fund Balance - September 30, 2023	<u>\$ 3,091,960</u>

On February 7, 2012, the District and District No. 14 entered into a contract for the 30-inch portion of the joint sanitary sewer line. The District and District No. 14 agree to jointly own and constructed the sewer line based on their ownership percentages. The District will own 48% and District No. 14 will own 52%. The districts will be responsible for operating, maintaining and repairing the sewer line and all costs incurred will be allocated based on their proportionate shares. The term of this contract is 40 years.

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. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, boiler and machinery, automobile liability, errors and omissions, and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 10. RISK MANAGEMENT (Continued)

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 12, 2008, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a tract of land defined as the "Subject Tract" for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Subject Tract within the boundaries of the District. The District will continue to develop, to own, and to operate and maintain a water and wastewater system in the District.

All taxable property within the District shall not be liable for any present or future debts of the City, and current and future taxes levied by the City shall not be levied on taxable property within the District. Upon the limited-purpose annexation of the Subject Tract and City's municipal courts shall have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and State laws. Provisions of the Regulatory Plan adopted by the City will be applicable to the Subject Tract of land within the District. The District's assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period preceding full-purpose annexation.

After the Subject Tract is annexed for limited purposes by the City, the qualified voters of the Subject Tract may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the Subject Tract.

HARRIS COUNTY UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

The City shall impose a Sales and Use Tax within the boundaries of the Subject tract upon the limited-purpose annexation of the Subject Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City agreed to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Subject Tract. The City agreed to deliver to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Controller's office. During the current fiscal year, the District recorded sales tax revenues in the amount of \$289,201. Of this amount, \$61,073 was recorded as receivable at March 31, 2024.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is thirty (30) years from the effective date of the agreement.

HARRIS COUNTY UTILITY DISTRICT NO. 15

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2024

HARRIS COUNTY UTILITY DISTRICT NO. 15
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2024

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 1,387,600	\$ 1,387,600	\$ 1,351,216	\$ (36,384)
Water Service	288,700	288,700	260,601	(28,099)
Wastewater Service	471,670	471,670	446,439	(25,231)
Sales Tax Revenues	292,800	292,800	289,201	(3,599)
Penalty and Interest	32,000	32,000	37,481	5,481
Tap Connection and Inspection Fees	3,400	3,400	44,550	41,150
Investment Revenues	255,250	255,250	276,860	21,610
Miscellaneous Revenues	26,450	26,450	75,615	49,165
TOTAL REVENUES	<u>\$ 2,757,870</u>	<u>\$ 2,757,870</u>	<u>\$ 2,781,963</u>	<u>\$ 24,093</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 145,000	\$ 145,000	\$ 134,682	\$ 10,318
Contracted Services	414,260	414,260	428,651	(14,391)
Purchased Water Service	420,000	420,000	414,579	5,421
Purchased Wastewater Service	442,800	442,800	529,051	(86,251)
Utilities	52,800	52,800	63,545	(10,745)
Repairs and Maintenance	395,000	378,400	547,778	(169,378)
Other	262,450	279,050	322,962	(43,912)
Capital Outlay	259,050	2,559,050	239,231	2,319,819
TOTAL EXPENDITURES	<u>\$ 2,391,360</u>	<u>\$ 4,691,360</u>	<u>\$ 2,680,479</u>	<u>\$ 2,010,881</u>
NET CHANGE IN FUND BALANCE	\$ 366,510	\$ (1,933,490)	\$ 101,484	\$ 2,034,974
FUND BALANCE - APRIL 1, 2023	<u>5,523,826</u>	<u>5,523,826</u>	<u>5,523,826</u>	
FUND BALANCE - MARCH 31, 2024	<u>\$ 5,890,336</u>	<u>\$ 3,590,336</u>	<u>\$ 5,625,310</u>	<u>\$ 2,034,974</u>

See accompanying independent auditor's report.

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HARRIS COUNTY UTILITY DISTRICT NO. 15
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
MARCH 31, 2024

**HARRIS COUNTY UTILITY DISTRICT NO. 15
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2024**

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

<u> X </u>	Retail Water	<u> </u>	Wholesale Water	<u> X </u>	Drainage
<u> X </u>	Retail Wastewater	<u> </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 approved July 25, 2023.

	<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:	\$ 0.00	0	N	\$ 2.00	0 – 3,000
				2.25	3,001 – 6,000
				2.50	6,001 – 9,000
				2.75	9,001 – 12,000
				3.00	12,001 – 15,000
				3.50	15,001 – 18,000
				4.00	18,001 – 21,000
				4.50	21,001 and up
WASTEWATER:	\$ 21.78*	0	N	\$ 2.00	0 – 3,000
				2.25	3,001 – 6,000
				2.50	6,001 – 9,000
				2.75	9,001 – 12,000
				3.00	12,001 – 15,000
				3.50	15,001 – 18,000
				4.00	18,001 – 21,000
				4.50	21,001 and up

* Includes waste disposal fee of \$21.78

District employs winter averaging for wastewater usage? X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$23.00 Wastewater: \$44.78 Surcharge: \$0-

See accompanying independent auditor’s report.

**HARRIS COUNTY UTILITY DISTRICT NO. 15
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 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	
≤ ³ / ₄ "	888	881	x 1.0	881
1"	8	8	x 2.5	20
1½"	12	11	x 5.0	55
2"	36	35	x 8.0	280
3"	2	2	x 15.0	30
4"			x 25.0	
6"	2	2	x 50.0	100
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>948</u>	<u>939</u>		<u>1,366</u>
Total Wastewater Connections	<u>926</u>	<u>917</u>	x 1.0	<u>917</u>

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

Water Accountability Ratio:
(Gallons billed and sold/Gallons pumped and purchased)

Gallons billed to customers:	100,774,000	* _____
Gallons purchased:	*	

* The District purchases its water from the Harris County Utility District No. 14 – Joint Water Plant. The District currently owns 56.50% of the total capacity in the Joint Water Plant (see Note 8).

See accompanying independent auditor's report.

**HARRIS COUNTY UTILITY DISTRICT NO. 15
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 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's 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.

HARRIS COUNTY UTILITY DISTRICT NO. 15
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2024

PROFESSIONAL FEES:	
Auditing	\$ 17,750
Engineering	33,188
Legal	<u>83,744</u>
TOTAL PROFESSIONAL FEES	<u>\$ 134,682</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 414,579
Purchased Wastewater Service	<u>529,051</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 943,630</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 89,010
Operations and Billing	81,860
General Manager	<u>30,000</u>
TOTAL CONTRACTED SERVICES	<u>\$ 200,870</u>
UTILITIES:	
Electricity	\$ 54,579
Telephone	<u>8,966</u>
TOTAL UTILITIES	<u>\$ 63,545</u>
REPAIRS AND MAINTENANCE	<u>\$ 547,778</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 29,250
Continuing Director Development	19,615
Election Costs	54,049
Insurance	25,006
Office Supplies and Postage	26,029
Payroll Taxes	2,238
Other	<u>56,732</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 212,919</u>

See accompanying independent auditor's report.

HARRIS COUNTY UTILITY DISTRICT NO. 15
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2024

CAPITAL OUTLAY -	
Capitalized Assets	\$ <u>239,231</u>
TAP CONNECTIONS	\$ <u>15,635</u>
SOLID WASTE DISPOSAL	\$ <u>227,781</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 9,075
Permit Fees	2,849
Regulatory Assessment	2,330
Reconnection Fees	5,835
Inspection Fees	10,709
Other	<u>63,610</u>
TOTAL OTHER EXPENDITURES	\$ <u>94,408</u>
TOTAL EXPENDITURES	\$ <u><u>2,680,479</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY UTILITY DISTRICT NO. 15
INVESTMENTS
MARCH 31, 2024

<u>Funds</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	\$ 4,816,084	\$
Certificate of Deposit	XXXX9551	5.50%	11/23/2024	235,000	1,169
Certificate of Deposit	XXXX2565	5.00%	5/24/2024	235,000	10,012
Certificate of Deposit	XXXX6628	5.50%	10/25/2024	235,000	1,133
Certificate of Deposit	XXXX0748	5.34%	6/30/2024	<u>235,000</u>	<u>9,385</u>
TOTAL GENERAL FUND				<u>\$ 5,756,084</u>	<u>\$ 21,699</u>
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0002	Varies	Daily	<u>\$ 715,169</u>	<u>\$</u>
TOTAL - ALL FUNDS				<u>\$ 6,471,253</u>	<u>\$ 21,699</u>

See accompanying independent auditor's report.

HARRIS COUNTY UTILITY DISTRICT NO. 15
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2024

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
APRIL 1, 2023	\$ 95,652		\$ 34,741	
Adjustments to Beginning Balance	<u>(43,206)</u>	\$ 52,446	<u>(12,285)</u>	\$ 22,456
Original 2023 Tax Levy	\$ 1,549,557		\$ 382,832	
Adjustment to 2023 Tax Levy	<u>108,519</u>	<u>1,658,076</u>	<u>26,811</u>	<u>409,643</u>
TOTAL TO BE ACCOUNTED FOR		\$ 1,710,522		\$ 432,099
TAX COLLECTIONS:				
Prior Years	\$ 346		\$ 16	
Current Year	<u>1,576,436</u>	<u>1,576,782</u>	<u>389,472</u>	<u>389,488</u>
TAXES RECEIVABLE - MARCH 31, 2024		<u>\$ 133,740</u>		<u>\$ 42,611</u>
TAXES RECEIVABLE BY YEAR:				
2023		\$ 81,640		\$ 20,171
2022		10,090		2,849
2021		6,460		1,700
2020		5,018		1,490
2019		5,871		1,215
2018		3,826		982
2017		2,900		750
2016		2,112		632
2015		2,001		787
2014 and Prior		<u>13,822</u>		<u>12,035</u>
TOTAL		<u>\$ 133,740</u>		<u>\$ 42,611</u>

See accompanying independent auditor's report.

HARRIS COUNTY UTILITY DISTRICT NO. 15
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2024

	2023	2022	2021	2020
PROPERTY VALUATIONS:				
Land	\$ 77,292,075	\$ 51,837,177	\$ 51,506,600	\$ 53,601,750
Improvements	257,999,406	227,484,830	196,592,619	180,490,922
Personal Property	169,667,798	137,469,318	156,250,407	99,406,499
Exemptions	<u>(114,822,736)</u>	<u>(88,161,873)</u>	<u>(84,981,055)</u>	<u>(74,510,038)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 390,136,543</u>	<u>\$ 328,629,452</u>	<u>\$ 319,368,571</u>	<u>\$ 258,989,133</u>
 TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.105	\$ 0.120	\$ 0.125	\$ 0.150
Maintenance	<u>0.425</u>	<u>0.425</u>	<u>0.475</u>	<u>0.505</u>
 TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.530</u>	<u>\$ 0.545</u>	<u>\$ 0.600</u>	<u>\$ 0.655</u>
 ADJUSTED TAX LEVY*	<u>\$ 2,067,719</u>	<u>\$ 1,791,026</u>	<u>\$ 1,916,208</u>	<u>\$ 1,696,374</u>
 PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>95.08 %</u>	<u>99.28 %</u>	<u>99.57 %</u>	<u>99.62 %</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 \$1.00 per \$100 of assessed valuation approved by voters on April 1, 1978.

See accompanying independent auditor's report.

HARRIS COUNTY UTILITY DISTRICT NO. 15
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2024

SERIES - 2016 REFUNDING

Due During Fiscal Years Ending March 31	Principal Due June 1	Interest Due June 1/ December 1	Total
2025	\$ 255,000	\$ 147,300	\$ 402,300
2026	270,000	136,800	406,800
2027	275,000	125,900	400,900
2028	290,000	114,600	404,600
2029	300,000	102,800	402,800
2030	310,000	90,600	400,600
2031	320,000	78,000	398,000
2032	330,000	65,000	395,000
2033	345,000	51,500	396,500
2034	360,000	37,400	397,400
2035	370,000	22,800	392,800
2036	<u>385,000</u>	<u>7,700</u>	<u>392,700</u>
	<u>\$ 3,810,000</u>	<u>\$ 980,400</u>	<u>\$ 4,790,400</u>

See accompanying independent auditor's report.

**HARRIS COUNTY UTILITY DISTRICT NO. 15
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2024**

Description	Original Bonds Issued	Bonds Outstanding April 1, 2023	
Harris County Utility District No. 15			
Unlimited Tax Refunding Bonds - Series 2016	\$ 4,650,000	\$ 4,060,000	
Bond Authority:	Utility Bonds	Parks and Recreational Bonds	Refunding Bonds
Amount Authorized by Voters	\$ 51,890,000	\$ 10,000,000	One and one-half times amount of previously issued bonds
Amount Issued	13,220,000		9,585,000
Remaining to be Issued	\$ 38,670,000	\$ 10,000,000	\$ - 0 -
Debt Service Fund cash, investments and cash with paying agent balances as of March 31, 2024:			\$ 951,325
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 399,200

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding March 31, 2024</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$ -	\$ 250,000	\$ 156,150	\$ 3,810,000	The Bank of New York Mellon Trust Company, NA Dallas, TX

See accompanying independent auditor's report.

HARRIS COUNTY UTILITY DISTRICT NO. 15
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 1,351,216	\$ 1,448,873	\$ 1,302,083
Water Service	260,601	262,672	236,768
Wastewater Service	446,439	437,812	421,227
Sales Tax Revenues	289,201	299,426	259,091
Penalty and Interest	37,481	35,706	31,204
Tap Connection and Inspection Fees	44,550		7,120
Investment Revenues	276,860	138,262	8,577
Miscellaneous Revenues	75,615	29,701	11,104
TOTAL REVENUES	\$ 2,781,963	\$ 2,652,452	\$ 2,277,174
EXPENDITURES			
Professional Fees	\$ 134,682	\$ 143,142	\$ 87,985
Contracted Services	428,651	382,183	333,003
Purchased Water Service	414,579	286,117	226,920
Purchased Wastewater Service	529,051	465,901	232,331
Utilities	63,545	52,955	50,238
Repairs and Maintenance	547,778	431,120	314,710
Community Outreach	63,610	54,662	25,604
Continuing Director Development	19,615	18,521	12,414
Other	239,737	169,515	137,592
Capital Outlay	239,231		89,461
TOTAL EXPENDITURES	\$ 2,680,479	\$ 2,004,116	\$ 1,510,258
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 101,484	\$ 648,336	\$ 766,916
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ - 0 -	\$ - 0 -	\$ - 0 -
Insurance Proceeds			40,697
Sale of Assets		38,597	193,695
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ 38,597	\$ 234,392
NET CHANGE IN FUND BALANCE	\$ 101,484	\$ 686,933	\$ 1,001,308
BEGINNING FUND BALANCE	5,523,826	4,836,893	3,835,585
ENDING FUND BALANCE	\$ 5,625,310	\$ 5,523,826	\$ 4,836,893

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2021	2020	2024	2023	2022	2021	2020
\$ 1,478,718	\$ 1,513,332	48.6 %	54.7 %	57.1 %	58.6 %	56.1 %
260,363	229,982	9.4	9.9	10.4	10.3	8.5
423,965	373,165	16.0	16.5	18.5	16.8	13.8
222,966	238,097	10.4	11.3	11.4	8.9	8.8
16,411	39,637	1.3	1.3	1.4	0.7	1.5
7,720	64,380	1.6		0.3	0.3	2.4
21,426	98,839	10.0	5.2	0.4	0.9	3.7
87,488	140,894	2.7	1.1	0.5	3.5	5.2
<u>\$ 2,519,057</u>	<u>\$ 2,698,326</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 95,372	\$ 85,640	4.9 %	5.3 %	3.9 %	3.8 %	3.1 %
355,599	292,375	15.4	14.3	14.6	14.1	10.8
228,460	207,679	14.9	10.8	10.0	9.1	7.7
287,809	290,822	19.0	17.6	10.2	11.4	10.8
42,875	45,291	2.3	2.0	2.2	1.7	1.7
256,289	332,073	19.7	16.3	13.8	10.2	12.3
	50,835	2.3	2.1	1.1		1.9
5,071	23,657	0.7	0.7	0.5	0.2	0.9
164,163	128,855	8.6	6.4	6.0	6.5	4.8
3,000,369	603,759	8.6		3.9	119.1	22.4
<u>\$ 4,436,007</u>	<u>\$ 2,060,986</u>	<u>96.4 %</u>	<u>75.5 %</u>	<u>66.2 %</u>	<u>176.1 %</u>	<u>76.4 %</u>
\$ (1,916,950)	\$ 637,340	<u>3.6 %</u>	<u>24.5 %</u>	<u>33.8 %</u>	<u>(76.1) %</u>	<u>23.6 %</u>
\$ 1,010,477	\$ (60,000)					
<u>\$ 1,010,477</u>	<u>\$ (60,000)</u>					
\$ (906,473)	\$ 577,340					
<u>4,742,058</u>	<u>4,164,718</u>					
<u>\$ 3,835,585</u>	<u>\$ 4,742,058</u>					

See accompanying independent auditor's report.

HARRIS COUNTY UTILITY DISTRICT NO. 15
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 381,438	\$ 383,441	\$ 386,299
Penalty and Interest	14,309	19,109	10,367
Interest on Investments	19,667	8,797	1,590
Miscellaneous Revenues	6,397	9,369	7,235
TOTAL REVENUES	\$ 421,811	\$ 420,716	\$ 405,491
EXPENDITURES			
Tax Collection Expenditures	\$ 70,787	\$ 129,141	\$ 64,368
Debt Service Principal	250,000	240,000	235,000
Debt Service Interest and Fees	156,900	164,250	171,375
TOTAL EXPENDITURES	\$ 477,687	\$ 533,391	\$ 470,743
DEFICIENCY OF REVENUES			
UNDER EXPENDITURES	\$ (55,876)	\$ (112,675)	\$ (65,252)
OTHER FINANCING SOURCES			
Transfers In	\$ -0-	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCE	\$ (55,876)	\$ (112,675)	\$ (65,252)
BEGINNING FUND BALANCE	251,256	363,931	429,183
ENDING FUND BALANCE	\$ 195,380	\$ 251,256	\$ 363,931
TOTAL ACTIVE RETAIL WATER			
CONNECTIONS	939	931	930
TOTAL ACTIVE RETAIL WASTEWATER			
CONNECTIONS	917	910	908

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2021	2020	2024	2023	2022	2021	2020
\$ 307,056	\$ 390,642	90.4 %	91.2 %	95.2 %	87.8 %	89.4 %
22,361	22,649	3.4	4.5	2.6	6.4	5.2
4,912	15,438	4.7	2.1	0.4	1.4	3.5
15,383	8,206	1.5	2.2	1.8	4.4	1.9
<u>\$ 349,712</u>	<u>\$ 436,935</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 69,847	\$ 67,079	16.7 %	30.8 %	15.8 %	20.0 %	15.4 %
225,000	215,000	59.3	57.0	58.0	64.3	49.2
180,390	191,003	37.2	39.0	42.3	51.6	43.7
<u>\$ 475,237</u>	<u>\$ 473,082</u>	<u>113.2 %</u>	<u>126.8 %</u>	<u>116.1 %</u>	<u>135.9 %</u>	<u>108.3 %</u>
\$ (125,525)	\$ (36,147)	(13.2) %	(26.8) %	(16.1) %	(35.9) %	(8.3) %
\$ -0-	\$ 60,000					
\$ (125,525)	\$ 23,853					
554,708	530,855					
<u>\$ 429,183</u>	<u>\$ 554,708</u>					
932	933					
910	907					

See accompanying independent auditor's report.

**HARRIS COUNTY UTILITY DISTRICT NO. 15
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2024**

District Mailing Address - Harris County Utility District No. 15
c/o Strawn & Richardson, P.C.
1155 Dairy Ashford Road, Suite 875
Houston, Texas 77079

District Telephone Number - (713) 864-5466

Board Members	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended March 31, 2024</u>	<u>Expense Reimbursements for the year ended March 31, 2024</u>	<u>Title</u>
Eric Goodie	11/2022 – 11/2026 (Elected)	\$ 6,750	\$ 3,822	President
Leonard Mattox	11/2020 – 11/2024 (Elected)	\$ 6,300	\$ 3,898	Vice President
Bridgett Kelley	11/2020 – 11/2024 (Elected)	\$ 6,300	\$ -0-	Secretary
Kevin Mosley	11/2020 – 11/2024 (Elected)	\$ 4,500	\$ 5,706	Assistant Secretary
Janice Weaver	11/2022 – 11/2026 (Appointed)	\$ 5,400	\$ 3,943	Assistant Secretary

Notes: 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 developers or with any of the District’s consultants.

Submission date of most recent District Registration Form: December 28, 2022

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). Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

HARRIS COUNTY UTILITY DISTRICT NO. 15
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2024

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended March 31, 2024</u>	<u>Title</u>
Strawn & Richardson, P.C.	08/23/00	\$ 142,486	General Counsel
McCall Gibson Swedlund Barfoot PLLC	08/10/95	\$ 17,750	Auditor
Superior Water Management of Texas LLC	02/28/23	\$ 30,633	General Manager
Municipal Accounts & Consulting, L.P.	09/27/01	\$ 93,758	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/24/96	\$ 7,289	Delinquent Tax Attorney
Edminster Hinshaw Russ & Associates	03/24/04	\$ 49,132	Engineer
Masterson Advisors LLC	05/29/18	\$ -0-	Financial Advisor
Mark Burton and Ghia Lewis – Municipal Accounts & Consulting, L.P.	01/24/12	\$ -0-	Investment Officer
Municipal Operations & Consulting, Inc.	09/12/03	\$ 492,787	Operator
Wheeler & Associates, Inc.	12/21/83	\$ 27,640	Tax Assessor/ Collector

See accompanying independent auditor's report.

