

HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 215
HARRIS COUNTY, TEXAS
ANNUAL AUDIT REPORT
JULY 31, 2023

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Mark C. Eyring, CPA, PLLC

12702 Century Drive • Suite C2 • Stafford, Texas 77477 • 281-277-9595 • Mark@EyringCPA.com

November 20, 2023

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 215
Harris County, Texas

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Harris County Municipal Utility District No. 215 as of and for the year ended July 31, 2023, and the related notes to the financial statements, which collectively comprise Harris County Municipal Utility District No. 215's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Harris County Municipal Utility District No. 215, as of July 31, 2023, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Harris County Municipal Utility District No. 215, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Harris County Municipal Utility District No. 215'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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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. I 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 Harris County Municipal Utility District No. 215's internal control. Accordingly, no such opinion is expressed. I 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. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Harris County Municipal Utility District No. 215's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)**Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harris County Municipal Utility District No. 215's basic financial statements. The supplementary information on Pages 19 to 29 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in black ink, appearing to read "M. A. J.", is located in the lower right quadrant of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Harris County Municipal Utility District No. 215 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended July 31, 2023.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current and other assets	\$ 3,380,723	\$ 2,672,698	\$ 708,025
Capital assets	1,602,064	1,653,803	(51,739)
Total assets	<u>4,982,787</u>	<u>4,326,501</u>	<u>656,286</u>
Other liabilities	134,556	121,732	12,824
Total liabilities	<u>134,556</u>	<u>121,732</u>	<u>12,824</u>
Net position:			
Invested in capital assets, net of related debt	1,602,064	1,653,803	(51,739)
Restricted	0	0	0
Unrestricted	3,246,167	2,550,966	695,201
Total net position	<u>\$ 4,848,231</u>	<u>\$ 4,204,769</u>	<u>\$ 643,462</u>

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 405,584	\$ 268,808	\$ 136,776
Charges for services	848,555	677,955	170,600
Other revenues	110,358	8,509	101,849
Total revenues	<u>1,364,497</u>	<u>955,272</u>	<u>409,225</u>
Expenses:			
Service operations	721,035	679,721	41,314
Total expenses	<u>721,035</u>	<u>679,721</u>	<u>41,314</u>
Change in net position	643,462	275,551	367,911
Net position, beginning of year	<u>4,204,769</u>	<u>3,929,218</u>	<u>275,551</u>
Net position, end of year	<u>\$ 4,848,231</u>	<u>\$ 4,204,769</u>	<u>\$ 643,462</u>

Financial Analysis of the District's Funds

The District's fund balance as of the end of the fiscal year ended July 31, 2023, was \$3,130,104, an increase of \$580,812 from the prior year. The General Fund balance increased in accordance with the District's financial plan to fund future capital expenditures from operating revenues.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 18 of this report. The budgetary fund balance as of July 31, 2023, was expected to be \$2,667,057 and the actual end of year fund balance was \$3,130,104.

Capital Asset and Debt Administration

Capital Assets

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 127,427	\$ 127,427	\$ 0
Construction in progress	13,632	0	13,632
Water facilities	325,793	361,437	(35,644)
Sewer facilities	<u>1,135,212</u>	<u>1,164,939</u>	<u>(29,727)</u>
Totals	<u>\$ 1,602,064</u>	<u>\$ 1,653,803</u>	<u>\$ (51,739)</u>

Changes to capital assets during the fiscal year ended July 31, 2023, are summarized as follows:

Additions:		
Joint wastewater treatment plant improvements		\$ 20,672
Water system improvements		<u>13,632</u>
		34,304
Decreases:		
Depreciation		<u>(86,043)</u>
Net change to capital assets		<u>\$ (51,739)</u>

Debt

At July 31, 2023, the District had no outstanding debt and \$1,425,000 bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

At July 31, 2023, there were no developer construction commitments or liabilities.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased by approximately \$23,245,000 for the 2022 tax year (approximately 43%) due to the increase in the valuation of improvements on existing property.

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Houston. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

Utilizing a provision of Texas law, effective December 19, 2011, the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "Agreement"). Under the terms of the Agreement, the City annexed a portion of the District (the "Partial District") for the limited purpose of imposition of the City's Sales and Use Tax. The Agreement states that the District and 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 with the District. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

The City has imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas.

Water Supply Issues

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District's authority to pump groundwater from its well is subject to annual permits issued by the Subsidence District. On April 14, 1999, the Subsidence District adopted a District Regulatory Plan (the "1999 Plan") to reduce groundwater withdrawal through conversion to surface water in areas within the Subsidence District's jurisdiction. Under the 1999 Plan, the District was required to submit to the Subsidence District by January 2003 a groundwater reduction plan and begin construction of surface water conversion infrastructure by January 2005, or pay a disincentive fee for any groundwater withdrawn in excess of 20% of the District's total water demand. This same disincentive fee will be imposed under the 1999 Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2010, exceeds 40% of the District's total water demand beginning January 2025, and exceeds 20% of the District's total water demand beginning January 2035. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future in order to develop surface water conversion infrastructure or to participate in a regional surface water conversion effort. In addition, if the District does not meet the Subsidence District's requirements as described above, the District may be required to pay the disincentive fees adopted by the Subsidence District.

Effective September 1, 2005, the Texas Legislature approved the creation of the Central Harris County Regional Water Authority (the "Authority") to provide for the conversion of water use by certain entities such as the District from groundwater to surface water, and to comply with the requirements of the Subsidence District. The District is one of 11 districts that are within the boundaries of the Authority. Prior to the creation of the Authority, the districts within the boundaries of the Authority were members of the Central Harris County Water Users Consortium (the "Consortium"). The Authority assumed the rights and obligations of the Consortium. The Consortium had negotiated and entered into a contract for the purchase of treated surface water from the City of Houston (the "City") to meet the surface water conversion requirements of the Subsidence District's 1999 Plan. The Consortium had also negotiated and entered into an agreement with the North Harris County Regional Water Authority (the "North Authority") for the joint financing, design, construction, operation and maintenance of a sixty inch (60") water transmission line to be constructed from the point of delivery of surface water to the North Authority from the Houston Area Water Corporation's Northeast Water Purification Plant and extending in a westerly direction along the Beltway 8 right-of-way, to the future T. C. Jester right-of-way in a northerly direction to the area of the Consortium members. Additionally, the Consortium had received approval of its Groundwater Reduction Plan by the Subsidence District. At July 31, 2023, the Authority had assessed a ground water pumpage fee of \$3.26 per 1,000 gallons of usage. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to develop surface water conversion infrastructure.

Future Capital Improvements

The District anticipates that projected capital improvement expenditures of approximately \$9,500,000 during the fiscal years 2024-2028 will be paid from water and sewer revenues.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

JULY 31, 2023

ASSETS	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
Cash, including interest-bearing accounts, Note 7	\$ 372,268	\$	\$	\$ 372,268	\$	\$ 372,268
Temporary investments, at cost, Note 7	2,738,163			2,738,163		2,738,163
Receivables:						
Property taxes	97,747			97,747		97,747
Accrued penalty and interest on property taxes				0	18,316	18,316
Service accounts	120,253			120,253		120,253
Reserves at joint venture, Note 9	33,976			33,976		33,976
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	141,059	141,059
Depreciable capital assets				0	1,461,005	1,461,005
Total assets	<u>\$3,362,407</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,362,407</u>	<u>1,620,380</u>	<u>4,982,787</u>
LIABILITIES						
Accounts payable	\$ 75,591	\$	\$	\$ 75,591		75,591
Customer deposits	58,965			58,965		58,965
Total liabilities	<u>134,556</u>	<u>0</u>	<u>0</u>	<u>134,556</u>	<u>0</u>	<u>134,556</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	97,747	0	0	97,747	(97,747)	0
FUND BALANCES / NET POSITION						
Fund balances:						
 Nonspendable:						
Reserves at joint venture, Note 9	33,976			33,976	(33,976)	0
Unassigned	3,096,128			3,096,128	(3,096,128)	0
Total fund balances	<u>3,130,104</u>	<u>0</u>	<u>0</u>	<u>3,130,104</u>	<u>(3,130,104)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$3,362,407</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,362,407</u>		
Net position:						
Invested in capital assets, net of related debt					1,602,064	1,602,064
Unrestricted					3,246,167	3,246,167
Total net position					<u>\$ 4,848,231</u>	<u>\$ 4,848,231</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JULY 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 291,195	\$	\$	\$ 291,195	\$ 96,843	\$ 388,038
Water service	349,792			349,792		349,792
Sewer service	316,982			316,982		316,982
Surface water fees, Note 10	177,117			177,117		177,117
Penalty, interest and other	4,664			4,664	17,546	22,210
Interest on deposits	110,358			110,358		110,358
Total revenues	<u>1,250,108</u>	<u>0</u>	<u>0</u>	<u>1,250,108</u>	<u>114,389</u>	<u>1,364,497</u>
EXPENDITURES / EXPENSES						
Service operations:						
Purchased sewer services, Note 9	130,977			130,977		130,977
Professional fees	112,589			112,589		112,589
Contracted services	72,296			72,296		72,296
Utilities	24,816			24,816		24,816
Ground water pumpage fees, Note 10	171,180			171,180		171,180
Repairs, maintenance and other operating expenditures	72,190			72,190		72,190
Administrative expenditures	50,944			50,944		50,944
Depreciation				0	86,043	86,043
Capital outlay	34,304			34,304	(34,304)	0
Total expenditures / expenses	<u>669,296</u>	<u>0</u>	<u>0</u>	<u>669,296</u>	<u>51,739</u>	<u>721,035</u>
Excess (deficiency) of revenues over expenditures	<u>580,812</u>	<u>0</u>	<u>0</u>	<u>580,812</u>	<u>62,650</u>	<u>643,462</u>
Net change in fund balances / net position	580,812	0	0	580,812	62,650	643,462
Beginning of year	<u>2,549,292</u>	<u>0</u>	<u>0</u>	<u>2,549,292</u>	<u>1,655,477</u>	<u>4,204,769</u>
End of year	<u>\$ 3,130,104</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,130,104</u>	<u>\$ 1,718,127</u>	<u>\$ 4,848,231</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215NOTES TO THE FINANCIAL STATEMENTSJULY 31, 2023

NOTE 1: REPORTING ENTITY

Harris County Municipal Utility District No. 215 (the "District") was created by an order of the Texas Water Commission (now the Texas Commission on Environmental Quality) effective July 15, 1981, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

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

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 3,130,104
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		1,602,064
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	\$ 18,316	
Uncollected property taxes	<u>97,747</u>	<u>116,063</u>
Net position, end of year		<u>\$ 4,848,231</u>

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ 580,812
The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay	\$ 34,304	
Depreciation	<u>(86,043)</u>	<u>(51,739)</u>
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:		
Accrued penalty and interest on property taxes receivable	17,546	
Uncollected property taxes	<u>96,843</u>	<u>114,389</u>
Change in net position		<u>\$ 643,462</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended July 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 127,427	\$	\$	\$ 127,427
Construction in progress	0	13,632		13,632
Total capital assets not being depreciated	127,427	13,632	0	141,059
Depreciable capital assets:				
Water system	1,752,749			1,752,749
Sewer system	2,216,103	20,672		2,236,775
Total depreciable capital assets	3,968,852	20,672	0	3,989,524
Less accumulated depreciation for:				
Water system	(1,391,312)	(35,644)		(1,426,956)
Sewer system	(1,051,164)	(50,399)		(1,101,563)
Total accumulated depreciation	(2,442,476)	(86,043)	0	(2,528,519)
Total depreciable capital assets, net	1,526,376	(65,371)	0	1,461,005
Total capital assets, net	\$ 1,653,803	\$ (51,739)	\$ 0	\$ 1,602,064
Changes to capital assets:				
Capital outlay		\$ 34,304	\$	
Depreciation expense for the fiscal year		(86,043)		
Net increases / decreases to capital assets		\$ (51,739)	\$ 0	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Bonds voted	\$ 5,000,000
Bonds approved for sale and sold	3,575,000
Bonds voted and not issued	1,425,000
Refunding bonds voted	5,000,000
Refunding bonds sold	1,555,000
Refunding bonds voted and not issued	3,445,000

At July 31, 2023, there were no developer construction commitments or liabilities.

NOTE 6: PROPERTY TAXES

The Harris County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At an election held April 7, 1984, the voters within the District authorized a maintenance tax not to exceed \$0.50 per \$100 valuation on all property subject to taxation within the District.

On October 17, 2022, the District levied the following ad valorem taxes for the 2022 tax year on the adjusted taxable valuation of \$77,608,743:

	Rate	Amount
Maintenance	\$ 0.5000	\$ 388,044

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2022 tax year total property tax	\$ 388,044
Appraisal district adjustments to prior year taxes	(6)
Statement of Activities property tax revenues	\$ 388,038

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas.

In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and an authorized private sector investment pool (Texas CLASS). The private sector investment pool is rated AAAM by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the District's deposits were covered by federal insurance.

At the balance sheet date the carrying value and market value of the investments in the authorized private sector investment pool was \$2,738,163.

NOTE 8: 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; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At July 31, 2023, the District had physical damage and boiler and machinery coverage of \$3,215,000, comprehensive general liability and pollution coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, automobile liability coverage of \$1,000,000, workers compensation liability and umbrella liability coverage of \$1,000,000 each, consultant's crime coverage of \$50,000 and a tax assessor-collector bond of \$25,000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 9: CONTRACT WITH OTHER DISTRICT

On January 26, 1982 (as amended October 21, 1986, December 1, 1989, August 31, 2009 and April 25, 2016), the District and Harris County Municipal Utility District No. 200 ("No. 200") entered into a waste disposal contract which continues until September 1, 2039. No. 200 owns 1,109,230 gallons-per-day capacity in No. 200's wastewater treatment plant (the "Plant") and the District owns 330,770 gallons-per-day capacity in the Plant. No. 200 is to operate and maintain the Plant on behalf of both districts. Construction costs of the Plant were funded by the contribution of funds from each participating district. The Plant issues no debt.

Certain operating costs are allocated based upon capacity and the remaining costs are allocated based upon each district's metered water usage which is used to calculate the estimated flow of each participant's input to the Plant. Participants are billed a monthly amount which is equal to the actual costs incurred during the prior month. The District's share of operating and construction costs for the Plant was \$130,977 and \$20,672 for the fiscal year ended July 31, 2023. The District had \$33,976 on deposit with No. 200 for its share of the operating reserve of the Plant.

NOTE 10: REGIONAL WATER AUTHORITY FEES

Effective September 1, 2005, the Texas Legislature approved the creation of the Central Harris County Regional Water Authority (the "Authority") to provide for the conversion of water use by certain entities such as the District from groundwater to surface water, and to comply with the requirements of the Subsidence District. The District is one of 11 districts that are within the boundaries of the Authority. Prior to the creation of the Authority, effective December 13, 2002, the districts within the boundaries of the Authority were members of the Central Harris County Water Users Consortium (the "Consortium"). The Authority assumed the rights and obligations of the Consortium. The Consortium had negotiated and entered into a contract for the purchase of treated surface water from the City of Houston (the "City") to meet the surface water conversion requirements of the Subsidence District's 1999 Plan. The Consortium had also negotiated and entered into an agreement with the North Harris County Regional Water Authority (the "North Authority") for the joint financing, design, construction, operation and maintenance of a sixty inch (60") water transmission line to be constructed from the point of delivery of surface water to the North Authority from the Houston Area Water Corporation's Northeast Water Purification Plant and extending in a westerly direction along the Beltway 8 right-of-way, to the future T. C. Jester right-of-way in a northerly direction to the area of the Consortium members. Additionally, the Consortium had received approval of its Groundwater Reduction Plan by the Subsidence District. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to develop surface water conversion infrastructure.

The Authority has established a ground water pumpage fee of \$3.26 per 1,000 gallons of water pumped from each of the member district's wells. The District's ground water pumpage fees payable to the Authority for the fiscal year ended July 31, 2023, were \$171,180. The District billed its customers \$177,117 during the fiscal year to pay for the fees charged by the Authority.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED JULY 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 346,700	\$ 346,700	\$ 291,195	\$ (55,505)
Water service	265,000	265,000	349,792	84,792
Sewer service	235,700	235,700	316,982	81,282
Surface water fees	188,300	188,300	177,117	(11,183)
Penalty and other	5,700	5,700	4,664	(1,036)
Interest on deposits	<u>35,150</u>	<u>35,150</u>	<u>110,358</u>	<u>75,208</u>
TOTAL REVENUES	<u>1,076,550</u>	<u>1,076,550</u>	<u>1,250,108</u>	<u>173,558</u>
EXPENDITURES				
Service operations:				
Purchased sewer services	145,904	145,904	130,977	(14,927)
Professional fees	109,500	109,500	112,589	3,089
Contracted services	57,500	57,500	72,296	14,796
Utilities	25,400	25,400	24,816	(584)
Ground water pumpage fees	188,300	188,300	171,180	(17,120)
Repairs, maintenance and other operating expenditures	64,100	64,100	72,190	8,090
Administrative expenditures	45,400	45,400	50,944	5,544
Capital outlay	<u>322,681</u>	<u>322,681</u>	<u>34,304</u>	<u>(288,377)</u>
TOTAL EXPENDITURES	<u>958,785</u>	<u>958,785</u>	<u>669,296</u>	<u>(289,489)</u>
EXCESS REVENUES (EXPENDITURES)	117,765	117,765	580,812	463,047
FUND BALANCE, BEGINNING OF YEAR	<u>2,549,292</u>	<u>2,549,292</u>	<u>2,549,292</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,667,057</u>	<u>\$ 2,667,057</u>	<u>\$ 3,130,104</u>	<u>\$ 463,047</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITYJULY 31, 2023

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- TSI-1. Services and Rates
- TSI-2. General Fund Expenditures
- TSI-3. Temporary Investments
- TSI-4. Taxes Levied and Receivable
- TSI-5. Long-Term Debt Service Requirements by Year
Not Applicable
- TSI-6. Changes in Long-Term Bonded Debt
Not Applicable
- TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
Debt Service Fund not applicable.
- TSI-8. Board Members, Key Personnel and Consultants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215

SCHEDULE OF SERVICES AND RATES

JULY 31, 2023

1. Services Provided by the District during the Fiscal Year:

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

2. Retail Service Providers

a. Retail Rates for Apartment Units:

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$27.00	2,000	N	\$3.45 4.50 5.15	2,001 to 4,000 4,001 to 6,000 Over 6,000
WASTEWATER:	\$27.00	2,000	N	\$3.00	Over 2,000
SURCHARGE:	\$3.56 per 1,000 gallons of water used. – CHCRWA surface water fees.				

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$63.50 Wastewater: \$51.00 Surcharge: \$35.60

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215

SCHEDULE OF SERVICES AND RATES (Continued)

JULY 31, 2023

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	0	0	1.0	0
< or = 3/4"	0	0	1.0	0
1"	3	3	2.5	8
1-1/2"	1	1	5.0	5
2"	8	8	8.0	64
3"	0	0	15.0	0
4"	3	3	25.0	75
6"	0	0	50.0	0
8"	0	0	80.0	0
10"	0	0	115.0	0
Total Water	<u>15</u>	<u>15</u>		<u>152</u>
Total Wastewater	<u>7</u>	<u>7</u>	1.0	<u>7</u>

*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): 54,830
 Gallons billed to customers (unaudited): 52,949

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 97% Operator states that well meter is not accurate at small volumes

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, date of the most recent Commission Order: _____

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

If yes, date of the most recent Commission Order: _____

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215

EXPENDITURES

FOR THE YEAR ENDED JULY 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Purchased sewer services	\$ 130,977	\$ 0	\$ 0	\$ 130,977
Professional fees:				
Auditing	9,500			9,500
Legal	47,138			47,138
Engineering	55,951			55,951
	<u>112,589</u>	<u>0</u>	<u>0</u>	<u>112,589</u>
Contracted services:				
Bookkeeping	39,696			39,696
Operation and billing	23,486			23,486
Tax assessor-collector	6,600			6,600
Central appraisal district	2,514			2,514
	<u>72,296</u>	<u>0</u>	<u>0</u>	<u>72,296</u>
Utilities	<u>24,816</u>	<u>0</u>	<u>0</u>	<u>24,816</u>
Ground water pumpage fees	<u>171,180</u>	<u>0</u>	<u>0</u>	<u>171,180</u>
Repairs, maintenance and other operating expenditures:				
Repairs and maintenance	47,348			47,348
Chemicals	10,071			10,071
Laboratory costs	10,350			10,350
TCEQ assessment	3,060			3,060
Other	1,361			1,361
	<u>72,190</u>	<u>0</u>	<u>0</u>	<u>72,190</u>
Administrative expenditures:				
Director's fees	11,115			11,115
Office supplies and postage	11,569			11,569
Insurance	10,386			10,386
Permit fees	2,092			2,092
Other	15,782			15,782
	<u>50,944</u>	<u>0</u>	<u>0</u>	<u>50,944</u>
CAPITAL OUTLAY				
Authorized expenditures	<u>34,304</u>	<u>0</u>	<u>0</u>	<u>34,304</u>
TOTAL EXPENDITURES	<u>\$ 669,296</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 669,296</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JULY 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues	\$ 1,201,407	\$ 0	\$ 0	\$ 1,201,407
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	<u>1,201,407</u>	<u>0</u>	<u>0</u>	<u>1,201,407</u>
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Cash disbursements for:				
Current expenditures	620,168			620,168
Capital outlay	34,304			34,304
Increase in deposit at joint facilities	8,457			8,457
Decrease in customer deposits	<u>2,000</u>			<u>2,000</u>
TOTAL DEPOSITS APPLIED	<u>664,929</u>	<u>0</u>	<u>0</u>	<u>664,929</u>
INCREASE (DECREASE) IN DEPOSITS	536,478	0	0	(664,929)
DEPOSITS BALANCES, BEGINNING OF YEAR	<u>2,573,953</u>	<u>0</u>	<u>0</u>	<u>2,573,953</u>
DEPOSITS, END OF YEAR	<u>\$ 3,110,431</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,110,431</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215SCHEDULE OF TEMPORARY INVESTMENTSJULY 31, 2023

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Texas CLASS				
No. TX-01-0452-0001	Market	On demand	\$ <u>2,738,163</u>	\$ <u>0</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED JULY 31, 2023

	<u>Maintenance Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 905
Additions and corrections to prior year taxes	<u>(6)</u>
Adjusted receivable, beginning of year	899
2022 ADJUSTED TAX ROLL	<u>388,044</u>
Total to be accounted for	388,943
Tax collections: Current tax year	(291,196)
Prior tax years	<u>0</u>
RECEIVABLE, END OF YEAR	<u>\$ 97,747</u>
RECEIVABLE, BY TAX YEAR	
2013	\$ 152
2014	146
2015	246
2016	8
2017	227
2018	120
2019	0
2020	0
2021	0
2022	<u>96,848</u>
RECEIVABLE, END OF YEAR	<u>\$ 97,747</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED JULY 31, 2023

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 18,067,946	\$ 18,067,946	\$ 17,491,792	\$ 10,889,708
Improvements	63,310,256	40,569,010	36,424,307	30,866,832
Personal property	1,860,568	1,233,759	1,313,022	1,208,421
Less exemptions	<u>(5,630,027)</u>	<u>(5,506,862)</u>	<u>(5,154,729)</u>	<u>(3,783,885)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 77,608,743</u>	 <u>\$ 54,363,853</u>	 <u>\$ 50,074,392</u>	 <u>\$ 39,181,076</u>
TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.00000	\$ 0.00000	\$ 0.00000	\$ 0.00000
Maintenance tax rates*	<u>0.50000</u>	<u>0.50000</u>	<u>0.50000</u>	<u>0.50000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.50000</u>	 <u>\$ 0.50000</u>	 <u>\$ 0.50000</u>	 <u>\$ 0.50000</u>
TAX ROLLS	<u>\$ 388,044</u>	<u>\$ 271,819</u>	<u>\$ 250,372</u>	<u>\$ 195,905</u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u>75.0 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

*Maximum tax rate approved by voters on April 7, 1984: \$0.50

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND

FOR YEARS ENDED JULY 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
REVENUES										
Property taxes	\$ 291,195	\$ 268,687	\$ 253,362	\$ 194,667	\$ 216,574	23.2 %	28.0 %	27.9 %	22.7 %	25.3 %
Water service	349,792	257,567	240,538	231,570	220,211	28.0	27.0	26.4	26.9	25.6
Sewer service	316,982	230,838	215,974	208,541	196,027	25.4	24.2	23.7	24.3	22.9
Surface water fees	177,117	183,983	186,896	177,373	184,363	14.2	19.3	20.5	20.6	21.5
Penalty and other	4,664	5,567	4,873	5,738	4,333	0.4	0.6	0.5	0.7	0.5
Interest on deposits	110,358	8,509	9,269	41,402	35,751	8.8	0.9	1.0	4.8	4.2
TOTAL REVENUES	1,250,108	955,151	910,912	859,291	857,259	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Service operations:										
Purchased sewer services	130,977	119,574	98,512	99,090	108,793	10.5	12.5	10.8	11.5	12.7
Professional fees	112,589	108,099	68,519	63,788	69,271	9.0	11.3	7.5	7.4	8.1
Contracted services	72,296	61,377	57,341	51,508	47,377	5.8	6.4	6.3	6.0	5.5
Utilities	24,816	24,539	23,345	20,448	17,649	2.0	2.6	2.6	2.4	2.1
Ground water pumpage fees	171,180	168,885	168,647	165,311	141,555	13.6	17.7	18.5	19.2	16.4
Repairs, maintenance and other operating expenditures	72,190	62,292	50,375	62,425	98,248	5.8	6.5	5.5	7.3	11.5
Administrative expenditures	50,944	49,371	39,174	38,172	31,568	4.1	5.2	4.3	4.4	3.7
Capital outlay	34,304	110,901	824	933,010	91,568	2.7	11.6	0.1	108.7	10.7
TOTAL EXPENDITURES	669,296	705,038	506,737	1,433,752	606,029	53.5	73.8	55.6	166.9	70.7
EXCESS REVENUES (EXPENDITURES)	\$ 580,812	\$ 250,113	\$ 404,175	\$ (574,461)	\$ 251,230	46.5 %	26.2 %	44.4 %	(66.9) %	29.3 %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	15	15	15	15	15					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	7	7	8	8	7					

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSJULY 31, 2023

Complete District Mailing Address: Harris County Municipal Utility District No. 215
c/o Schwartz, Page & Harding L.L.P.
1300 Post Oak Blvd., Suite 2400
Houston, Texas 77056

District Business Telephone No.: 713-623-4531

Submission date of the most recent District Registration Form: November 16, 2023

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Harriet V. Bass c/o Schwartz, Page & Harding L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/02/20- 5/04/24	\$ 2,684	\$ 1,841	President
Paul D. Malatesta c/o Schwartz, Page & Harding L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/02/20- 5/04/24	1,342	362	Vice President
David E. Edwards c/o Schwartz, Page & Harding L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/07/22- 5/02/26	3,276	1,821	Secretary
Michael Kemp c/o Schwartz, Page & Harding L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/07/22- 5/02/26	2,763	1,931	Assistant Secretary
E'Lane Sanders c/o Schwartz, Page & Harding L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/07/22- 5/02/26	1,050	66	Director

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 215BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)JULY 31, 2023CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Schwartz, Page & Harding L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	1/26/82	\$ 51,543	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 N. Loop West, Suite 600 Houston, Texas 77008	Prior to 8/01/05	0	Delinquent Tax Attorney
Municipal Accounts & Consulting, L.P. 1281 Brittmoore Road Houston, Texas 77279	4/21/03	42,359	Bookkeeper
Mark Burton 1281 Brittmoore Road Houston, Texas 77279	Prior to 8/01/05	0	Investment Officer
Municipal Operations & Consulting, Inc. 27316 Spectrum Way Oak Ridge, Texas 77385	11/15/10	94,413	Operator
AEI Engineering, Inc. 11450 Compaq Center Drive, Suite 660 Houston, Texas 77070	1/21/08	69,583	Engineer
Wheeler & Associates, Inc. 6935 Barney Road, Suite 110 Houston, Texas 77092	5/01/84	12,764	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	2,514	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	6/18/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	8/21/06	9,500	Independent Auditor

See accompanying independent auditor's report.