



Harris County Municipal Utility District No. 105 Harris County, Texas

**Independent Auditor's Report and
Financial Statements**

September 30, 2023



Harris County Municipal Utility District No. 105

September 30, 2023

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 105
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 105 (the District), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

FORVIS, LLP

Houston, Texas
February 7, 2024

Harris County Municipal Utility District No. 105

Management's Discussion and Analysis

September 30, 2023

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

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

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

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

Harris County Municipal Utility District No. 105

Management's Discussion and Analysis (Continued)

September 30, 2023

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

Harris County Municipal Utility District No. 105

Management's Discussion and Analysis (Continued)

September 30, 2023

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 23,328,111	\$ 20,498,733
Capital assets	<u>49,200,242</u>	<u>46,714,068</u>
Total assets	<u>72,528,353</u>	<u>67,212,801</u>
Deferred outflows of resources	<u>710,192</u>	<u>743,601</u>
Total assets and deferred outflows of resources	<u>\$ 73,238,545</u>	<u>\$ 67,956,402</u>
Long-term liabilities	\$ 88,279,540	\$ 84,169,842
Other liabilities	<u>1,639,234</u>	<u>1,525,586</u>
Total liabilities	<u>89,918,774</u>	<u>85,695,428</u>
Net position:		
Net investment in capital assets	(33,143,805)	(31,485,359)
Restricted	5,249,394	4,319,186
Unrestricted	<u>11,214,182</u>	<u>9,427,147</u>
Total net position	<u>\$ (16,680,229)</u>	<u>\$ (17,739,026)</u>

The total net position of the District increased by \$1,058,797, or about 6%. The majority of the increase in net position is related to property tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Harris County Municipal Utility District No. 105
Management's Discussion and Analysis (Continued)
September 30, 2023

Summary of Changes in Net Position

	2023	2022
Revenues:		
Property taxes	\$ 6,993,866	\$ 6,153,920
City of Houston rebates	157,618	141,204
Charges for services	5,487,775	4,818,069
Other revenues	<u>1,538,743</u>	<u>710,783</u>
Total revenues	<u>14,178,002</u>	<u>11,823,976</u>
Expenses:		
Services	6,490,763	5,592,547
Conveyance of capital assets	3,054,589	-
Depreciation	1,094,879	999,123
Debt service	<u>2,478,974</u>	<u>3,837,653</u>
Total expenses	<u>13,119,205</u>	<u>10,429,323</u>
Change in net position	1,058,797	1,394,653
Net position, beginning of year	<u>(17,739,026)</u>	<u>(19,133,679)</u>
Net position, end of year	<u><u>\$ (16,680,229)</u></u>	<u><u>\$ (17,739,026)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2023, were \$21,540,496, an increase of \$2,656,906 from the prior year.

The general fund's fund balance increased by \$1,771,939 due to property taxes and service revenues and investment income exceeding service operations expenditures and a transfer out to the capital projects fund. In addition, tap connection and inspection fees revenues exceeded the related tap connection expenditures.

The special revenue fund's fund balance remained the same, as all expenditures were billed to participants.

The debt service fund's fund balance increased by \$490,105 due to property tax revenues and investment income exceeding bond principal and interest requirements.

The capital projects fund's fund balance increased by \$394,862 due to a transfer in from the general fund and investment income exceeding capital outlay expenditures.

Harris County Municipal Utility District No. 105

Management's Discussion and Analysis (Continued)

September 30, 2023

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property tax revenues, regional water fee revenues, investment income and purchased services and contracted services expenditures being greater than anticipated. In addition, capital outlay expenditures incurred were not included in the budget. The fund balance as of September 30, 2023, was expected to be \$10,860,815 and the actual end-of-year fund balance was \$11,122,185.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 19,464,200	\$ 18,908,880
Construction in progress	125,158	483,161
Water facilities	13,112,060	11,653,645
Wastewater facilities	<u>16,498,824</u>	<u>15,668,382</u>
Total capital assets	<u>\$ 49,200,242</u>	<u>\$ 46,714,068</u>

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

Construction in progress related to water plant No.2 ground storage tank and wastewater treatment plant 3.0 MGD expansion	\$ 125,158
SCADA upgrades at water plants	281,089
Equipment replacement at wastewater treatment plant	63,519
Water and wastewater facilities to serve Cypress Oaks North, Sections 1-3	1,993,489
Water and wastewater facilities to serve Enclave at Bear Creek	495,202
Waterline extension	76,555
Detention to serve Enclave at Bear Creek	<u>555,320</u>
Total additions to capital assets	<u>\$ 3,590,332</u>

Developers within the District have constructed water, sewer and drainage facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues, subject to the approval of the Commission. At September 30, 2023, a liability for developer-constructed capital assets of \$8,288,884 was recorded in the government-wide financial statements.

Harris County Municipal Utility District No. 105

Management's Discussion and Analysis (Continued)

September 30, 2023

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows:

Long-term debt payable, beginning of year	\$ 84,169,842
Increases in long-term debt	6,098,599
Decreases in long-term debt	<u>(1,988,901)</u>
Long-term debt payable, end of year	<u>\$ 88,279,540</u>

At September 30, 2023, the District had \$18,650,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District, \$15,000,000 of unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving recreational facilities within the District and \$12,400,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems and roads and recreational facilities within Defined Area No. 1 of the District.

The District's bonds carry an underlying rating of "A" from Standard & Poor's. The Series 2013 refunding, 2015, 2019 refunding, 2019A, 2020 and 2021 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2017, 2018 and 2022 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent, except as set forth below.

Effective December 14, 2009, the District entered into a Strategic Partnership Agreement (the Agreement) with the City, which annexed certain portions of the District into the City for "limited purposes," as described therein. Under the terms of the Agreement, the City has agreed it will not annex the District as a whole for full purposes for 30 years, at which time the City has the option to annex the District if it chooses to do so.

Subsequent Event

On November 16, 2023, the District issued its \$6,500,000 Series 2023 unlimited tax bonds at a net effective interest rate of approximately 4.99%. The bonds were sold to repay developers for construction projects within the District.

Harris County Municipal Utility District No. 105

Statement of Net Position and Governmental Funds Balance Sheet

September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets							
Cash	\$ 515,889	\$ 150,155	\$ 89,688	\$ 140,424	\$ 896,156	\$ -	\$ 896,156
Certificates of deposit	-	-	95,000	-	95,000	-	95,000
Short-term investments	11,152,381	-	3,901,840	6,108,724	21,162,945	-	21,162,945
Receivables:							
Property taxes	63,846	-	158,879	-	222,725	-	222,725
Service accounts	682,660	-	-	-	682,660	-	682,660
Sales tax rebates	13,175	-	-	-	13,175	28,151	41,326
Accrued penalty and interest	-	-	-	-	-	96,881	96,881
Accrued interest	-	-	358	-	358	-	358
Interfund receivables	137,136	-	40,865	110,047	288,048	(288,048)	-
Due from participants	-	153,064	-	-	153,064	(81,828)	71,236
Due from others	20,024	-	-	-	20,024	-	20,024
Prepaid expenditures	38,800	-	-	-	38,800	-	38,800
Capital assets (net of accumulated depreciation):							
Land and improvements	-	-	-	-	-	19,464,200	19,464,200
Construction in progress	-	-	-	-	-	125,158	125,158
Infrastructure	-	-	-	-	-	29,610,884	29,610,884
Total assets	12,623,911	303,219	4,286,630	6,359,195	23,572,955	48,955,398	72,528,353
Deferred Outflows of Resources							
Deferred amount on debt refundings	0	0	0	0	0	710,192	710,192
Total assets and deferred outflows of resources	\$ 12,623,911	\$ 303,219	\$ 4,286,630	\$ 6,359,195	\$ 23,572,955	\$ 49,665,590	\$ 73,238,545

Harris County Municipal Utility District No. 105

Statement of Net Position and Governmental Funds Balance Sheet (Continued)

September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities							
Accounts payable	\$ 581,202	\$ 146,083	\$ 2,162	\$ 19,097	\$ 748,544	\$ (81,828)	\$ 666,716
Accrued interest payable	-	-	-	-	-	199,376	199,376
Customer deposits	686,928	-	-	-	686,928	-	686,928
Operating deposits	-	10,000	-	-	10,000	-	10,000
Due to others	33,855	-	500	41,859	76,214	-	76,214
Interfund payables	135,895	137,136	15,017	-	288,048	(288,048)	-
Long-term liabilities:							
Due within one year	-	-	-	-	-	2,755,000	2,755,000
Due after one year	-	-	-	-	-	85,524,540	85,524,540
Total liabilities	1,437,880	293,219	17,679	60,956	1,809,734	88,109,040	89,918,774
Deferred Inflows of Resources							
Deferred property tax revenues	63,846	0	158,879	0	222,725	(222,725)	0
Fund Balances/Net Position							
Fund balances:							
Nonspendable, prepaid expenditures	38,800	-	-	-	38,800	(38,800)	-
Restricted:							
Unlimited tax bonds	-	-	4,110,072	-	4,110,072	(4,110,072)	-
Water, sewer and drainage	-	-	-	6,298,239	6,298,239	(6,298,239)	-
Committed, wastewater collection treatment	-	10,000	-	-	10,000	(10,000)	-
Unassigned	11,083,385	-	-	-	11,083,385	(11,083,385)	-
Total fund balances	11,122,185	10,000	4,110,072	6,298,239	21,540,496	(21,540,496)	0
Total liabilities, deferred inflows of resources and fund balances	\$ 12,623,911	\$ 303,219	\$ 4,286,630	\$ 6,359,195	\$ 23,572,955		
Net position:							
Net investment in capital assets						(33,143,805)	(33,143,805)
Restricted for plant operations						10,000	10,000
Restricted for debt service						4,166,456	4,166,456
Restricted for capital projects						1,072,938	1,072,938
Unrestricted						11,214,182	11,214,182
Total net position						\$ (16,680,229)	\$ (16,680,229)

Harris County Municipal Utility District No. 105

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues							
Property taxes	\$ 2,219,798	\$ -	\$ 4,738,832	\$ -	\$ 6,958,630	\$ 35,236	\$ 6,993,866
City of Houston rebates	156,235	-	-	-	156,235	1,383	157,618
Water service	1,632,408	-	-	-	1,632,408	-	1,632,408
Sewer service	1,576,579	-	-	-	1,576,579	-	1,576,579
Regional water fee	1,900,875	-	-	-	1,900,875	-	1,900,875
Participant charges	-	1,024,564	-	-	1,024,564	(646,651)	377,913
Penalty and interest	103,615	-	96,887	-	200,502	17,005	217,507
Tap connection and inspection fees	314,790	-	-	-	314,790	-	314,790
Investment income	467,707	295	216,932	283,333	968,267	-	968,267
Other revenue	37,048	1,131	-	-	38,179	-	38,179
Total revenues	8,409,055	1,025,990	5,052,651	283,333	14,771,029	(593,027)	14,178,002
Expenditures/Expenses							
Service operations:							
Purchased services	933,283	-	-	-	933,283	(646,651)	286,632
Regional water fee	1,466,993	-	-	-	1,466,993	-	1,466,993
Professional fees	212,386	40,746	19,280	-	272,412	12,580	284,992
Contracted services	1,796,140	47,807	105,710	-	1,949,657	-	1,949,657
Utilities	141,967	127,790	-	-	269,757	-	269,757
Repairs and maintenance	1,118,631	684,685	-	-	1,803,316	-	1,803,316
Other expenditures	204,299	61,443	33,844	86	299,672	-	299,672
Tap connections	129,744	-	-	-	129,744	-	129,744
Capital outlay	134,725	63,519	-	351,379	549,623	(549,623)	-
Conveyance of capital assets	-	-	-	-	-	3,054,589	3,054,589
Depreciation	-	-	-	-	-	1,094,879	1,094,879
Debt service:							
Principal retirement	-	-	1,975,000	-	1,975,000	(1,975,000)	-
Interest and fees	-	-	2,428,712	-	2,428,712	14,308	2,443,020
Debt issuance costs	-	-	-	35,954	35,954	-	35,954
Total expenditures/expenses	6,138,168	1,025,990	4,562,546	387,419	12,114,123	1,005,082	13,119,205
Excess (Deficiency) of Revenues Over Expenditures	2,270,887	-	490,105	(104,086)	2,656,906	(1,598,109)	
Other Financing Sources (Uses)							
Interfund transfers in (out)	(498,948)	-	-	498,948	-	-	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,771,939	-	490,105	394,862	2,656,906	(2,656,906)	
Change in Net Position						1,058,797	1,058,797
Fund Balances/Net Position							
Beginning of year	9,350,246	10,000	3,619,967	5,903,377	18,883,590	-	(17,739,026)
End of year	\$ 11,122,185	\$ 10,000	\$ 4,110,072	\$ 6,298,239	\$ 21,540,496	\$ 0	\$ (16,680,229)

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

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

Harris County Municipal Utility District No. 105 (the District) was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective July 28, 1976, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District. The District also provides solid waste disposal service.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

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

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

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

Fund Financial Statements

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

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended September 30, 2023, include collections during the current period or within 60 days of year-end related to the 2022 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended September 30, 2023, the 2022 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets, with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly these assets are not recorded in the financial statements of the District.

Capital assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45

Deferred Amount on Debt Refundings

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

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

Debt Issuance Costs

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

Long-term Obligations

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

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

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

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

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 49,200,242
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	222,725
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	96,881
Sales tax rebates are not receivable in the current period and are not reported in the funds.	28,151

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	\$ 710,192
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(199,376)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(88,279,540)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (38,220,725)</u></u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ 2,656,906
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense, conveyed capital assets and noncapitalized costs exceeded capital outlay expenditures in the current year.	(3,612,425)
Governmental funds report principal payments on debt as expenditures. These transactions, however, do not have any effect on net position.	1,975,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	53,624
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(14,308)</u>
Change in net position of governmental activities.	<u><u>\$ 1,058,797</u></u>

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At September 30, 2023, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool.

At September 30, 2023, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 21,162,945	\$ 21,162,945	\$ 0	\$ 0	\$ 0

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, the District's investments in TexPool were rated "AAAm" by Standard and Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at September 30, 2023, as follows:

Carrying value:	
Deposits	\$ 991,156
Investments	<u>21,162,945</u>
Total	<u>\$ 22,154,101</u>

Included in the following statement of net position captions:

Cash	\$ 896,156
Certificates of deposit	95,000
Short-term investments	<u>21,162,945</u>
Total	<u>\$ 22,154,101</u>

Investment Income

Investment income of \$968,267 for the year ended September 30, 2023, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended September 30, 2023, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Retirements/ Reclassi- fications	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	\$ 18,908,880	\$ 555,320	\$ -	\$ 19,464,200
Construction in progress	<u>483,161</u>	<u>125,158</u>	<u>(483,161)</u>	<u>125,158</u>
Total capital assets, non-depreciable	<u>19,392,041</u>	<u>680,478</u>	<u>(483,161)</u>	<u>19,589,358</u>

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Retirements/ Reclassi- fications	Balances, End of Year
Capital assets, depreciable:				
Water production and distribution facilities	\$ 16,766,208	\$ 1,496,340	\$ 473,882	\$ 18,736,430
Wastewater collection and treatment facilities	21,699,225	1,413,514	-	23,112,739
Total capital assets, depreciable	38,465,433	2,909,854	473,882	41,849,169
Less accumulated depreciation:				
Water production and distribution facilities	(5,112,563)	(511,807)	-	(5,624,370)
Wastewater collection and treatment facilities	(6,030,843)	(583,072)	-	(6,613,915)
Total accumulated depreciation	(11,143,406)	(1,094,879)	0	(12,238,285)
Total governmental activities, net	<u>\$ 46,714,068</u>	<u>\$ 2,495,453</u>	<u>\$ (9,279)</u>	<u>\$ 49,200,242</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2023, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 81,555,000	\$ -	\$ 1,975,000	\$ 79,580,000	\$ 2,755,000
Add premiums on bonds	1,392,122	-	53,695	1,338,427	-
Less discounts on bonds	967,565	-	39,794	927,771	-
	81,979,557	0	1,988,901	79,990,656	2,755,000
Due to developers	2,190,285	6,098,599	-	8,288,884	-
Total governmental activities long-term liabilities	<u>\$ 84,169,842</u>	<u>\$ 6,098,599</u>	<u>\$ 1,988,901</u>	<u>\$ 88,279,540</u>	<u>\$ 2,755,000</u>

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

General Obligation Bonds

	Refunding Series 2013	Series 2015
Amounts outstanding, September 30, 2023	\$5,420,000	\$2,245,000
Interest rates	2.00% to 4.00%	2.00% to 3.25%
Maturity dates, serially beginning/ending	March 1, 2024/2035	March 1, 2024/2039
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	March 1, 2023	March 1, 2022
	Series 2016	Series 2017
Amounts outstanding, September 30, 2023	\$200,000	\$300,000
Interest rates	2.25%	2.00%
Maturity dates, serially beginning/ending	March 1, 2024	March 1, 2024
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	March 1, 2022	March 1, 2022
	Series 2018	Refunding Series 2019
Amounts outstanding, September 30, 2023	\$5,950,000	\$10,630,000
Interest rates	3.50% to 5.00%	2.00% to 3.25%
Maturity dates, serially beginning/ending	March 1, 2024/2047	March 1, 2024/2039
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	March 1, 2023	March 1, 2025

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

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

	Series 2019A	Series 2020
Amounts outstanding, September 30, 2023	\$9,390,000	\$10,550,000
Interest rates	2.00% to 2.75%	2.00% to 4.50%
Maturity dates, serially beginning/ending	March 1, 2024/2048	March 1, 2024/2050
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	March 1, 2024	March 1, 2026

	Series 2021	Refunding Series 2022
Amounts outstanding, September 30, 2023	\$16,700,000	\$18,195,000
Interest rates	2.00% to 3.00%	3.00% to 4.00%
Maturity dates, serially beginning/ending	March 1, 2024/2050	March 1, 2024/2042
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	March 1, 2026	March 1, 2032

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2023:

Year	Principal	Interest	Total
2024	\$ 2,755,000	\$ 2,349,187	\$ 5,104,187
2025	2,940,000	2,256,987	5,196,987
2026	3,040,000	2,157,937	5,197,937
2027	3,175,000	2,058,525	5,233,525
2028	3,330,000	1,957,356	5,287,356
2029-2033	18,940,000	8,125,280	27,065,280
2034-2038	16,655,000	5,343,287	21,998,287
2039-2043	15,240,000	2,886,148	18,126,148
2044-2048	10,630,000	1,120,947	11,750,947
2049-2050	2,875,000	76,437	2,951,437
Total	<u>\$ 79,580,000</u>	<u>\$ 28,332,091</u>	<u>\$ 107,912,091</u>

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

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

Bonds voted	\$ 114,725,000
Bonds sold	96,075,000
Recreational facilities bonds voted	15,000,000
Refunding bonds voted	29,500,000
Refunding bonds authorization used	2,497,432
Bonds voted – Defined Area	12,400,000

Due to Developers

Developers of the District have constructed underground utilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developers for these construction costs, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are \$8,288,884. These amounts have been recorded in the financial statements as long-term liabilities.

Note 5: Significant Bond Order and Commission Requirements

- A. The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2023, the District levied an ad valorem debt service tax at the rate of \$0.4700 per \$100 of assessed valuation, which resulted in a tax levy of \$4,810,291 on the taxable valuation of \$1,023,466,057 for the 2022 tax year. The interest and principal requirements paid from the tax revenues were \$4,398,712.
- B. The Commission required the District to escrow \$33,000 from the proceeds of its Series 1983 bonds until released by the Commission. At September 30, 2023, the balance of \$33,000 was held in a short-term investment account.
- C. In accordance with the Series 2021 Bond Order, a portion of the bond proceeds were deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid. As of September 30, 2023, the bond interest reserve was fully utilized.

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

Note 6: Regional Wastewater Treatment Agreement

On August 29, 1984, the District, Northwest Harris County Municipal Utility District No. 12 (District No. 12) and Harris County Municipal Utility District No. 272 (District No. 272) entered into an agreement to construct and operate regional wastewater treatment facilities (the facilities) on behalf of the participants. The agreement was amended on October 18, 1999, and April 17, 2001, to extend the agreement to 20 years after the date of the latest amendment, with the right of renewal thereafter on similar terms and conditions as may be mutually acceptable to and agreed by the parties. During the year ended September 30, 2013, the District purchased an additional 50,000 gpd of capacity from District No. 12. During the year ended September 30, 2016, the District purchased an additional 37,500 gpd of capacity from District No. 12. In addition, during the year ended September 30, 2018, District No. 12 repurchased 87,500 gpd of capacity from the District.

The agreement provides construction costs will be shared based upon capacity acquired by each participant. The initial facilities had capacity to treat 1,100,000 gallons per day of waste. The current capacity is allocated as shown below:

Participant	Gallons Per Day
The District	1,475,975
District No. 12	674,025
Totals	2,150,000

The District holds title to and operates the facilities on behalf of all participants. District No. 272 has been dissolved, and the land comprising District No. 272 has been annexed into the boundaries of the District. The District has assumed the assets and liabilities of District No. 272, including the capacity in the facilities. The participants are billed monthly for fixed costs based on capacity owned, for variable costs based on flow to the facilities, plus a 10% administrative fee on variable costs. Operations of the facilities are accounted for in the special revenue fund. Transactions for the current year are summarized below:

	The District	District No. 12	Total
Receivable, beginning of year	\$ 106,554	\$ 87,217	\$ 193,771
Participant billings	646,651	377,913	1,024,564
Collections	(671,377)	(393,894)	(1,065,271)
Receivable, end of year	\$ 81,828	\$ 71,236	\$ 153,064

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

Note 7: Maintenance Taxes

At an election held September 1, 1976, voters authorized a maintenance tax not to exceed \$0.15 per \$100 of assessed valuation on all property within the District subject to taxation. At an election held May 11, 2013, voters authorized an unlimited maintenance tax. During the year ended September 30, 2023, the District levied an ad valorem maintenance tax at the rate of \$0.2200 per \$100 of assessed valuation, which resulted in a tax levy of \$2,251,625 on the taxable valuation of \$1,023,466,057 for the 2022 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 8: Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of September 30, 2023, the Authority was billing the District \$3.95 per 1,000 gallons of water pumped from its wells and \$4.35 per 1,000 gallons of surface water received. These amounts are subject to future increases.

Note 9: Strategic Partnership Agreement

Effective December 14, 2009, the District and the City of Houston (the City) entered into a Strategic Partnership Agreement (the Agreement) under which the City annexed a tract of land (the tract) within the boundaries of the District for limited purposes. The District continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all City sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments by the City, the District agrees to continue to provide and develop water, sewer and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 30 years. During the current year, the District recorded \$157,618 in revenues related to the Agreement.

Note 10: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2023

Note 11: Defined Area

On November 6, 2018, District voters approved the creation of a "defined area" encompassing approximately 75 acres. Under the provisions of the Texas Water Code, property within the defined area will be responsible for the payment of improvements that benefit the defined area. At the same election, voters authorized \$12,400,000 in bonding authority for the construction of water, wastewater, drainage, roads and recreational facilities within the defined area. As of September 30, 2023, no bonds have been issued pursuant to this authorization.

Note 12: Subsequent Event

On November 16, 2023, the District issued its \$6,500,000 Series 2023 unlimited tax bonds at a net effective interest rate of approximately 4.99%. The bonds were sold to repay developers for construction projects within the District.

Required Supplementary Information

Harris County Municipal Utility District No. 105
Budgetary Comparison Schedule – General Fund
Year Ended September 30, 2023

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,620,000	\$ 2,219,798	\$ 599,798
City of Houston rebates	123,000	156,235	33,235
Water service	1,600,000	1,632,408	32,408
Sewer service	1,600,000	1,576,579	(23,421)
Regional water fee	1,550,000	1,900,875	350,875
Penalty and interest	75,000	103,615	28,615
Tap connection and inspection fees	250,000	314,790	64,790
Investment income	48,000	467,707	419,707
Other revenue	29,500	37,048	7,548
Total revenues	6,895,500	8,409,055	1,513,555
Expenditures			
Service operations:			
Purchased services	514,731	933,283	(418,552)
Regional water fee	1,400,000	1,466,993	(66,993)
Professional fees	190,000	212,386	(22,386)
Contracted services	1,629,000	1,796,140	(167,140)
Utilities	125,000	141,967	(16,967)
Repairs and maintenance	1,056,000	1,118,631	(62,631)
Other expenditures	270,200	204,299	65,901
Tap connections	200,000	129,744	70,256
Capital outlay	-	134,725	(134,725)
Total expenditures	5,384,931	6,138,168	(753,237)
Excess of Revenues Over Expenditures	1,510,569	2,270,887	760,318
Other Financing Uses			
Interfund transfers out	-	(498,948)	(498,948)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,510,569	1,771,939	261,370
Fund Balance, Beginning of Year	9,350,246	9,350,246	-
Fund Balance, End of Year	<u>\$ 10,860,815</u>	<u>\$ 11,122,185</u>	<u>\$ 261,370</u>

Harris County Municipal Utility District No. 105
Budgetary Comparison Schedule – Special Revenue Fund
Year Ended September 30, 2023

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Participant charges	\$ 704,700	\$ 1,024,564	\$ 319,864
Investment income	-	295	295
Other income	-	1,131	1,131
	<u>704,700</u>	<u>1,025,990</u>	<u>321,290</u>
Total revenues	<u>704,700</u>	<u>1,025,990</u>	<u>321,290</u>
Expenditures			
Service operations:			
Professional fees	8,800	40,746	(31,946)
Contracted services	43,400	47,807	(4,407)
Utilities	80,000	127,790	(47,790)
Repairs and maintenance	522,000	684,685	(162,685)
Other expenditures	50,500	61,443	(10,943)
Capital outlay	-	63,519	(63,519)
	<u>704,700</u>	<u>1,025,990</u>	<u>(321,290)</u>
Total expenditures	<u>704,700</u>	<u>1,025,990</u>	<u>(321,290)</u>
Excess of Revenues Over Expenditures	-	-	-
Fund Balance, Beginning of Year	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 10,000</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 0</u></u>

Harris County Municipal Utility District No. 105
Notes to Required Supplementary Information
September 30, 2023

Budgets and Budgetary Accounting

Annual operating budgets are prepared for the general and special revenue funds by the District's consultants. The budgets reflect resources expected to be received during the current year and expenditures expected to be incurred. The Board of Directors is required to adopt the budgets prior to the start of its fiscal year. The budgets are not a spending limitation (a legally restricted appropriation). The original budgets for the general fund and the special revenue fund were not amended during fiscal 2023.

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

Supplementary Information

Harris County Municipal Utility District No. 105
Other Schedules Included Within This Report
September 30, 2023

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

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 13-28
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Harris County Municipal Utility District No. 105

Schedule of Services and Rates

Year Ended September 30, 2023

1. Services provided by the District:

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

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
Water:	\$ 19.00	8,000	N	\$ 2.25 \$ 2.50 \$ 3.00	8,001 to 15,000 15,001 to 25,000 25,001 to No Limit
Wastewater:	\$ 30.73	8,000	N	\$ 1.40	8,001 to No Limit
Regional water fee:	\$ 4.65	1,000	N	\$ 4.65	1,001 to No Limit
Does the District employ winter averaging for wastewater usage?					Yes _____ No ☒
Total charges per 10,000 gallons usage (including fees):			Water	\$ 70.00	Wastewater \$ 33.53

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	4,422	4,397	x1.0	4,397
1"	36	35	x2.5	88
1 1/2"	21	20	x5.0	100
2"	57	56	x8.0	448
3"	1	1	x15.0	15
4"	11	11	x25.0	275
6"	3	3	x50.0	150
8"	3	3	x80.0	240
10"	-	-	x115.0	-
Total water	4,554	4,526		5,713
Total wastewater	4,474	4,470	x1.0	4,470

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

Gallons pumped into the system:	435,525
Gallons billed to customers:	454,618
Water accountability ratio (gallons billed/gallons pumped):	104.38%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 105

Schedule of General Fund Expenditures

Year Ended September 30, 2023

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 27,700	
Legal	124,093	
Engineering	59,193	
Financial advisor	1,400	
	<u> </u>	212,386
Purchased Services for Resale		
Bulk water and wastewater service purchases		933,283
Regional Water Fee		1,466,993
Contracted Services		
Bookkeeping	17,098	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	455,611	
Other contracted services	277,229	
	<u> </u>	749,938
Utilities		141,967
Repairs and Maintenance		1,118,631
Administrative Expenditures		
Directors' fees	20,296	
Office supplies	73,722	
Insurance	17,501	
Other administrative expenditures	92,780	
	<u> </u>	204,299
Capital Outlay		
Capitalized assets	134,725	
Expenditures not capitalized	-	
	<u> </u>	134,725
Tap Connection Expenditures		129,744
Solid Waste Disposal		1,046,202
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
		<u> </u>
Total expenditures		<u><u>\$ 6,138,168</u></u>

Harris County Municipal Utility District No. 105

Schedule of Temporary Investments

September 30, 2023

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	5.35%	Demand	<u>\$ 11,152,381</u>	<u>\$ 0</u>
Debt Service Fund				
Certificate of Deposit				
No. 4010930	1.05%	10/16/23	95,000	358
TexPool	5.35%	Demand	<u>3,901,840</u>	<u>-</u>
			<u>3,996,840</u>	<u>358</u>
Capital Projects Fund				
TexPool	5.35%	Demand	<u>6,108,724</u>	<u>0</u>
Totals			<u><u>\$ 21,257,945</u></u>	<u><u>\$ 358</u></u>

Harris County Municipal Utility District No. 105
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2023

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 50,133	\$ 137,356
Additions and corrections to prior years' taxes	<u>(18,114)</u>	<u>(49,936)</u>
Adjusted receivable, beginning of year	<u>32,019</u>	<u>87,420</u>
 2022 Original Tax Levy	 2,043,544	 4,365,754
Additions and corrections	<u>208,081</u>	<u>444,537</u>
Adjusted tax levy	<u>2,251,625</u>	<u>4,810,291</u>
Total to be accounted for	2,283,644	4,897,711
Tax (collections) repayments: Current year	(2,223,308)	(4,749,793)
Prior years	<u>3,510</u>	<u>10,961</u>
Receivable, end of year	<u><u>\$ 63,846</u></u>	<u><u>\$ 158,879</u></u>
 Receivable, by Years		
2022	\$ 28,317	\$ 60,498
2021	14,656	39,570
2020	7,122	20,298
2019	3,020	9,377
2018	1,848	5,544
2017	2,174	8,055
2016	1,930	3,409
2015	1,121	2,165
2014	733	1,467
2013	1,366	374
2012	387	2,011
2011	218	1,135
2010	208	1,081
2009 and prior	<u>746</u>	<u>3,895</u>
Receivable, end of year	<u><u>\$ 63,846</u></u>	<u><u>\$ 158,879</u></u>

Harris County Municipal Utility District No. 105
Analysis of Taxes Levied and Receivable (Continued)
Year Ended September 30, 2023

	2022	2021	2020	2019
Property Valuations				
Land	\$ 266,881,501	\$ 251,944,139	\$ 208,473,973	\$ 160,044,851
Improvements	1,014,500,125	719,473,372	585,888,839	504,699,076
Personal property	39,931,691	30,209,207	24,943,246	22,846,937
Exemptions	<u>(297,847,260)</u>	<u>(177,748,729)</u>	<u>(153,189,936)</u>	<u>(135,719,649)</u>
Total property valuations	<u><u>\$ 1,023,466,057</u></u>	<u><u>\$ 823,877,989</u></u>	<u><u>\$ 666,116,122</u></u>	<u><u>\$ 551,871,215</u></u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.4700	\$ 0.5400	\$ 0.5700	\$ 0.5900
Maintenance tax rates*	<u>0.2200</u>	<u>0.2000</u>	<u>0.2000</u>	<u>0.1900</u>
Total tax rates per \$100 valuation	<u><u>\$ 0.6900</u></u>	<u><u>\$ 0.7400</u></u>	<u><u>\$ 0.7700</u></u>	<u><u>\$ 0.7800</u></u>
Tax Levy	<u><u>\$ 7,061,916</u></u>	<u><u>\$ 6,120,670</u></u>	<u><u>\$ 5,129,096</u></u>	<u><u>\$ 4,304,595</u></u>
Percent of Taxes Collected to Taxes Levied**	<u><u>98%</u></u>	<u><u>99%</u></u>	<u><u>99%</u></u>	<u><u>99%</u></u>

*Maximum tax rate approved by voters: \$0.15 on September 1, 1976; replaced by unlimited authorization on May 11, 2013

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

Harris County Municipal Utility District No. 105
Schedule of Long-term Debt Service Requirements by Years
September 30, 2023

Due During Fiscal Years Ending September 30	Refunding Series 2013		
	Principal Due March 1	Interest Due March 1, September 1	Total
2024	\$ 385,000	\$ 173,600	\$ 558,600
2025	410,000	159,750	569,750
2026	420,000	147,300	567,300
2027	440,000	134,125	574,125
2028	455,000	119,856	574,856
2029	455,000	104,784	559,784
2030	485,000	89,225	574,225
2031	515,000	72,975	587,975
2032	515,000	55,916	570,916
2033	540,000	38,113	578,113
2034	390,000	21,931	411,931
2035	410,000	7,431	417,431
Totals	<u>\$ 5,420,000</u>	<u>\$ 1,125,006</u>	<u>\$ 6,545,006</u>

Harris County Municipal Utility District No. 105
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2015		Total
	Principal Due March 1	Interest Due March 1, September 1	
2024	\$ 100,000	\$ 67,556	\$ 167,556
2025	100,000	64,806	164,806
2026	100,000	61,806	161,806
2027	100,000	58,806	158,806
2028	100,000	55,806	155,806
2029	100,000	52,806	152,806
2030	100,000	49,806	149,806
2031	125,000	46,431	171,431
2032	125,000	42,681	167,681
2033	125,000	38,931	163,931
2034	175,000	34,322	209,322
2035	200,000	28,463	228,463
2036	200,000	22,213	222,213
2037	200,000	15,963	215,963
2038	200,000	9,589	209,589
2039	195,000	3,170	198,170
Totals	<u>\$ 2,245,000</u>	<u>\$ 653,155</u>	<u>\$ 2,898,155</u>

Harris County Municipal Utility District No. 105
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2016		Total
	Principal Due March 1	Interest Due March 1, September 1	
2024	\$ 200,000	\$ 2,250	\$ 202,250

Harris County Municipal Utility District No. 105
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2017		Total
	Principal Due March 1	Interest Due March 1, September 1	
2024	\$ 300,000	\$ 3,000	\$ 303,000

Harris County Municipal Utility District No. 105
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2018		Total
	Principal Due March 1	Interest Due March 1, September 1	
2024	\$ 150,000	\$ 214,125	\$ 364,125
2025	150,000	208,125	358,125
2026	150,000	202,500	352,500
2027	175,000	196,813	371,813
2028	175,000	190,688	365,688
2029	175,000	184,563	359,563
2030	200,000	178,000	378,000
2031	200,000	171,000	371,000
2032	200,000	164,000	364,000
2033	200,000	157,000	357,000
2034	225,000	149,563	374,563
2035	225,000	141,688	366,688
2036	250,000	133,375	383,375
2037	250,000	124,625	374,625
2038	275,000	115,438	390,438
2039	275,000	105,469	380,469
2040	275,000	95,155	370,155
2041	300,000	84,375	384,375
2042	300,000	73,125	373,125
2043	325,000	61,405	386,405
2044	350,000	48,750	398,750
2045	350,000	35,625	385,625
2046	375,000	22,031	397,031
2047	400,000	7,500	407,500
Totals	<u>\$ 5,950,000</u>	<u>\$ 3,064,938</u>	<u>\$ 9,014,938</u>

Harris County Municipal Utility District No. 105
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Refunding Series 2019		
	Principal Due March 1	Interest Due March 1, September 1	Total
2024	\$ 735,000	\$ 310,875	\$ 1,045,875
2025	775,000	288,225	1,063,225
2026	805,000	264,525	1,069,525
2027	830,000	240,000	1,070,000
2028	880,000	214,350	1,094,350
2029	895,000	187,725	1,082,725
2030	945,000	160,125	1,105,125
2031	975,000	131,325	1,106,325
2032	1,020,000	101,400	1,121,400
2033	1,050,000	70,350	1,120,350
2034	255,000	50,775	305,775
2035	255,000	42,966	297,966
2036	275,000	34,684	309,684
2037	295,000	25,594	320,594
2038	320,000	15,600	335,600
2039	320,000	5,200	325,200
Totals	<u>\$ 10,630,000</u>	<u>\$ 2,143,719</u>	<u>\$ 12,773,719</u>

Harris County Municipal Utility District No. 105
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2019A		
	Principal Due March 1	Interest Due March 1, September 1	Total
2024	\$ 110,000	\$ 232,425	\$ 342,425
2025	200,000	229,325	429,325
2026	200,000	225,325	425,325
2027	250,000	220,825	470,825
2028	275,000	215,575	490,575
2029	300,000	209,450	509,450
2030	300,000	202,700	502,700
2031	300,000	195,950	495,950
2032	325,000	188,919	513,919
2033	350,000	181,325	531,325
2034	350,000	173,231	523,231
2035	350,000	164,700	514,700
2036	375,000	155,638	530,638
2037	375,000	146,263	521,263
2038	400,000	136,575	536,575
2039	425,000	126,263	551,263
2040	425,000	115,372	540,372
2041	450,000	103,888	553,888
2042	450,000	92,075	542,075
2043	500,000	79,606	579,606
2044	525,000	66,153	591,153
2045	525,000	52,044	577,044
2046	525,000	37,606	562,606
2047	550,000	22,825	572,825
2048	555,000	7,630	562,630
Totals	<u>\$ 9,390,000</u>	<u>\$ 3,581,688</u>	<u>\$ 12,971,688</u>

Harris County Municipal Utility District No. 105
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2020		Total
	Principal Due March 1	Interest Due March 1, September 1	
2024	\$ 250,000	\$ 253,406	\$ 503,406
2025	250,000	242,156	492,156
2026	250,000	230,906	480,906
2027	250,000	222,781	472,781
2028	250,000	217,781	467,781
2029	275,000	212,531	487,531
2030	300,000	206,781	506,781
2031	300,000	200,781	500,781
2032	325,000	194,531	519,531
2033	325,000	188,031	513,031
2034	350,000	181,281	531,281
2035	350,000	174,063	524,063
2036	375,000	166,359	541,359
2037	375,000	158,156	533,156
2038	400,000	149,438	549,438
2039	400,000	140,438	540,438
2040	425,000	130,891	555,891
2041	425,000	120,797	545,797
2042	450,000	110,406	560,406
2043	450,000	99,719	549,719
2044	500,000	88,125	588,125
2045	500,000	75,625	575,625
2046	500,000	63,125	563,125
2047	525,000	50,313	575,313
2048	575,000	36,563	611,563
2049	575,000	22,188	597,188
2050	600,000	7,500	607,500
Totals	<u>\$ 10,550,000</u>	<u>\$ 3,944,672</u>	<u>\$ 14,494,672</u>

Harris County Municipal Utility District No. 105
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2021		Total
	Principal Due March 1	Interest Due March 1, September 1	
2024	\$ 425,000	\$ 433,250	\$ 858,250
2025	425,000	420,500	845,500
2026	450,000	407,375	857,375
2027	450,000	393,875	843,875
2028	475,000	380,000	855,000
2029	500,000	365,375	865,375
2030	500,000	352,875	852,875
2031	500,000	342,875	842,875
2032	525,000	332,625	857,625
2033	550,000	321,875	871,875
2034	550,000	310,531	860,531
2035	575,000	298,219	873,219
2036	600,000	284,250	884,250
2037	600,000	269,250	869,250
2038	625,000	253,938	878,938
2039	650,000	237,187	887,187
2040	650,000	219,313	869,313
2041	675,000	201,094	876,094
2042	700,000	182,188	882,188
2043	700,000	162,937	862,937
2044	725,000	143,344	868,344
2045	750,000	123,063	873,063
2046	775,000	102,094	877,094
2047	800,000	80,437	880,437
2048	825,000	58,094	883,094
2049	850,000	35,062	885,062
2050	850,000	11,687	861,687
Totals	<u>\$ 16,700,000</u>	<u>\$ 6,723,313</u>	<u>\$ 23,423,313</u>

Harris County Municipal Utility District No. 105
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Refunding Series 2022		
	Principal Due March 1	Interest Due March 1, September 1	Total
2024	\$ 100,000	\$ 658,700	\$ 758,700
2025	630,000	644,100	1,274,100
2026	665,000	618,200	1,283,200
2027	680,000	591,300	1,271,300
2028	720,000	563,300	1,283,300
2029	785,000	533,200	1,318,200
2030	800,000	501,500	1,301,500
2031	860,000	468,300	1,328,300
2032	905,000	433,000	1,338,000
2033	970,000	395,500	1,365,500
2034	1,015,000	355,800	1,370,800
2035	1,085,000	313,800	1,398,800
2036	1,100,000	270,100	1,370,100
2037	1,170,000	224,700	1,394,700
2038	1,235,000	182,775	1,417,775
2039	1,270,000	145,200	1,415,200
2040	1,375,000	105,525	1,480,525
2041	1,400,000	63,900	1,463,900
2042	1,430,000	21,450	1,451,450
Totals	<u>\$ 18,195,000</u>	<u>\$ 7,090,350</u>	<u>\$ 25,285,350</u>

Harris County Municipal Utility District No. 105
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 2,755,000	\$ 2,349,187	\$ 5,104,187
2025	2,940,000	2,256,987	5,196,987
2026	3,040,000	2,157,937	5,197,937
2027	3,175,000	2,058,525	5,233,525
2028	3,330,000	1,957,356	5,287,356
2029	3,485,000	1,850,434	5,335,434
2030	3,630,000	1,741,012	5,371,012
2031	3,775,000	1,629,637	5,404,637
2032	3,940,000	1,513,072	5,453,072
2033	4,110,000	1,391,125	5,501,125
2034	3,310,000	1,277,434	4,587,434
2035	3,450,000	1,171,330	4,621,330
2036	3,175,000	1,066,619	4,241,619
2037	3,265,000	964,551	4,229,551
2038	3,455,000	863,353	4,318,353
2039	3,535,000	762,927	4,297,927
2040	3,150,000	666,256	3,816,256
2041	3,250,000	574,054	3,824,054
2042	3,330,000	479,244	3,809,244
2043	1,975,000	403,667	2,378,667
2044	2,100,000	346,372	2,446,372
2045	2,125,000	286,357	2,411,357
2046	2,175,000	224,856	2,399,856
2047	2,275,000	161,075	2,436,075
2048	1,955,000	102,287	2,057,287
2049	1,425,000	57,250	1,482,250
2050	1,450,000	19,187	1,469,187
Totals	<u>\$ 79,580,000</u>	<u>\$ 28,332,091</u>	<u>\$ 107,912,091</u>

Harris County Municipal Utility District No. 105

Changes in Long-term Bonded Debt

Year Ended September 30, 2023

	Bond			
	Refunding Series 2013	Series 2015	Series 2016	Series 2017
Interest rates	2.00% to 4.00%	2.00% to 3.25%	2.25%	2.00%
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity dates	March 1, 2024/2035	March 1, 2024/2039	March 1, 2024	March 1, 2024
Bonds outstanding, beginning of current year	\$ 5,785,000	\$ 2,345,000	\$ 400,000	\$ 600,000
Retirements, principal	365,000	100,000	200,000	300,000
Bonds outstanding, end of current year	<u>\$ 5,420,000</u>	<u>\$ 2,245,000</u>	<u>\$ 200,000</u>	<u>\$ 300,000</u>
Interest paid during current year	<u>\$ 188,600</u>	<u>\$ 70,056</u>	<u>\$ 6,750</u>	<u>\$ 9,000</u>

Paying agent's name and address:

Series 2013 - Amegy Bank N.A., Houston, Texas

Series 2015 - Amegy Bank N.A., Houston, Texas

Series 2016 - Amegy Bank N.A., Houston, Texas

Series 2017 - Amegy Bank N.A., Houston, Texas

Series 2018 - Zions Bancorporation, National Association, Houston, Texas

Series 2019 - Zions Bancorporation, National Association, Houston, Texas

Series 2019A - Zions Bancorporation, National Association, Houston, Texas

Series 2020 - Zions Bancorporation, National Association, Houston, Texas

Series 2021 - Zions Bancorporation, National Association, Houston, Texas

Series 2022 - Zions Bancorporation, National Association, Houston, Texas

Bond authority:

	Tax Bonds	Recreational Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 114,725,000	\$ 15,000,000	\$ 12,400,000	\$ 29,500,000
Amount issued	\$ 96,075,000	\$ -	\$ -	\$ 2,497,432
Remaining to be issued	<u>\$ 18,650,000</u>	<u>\$ 15,000,000</u>	<u>\$ 12,400,000</u>	<u>\$ 27,002,568</u>

Debt service fund cash and temporary investment balances as of September 30, 2023: \$ 4,086,528

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 3,996,744

Issues

Series 2018	Refunding Series 2019	Series 2019A	Series 2020	Series 2021	Refunding Series 2022	Totals
3.50% to 5.00%	2.00% to 3.25%	2.00% to 2.75%	2.00% to 4.50%	2.00% to 3.00%	3.00% to 4.00%	
March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
March 1, 2024/2047	March 1, 2024/2039	March 1, 2024/2048	March 1, 2024/2050	March 1, 2024/2050	March 1, 2024/2042	
\$ 6,100,000	\$ 11,340,000	\$ 9,390,000	\$ 10,550,000	\$ 16,700,000	\$ 18,345,000	\$ 81,555,000
150,000	710,000	-	-	-	150,000	1,975,000
<u>\$ 5,950,000</u>	<u>\$ 10,630,000</u>	<u>\$ 9,390,000</u>	<u>\$ 10,550,000</u>	<u>\$ 16,700,000</u>	<u>\$ 18,195,000</u>	<u>\$ 79,580,000</u>
<u>\$ 220,875</u>	<u>\$ 332,550</u>	<u>\$ 233,525</u>	<u>\$ 259,031</u>	<u>\$ 439,625</u>	<u>\$ 663,700</u>	<u>\$ 2,423,712</u>

Harris County Municipal Utility District No. 105

Comparative Schedule of Revenues and Expenditures – General Fund

Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
General Fund					
Revenues					
Property taxes	\$ 2,219,798	\$ 1,649,552	\$ 1,326,575	\$ 1,043,706	\$ 956,251
City of Houston rebates	156,235	140,417	136,833	104,525	114,609
Water service	1,632,408	1,509,414	1,417,241	1,287,366	1,088,518
Sewer service	1,576,579	1,469,795	1,401,520	1,121,641	905,969
Regional water fee	1,900,875	1,585,947	1,310,658	1,072,886	948,332
Penalty and interest	103,615	97,591	73,974	73,654	72,988
Tap connection and inspection fees	314,790	306,536	637,282	987,837	1,003,566
Investment income	467,707	56,124	3,575	49,960	96,988
Other revenue	37,048	59,025	26,593	26,421	39,970
Total revenues	8,409,055	6,874,401	6,334,251	5,767,996	5,227,191
Expenditures					
Service operations:					
Purchased services	933,283	494,164	435,823	362,375	290,103
Regional water fee	1,466,993	2,601,101	620,449	709,532	902,955
Professional fees	212,386	164,026	178,701	183,736	205,168
Contracted services	1,796,140	1,675,456	1,541,491	1,373,326	1,136,973
Utilities	141,967	125,602	124,711	108,161	83,760
Repairs and maintenance	1,118,631	952,943	812,710	912,161	672,856
Other expenditures	204,299	171,172	183,701	133,364	140,557
Tap connections	129,744	134,150	252,879	318,986	320,604
Capital outlay	134,725	-	523,000	-	145,328
Total expenditures	6,138,168	6,318,614	4,673,465	4,101,641	3,898,304
Excess of Revenues Over Expenditures	2,270,887	555,787	1,660,786	1,666,355	1,328,887
Other Financing Sources (Uses)					
Interfund transfers out	(498,948)	-	-	-	-
Reimbursement from governmental entity	-	638,675	-	-	-
Total other financing sources	(498,948)	638,675	0	0	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,771,939	1,194,462	1,660,786	1,666,355	1,328,887
Fund Balance, Beginning of Year	9,350,246	8,155,784	6,494,998	4,828,643	3,499,756
Fund Balance, End of Year	\$ 11,122,185	\$ 9,350,246	\$ 8,155,784	\$ 6,494,998	\$ 4,828,643
Total Active Retail Water Connections	4,526	4,413	4,368	4,107	3,479
Total Active Retail Wastewater Connections	4,470	4,335	4,296	4,041	3,412

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
26.4 %	24.0 %	20.9 %	18.1 %	18.3 %
1.9	2.0	2.2	1.8	2.2
19.4	22.0	22.4	22.3	20.8
18.8	21.4	22.1	19.4	17.3
22.6	23.1	20.7	18.6	18.1
1.2	1.4	1.2	1.3	1.4
3.7	4.5	10.1	17.1	19.2
5.6	0.8	0.0	0.9	1.9
0.4	0.8	0.4	0.5	0.8
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
11.1	7.2	6.9	6.3	5.5
17.5	37.8	9.8	12.3	17.3
2.5	2.4	2.8	3.2	3.9
21.4	24.4	24.3	23.8	21.8
1.7	1.8	2.0	1.9	1.6
13.3	13.9	12.8	15.8	12.9
2.4	2.5	2.9	2.3	2.7
1.5	1.9	4.0	5.5	6.1
1.6	-	8.3	-	2.8
<u>73.0</u>	<u>91.9</u>	<u>73.8</u>	<u>71.1</u>	<u>74.6</u>
<u>27.0 %</u>	<u>8.1 %</u>	<u>26.2 %</u>	<u>28.9 %</u>	<u>25.4 %</u>

Harris County Municipal Utility District No. 105

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
Debt Service Fund					
Revenues					
Property taxes	\$ 4,738,832	\$ 4,456,975	\$ 3,780,436	\$ 3,232,529	\$ 2,807,823
Penalty and interest	96,887	62,280	61,145	41,445	56,470
Investment income	216,932	28,170	1,734	29,056	44,292
Total revenues	5,052,651	4,547,425	3,843,315	3,303,030	2,908,585
Expenditures					
Current:					
Professional fees	19,280	10,721	13,899	9,380	13,786
Contracted services	105,710	95,201	84,005	72,787	63,517
Other expenditures	33,844	12,312	8,923	25,431	11,581
Debt service:					
Principal retirement	1,975,000	1,720,000	1,685,000	1,465,000	950,000
Interest and fees	2,428,712	2,288,244	2,074,389	1,816,854	1,557,323
Debt defeasance	-	23,000	-	-	5,000
Bond issue costs	-	576,487	-	-	461,301
Total expenditures	4,562,546	4,725,965	3,866,216	3,389,452	3,062,508
Excess (Deficiency) of Revenues Over Expenditures	490,105	(178,540)	(22,901)	(86,422)	(153,923)
Other Financing Sources (Uses)					
General obligation bonds issued	-	18,784,625	-	259,031	12,789,625
Premium on debt issued	-	1,327,674	-	-	108,171
Deposit with escrow agent	-	(19,092,213)	-	-	(12,207,072)
Total other financing sources	0	1,020,086	0	259,031	690,724
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	490,105	841,546	(22,901)	172,609	536,801
Fund Balance, Beginning of Year	3,619,967	2,778,421	2,801,322	2,628,713	2,091,912
Fund Balance, End of Year	\$ 4,110,072	\$ 3,619,967	\$ 2,778,421	\$ 2,801,322	\$ 2,628,713

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
93.8 %	98.0 %	98.4 %	97.9 %	96.6 %
1.9	1.4	1.5	1.2	1.9
4.3	0.6	0.1	0.9	1.5
100.0	100.0	100.0	100.0	100.0
0.4	0.2	0.4	0.3	0.5
2.1	2.1	2.2	2.2	2.2
0.7	0.3	0.2	0.8	0.4
39.1	37.8	43.8	44.3	32.6
48.0	50.3	54.0	55.0	53.5
-	0.5	-	-	0.2
-	12.7	-	-	15.9
90.3	103.9	100.6	102.6	105.3
9.7 %	(3.9) %	(0.6) %	(2.6) %	(5.3) %

Harris County Municipal Utility District No. 105
Board Members, Key Personnel and Consultants
Year Ended September 30, 2023

Complete District mailing address:	Harris County Municipal Utility District No. 105 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019
District business telephone number:	713.652.6500
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	July 28, 2020
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Pamela Brandenburg	Elected 05/22- 05/26	\$ 7,081	\$ 388	President
Charles LaConti	Elected 05/20- 05/24	2,763	2,754	Vice President
Kathy Cones	Elected 05/20- 05/24	6,426	2,429	Secretary
Carol Diller	Elected 05/22- 05/26	2,013	117	Director
Ginger Furlong	Elected 05/20- 05/24	2,013	117	Director

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

Harris County Municipal Utility District No. 105
Board Members, Key Personnel and Consultants (Continued)
Year Ended September 30, 2023

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Bob Leared Interests	12/09/83	\$ 63,824	Tax Assessor/ Collector
District Data Services, Inc.	01/05/16	22,737	Bookkeeper
FORVIS, LLP	09/12/85	31,900	Auditor
The GMS Group, L.L.C.	08/08/96	1,400	Financial Advisor
Harris Central Appraisal District	Legislative Action	51,095	Appraiser
Municipal Operations & Consulting, Inc.	08/01/99	1,090,702	Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/17/97	19,280	Delinquent Tax Attorney
Smith, Murdaugh, Little & Bonham, L.L.P.	07/30/76	127,093	Attorney
Vogler & Spencer Engineering	04/29/13	266,962	Engineer
Investment Officer			
Lynnette Tujague	01/18/16	N/A	Bookkeeper