

WEST MEMORIAL SEWAGE TREATMENT PLANT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

YEARS ENDED JUNE 30, 2024, AND JUNE 30, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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Board of Directors
West Memorial Sewage Treatment Plant
Harris County, Texas

Opinion

We have audited the accompanying financial statements of the Special Revenue Fund of the West Memorial Municipal Utility District (the “District”) also known as the West Memorial Sewage Treatment Plant (the “Plant”) as of and for the fiscal years ended June 30, 2024, and June 30, 2023, as listed in the preceding table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plant as of June 30, 2024, and June 30, 2023, and the changes in financial position and the budgetary comparisons for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plant, 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board'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 Board'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.

Board of Directors
West Memorial Sewage Treatment Plant

Emphasis of Matters

The financial statements present only the Special Revenue Fund of the District and do not purport to, and do not, present fairly, in all material respects, the financial position and results of operations of the District in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis has not been prepared for inclusion in these financial statements. See the Annual Financial Report of the West Memorial Municipal Utility District as of and for the fiscal year ending June 30, 2024, for the Management's Discussion and Analysis of the entity as a whole. Our opinion has not been modified with respect to these matters.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 28, 2024

WEST MEMORIAL SEWAGE TREATMENT PLANT
BALANCE SHEETS – SPECIAL REVENUE FUND
JUNE 30, 2024, AND JUNE 30, 2023

	Special Revenue Fund	
	2024	2023
ASSETS		
Cash	\$ 209,815	\$ 136,609
Investments	190,618	180,747
Due from Participants	309,225	394,123
TOTAL ASSETS	\$ 709,658	\$ 711,479
 LIABILITIES		
Accounts Payable	\$ 161,232	\$ 204,366
 FUND BALANCE		
Restricted for Plant Operations	\$ 548,426	\$ 507,113
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 709,658	 \$ 711,479

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

WEST MEMORIAL SEWAGE TREATMENT PLANT
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – SPECIAL REVENUE FUND
FOR THE YEARS ENDED JUNE 30, 2024, AND JUNE 30, 2023

	Special Revenue Fund	
	2024	2023
REVENUES		
Wastewater Service:		
West Memorial Municipal Utility District	\$ 248,053	\$ 300,384
Harris County Municipal Utility District No. 81	439,732	540,225
Mason Creek Utility District	219,382	281,055
Cimarron Municipal Utility District	1,006,019	1,147,955
Interstate Municipal Utility District	437,190	550,524
Investment and Miscellaneous Revenues	57,236	40,429
TOTAL REVENUES	\$ 2,407,612	\$ 2,860,572
EXPENDITURES		
Service Operations:		
Professional Fees	\$ 65,732	\$ 85,136
Contracted Services	250,419	230,711
Utilities	334,774	336,995
Chemicals	148,966	177,756
Repairs and Maintenance	577,851	816,658
Sludge Hauling	551,746	535,343
Laboratory	59,970	58,593
Insurance	73,492	61,817
Permits and Other	562	39,230
Capital Outlay	344,100	518,333
TOTAL EXPENDITURES	\$ 2,407,612	\$ 2,860,572
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -0-	\$ -0-
OTHER FINANCING SOURCES (USES)		
Increase in Operating Reserve	\$ 41,313	\$ 31,875
NET CHANGE IN FUND BALANCE	\$ 41,313	\$ 31,875
FUND BALANCE - JULY 1	507,113	475,238
FUND BALANCE - JUNE 30	\$ 548,426	\$ 507,113

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

WEST MEMORIAL SEWAGE TREATMENT PLANT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Wastewater Service:			
West Memorial Municipal Utility District	\$ 213,435	\$ 216,225	\$ 2,790
Harris County Municipal Utility District No. 81	376,515	373,045	(3,470)
Mason Creek Utility District	178,605	176,851	(1,754)
Cimarron Municipal Utility District	841,590	874,710	33,120
Interstate Municipal Utility District	364,095	365,446	1,351
Capital Project Funding:			
West Memorial Municipal Utility District	80,475	31,828	(48,647)
Harris County Municipal Utility District No. 81	168,606	66,687	(101,919)
Mason Creek Utility District	107,532	42,531	(65,001)
Cimarron Municipal Utility District	331,992	131,309	(200,683)
Interstate Municipal Utility District	181,395	71,744	(109,651)
Investment and Miscellaneous Revenues	29,800	57,236	27,436
TOTAL REVENUES	\$ 2,874,040	\$ 2,407,612	\$ (466,428)
EXPENDITURES			
Professional Fees:			
Legal	\$ 20,000	\$ 8,135	\$ 11,865
Auditing	8,000	8,500	(500)
Engineering – General	35,000	49,097	(14,097)
Contracted Services:			
Bookkeeping	9,800	9,847	(47)
Operator Fees	270,000	232,872	37,128
Recording Secretary	8,400	7,700	700
Utilities:			
Electricity	270,000	332,050	(62,050)
Telephone	2,250	2,724	(474)

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

WEST MEMORIAL SEWAGE TREATMENT PLANT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES (Continued)			
Other	\$ 1,000	\$ 499	\$ 501
Chemicals	180,000	148,966	31,034
Repairs and Maintenance	460,000	577,851	(117,851)
Sludge Hauling	500,000	551,746	(51,746)
Laboratory	78,000	59,970	18,030
Insurance	62,000	73,492	(11,492)
Other:			
Office	2,000	63	1,937
Permit Fees	42,000		42,000
Capital Outlay	700,000	344,100	355,900
TOTAL EXPENDITURES	\$ 2,648,450	\$ 2,407,612	\$ 240,838
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 \$ 225,590	 \$ -0-	 \$ (225,590)
 OTHER FINANCING SOURCES (USES)			
Increase in Operating Reserve	\$ -0-	\$ 41,313	\$ 41,313
 NET CHANGE IN FUND BALANCE	 \$ 225,590	 \$ 41,313	 \$ (184,277)
 FUND BALANCE – JULY 1, 2023	 507,113	 507,113	 _____
 FUND BALANCE – JUNE 30, 2024	 \$ 732,703	 \$ 548,426	 \$ (184,277)

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

WEST MEMORIAL SEWAGE TREATMENT PLANT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Wastewater Service:			
West Memorial Municipal Utility District	\$ 215,865	\$ 218,851	\$ 2,986
Harris County Municipal Utility District No. 81	373,005	369,402	(3,603)
Mason Creek Utility District	186,705	172,110	(14,595)
Cimarron Municipal Utility District	819,315	811,600	(7,715)
Interstate Municipal Utility District	289,980	366,745	76,765
Capital Project Funding:			
West Memorial Municipal Utility District	80,475	81,533	1,058
Harris County Municipal Utility District No. 81	168,606	170,822	2,216
Mason Creek Utility District	107,532	108,945	1,413
Cimarron Municipal Utility District	331,992	336,356	4,364
Interstate Municipal Utility District	181,395	183,779	2,384
Investment and Miscellaneous Revenues	20,500	40,429	19,929
TOTAL REVENUES	\$ 2,775,370	\$ 2,860,572	\$ 85,202
EXPENDITURES			
Professional Fees:			
Legal	\$ 15,000	\$ 10,569	\$ 4,431
Auditing	7,500	8,000	(500)
Engineering – General	27,000	66,567	(39,567)
Contracted Services:			
Bookkeeping	9,800	9,841	(41)
Operator Fees	210,000	212,470	(2,470)
Recording Secretary	8,400	8,400	
Utilities:			
Electricity	390,000	334,729	55,271
Telephone	2,250	2,266	(16)

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

WEST MEMORIAL SEWAGE TREATMENT PLANT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES (Continued)			
Other	\$ 1,000	\$	\$ 1,000
Chemicals	115,000	177,756	(62,756)
Repairs and Maintenance	430,000	816,658	(386,658)
Sludge Hauling	400,000	535,343	(135,343)
Laboratory	85,000	58,593	26,407
Insurance	56,000	61,817	(5,817)
Other:			
Office	2,000	127	1,873
Permit Fees	42,000	39,103	2,897
Capital Outlay	970,000	518,333	451,667
TOTAL EXPENDITURES	<u>\$ 2,770,950</u>	<u>\$ 2,860,572</u>	<u>\$ (89,622)</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>\$ 4,420</u>	 <u>\$ -0-</u>	 <u>\$ (4,420)</u>
 OTHER FINANCING SOURCES (USES)			
Increase in Operating Reserve	<u>\$ -0-</u>	<u>\$ 31,875</u>	<u>\$ 31,875</u>
 NET CHANGE IN FUND BALANCE	 \$ 4,420	 \$ 31,875	 \$ 27,455
 FUND BALANCE – JULY 1, 2022	 <u>475,238</u>	 <u>475,238</u>	 <u></u>
 FUND BALANCE – JUNE 30, 2023	 <u>\$ 479,658</u>	 <u>\$ 507,113</u>	 <u>\$ 27,455</u>

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

WEST MEMORIAL SEWAGE TREATMENT PLANT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. REPORTING ENTITY

West Memorial Sewage Treatment Plant (the “Plant”) is owned by West Memorial Municipal Utility District (the “District”) which has entered into joint venture agreements with Harris County Municipal Utility District No. 81, Mason Creek Utility District, Cimarron Municipal Utility District and Interstate Municipal Utility District (the “Participants”) for the operation of a sewage treatment plant constructed by the District and expanded by the participants. In accordance with the Waste Treatment Agreement between the District and the Participants originally dated December 18, 1972, and as subsequently amended, the District owns the Plant’s capital assets. See Note 5 for further discussion of the terms of the agreement.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

These financial statements present only the Special Revenue Fund of the District and do not purport to, and do not, present fairly the financial positions of the District as of June 30, 2024, and June 30, 2023, and changes in its financial positions and budgetary comparisons for the years then ended in conformity with accounting principles generally accepted in the United States of America. We have included the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Special Revenue Fund as part of the financial statements instead of as required supplementary information, as allowed by GASB. The District exercises oversight responsibility for the Plant and the financial activities of the Plant are accounted for and included in the financial statements of the District.

Financial Statement Presentation

These financial statements present only financial statements of the Special Revenue Fund of the District and have not been prepared to present the District as a whole in accordance GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting. However, the annual financial report of the government-wide financial statements of the District can be obtained by contacting the District’s attorney.

Special Revenue Fund

The Special Revenue Fund accounts for financial resources collected and administered by the District for the operation of the regional wastewater treatment facilities.

WEST MEMORIAL SEWAGE TREATMENT PLANT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Plant's financial statements use the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

Budget

The Board of Directors of the West Memorial Municipal Utility District annually adopts an unappropriated budget for the Special Revenue Fund in accordance with the accounting principles applicable to this fund. The budget was not amended during the current fiscal year.

Measurement Focus

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Plant does not have any nonspendable fund balances.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. All Plant funds are considered to be restricted for plant operations.

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The Plant has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

WEST MEMORIAL SEWAGE TREATMENT PLANT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Unassigned: all other spendable amounts. The Plant does not have any unassigned fund balances.

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

Accounting Estimates

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

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of municipal utility districts, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At the fiscal year end, the carrying amount of the Plant's bank deposits was \$209,815 and the bank balance was \$536,421. The Plant was not exposed to custodial credit risk at year-end.

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth;

WEST MEMORIAL SEWAGE TREATMENT PLANT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

and yield, sixth. District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of June 30, 2024, the Plant had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 year
<u>Special Revenue Fund</u>		
TexPool	\$ <u>190,618</u>	\$ <u>190,618</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2024, the Plant’s investment in TexPool was rated “AAAm” by Standard and Poor’s. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plant considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the Plant, unless there has been a significant change in value.

NOTE 4. LEASES

From time-to-time, the Plant leases unused land to various outside parties. The short-term leases do not meet the criteria for treatment in accordance with GASB Statement No. 87. Lease revenues for the current fiscal year totaled \$15,300.

WEST MEMORIAL SEWAGE TREATMENT PLANT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the Special Revenue Fund. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated using the straight-line method over the estimated useful life ranging from 10 to 45 years.

All Plant facilities are included in the District's government-wide financial statements and consist of the following as of June 30, 2024:

	July 1, 2023	Increases	Decreases	June 30, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 575,659	\$	\$	\$ 575,659
Construction in Progress	<u>403,177</u>	<u>344,100</u>	<u>716,172</u>	<u>31,105</u>
Total Capital Assets Not Being Depreciated	<u>\$ 978,836</u>	<u>\$ 344,100</u>	<u>\$ 716,172</u>	<u>\$ 606,764</u>
Capital Assets Subject to Depreciation				
Wastewater Treatment Facilities	<u>\$ 13,550,467</u>	<u>\$ 716,172</u>	<u>\$ - 0 -</u>	<u>\$ 14,266,639</u>
Less Accumulated Depreciation				
Wastewater Treatment Facilities	<u>\$ 8,016,175</u>	<u>\$ 370,679</u>	<u>\$ - 0 -</u>	<u>\$ 8,386,854</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,534,292</u>	<u>\$ 345,493</u>	<u>\$ - 0 -</u>	<u>\$ 5,879,785</u>
Total Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 6,513,128</u></u>	<u><u>\$ 689,593</u></u>	<u><u>\$ 716,172</u></u>	<u><u>\$ 6,486,549</u></u>

WEST MEMORIAL SEWAGE TREATMENT PLANT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6. JOINT VENTURE

On December 18, 1972, the District, then known as Harris County Water Control and Improvement District No. 134, entered into agreements with Harris County Municipal Utility District No. 81, Mason Creek Utility District, and Cimarron Municipal Utility District (the “Participants”) for the provision of a regional waste treatment facility. On August 30, 1983, the District and the Participants amended the agreement to include Interstate Municipal Utility District. The amendment also provided for the expansion of the Plant to a capacity of 6,475,000 gpd. The Participants agreed to finance the expansion to include the issuance of bonds, if required. On January 25, 1994, the District purchased 29,000 gpd of capacity from Cimarron Municipal Utility District. The term of the agreement is 40 years. Ownership capacity is as follows:

	<u>Ownership Capacity in Gallons-Per-Day</u>	<u>Percentage of Ownership</u>
West Memorial Municipal Utility District	599,000	9.25%
Harris County Municipal Utility District No. 81	1,255,000	19.38
Mason Creek Utility District	800,000	12.36
Cimarron Municipal Utility District	2,471,000	38.16
Interstate Municipal Utility District	<u>1,350,000</u>	<u>20.85</u>
TOTAL	<u>6,475,000</u>	<u>100.00%</u>

West Memorial Municipal Utility District operates the Plant and bills the Participants for operations based on a budgeted cost per connection. At year end, revenues are adjusted to equal actual expenditures. Overages are disbursed to Participants and shortages are billed to Participants based on each Participant’s annual percentage. The terms of the agreement provide for an operating reserve equivalent to three months operation and maintenance costs as set forth in the annual budget allocated to the Participants based on equivalent connections. The current reserve is based upon the budgeted reserve requirement for the June 30, 2024, fiscal year. The allocation of the operating reserve at fiscal years ended June 30, 2024, and June 30, 2023, are as follows:

	<u>2024</u>	<u>2023</u>
West Memorial Municipal Utility District	\$ 58,791	\$ 56,826
Harris County Municipal Utility District No. 81	102,136	96,693
Mason Creek Utility District	49,075	45,736
Cimarron Municipal Utility District	237,984	211,530
Interstate Municipal Utility District	<u>100,440</u>	<u>96,328</u>
TOTAL	<u>\$ 548,426</u>	<u>\$ 507,113</u>

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WEST MEMORIAL SEWAGE TREATMENT PLANT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6. JOINT VENTURE (Continued)

Activity for the fiscal years ending June 30, 2024, and June 30, 2023, is summarized below:

	<u>West Memorial Municipal Utility District</u>	<u>Harris County Municipal Utility District No. 81</u>
Net Due from (to) Participants at July 1, 2022	\$ 7,415	\$ 51,139
Current Year Billing	307,973	556,124
Current Year Payments	<u>(272,426)</u>	<u>(503,519)</u>
Accounts Receivable for Operations at Fiscal Year End June 30, 2023	<u>\$ 42,962</u>	<u>\$ 103,744</u>
Adjustments:		
(Revenues) Expenditures Exceeding Budget	\$ (7,589)	\$ (15,899)
Change in Reserve per 2023 Budget	<u>1,803</u>	<u>5,467</u>
Net Due from (to) Participants at June 30, 2023	<u>\$ 37,176</u>	<u>\$ 93,312</u>
Current Year Billing	\$ 255,310	\$ 454,935
Current Year Payments	<u>(272,866)</u>	<u>(405,764)</u>
Accounts Receivable for Operations at Fiscal Year End June 30, 2024	<u>\$ 19,620</u>	<u>\$ 142,483</u>
Adjustments:		
(Revenues) Expenditures Exceeding Budget	\$ (7,257)	\$ (15,203)
Change in Reserve per 2024 Budget	<u>1,965</u>	<u>5,443</u>
Net Due from (to) Participants at June 30, 2024	<u><u>\$ 14,328</u></u>	<u><u>\$ 132,723</u></u>

<u>Mason Creek Utility District</u>	<u>Cimarron Municipal Utility District</u>	<u>Interstate Municipal Utility District</u>	<u>Total</u>
\$ 8,677	\$ 57,100	\$ 29,960	\$ 154,291
291,195	1,179,262	567,629	2,902,183
<u>(223,841)</u>	<u>(1,127,499)</u>	<u>(484,901)</u>	<u>(2,612,186)</u>
\$ <u>76,031</u>	\$ <u>108,863</u>	\$ <u>112,688</u>	\$ <u>444,288</u>
\$ (10,140)	\$ (31,307)	\$ (17,105)	\$ (82,040)
<u>1,631</u>	<u>15,883</u>	<u>7,091</u>	<u>31,875</u>
\$ <u>67,522</u>	\$ <u>93,439</u>	\$ <u>102,674</u>	\$ <u>394,123</u>
\$ 229,078	\$ 1,035,955	\$ 453,547	\$ 2,428,825
<u>(234,602)</u>	<u>(1,092,450)</u>	<u>(470,905)</u>	<u>(2,476,587)</u>
\$ <u>61,998</u>	\$ <u>36,944</u>	\$ <u>85,316</u>	\$ <u>346,361</u>
\$ (9,696)	\$ (29,936)	\$ (16,357)	\$ (78,449)
<u>3,339</u>	<u>26,454</u>	<u>4,112</u>	<u>41,313</u>
\$ <u><u>55,641</u></u>	\$ <u><u>33,462</u></u>	\$ <u><u>73,071</u></u>	\$ <u><u>309,225</u></u>

