



Harris County Water Control and Improvement District No. 109 Harris County, Texas

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

December 31, 2023



**Harris County Water Control and
Improvement District No. 109
Contents
December 31, 2023**

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Independent Auditor's Report

Board of Directors
Harris County Water Control and Improvement District No. 109
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Water Control and Improvement District No. 109 (the District), as of and for the year ended December 31, 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 December 31, 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
May 13, 2024**

**Harris County Water Control and
Improvement District No. 109
Management's Discussion and Analysis
December 31, 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 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.

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.

**Harris County Water Control and
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Management's Discussion and Analysis (Continued)
December 31, 2023**

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.

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	\$ 16,559,347	\$ 15,886,080
Capital assets	<u>10,166,631</u>	<u>9,799,052</u>
Total assets	<u>26,725,978</u>	<u>25,685,132</u>
Deferred outflows of resources	<u>194,217</u>	<u>219,733</u>
Total assets and deferred outflows of resources	<u>\$ 26,920,195</u>	<u>\$ 25,904,865</u>

**Harris County Water Control and
Improvement District No. 109
Management's Discussion and Analysis (Continued)
December 31, 2023**

Summary of Net Position (Continued)

	<u>2023</u>	<u>2022</u>
Long-term liabilities	\$ 13,087,044	\$ 13,615,427
Other liabilities	2,553,522	1,759,954
Total liabilities	<u>15,640,566</u>	<u>15,375,381</u>
Deferred inflows of resources	<u>2,005,171</u>	<u>1,812,888</u>
Net position:		
Net investment in capital assets	2,875,000	2,814,472
Restricted	944,280	273,979
Unrestricted	<u>5,455,178</u>	<u>5,628,145</u>
Total net position	<u>\$ 9,274,458</u>	<u>\$ 8,716,596</u>

The total net position of the District increased by \$557,862, or about 6%. The majority of the increase in net position is related to property taxes and charges for services revenues exceeding service expenses. 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.

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues:		
Property taxes	\$ 1,785,454	\$ 1,664,579
Sales tax rebates	298,845	323,134
Charges for services	3,867,482	3,911,525
Other revenues	<u>820,604</u>	<u>357,196</u>
Total revenues	<u>6,772,385</u>	<u>6,256,434</u>
Expenses:		
Services	5,200,678	5,079,608
Depreciation	510,792	492,672
Debt service	<u>503,053</u>	<u>683,263</u>
Total expenses	<u>6,214,523</u>	<u>6,255,543</u>

**Harris County Water Control and
Improvement District No. 109
Management's Discussion and Analysis (Continued)
December 31, 2023**

Summary of Changes in Net Position (Continued)

	<u>2023</u>	<u>2022</u>
Change in net position	\$ 557,862	\$ 891
Net position, beginning of year	<u>8,716,596</u>	<u>8,715,705</u>
Net position, end of year	<u>\$ 9,274,458</u>	<u>\$ 8,716,596</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2023, were \$11,749,946, a decrease of \$291,553 from the prior year.

The general fund's fund balance decreased by \$165,467 due to service operations expenditures exceeding property taxes, sales tax rebates and service revenues and investment income.

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 \$128,843 because property tax revenues exceeded bond principal and interest requirements.

The capital projects fund's fund balance decreased by \$254,929, due to capital outlay expenditures exceeding investment income.

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 water and sewer service and service to other governmental entities revenues, investment income, and professional fees, repairs and maintenance and capital outlay expenditures being greater than expected, as well as regional water fee revenues and regional water authority expenditures being less than expected. The fund balance as of December 31, 2023, was expected to be \$5,291,273, and the actual end-of-year fund balance was \$5,148,383.

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.

**Harris County Water Control and
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Management's Discussion and Analysis (Continued)
December 31, 2023**

Capital Assets (Net of Accumulated Depreciation)

	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 1,922,287	\$ 1,922,287
Construction in progress	710,772	194,788
Water facilities	1,131,553	1,039,117
Wastewater facilities	4,054,008	4,352,301
Drainage facilities	1,851,445	1,897,027
Land improvements	64,336	69,697
Recreational facilities	432,230	323,835
Total capital assets	<u>\$ 10,166,631</u>	<u>\$ 9,799,052</u>

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

Construction in progress related to public 12-inch water line, water plant Nos. 1-3 motor control center replacements, off-site lift station rehabilitation and wastewater treatment plant improvements	\$ 579,234
Hydropneumatic tank No.1 replacement at water plant No. 3	219,310
Hurst Park site lighting improvements	79,827
Total additions to capital assets	<u>\$ 878,371</u>

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2023, are summarized as follows:

Long-term debt payable, beginning of year	\$ 13,615,427
Decreases in long-term debt	<u>(528,383)</u>
Long-term debt payable, end of year	<u>\$ 13,087,044</u>

At December 31, 2023, the District had \$19,350,000 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.

The District's bonds carry an underlying rating of "A1" from Moody's Investors Service (Moody's). The Series 2013 refunding bonds carry an "A1" rating from Moody's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2017 refunding bonds carry a "AA" rating from Standard & Poor's and an "A1" rating from Moody's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2020 and 2022 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 of Houston (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.

**Harris County Water Control and
Improvement District No. 109
Management's Discussion and Analysis (Continued)
December 31, 2023**

Strategic Partnership Agreement

The District entered into a Strategic Partnership Agreement (SPA) with the City effective November 10, 2003, and as amended. Pursuant to the terms of the SPA, the City annexed certain commercial areas of the District for limited purposes. The SPA provides for the levy of City sales tax on qualifying retail sales in the District. The District will continue to provide water, sewer and drainage services to all properties within its boundaries until full annexation, which, according to the terms of the SPA, shall not occur prior to 2033, if at all. During the current year, the District recorded \$298,845 in revenues related to the SPA.

**Harris County Water Control and
Improvement District No. 109
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets							
Cash	\$ 934,661	\$ 423,304	\$ 494,980	\$ 521,980	\$ 2,374,925	\$ -	\$ 2,374,925
Certificates of deposit	3,245,000	-	-	-	3,245,000	-	3,245,000
Short-term investments	2,200,027	-	455,142	5,705,322	8,360,491	-	8,360,491
Receivables:							
Property taxes	717,455	-	1,029,429	-	1,746,884	-	1,746,884
Service accounts	338,893	-	-	-	338,893	-	338,893
Sales tax rebates	73,634	-	-	-	73,634	34,191	107,825
Accrued penalty and interest	-	-	-	-	-	31,104	31,104
Accrued interest	34,477	-	-	-	34,477	-	34,477
Interfund receivables	79,656	462,367	-	21,025	563,048	(563,048)	-
Due from participant	-	76,894	-	-	76,894	-	76,894
Due from others	2,100	-	-	-	2,100	-	2,100
Due from regional water authority	-	-	-	-	-	240,754	240,754
Capital assets (net of accumulated depreciation):							
Land and improvements	-	-	-	-	-	1,986,623	1,986,623
Construction in progress	-	-	-	-	-	710,772	710,772
Infrastructure	-	-	-	-	-	7,037,006	7,037,006
Recreational facilities	-	-	-	-	-	432,230	432,230
Total assets	<u>7,625,903</u>	<u>962,565</u>	<u>1,979,551</u>	<u>6,248,327</u>	<u>16,816,346</u>	<u>9,909,632</u>	<u>26,725,978</u>
Deferred Outflows of Resources							
Deferred amount on debt refundings	-	-	-	-	-	194,217	194,217
Total assets and deferred outflows of resources	<u>\$ 7,625,903</u>	<u>\$ 962,565</u>	<u>\$ 1,979,551</u>	<u>\$ 6,248,327</u>	<u>\$ 16,816,346</u>	<u>\$ 10,103,849</u>	<u>\$ 26,920,195</u>

**Harris County Water Control and
Improvement District No. 109
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
December 31, 2023**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities							
Accounts payable	\$ 964,358	\$ 145,225	\$ 15,841	\$ 10,202	\$ 1,135,626	\$ -	\$ 1,135,626
Accrued interest payable	-	-	-	-	-	121,386	121,386
Customer deposits	388,960	-	-	-	388,960	-	388,960
Due to others	44,210	-	-	-	44,210	-	44,210
Due to participant	-	747,340	-	-	747,340	-	747,340
Unearned tap connection fees	116,000	-	-	-	116,000	-	116,000
Interfund payables	114,244	-	79,656	369,148	563,048	(563,048)	-
Long-term liabilities:							
Due within one year	-	-	-	-	-	715,000	715,000
Due after one year	-	-	-	-	-	12,372,044	12,372,044
Total liabilities	1,627,772	892,565	95,497	379,350	2,995,184	12,645,382	15,640,566
Deferred Inflows of Resources							
Deferred property tax revenues	849,748	-	1,221,468	-	2,071,216	(66,045)	2,005,171
Fund Balances/Net Position							
Fund balances:							
Restricted:							
Unlimited tax bonds	-	-	662,586	-	662,586	(662,586)	-
Water, sewer and drainage	-	-	-	5,868,977	5,868,977	(5,868,977)	-
Committed, wastewater collection and treatment	-	70,000	-	-	70,000	(70,000)	-
Unassigned	5,148,383	-	-	-	5,148,383	(5,148,383)	-
Total fund balances	5,148,383	70,000	662,586	5,868,977	11,749,946	(11,749,946)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 7,625,903	\$ 962,565	\$ 1,979,551	\$ 6,248,327	\$ 16,816,346		
Net position:							
Net investment in capital assets						2,875,000	2,875,000
Restricted for plant operations						70,000	70,000
Restricted for debt service						570,532	570,532
Restricted for capital projects						303,748	303,748
Unrestricted						5,455,178	5,455,178
Total net position						\$ 9,274,458	\$ 9,274,458

**Harris County Water Control and
Improvement District No. 109
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended December 31, 2023**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues							
Property taxes	\$ 636,939	\$ -	\$ 1,132,881	\$ -	\$ 1,769,820	\$ 15,634	\$ 1,785,454
Sales tax rebates	303,114	-	-	-	303,114	(4,269)	298,845
Water service	672,765	-	-	-	672,765	-	672,765
Sewer service	979,381	916,204	-	-	1,895,585	(601,425)	1,294,160
Regional water fee	1,770,069	-	-	-	1,770,069	-	1,770,069
Service to other governmental entities	130,488	-	-	-	130,488	-	130,488
Penalty and interest	136,980	-	34,996	-	171,976	7,686	179,662
Tap connection and inspection fees	7,380	-	-	-	7,380	-	7,380
Investment income	258,911	-	25,721	293,335	577,967	15,040	593,007
Other income	40,555	-	-	-	40,555	-	40,555
Total revenues	4,936,582	916,204	1,193,598	293,335	7,339,719	(567,334)	6,772,385
Expenditures/Expenses							
Service operations:							
Purchased services	1,941,989	-	-	-	1,941,989	(601,425)	1,340,564
Regional water authority	532,413	-	-	-	532,413	-	532,413
Professional fees	298,157	32,506	12,302	-	342,965	83,412	426,377
Contracted services	236,633	149,331	64,856	-	450,820	-	450,820
Garbage service	623,967	-	-	-	623,967	-	623,967
Utilities	76,426	259,512	-	-	335,938	-	335,938
Repairs and maintenance	836,565	380,150	-	-	1,216,715	-	1,216,715
Other expenditures	163,965	94,705	14,895	319	273,884	-	273,884
Capital outlay	420,120	-	-	541,663	961,783	(961,783)	-
Depreciation	-	-	-	-	-	510,792	510,792
Debt service:							
Principal retirement	-	-	505,000	-	505,000	(505,000)	-
Interest and fees	-	-	467,702	-	467,702	34,471	502,173
Debt issuance costs	-	-	-	880	880	-	880
Total expenditures/expenses	5,130,235	916,204	1,064,755	542,862	7,654,056	(1,439,533)	6,214,523
Excess (Deficiency) of Revenues Over Expenditures	(193,653)	-	128,843	(249,527)	(314,337)	872,199	

**Harris County Water Control and
Improvement District No. 109
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances (Continued)
Year Ended December 31, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Other Financing Sources (Uses)							
Interfund transfers in (out)	\$ 5,402	\$ -	\$ -	\$ (5,402)	\$ -	\$ -	
Return of capital	22,784	-	-	-	22,784	(22,784)	
Total other financing sources (uses)	28,186	-	-	(5,402)	22,784	(22,784)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(165,467)	-	128,843	(254,929)	(291,553)	291,553	
Change in Net Position						557,862	\$ 557,862
Fund Balances/Net Position							
Beginning of year	5,313,850	70,000	533,743	6,123,906	12,041,499	-	8,716,596
End of year	<u>\$ 5,148,383</u>	<u>\$ 70,000</u>	<u>\$ 662,586</u>	<u>\$ 5,868,977</u>	<u>\$ 11,749,946</u>	<u>\$ -</u>	<u>\$ 9,274,458</u>

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

Harris County Water Control and Improvement District No. 109 (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 February 15, 1968, and was converted into a municipal utility district on June 28, 1977. 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 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.

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.

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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.

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.

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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.

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

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receives its certified appraisal roll from the appraisal 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. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2022 on the 2022 levy.

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 December 31, 2023, the tax levied in October 2023 is recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ending December 31, 2024. 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.

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
Drainage facilities	10-45
Land improvements	10-25
Recreational facilities	10-20

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.

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.

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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 premiums and discounts on bonds 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 of the following items:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 10,166,631
Sales tax rebates receivable due from the City of Houston (the City) are not receivable in the current period and are not reported in the funds.	34,191
Amounts due from the North Harris County Regional Water Authority (the Authority) are not receivable in the current period and are not reported in the funds.	240,754
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	66,045
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	31,104
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(121,386)

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Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	\$ 194,217
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(13,087,044)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (2,475,488)</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 of the items on the following page.

Change in fund balances.	\$ (291,553)
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 capital outlay expenditures exceeded depreciation expense and noncapitalized costs in the current year.	367,579
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	505,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(4,269)
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.	15,576
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>(34,471)</u>
Change in net position of governmental activities.	<u>\$ 557,862</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.

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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 December 31, 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. The District's investments in TexPool are reported at amortized cost.

At December 31, 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	\$ 8,360,491	\$ 8,360,491	\$ 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.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2023, the District's investments in TexPool were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at December 31, 2023, as follows.

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Carrying value:		
Deposits	\$	5,619,925
Investments		<u>8,360,491</u>
Total	\$	<u><u>13,980,416</u></u>

Included in the following statement of net position captions:

Cash	\$	2,374,925
Certificates of deposit		3,245,000
Short-term investments		<u>8,360,491</u>
Total	\$	<u><u>13,980,416</u></u>

Investment Income

Investment income of \$593,007 for the year ended December 31, 2023, consisted of \$525,902 of interest income on deposits and investments and \$15,040 of interest income on capital contributions with the Authority.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2023, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Reclassi- fications	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	\$ 1,922,287	\$ -	\$ -	\$ 1,922,287
Construction in progress	<u>194,788</u>	<u>579,234</u>	<u>(63,250)</u>	<u>710,772</u>
Total capital assets, non-depreciable	<u>2,117,075</u>	<u>579,234</u>	<u>(63,250)</u>	<u>2,633,059</u>
Capital assets, depreciable:				
Water production and distribution facilities	5,768,028	219,310	-	5,987,338
Wastewater collection and treatment facilities	13,635,985	-	-	13,635,985
Drainage facilities	2,051,219	-	-	2,051,219
Land improvements	80,420	-	-	80,420
Recreational facilities	<u>508,495</u>	<u>79,827</u>	<u>63,250</u>	<u>651,572</u>
Total capital assets, depreciable	<u>22,044,147</u>	<u>299,137</u>	<u>63,250</u>	<u>22,406,534</u>

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Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Reclassi- fications	Balances, End of Year
Less accumulated depreciation:				
Water production and distribution facilities	\$ (4,728,911)	\$ (126,874)	\$ -	\$ (4,855,785)
Wastewater collection and treatment facilities	(9,283,684)	(298,293)	-	(9,581,977)
Drainage facilities	(154,192)	(45,582)	-	(199,774)
Land improvements	(10,723)	(5,361)	-	(16,084)
Recreational facilities	(184,660)	(34,682)	-	(219,342)
Total accumulated depreciation	<u>(14,362,170)</u>	<u>(510,792)</u>	<u>-</u>	<u>(14,872,962)</u>
Total governmental activities, net	<u>\$ 9,799,052</u>	<u>\$ 367,579</u>	<u>\$ -</u>	<u>\$ 10,166,631</u>

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2023, were as follows:

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
General obligation bonds	\$ 13,480,000	\$ 505,000	\$ 12,975,000	\$ 715,000
Less discounts on bonds	115,658	4,182	111,476	-
Add premiums on bonds	251,085	27,565	223,520	-
Total governmental activities long-term liabilities	<u>\$ 13,615,427</u>	<u>\$ 528,383</u>	<u>\$ 13,087,044</u>	<u>\$ 715,000</u>

General Obligation Bonds

	Refunding Series 2013	Refunding Series 2017
Amounts outstanding, December 31, 2023	\$330,000	\$3,145,000
Interest rates	3.00% to 3.25%	3.00% to 4.00%
Maturity dates, serially beginning/ending	October 1, 2024/2025	October 1, 2024/2032
Interest payment dates	April 1/ October 1	April 1/ October 1
Callable dates*	October 1, 2019	October 1, 2024

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	Series 2020	Series 2022
Amounts outstanding, December 31, 2023	\$2,850,000	\$6,650,000
Interest rates	2.00% to 3.00%	4.00% to 5.00%
Maturity dates, serially beginning/ending	October 1, 2024/2040	October 1, 2024/2044
Interest payment dates	April 1/ October 1	April 1/ October 1
Callable dates*	October 1, 2025	October 1, 2028

*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 December 31, 2023.

Year	Principal	Interest	Total
2024	\$ 715,000	\$ 485,543	\$ 1,200,543
2025	715,000	459,682	1,174,682
2026	750,000	431,818	1,181,818
2027	745,000	402,818	1,147,818
2028	770,000	374,018	1,144,018
2029-2033	3,805,000	1,430,796	5,235,796
2034-2038	2,525,000	878,532	3,403,532
2039-2043	2,475,000	415,850	2,890,850
2044	475,000	21,375	496,375
Total	<u>\$ 12,975,000</u>	<u>\$ 4,900,432</u>	<u>\$ 17,875,432</u>

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	\$ 37,000,000
Bonds sold	17,650,000
Refunding bonds voted	37,000,000
Refunding bond authorization used	180,000

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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 December 31, 2023, the District levied an ad valorem debt service tax at the rate of \$0.1350 per \$100 of assessed valuation, which resulted in a tax levy of \$1,187,272 on the taxable valuation of \$879,466,533 for the 2023 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$1,200,543.
- B. In accordance with the Series 2022 Bond Order, a portion of the bond proceeds was 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.

Bond interest reserve, beginning of year	\$ 287,738
Deductions--Appropriation from bond interest paid Series 2022	251,771
Bond interest reserve, end of year	\$ 35,967

Note 6. Maintenance Taxes

At an election held November 4, 2003, voters authorized a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended December 31, 2023, the District levied an ad valorem maintenance tax at the rate of \$0.0930 per \$100 of assessed valuation, which resulted in a tax levy of \$817,899 on the taxable valuation of \$879,466,533 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Strategic Partnership Agreement

The District entered into a Strategic Partnership Agreement (SPA) with the City effective November 10, 2003, and as amended. Pursuant to the terms of the SPA, the City annexed portions of the District for limited purposes. The SPA provides for the levy of City sales tax on qualifying retail sales in the District. The District will continue to provide water, sewer and drainage services to all properties within its boundaries until full annexation, which, according to the terms of the SPA, shall not occur prior to 2033, if at all. During the current year, the District recorded \$298,845 in revenues related to the SPA.

Note 8. Regional Water Authority

The District is within the boundaries of 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 December 31, 2023, the Authority was billing the District \$4.05 per 1,000 gallons of surface water purchased from the Authority and \$3.60 per 1,000 gallons of water pumped from the District's wells. These amounts are subject to future adjustments.

During a prior year, the District entered into an agreement with the Authority for reimbursement of chloramine conversion costs. The Agreement allows for reimbursement of \$313,619 in chloramine system costs. The District will receive payment through credits for District pumpage fees and water payments as they become due each year. These repayments accrue interest at 6% per year and will be repaid with principal and interest payments through 2041.

At December 31, 2023, the combined repayments outstanding are as follows.

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Year	Amount
2024	\$ 22,784
2025	22,784
2026	22,784
2027	22,784
2028	22,784
2029-2033	113,920
2034-2038	113,920
2039-2041	47,467
	<u>389,227</u>
Less interest	<u>(148,473)</u>
Ending balance	<u><u>\$ 240,754</u></u>

Note 9. Contracts With Other Districts

Water Supply and Waste Disposal Agreements

On July 31, 1978, amended July 24, 1984, the District entered into agreements with Harris County Municipal Utility District No. 48 (District No. 48) to sell water and waste disposal services. The agreements were amended and restated November 27, 2012, and October 14, 2013, all to be effective July 31, 2013. The Agreements are for a term of 35 years from the November 27, 2012, amendment.

Under the terms of the agreement, monthly waste disposal rates to District No. 48 are charged at a rate of 1½ times the rates charged to the District's customers. Additionally, monthly water rates are charged at a rate of 1¾ times the rates charged to the District's customers, plus an additional 10% to cover administrative costs. The 1¾ multiplier and the additional 10% are not applied to the portion attributable to the Authority's charges. During the current year, the District recorded revenue of \$130,488.

Sanitary Sewer Treatment Contract

On May 10, 2021, the District entered into a 40-year contract with Harris County Municipal Utility District No. 202 (District No. 202) to provide wastewater treatment service to residential lots to be developed on an Annexation Tract within the boundaries of District No. 202. District No. 202 shall pay all costs of acquisition and installation and will own and have title to the interconnect facilities, as well as be 100% responsible for the costs of operating, maintaining, testing, repairing or replacing of the interconnect facilities. Under the terms of the contract, District No. 202 shall pay the District a one-time Capital Recovery Fee of \$101,520, which was received during 2023. The District shall charge District No. 202 monthly for each connection for which wastewater treatment service is being provided in an amount equal to 110% of the amount paid by the District's residential customers for wastewater treatment service in accordance with the then-current rate order. During the current year, the District did not provide any wastewater treatment service under this contract.

Note 10. Operation of Joint Waste Treatment Plant

On August 3, 1977, the District entered into a 25-year waste disposal agreement with Fountainhead Municipal Utility District (Fountainhead), which superseded all previous waste disposal agreements between the two districts. The District is the operator of and holds title to the facilities for the benefit of the parties. Construction costs were shared based on a pro rata share of costs relative to capacity acquired in the facilities. The agreement was last amended effective March 11, 2011, and has been previously extended through June 1, 2031.

Operations

The District and Fountainhead (the districts) share operating costs based on active connections.

During the current year, the districts' shares of net expenditures were \$601,425 for the District and \$314,779 for Fountainhead. An operating reserve of \$105,000 has been established with the District contributing \$70,000 and Fountainhead contributing \$35,000.

At December 31, 2023, the special revenue fund had service receivables of \$93,219 from the District and \$76,894 from Fountainhead.

Note 11. 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.

Required Supplementary Information

**Harris County Water Control and
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Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2023**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 633,500	\$ 636,939	\$ 3,439
Sales tax rebates	320,000	303,114	(16,886)
Water service	500,000	672,765	172,765
Sewer service	900,000	979,381	79,381
Regional water fee	2,205,000	1,770,069	(434,931)
Service to other governmental entities	58,000	130,488	72,488
Penalty and interest	125,000	136,980	11,980
Tap connection and inspection fees	9,500	7,380	(2,120)
Investment income	52,800	258,911	206,111
Other income	41,200	40,555	(645)
	<u>4,845,000</u>	<u>4,936,582</u>	<u>91,582</u>
Expenditures			
Service operations:			
Purchased services	1,895,547	1,941,989	(46,442)
Regional water authority	860,000	532,413	327,587
Professional fees	222,400	298,157	(75,757)
Contracted services	237,550	236,633	917
Garbage service	626,000	623,967	2,033
Utilities	79,400	76,426	2,974
Repairs and maintenance	602,000	836,565	(234,565)
Other expenditures	187,680	163,965	23,715
Capital outlay	157,000	420,120	(263,120)
	<u>4,867,577</u>	<u>5,130,235</u>	<u>(262,658)</u>
Deficiency of Revenues Over Expenditures	<u>(22,577)</u>	<u>(193,653)</u>	<u>(171,076)</u>
Other Financing Sources			
Return of capital	-	22,784	22,784
Interfund transfers in	-	5,402	5,402
	<u>-</u>	<u>28,186</u>	<u>28,186</u>
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(22,577)</u>	<u>(165,467)</u>	<u>(142,890)</u>
Fund Balance, Beginning of Year	<u>5,313,850</u>	<u>5,313,850</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,291,273</u>	<u>\$ 5,148,383</u>	<u>\$ (142,890)</u>

**Harris County Water Control and
Improvement District No. 109
Budgetary Comparison Schedule – Special Revenue Fund
Year Ended December 31, 2023**

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sewer service	\$ 832,900	\$ 916,204	\$ 83,304
Expenditures			
Service operations:			
Professional fees	44,100	32,506	11,594
Contracted services	160,200	149,331	10,869
Utilities	209,450	259,512	(50,062)
Repairs and maintenance	332,750	380,150	(47,400)
Other expenditures	86,400	94,705	(8,305)
Total expenditures	832,900	916,204	(83,304)
Excess of Revenues Over Expenditures	-	-	-
Fund Balance, Beginning of Year	70,000	70,000	-
Fund Balance, End of Year	\$ 70,000	\$ 70,000	-

**Harris County Water Control and
Improvement District No. 109
Notes to Required Supplementary Information
December 31, 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 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 of the general fund and special revenue fund were not amended during 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 Water Control and
Improvement District No. 109
Other Schedules Included Within This Report
December 31, 2023**

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

- Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 14-26
- Schedule of Services and Rates
- Schedule of General Fund Expenditures
- Schedule of Temporary Investments
- Analysis of Taxes Levied and Receivable
- Schedule of Long-Term Debt Service Requirements by Years
- Changes in Long-Term Bonded Debt
- Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- Board Members, Key Personnel and Consultants

**Harris County Water Control and Improvement District No. 109
Schedule of Services and Rates
Year Ended December 31, 2023**

1. Services provided by the District:

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 5.00	3,000	N	\$ 1.50	3,001 to 7,000
				\$ 1.75	7,001 to 12,000
				\$ 2.00	12,001 to 20,000
				\$ 2.25	20,001 to No Limit

Wastewater: \$ 31.50 1 Y

Regional water fee: \$ 4.05 1,000 N \$ 4.05 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 \$ 56.75 Wastewater \$ 31.50

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	2,104	2,073	x1.0	2,073
1"	38	37	x2.5	93
1 1/2"	30	29	x5.0	145
2"	46	45	x8.0	360
3"	4	4	x15.0	60
4"	10	10	x25.0	250
6"	13	13	x50.0	650
8"	4	4	x80.0	320
10"	-	-	x115.0	-
Total water	2,249	2,215		3,951
Total wastewater	2,208	2,176	x1.0	2,176

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

Gallons pumped into the system:	409,352
Gallons billed to customers:	397,892
Water accountability ratio (gallons billed/gallons pumped):	97.20%

**"ESFC" means equivalent single-family connections

**Harris County Water Control and
Improvement District No. 109
Schedule of General Fund Expenditures
Year Ended December 31, 2023**

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$ 21,100		
Legal	114,672		
Engineering	162,385		
Financial advisor	-		298,157
Purchased Services for Resale			
Bulk water and wastewater service purchases			1,941,989
Regional Water Fee			532,413
Contracted Services			
Bookkeeping	21,452		
General manager	-		
Appraisal district	-		
Tax collector	-		
Security	18,000		
Other contracted services	197,181		236,633
Utilities			76,426
Repairs and Maintenance			836,565
Administrative Expenditures			
Directors' fees	11,296		
Office supplies	-		
Insurance	48,632		
Other administrative expenditures	104,037		163,965
Capital Outlay			
Capitalized assets	336,709		
Expenditures not capitalized	83,411		420,120
Tap Connection Expenditures			-
Solid Waste Disposal			623,967
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
Total expenditures		\$	<u>5,130,235</u>

**Harris County Water Control and
Improvement District No. 109
Schedule of Temporary Investments
December 31, 2023**

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificate of Deposit				
No. 9009004812	5.54%	10/20/24	\$ 3,245,000	\$ 34,477
TexPool	5.38%	Demand	<u>2,200,027</u>	<u>-</u>
			5,445,027	34,477
Debt Service Fund				
TexPool	5.38%	Demand	455,142	-
Capital Projects Fund				
TexPool	5.38%	Demand	<u>5,705,322</u>	<u>-</u>
Totals			<u><u>\$ 11,605,491</u></u>	<u><u>\$ 34,477</u></u>

**Harris County Water Control and
Improvement District No. 109
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2023**

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 394,509	\$ 677,308
Additions and corrections to prior years' taxes	<u>(10,240)</u>	<u>(17,655)</u>
Adjusted receivable, beginning of year	<u>384,269</u>	<u>659,653</u>
2023 Original Tax Levy	764,317	1,109,492
Additions and corrections	<u>53,582</u>	<u>77,780</u>
Adjusted tax levy	<u>817,899</u>	<u>1,187,272</u>
Total to be accounted for	1,202,168	1,846,925
Tax collections: Current year	(132,294)	(192,039)
Prior years	<u>(352,419)</u>	<u>(625,457)</u>
Receivable, end of year	<u>\$ 717,455</u>	<u>\$ 1,029,429</u>
Receivable, by Years		
2023	\$ 685,605	\$ 995,233
2022	7,753	13,815
2021	7,234	5,895
2020	7,129	6,073
2019	2,288	1,657
2018	1,602	1,160
2017	1,525	1,299
2016	3,050	2,815
2015	673	790
2014	466	505
2013	120	166
2012	<u>10</u>	<u>21</u>
Receivable, end of year	<u>\$ 717,455</u>	<u>\$ 1,029,429</u>

**Harris County Water Control and
Improvement District No. 109
Analysis of Taxes Levied and Receivable (Continued)
Year Ended December 31, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property Valuations				
Land	\$ 206,547,272	\$ 207,033,393	\$ 163,249,702	\$ 157,815,532
Improvements	682,607,502	595,611,881	539,469,045	495,946,133
Personal property	39,210,703	33,234,341	28,392,277	29,588,962
Exemptions	<u>(48,898,944)</u>	<u>(45,945,025)</u>	<u>(40,126,248)</u>	<u>(39,408,853)</u>
Total property valuations	<u>\$ 879,466,533</u>	<u>\$ 789,934,590</u>	<u>\$ 690,984,776</u>	<u>\$ 643,941,774</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.1350	\$ 0.1470	\$ 0.1100	\$ 0.1150
Maintenance tax rates*	<u>0.0930</u>	<u>0.0825</u>	<u>0.1350</u>	<u>0.1350</u>
Total tax rates per \$100 valuation	<u>\$ 0.2280</u>	<u>\$ 0.2295</u>	<u>\$ 0.2450</u>	<u>\$ 0.2500</u>
Tax Levy	<u>\$ 2,005,171</u>	<u>\$ 1,812,888</u>	<u>\$ 1,692,900</u>	<u>\$ 1,609,845</u>
Percent of Taxes Collected to Taxes Levied**	<u>16% ***</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$0.50 on November 4, 2003.

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

***2023 taxes were not due until January 31, 2024.

**Harris County Water Control and
Improvement District No. 109
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2023**

Due During Fiscal Years Ending December 31	Refunding Series 2013		
	Principal Due October 1	Interest Due April 1, October 1	Total
2024	\$ 165,000	\$ 10,725	\$ 175,725
2025	<u>165,000</u>	<u>5,363</u>	<u>170,363</u>
Totals	<u>\$ 330,000</u>	<u>\$ 16,088</u>	<u>\$ 346,088</u>

**Harris County Water Control and
Improvement District No. 109
Schedule of Long-Term Debt Service Requirements by Years (Continued)
December 31, 2023**

Due During Fiscal Years Ending December 31	Refunding Series 2017		
	Principal Due October 1	Interest Due April 1, October 1	Total
2024	\$ 200,000	\$ 123,800	\$ 323,800
2025	200,000	117,800	317,800
2026	400,000	109,800	509,800
2027	395,000	93,800	488,800
2028	395,000	78,000	473,000
2029	390,000	62,200	452,200
2030	390,000	46,600	436,600
2031	390,000	31,000	421,000
2032	385,000	15,400	400,400
Totals	<u>\$ 3,145,000</u>	<u>\$ 678,400</u>	<u>\$ 3,823,400</u>

**Harris County Water Control and
Improvement District No. 109
Schedule of Long-Term Debt Service Requirements by Years (Continued)
December 31, 2023**

Due During Fiscal Years Ending December 31	Series 2020		
	Principal Due October 1	Interest Due April 1, October 1	Total
2024	\$ 150,000	\$ 63,281	\$ 213,281
2025	150,000	58,782	208,782
2026	150,000	54,281	204,281
2027	150,000	51,281	201,281
2028	175,000	48,281	223,281
2029	150,000	44,782	194,782
2030	175,000	41,781	216,781
2031	175,000	38,281	213,281
2032	175,000	34,781	209,781
2033	175,000	31,282	206,282
2034	175,000	27,781	202,781
2035	175,000	24,062	199,062
2036	175,000	20,344	195,344
2037	175,000	16,406	191,406
2038	175,000	12,469	187,469
2039	175,000	8,313	183,313
2040	175,000	4,156	179,156
Totals	<u>\$ 2,850,000</u>	<u>\$ 580,344</u>	<u>\$ 3,430,344</u>

**Harris County Water Control and
Improvement District No. 109
Schedule of Long-Term Debt Service Requirements by Years (Continued)
December 31, 2023**

Due During Fiscal Years Ending December 31	Series 2022		Total
	Principal Due October 1	Interest Due April 1, October 1	
2024	\$ 200,000	\$ 287,737	\$ 487,737
2025	200,000	277,737	477,737
2026	200,000	267,737	467,737
2027	200,000	257,737	457,737
2028	200,000	247,737	447,737
2029	250,000	237,737	487,737
2030	250,000	227,738	477,738
2031	275,000	217,738	492,738
2032	300,000	206,738	506,738
2033	325,000	194,738	519,738
2034	325,000	181,738	506,738
2035	325,000	168,738	493,738
2036	325,000	155,738	480,738
2037	325,000	142,331	467,331
2038	350,000	128,925	478,925
2039	350,000	114,050	464,050
2040	360,000	99,175	459,175
2041	465,000	83,875	548,875
2042	475,000	63,531	538,531
2043	475,000	42,750	517,750
2044	475,000	21,375	496,375
Totals	<u>\$ 6,650,000</u>	<u>\$ 3,625,600</u>	<u>\$ 10,275,600</u>

**Harris County Water Control and
Improvement District No. 109
Schedule of Long-Term Debt Service Requirements by Years (Continued)
December 31, 2023**

Due During Fiscal Years Ending December 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 715,000	\$ 485,543	\$ 1,200,543
2025	715,000	459,682	1,174,682
2026	750,000	431,818	1,181,818
2027	745,000	402,818	1,147,818
2028	770,000	374,018	1,144,018
2029	790,000	344,719	1,134,719
2030	815,000	316,119	1,131,119
2031	840,000	287,019	1,127,019
2032	860,000	256,919	1,116,919
2033	500,000	226,020	726,020
2034	500,000	209,519	709,519
2035	500,000	192,800	692,800
2036	500,000	176,082	676,082
2037	500,000	158,737	658,737
2038	525,000	141,394	666,394
2039	525,000	122,363	647,363
2040	535,000	103,331	638,331
2041	465,000	83,875	548,875
2042	475,000	63,531	538,531
2043	475,000	42,750	517,750
2044	475,000	21,375	496,375
Totals	<u>\$ 12,975,000</u>	<u>\$ 4,900,432</u>	<u>\$ 17,875,432</u>

**Harris County Water Control and
Improvement District No. 109
Changes in Long-Term Bonded Debt
Year Ended December 31, 2023**

	Bond	
	Refunding Series 2013	Refunding Series 2017
Interest rates	3.00% to 3.25%	3.00% to 4.00%
Dates interest payable	April 1/ October 1	April 1/ October 1
Maturity dates	October 1, 2024/2025	October 1, 2024/2032
Bonds outstanding, beginning of current year	\$ 500,000	\$ 3,345,000
Retirements, principal	<u>170,000</u>	<u>200,000</u>
Bonds outstanding, end of current year	<u>\$ 330,000</u>	<u>\$ 3,145,000</u>
Interest paid during current year	<u>\$ 16,250</u>	<u>\$ 129,800</u>

Paying agent's name and address:

Series 2013 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2020 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2022 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	<u>\$ 37,000,000</u>	-	<u>\$ 37,000,000</u>
Amount issued	<u>\$ 17,650,000</u>	-	<u>\$ 180,000 *</u>
Remaining to be issued	<u>\$ 19,350,000</u>	-	<u>\$ 36,820,000</u>

Debt service fund cash and temporary investment balances as of December 31, 2023: \$ 950,122

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 851,211

*Amount of amortization used.

Issues

Series 2020	Series 2022	Totals
2.00% to 3.00%	4.00% to 5.00%	
April 1/ October 1	April 1/ October 1	
October 1, 2024/2040	October 1, 2024/2044	
\$ 2,985,000	\$ 6,650,000	\$ 13,480,000
<u>135,000</u>	<u>-</u>	<u>505,000</u>
<u>\$ 2,850,000</u>	<u>\$ 6,650,000</u>	<u>\$ 12,975,000</u>
<u>\$ 67,331</u>	<u>\$ 251,770</u>	<u>\$ 465,151</u>

**Harris County Water Control and
Improvement District No. 109
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended December 31,**

	Amounts				
	2023	2022	2021	2020	2019
General Fund					
Revenues					
Property taxes	\$ 636,939	\$ 910,709	\$ 867,442	\$ 866,552	\$ 825,403
Sales tax rebates	303,114	323,868	303,179	254,668	312,456
Water service	672,765	485,322	427,325	468,602	470,902
Sewer service	979,381	923,642	879,548	867,704	841,739
Regional water fee	1,770,069	2,078,108	1,717,796	1,673,691	1,569,191
Service to other governmental entities	130,488	123,221	114,796	110,770	102,462
Penalty and interest	136,980	140,167	80,212	42,000	77,637
Tap connection and inspection fees	7,380	8,823	9,480	58,190	182,955
Investment income	258,911	48,100	7,839	70,310	136,677
Other income	40,555	47,974	48,488	46,526	415,229
Capital recovery fee	-	101,520	-	-	-
Total revenues	<u>4,936,582</u>	<u>5,191,454</u>	<u>4,456,105</u>	<u>4,459,013</u>	<u>4,934,651</u>
Expenditures					
Service operations:					
Purchased services	1,941,989	1,879,151	1,479,979	1,531,694	1,276,098
Regional water fee	532,413	848,985	833,976	771,932	820,134
Professional fees	298,157	248,295	223,849	200,407	246,135
Contracted services	236,633	275,563	237,577	228,165	223,117
Garbage service	623,967	588,564	561,373	535,473	543,042
Utilities	76,426	85,821	76,105	73,771	74,855
Repairs and maintenance	836,565	642,993	527,521	531,550	543,941
Other expenditures	163,965	150,812	149,748	134,370	185,970
Tap connections	-	-	-	34,500	48,504
Capital outlay	420,120	451,457	337,069	1,220,408	376,185
Debt service, debt issuance costs	-	-	-	-	47,448
Total expenditures	<u>5,130,235</u>	<u>5,171,641</u>	<u>4,427,197</u>	<u>5,262,270</u>	<u>4,385,429</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(193,653)</u>	<u>19,813</u>	<u>28,908</u>	<u>(803,257)</u>	<u>549,222</u>
Other Financing Sources					
Interfund transfers in	5,402	-	-	174,767	-
Return of capital	22,784	22,784	22,784	6,445	6,062
Insurance proceeds	-	77,354	-	-	-
Total other financing sources	<u>28,186</u>	<u>100,138</u>	<u>22,784</u>	<u>181,212</u>	<u>6,062</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(165,467)</u>	<u>119,951</u>	<u>51,692</u>	<u>(622,045)</u>	<u>555,284</u>
Fund Balance, Beginning of Year	<u>5,313,850</u>	<u>5,193,899</u>	<u>5,142,207</u>	<u>5,764,252</u>	<u>5,208,968</u>
Fund Balance, End of Year	<u>\$ 5,148,383</u>	<u>\$ 5,313,850</u>	<u>\$ 5,193,899</u>	<u>\$ 5,142,207</u>	<u>\$ 5,764,252</u>
Total Active Retail Water Connections	<u>2,215</u>	<u>2,225</u>	<u>2,222</u>	<u>2,213</u>	<u>2,222</u>
Total Active Retail Wastewater Connections	<u>2,176</u>	<u>2,186</u>	<u>2,183</u>	<u>2,174</u>	<u>2,185</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
12.9 %	17.5 %	19.5 %	19.4 %	16.7 %
6.1	6.2	6.8	5.7	6.3
13.6	9.4	9.6	10.5	9.5
19.9	17.8	19.7	19.5	17.1
35.9	40.0	38.5	37.5	31.8
2.6	2.4	2.6	2.5	2.1
2.8	2.7	1.8	0.9	1.6
0.2	0.2	0.2	1.3	3.7
5.2	0.9	0.2	1.6	2.8
0.8	0.9	1.1	1.1	8.4
-	2.0	-	-	-
100.0	100.0	100.0	100.0	100.0
39.3	36.2	33.2	34.3	25.9
10.8	16.3	18.7	17.3	16.6
6.0	4.8	5.0	4.5	5.0
4.8	5.3	5.3	5.1	4.5
12.6	11.3	12.6	12.0	11.0
1.6	1.7	1.7	1.7	1.5
17.0	12.4	11.8	11.9	11.5
3.3	2.9	3.4	3.0	3.3
-	-	-	0.8	1.0
8.5	8.7	7.6	27.4	7.6
-	-	-	-	1.0
103.9	99.6	99.3	118.0	88.9
(3.9) %	0.4 %	0.7 %	(18.0) %	11.1 %

**Harris County Water Control and
Improvement District No. 109
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended December 31,**

	Amounts				
	2023	2022	2021	2020	2019
Debt Service Fund					
Revenues					
Property taxes	\$ 1,132,881	\$ 742,115	\$ 739,187	\$ 627,683	\$ 598,587
Penalty and interest	34,996	21,619	20,709	21,064	11,171
Investment income	<u>25,721</u>	<u>5,150</u>	<u>106</u>	<u>1,035</u>	<u>8,078</u>
Total revenues	<u>1,193,598</u>	<u>768,884</u>	<u>760,002</u>	<u>649,782</u>	<u>617,836</u>
Expenditures					
Current:					
Professional fees	12,302	8,989	7,044	9,615	6,661
Contracted services	64,856	59,899	59,738	57,085	51,556
Other expenditures	14,895	18,530	14,004	11,834	14,931
Debt service:					
Principal retirement	505,000	500,000	355,000	365,000	365,000
Interest and fees	<u>467,702</u>	<u>231,906</u>	<u>241,756</u>	<u>203,092</u>	<u>193,025</u>
Total expenditures	<u>1,064,755</u>	<u>819,324</u>	<u>677,542</u>	<u>646,626</u>	<u>631,173</u>
Excess (Deficiency) of Revenues Over Expenditures	128,843	(50,440)	82,460	3,156	(13,337)
Other Financing Sources					
General obligation bonds issued	<u>-</u>	<u>287,738</u>	<u>-</u>	<u>35,541</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	128,843	237,298	82,460	38,697	(13,337)
Fund Balance, Beginning of Year	<u>533,743</u>	<u>296,445</u>	<u>213,985</u>	<u>175,288</u>	<u>188,625</u>
Fund Balance, End of Year	<u>\$ 662,586</u>	<u>\$ 533,743</u>	<u>\$ 296,445</u>	<u>\$ 213,985</u>	<u>\$ 175,288</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
94.9 %	96.5 %	97.3 %	96.6 %	96.9 %
2.9	2.8	2.7	3.2	1.8
<u>2.2</u>	<u>0.7</u>	<u>0.0</u>	<u>0.2</u>	<u>1.3</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
1.0	1.2	0.9	1.5	1.1
5.4	7.8	7.9	8.8	8.3
1.3	2.4	1.8	1.8	2.4
42.3	65.0	46.7	56.2	59.1
<u>39.2</u>	<u>30.2</u>	<u>31.8</u>	<u>31.2</u>	<u>31.3</u>
<u>89.2</u>	<u>106.6</u>	<u>89.1</u>	<u>99.5</u>	<u>102.2</u>
<u>10.8 %</u>	<u>(6.6) %</u>	<u>10.9 %</u>	<u>0.5 %</u>	<u>(2.2) %</u>

**Harris County Water Control and
Improvement District No. 109
Board Members, Key Personnel and Consultants
Year Ended December 31, 2023**

Complete District mailing address:	Harris County Water Control and Improvement District No. 109 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 2400 Houston, Texas 77056
District business telephone number:	713.623.4531
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	June 7, 2022
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
Warren Carroll	Elected 05/20- 05/24	\$ 4,823	\$ -	President
Victor Robson	Elected 05/20- 05/24	4,010	-	Vice President
Allen Schreiber	Elected 05/22- 05/26	5,652	1,159	Secretary
W. Kemp Culbreth, III	Appointed 01/22- 05/24	3,860	-	Assistant Secretary
William Lakin	Elected 05/22- 05/26	4,081	-	Assistant Secretary

*Fees are the amounts actually paid to a director during the District's fiscal year from the District's general fund and the special revenue fund.

**Harris County Water Control and
Improvement District No. 109
Board Members, Key Personnel and Consultants (Continued)
Year Ended December 31, 2023**

Consultants	Date Hired	Fees and Expense Reimbursements	Title
FORVIS, LLP	09/09/85	\$ 21,100 3,000	Auditor-WCID Auditor-STP
Harris Central Appraisal District	Legislative Action	13,433	Appraiser
Inframark, LLC	06/11/12	813,877 388,640	Operator-WCID Operator-STP
L&S District Services, LLC	11/09/92	21,452 4,295	Bookkeeper-WCID Bookkeeper-STP
Masterson Advisors LLC	05/14/18	-	Financial Advisor
Quiddity Engineering, LLC	01/14/02	783,289 277,023	Engineer-WCID Engineer-STP
Schwartz, Page & Harding, L.L.P.	08/17/76	115,093 -	General Counsel-WCID General Counsel-STP
Ted A. Cox, P.C.	04/08/96	12,302	Delinquent Tax Attorney
Wheeler & Associates, Inc.	11/21/77	64,608	Tax Assessor/ Collector
Investment Officer			
Debra R. Loggins	10/14/19	N/A	Bookkeeper