

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**JULY 31, 2023**



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Harris County Water Control  
and Improvement District No. 110  
Harris County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Water Control and Improvement District No. 110 (the "District") as of and for the year ended July 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of July 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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





### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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



Board of Directors  
Harris County Water Control and Improvement District No. 110

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

November 8, 2023



**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2023**

Management’s discussion and analysis of the financial performance of Harris County Water Control and Improvement District No. 110 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended July 31, 2023. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities. The Statement of Net Position includes all of the District’s assets, liabilities, and deferred outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors. The Statement of Activities reports how the District’s net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2023**

**FUND FINANCIAL STATEMENTS (Continued)**

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District’s governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO THE FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”) and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$27,275,236 as of July 31, 2023. A portion of the District’s net position reflects its net investment in capital assets which includes land, buildings, equipment as well as water, wastewater, recreational and detention facilities less any debt used to acquire those assets that is still outstanding.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The following summary of changes in the Statement of Net Position is presented as of July 31, 2023, and July 31, 2022.

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 21,903,959	\$ 20,986,672	\$ 917,287
Capital Assets (Net of Accumulated Depreciation)	<u>24,154,061</u>	<u>23,929,904</u>	<u>224,157</u>
Total Assets	<u>\$ 46,058,020</u>	<u>\$ 44,916,576</u>	<u>\$ 1,141,444</u>
Deferred Outflows of Resources	<u>\$ 360,342</u>	<u>\$ 421,816</u>	<u>\$ (61,474)</u>
Bonds Payable	\$ 16,876,146	\$ 18,301,249	\$ 1,425,103
Other Liabilities	<u>2,266,980</u>	<u>1,635,106</u>	<u>(631,874)</u>
Total Liabilities	<u>\$ 19,143,126</u>	<u>\$ 19,936,355</u>	<u>\$ 793,229</u>
Net Investment in Capital Assets	\$ 11,800,317	\$ 10,951,382	\$ 848,935
Restricted	3,672,764	3,512,011	160,753
Unrestricted	<u>11,802,155</u>	<u>10,938,644</u>	<u>863,511</u>
Total Net Position	<u>\$ 27,275,236</u>	<u>\$ 25,402,037</u>	<u>\$ 1,873,199</u>

The following table provides a summary of the District's operations for the years ended July 31, 2023, and July 31, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,390,255	\$ 3,331,783	\$ 58,472
Sales Tax Revenues	1,615,699	1,654,107	(38,408)
Charges for Services	4,636,350	4,625,518	10,832
Other Revenues	<u>926,215</u>	<u>616,663</u>	<u>309,552</u>
Total Revenues	<u>\$ 10,568,519</u>	<u>\$ 10,228,071</u>	<u>\$ 340,448</u>
Expenses for Services	<u>8,695,320</u>	<u>8,072,142</u>	<u>(623,178)</u>
Change in Net Position	\$ 1,873,199	\$ 2,155,929	\$ (282,730)
Net Position, Beginning of Year	<u>25,402,037</u>	<u>23,246,108</u>	<u>2,155,929</u>
Net Position, End of Year	<u>\$ 27,275,236</u>	<u>\$ 25,402,037</u>	<u>\$ 1,873,199</u>

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS**

The District’s combined fund balances as of July 31, 2023, were \$16,558,927, an increase of \$448,224 from the prior year.

The General Fund fund balance increased by \$988,968, primarily due to service revenues, sales tax revenues, and property tax revenues exceeding operating and capital expenditures.

The Debt Service Fund fund balance increased by \$198,107, primarily due to the structure of the District’s outstanding debt.

The Capital Projects Fund fund balance decreased by \$738,851, due to the use of bond proceeds received in prior years to fund current year capital costs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors approved an unappropriated budget for the current fiscal year, which was amended to increase anticipated investment and miscellaneous revenues as well as to increase anticipated capital outlay costs. Actual revenues were \$7,708 less than budgeted revenues and actual expenditures were \$455,670 less than budgeted expenditures. This resulted in a positive variance of \$447,962. See the budget to actual comparison for more information.

**CAPITAL ASSETS**

Capital assets as of July 31, 2023, total \$24,154,061 (net of accumulated depreciation) and include the park and recreational facilities, land, buildings, equipment, water facilities, wastewater facilities, and detention facilities. Significant current year activity included rehabilitation of the Louetta lift station, rehabilitation of the elevated storage tank, rehabilitation of the Hickory Twig lift station, rehabilitation of water plant no. 2 ground storage tank, sanitary sewer rehabilitation, and construction of an emergency interconnect with Spring West MUD.

Capital Assets At Year-End			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 7,147,335	\$ 7,147,335	\$
Construction in Progress	1,063,255	366,514	696,741
Capital Assets Subject to Depreciation:			
Buildings and Equipment	2,964,064	2,964,064	
Water and Wastewater Facilities	23,007,256	22,662,510	344,746
Detention Facilities	4,146,017	4,146,017	
Recreational Facilities	3,175,370	3,100,770	74,600
Less Accumulated Depreciation	(17,349,236)	(16,457,306)	(891,930)
Total Net Capital Assets	\$ 24,154,061	\$ 23,929,904	\$ 224,157



**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2023**

**LONG-TERM DEBT ACTIVITY**

As of July 31, 2023, the District had total bond debt payable of \$16,645,000. The changes in the debt position of the District during the fiscal year ended July 31, 2023, are summarized as follows:

Bond Debt Payable, August 1, 2022	\$ 18,030,000
Less: Bond Principal Paid	<u>1,385,000</u>
Bond Debt Payable, July 31, 2023	<u>\$ 16,645,000</u>

The District carries underlying ratings of “A1”. The Series 2019 Refunding, Series 2020 Refunding, and Series 2021 Bonds carry insured ratings of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Water Control and Improvement District No. 110, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Blvd., Suite 1380, Houston, Texas 77056.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
JULY 31, 2023**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 481,270	\$ 30,486
Investments	8,507,561	3,695,234
Receivables:		
Property Taxes	31,803	49,172
Penalty and Interest on Delinquent Taxes		
Service Accounts	401,582	
Accrued Interest	31,842	
Other	300	
Due from Other Funds		47,848
Prepaid Costs	280,812	
Due from City of Houston	395,853	
Due from Other Governmental Units	132,954	
Joint Facilities Operating Advance	20,159	
Water Authority Capital Contribution		
Chloramine Conversion Costs Receivable		
Reclaimed Water Credits Receivable		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 10,284,136</b>	<b>\$ 3,822,740</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 10,284,136</b>	<b>\$ 3,822,740</b>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 4,600	\$ 516,356	\$	\$ 516,356
4,689,629	16,892,424		16,892,424
	80,975		80,975
		36,457	36,457
	401,582		401,582
	31,842		31,842
	300		300
	47,848	(47,848)	
	280,812		280,812
	395,853		395,853
	132,954		132,954
	20,159		20,159
		2,272,116	2,272,116
		329,080	329,080
		513,049	513,049
		7,147,335	7,147,335
		1,063,255	1,063,255
		15,943,471	15,943,471
<u>\$ 4,694,229</u>	<u>\$ 18,801,105</u>	<u>\$ 27,256,915</u>	<u>\$ 46,058,020</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 360,342</u>	<u>\$ 360,342</u>
<u>\$ 4,694,229</u>	<u>\$ 18,801,105</u>	<u>\$ 27,617,257</u>	<u>\$ 46,418,362</u>

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
JULY 31, 2023**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 688,390	\$ 32,808
Accrued Interest Payable		
Due to Other Funds	47,848	
Security Deposits	859,988	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 1,596,226</b>	<b>\$ 32,808</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 31,803	\$ 49,172
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 280,812	\$
Operating Advance	20,159	
Restricted for Authorized Construction		
Restricted for Debt Service		3,740,760
Assigned for 2024 Budgeted Deficit	977,154	
Unassigned	7,377,982	
<b>TOTAL FUND BALANCES</b>	<b>\$ 8,656,107</b>	<b>\$ 3,740,760</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 10,284,136</b>	<b>\$ 3,822,740</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 532,169	\$ 1,253,367	\$	\$ 1,253,367
		153,625	153,625
	47,848	(47,848)	
	859,988		859,988
		1,710,000	1,710,000
		15,166,146	15,166,146
<u>\$ 532,169</u>	<u>\$ 2,161,203</u>	<u>\$ 16,981,923</u>	<u>\$ 19,143,126</u>
<u>\$ - 0 -</u>	<u>\$ 80,975</u>	<u>\$ (80,975)</u>	<u>\$ - 0 -</u>
\$	\$ 280,812	\$ (280,812)	\$
	20,159	(20,159)	
4,162,060	4,162,060	(4,162,060)	
	3,740,760	(3,740,760)	
	977,154	(977,154)	
	7,377,982	(7,377,982)	
<u>\$ 4,162,060</u>	<u>\$ 16,558,927</u>	<u>\$ (16,558,927)</u>	<u>\$ - 0 -</u>
<u>\$ 4,694,229</u>	<u>\$ 18,801,105</u>		
		\$ 11,800,317	\$ 11,800,317
		3,672,764	3,672,764
		11,802,155	11,802,155
		<u>\$ 27,275,236</u>	<u>\$ 27,275,236</u>

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JULY 31, 2023**

Total Fund Balances - Governmental Funds \$ 16,558,927

Amounts reported for governmental activities in the Statement of Net Position are different because:

Long-term receivables from the North Harris County Regional Water Authority are not current financial resources and, therefore, are not reported as assets in the governmental funds. 3,114,245

The difference between the net carrying amount of the refunded bonds and the reacquisition price is recorded as a deferred outflow of resources in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 360,342

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 24,154,061

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District. 117,432

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (153,625)	
Bonds Payable	<u>(16,876,146)</u>	<u>(17,029,771)</u>

Total Net Position - Governmental Activities \$ 27,275,236

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

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**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JULY 31, 2023**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES</b>		
Property Taxes	\$ 1,563,184	\$ 1,870,318
Water Service	876,079	
Wastewater Service	1,431,925	
Water Authority Fees	1,814,738	
Recreational Services	188,878	
Detention Pond Maintenance	109,251	
Sales Tax Revenues	1,615,699	
Penalty and Interest	81,382	30,135
Tap Connection and Inspection Fees	132,790	
Investment and Miscellaneous Revenues	434,366	160,920
Water Authority Credits	251,456	
<b>TOTAL REVENUES</b>	<u>\$ 8,499,748</u>	<u>\$ 2,061,373</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 596,576	\$ 10,284
Contracted Services	1,740,880	67,840
Purchased Wastewater Service	135,115	
Parks and Recreation	844,378	
Utilities	247,497	
Water Authority Assessments	1,798,900	
Repairs and Maintenance	1,142,305	
Depreciation		
Other	817,745	11,667
Capital Outlay	187,384	
Debt Service:		
Bond Principal		1,385,000
Bond Interest		388,475
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 7,510,780</u>	<u>\$ 1,863,266</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ 988,968	\$ 198,107
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - AUGUST 1, 2022</b>	<u>7,667,139</u>	<u>3,542,653</u>
<b>FUND BALANCES/NET POSITION - JULY 31, 2023</b>	<u>\$ 8,656,107</u>	<u>\$ 3,740,760</u>

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



Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,433,502	\$ (43,247)	\$ 3,390,255
	876,079		876,079
	1,431,925		1,431,925
	1,814,738		1,814,738
	188,878		188,878
	109,251		109,251
	1,615,699		1,615,699
	111,517	(28,828)	82,689
	132,790		132,790
190,855	786,141		786,141
	251,456	(111,382)	140,074
<u>\$ 190,855</u>	<u>\$ 10,751,976</u>	<u>\$ (183,457)</u>	<u>\$ 10,568,519</u>
\$	\$ 606,860	\$	\$ 606,860
	1,808,720		1,808,720
	135,115		135,115
	844,378		844,378
	247,497		247,497
	1,798,900		1,798,900
	1,142,305		1,142,305
		891,930	891,930
1,003	830,415		830,415
928,703	1,116,087	(1,116,087)	
	1,385,000	(1,385,000)	
	388,475	725	389,200
<u>\$ 929,706</u>	<u>\$ 10,303,752</u>	<u>\$ (1,608,432)</u>	<u>\$ 8,695,320</u>
\$ (738,851)	\$ 448,224	\$ (448,224)	\$
		1,873,199	1,873,199
<u>4,900,911</u>	<u>16,110,703</u>	<u>9,291,334</u>	<u>25,402,037</u>
<u>\$ 4,162,060</u>	<u>\$ 16,558,927</u>	<u>\$ 10,716,309</u>	<u>\$ 27,275,236</u>

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JULY 31, 2023**

Net Change in Fund Balances - Governmental Funds	\$	448,224
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		(43,247)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		(28,828)
The principal portion of payments received from the North Harris County Regional Water Authority for chloramine conversion costs, capital contribution credits and reclaimed water credits reduce long-term receivables in the Statement of Net Position.		(111,382)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(891,930)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		1,116,087
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		1,385,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(725)
Change in Net Position - Governmental Activities	\$	<u>1,873,199</u>

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 1. CREATION OF DISTRICT**

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 May 9, 1968, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board of Directors sets the policies of the District.

**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 District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

The District participates in a joint venture for the operation of a wastewater treatment plant (the “Plant”). Oversight responsibility of the Plant is with Harris County Municipal Utility District No. 249. Additional disclosure concerning this agreement is provided in Note 12.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and each are considered to be major funds. The General Fund is used to account for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund is used to account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund is used to account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in the governmental funds to be available if they are collected within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of July 31, 2023, the General Fund owed the Debt Service Fund \$47,848 for the over transfer of maintenance tax collections.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over the estimated useful lives ranging from 5 to 45 years.

Budgeting

An budget is adopted each year for the General Fund by the District's Board of Directors and is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has eight full-time employees. The Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only. Effective April 10, 2019, the District adopted a 457(b) Plan for the benefit of eligible employees. Eligible employees can contribute up to five percent of their compensation. The District agrees to match and contribute the amount of the employee's contribution per payroll period. During the current fiscal year, eligible employees contributed \$11,568 and the District matched those contributions.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources.

Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted*: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

*Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District 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 District has not adopted a formal policy regarding the assignment of fund balances. The District assigned \$977,154 of its General Fund fund balance for a budgeted deficit in the fiscal year ending July 31, 2024.

*Unassigned*: all other spendable amounts in the General Fund.

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 3. LONG-TERM DEBT**

	<u>Refunding Series 2019</u>	<u>Refunding Series 2020</u>	<u>Series 2021</u>
Amounts Outstanding – July 31, 2023	\$ 4,580,000	\$ 6,350,000	\$ 5,715,000
Interest Rates	2.00% - 4.00%	2.00% - 4.00%	1.00% - 2.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2023/2028	September 1, 2023/2030	September 1, 2023/2031
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2025*	September 1, 2026*

\* In whole or from time to time in part on the callable date or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Series 2019 Refunding term bonds due September 1, 2026 are subject to mandatory redemption beginning September 1, 2024. Series 2020 Refunding term bonds due September 1, 2028 are subject to mandatory redemption beginning September 1, 2027. Series 2021 term bonds due September 1, 2028 and 2031 are subject to mandatory redemption beginning September 1, 2027 and 2029, respectively.

The following is a summary of transactions regarding bonds payable for the year ended July 31, 2023:

	<u>August 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>July 31, 2023</u>
Bonds Payable	\$ 18,030,000	\$	\$ 1,385,000	\$ 16,645,000
Unamortized Discounts	(50,351)		(5,612)	(44,739)
Unamortized Premiums	321,600		45,715	275,885
Bonds Payable, Net	<u>\$ 18,301,249</u>	<u>\$ -0-</u>	<u>\$ 1,425,103</u>	<u>\$ 16,876,146</u>
			Amount Due Within One Year	\$ 1,710,000
			Amount Due After One Year	<u>15,166,146</u>
			Bonds Payable, Net	<u>\$ 16,876,146</u>



**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 3. LONG-TERM DEBT (Continued)**

The District has authorized but unissued bonds in the amount of \$10,770,000 for utility facilities and \$31,210,000 for refunding purposes. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount and certain bonds are further payable by the net revenues, if any, of the District's waterworks and sanitary sewer facilities.

As of July 31, 2023, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,710,000	\$ 343,950	\$ 2,053,950
2025	1,765,000	303,075	2,068,075
2026	1,805,000	266,650	2,071,650
2027	1,855,000	227,800	2,082,800
2028	1,895,000	173,650	2,068,650
2029-2032	<u>7,615,000</u>	<u>247,425</u>	<u>7,862,425</u>
	<u>\$ 16,645,000</u>	<u>\$ 1,562,550</u>	<u>\$ 18,207,550</u>

During the year ended July 31, 2023, the District levied an ad valorem debt service tax rate of \$0.18 per \$100 of assessed valuation, which resulted in a tax levy of \$1,918,970 on the adjusted taxable valuation of \$1,066,094,390 for the 2022 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS**

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds.

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

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$1,966,356 and the bank balance was \$2,261,928. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at July 31, 2023, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 481,270	\$ 1,450,000	\$ 1,931,270
DEBT SERVICE FUND	30,486		30,486
CAPITAL PROJECTS FUND	4,600		4,600
TOTAL DEPOSITS	<u>\$ 516,356</u>	<u>\$ 1,450,000</u>	<u>\$ 1,966,356</u>

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in 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 Investors, 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.

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Certificates of deposit are recorded at acquisition cost.

As of July 31, 2023, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 7,028,731	\$ 7,028,731
TexSTAR	28,830	28,830
Certificates of Deposit	1,450,000	1,450,000
<u>DEBT SERVICE FUND</u>		
TexPool	3,695,234	3,695,234
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	4,689,629	4,689,629
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 16,892,424</u></b>	<b><u>\$ 16,892,424</u></b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investments in TexPool and TexSTAR were rated AAAM by Standard and Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and TexSTAR to have maturities of less than one year since share positions can usually be redeemed each day at the discretion of the District, unless there have been significant changes in values. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended July 31, 2023, is summarized in the following table:

	August 1, 2022	Increases	Decreases	July 31, 2023
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 7,147,335	\$	\$	\$ 7,147,335
Construction in Progress	<u>366,514</u>	<u>1,116,087</u>	<u>419,346</u>	<u>1,063,255</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 7,513,849</u>	<u>\$ 1,116,087</u>	<u>\$ 419,346</u>	<u>\$ 8,210,590</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings and Equipment	\$ 2,964,064	\$	\$	\$ 2,964,064
Water and Wastewater Facilities	22,662,510	344,746		23,007,256
Detention Facilities	4,146,017			4,146,017
Recreational Facilities	<u>3,100,770</u>	<u>74,600</u>		<u>3,175,370</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 32,873,361</u>	<u>\$ 419,346</u>	<u>\$ - 0 -</u>	<u>\$ 33,292,707</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Equipment	\$ 925,951	\$ 97,499	\$	\$ 1,023,450
Water and Wastewater Facilities	13,095,240	601,692		13,696,932
Detention Facilities	211,556	92,134		303,690
Recreational Facilities	<u>2,224,559</u>	<u>100,605</u>		<u>2,325,164</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 16,457,306</u>	<u>\$ 891,930</u>	<u>\$ - 0 -</u>	<u>\$ 17,349,236</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 16,416,055</u>	<u>\$ (472,584)</u>	<u>\$ - 0 -</u>	<u>\$ 15,943,471</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 23,929,904</u>	<u>\$ 643,503</u>	<u>\$ 419,346</u>	<u>\$ 24,154,061</u>

**NOTE 7. MAINTENANCE TAX**

At an election held on May 1, 1993, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.15 per \$100 of assessed valuation of taxable property within the District. During the year ended July 31, 2023, the District levied an ad valorem maintenance tax rate of \$0.15 per \$100 of assessed valuation, which resulted in a tax levy of \$1,599,142 on the adjusted taxable valuation of \$1,066,094,390 for the 2022 tax year. This maintenance tax is to be used by the General Fund to pay the costs of operating the District's water and wastewater systems.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 8. EMERGENCY WATER SUPPLY CONTRACTS**

The District and Harris County Municipal Utility District No. 104 (“District No. 104”) have entered into an agreement to provide for emergency water supply. The charge for service to either district in effect per the most recent contract amendment includes a charge for the supplying district’s cost of producing water plus any applicable water authority fees. The term of the contract extends through 2031.

The District and Harris County Water Control and Improvement District No. 99 (“District No. 99”) have entered into an agreement for emergency water supply. The charge for service to either district in effect per the most recent contract amendment includes a charge for the supplying district’s cost of producing water plus any applicable water authority fees. The term of the contract extends through 2032.

The District and Harris County Municipal Utility District No. 249 (“District No. 249”) have entered into an agreement to provide water to each other in the event of an emergency. The charge for service to either district in effect per the most recent contract amendment includes a charge for the supplying district’s cost of producing water plus any applicable water authority fees. The term of the contract extends through 2034.

The District and Spring West Municipal Utility District (“SW MUD”) have entered into an agreement to provide water to each other in the event of an emergency. The charge for service to either district in effect per the most recent contract amendment includes a charge for the supplying district’s cost of producing water plus any applicable water authority fees. The term of the contract extends through 2062.

**NOTE 9. 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 from which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY**

The District is located within the boundaries of the Authority. The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the 75<sup>th</sup> Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY  
(Continued)**

The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee is \$4.10 per 1,000 gallons of water pumped from each well and \$4.55 per 1,000 gallons for purchased surface water. The District paid the Authority \$1,798,900 during the current fiscal year.

Capital Contribution Contract

On July 9, 2008, the District executed a Capital Contribution Contract with the Authority. The District made a capital contribution of \$2,994,883 for its share of the cost to complete Phase I of the 2010 Surface Water Distribution and Transmission System. The District began receiving capital contribution credits on its 3<sup>rd</sup> quarter 2009 Authority billing. Total credits received in the current fiscal year were \$220,560, of which \$93,402 was principal.

The following schedule summarizes the remaining capital contribution credits to be received under the terms of the agreement.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 98,422	\$ 122,138	\$ 220,560
2025	103,713	116,847	220,560
2026	109,288	111,272	220,560
2027	115,163	105,397	220,560
2028	121,354	99,206	220,560
2029-2033	711,920	390,880	1,102,800
2034-2038	924,974	177,826	1,102,800
2039	87,282	4,618	91,900
	<u>\$ 2,272,116</u>	<u>\$ 1,128,184</u>	<u>\$ 3,400,300</u>

Chloramine Conversion Reimbursement

The District converted its water system to chloramine disinfection to comply with the Authority's requirements. The District's reimbursable conversion costs totaled \$425,259. The Authority calculated the reimbursement at 6% interest over a 30-year period. The District began receiving chloramine conversion credits on the March 2011 Authority billing. Total credits received in the current fiscal year were \$30,895, of which \$10,951 was principal.

The schedule on the following page summarizes the remaining chloramine conversion credits to be received under the terms of the agreement.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY  
(Continued)**

Chloramine Conversion Reimbursement (Continued)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 11,626	\$ 19,269	\$ 30,895
2025	12,343	18,552	30,895
2026	13,104	17,791	30,895
2027	13,913	16,982	30,895
2028	14,771	16,124	30,895
2029-2033	88,695	65,778	154,473
2034-2038	122,300	33,497	155,797
2039-2041	52,328	2,993	55,321
	<u>\$ 329,080</u>	<u>\$ 190,986</u>	<u>\$ 520,066</u>

Reclaimed Water System

The District entered into an Alternative Water Use Incentive Agreement with the Authority. The District received approval from the Commission authorizing the reuse of Type 1 wastewater effluent from the District’s 1,000,000 gallons-per-day wastewater treatment plant to be used for makeup water in amenity ponds. Credits will be given on a monthly basis equal to \$0.75 per 1,000 gallons of metered alternative water use during the preceding month. Total credits are not to exceed the capital cost of the system of \$580,655. The District has received credits totaling \$67,606, of which \$7,029 was received in the current fiscal year. Reclaimed water credits receivable at year end was \$513,049.

**NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT**

The District entered into a Strategic Partnership Agreement with the City of Houston, Texas (the “City”). The agreement provides for the City to annex a tract of land defined as the “Tract” for the limited purposes of applying the City’s Planning, Zoning, Health, and Safety Ordinances within the Tract. The District will continue to develop, to own, and to operate and maintain its water, wastewater, and drainage systems. The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement extends through April 8, 2043. The City imposes a Sales and Use Tax within the boundaries of the Tract and pays the District one-half of all Sales and Use Tax revenues generated within 30 days of the City receiving the funds from the State Comptroller’s office. During the fiscal year ended July 31, 2023, the District received sales tax revenues of \$1,615,699 and recorded a receivable of \$395,853 for uncollected sales tax revenues.



**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2023**

**NOTE 12. WASTE DISPOSAL AGREEMENT**

Effective February 17, 2000, the District entered into a waste disposal agreement with Harris County Municipal Utility District No. 249. The agreement has since been amended. Current plant capacity is 800,000 gallons-per-day, of which the District's share is 216,000 gallons-per-day. District No. 249 manages and operates the joint facilities. The term of the agreement is 50 years. During the year ended July 31, 2023, the District incurred costs of \$135,115 for purchased sewer service. The District advanced \$20,159 for operations in a prior year.

The condensed audited financial information of the joint facilities as of and for the year ended December 31, 2022, as reflected in District No. 249's financial statements, is as follows:

	Wastewater Treatment Plant
Total Assets	\$ <u>111,190</u>
Total Liabilities	\$ 30,444
Total Fund Balance	<u>80,746</u>
Total Liabilities and Fund Balance	<u>\$ 111,190</u>
Total Revenues	\$ 313,990
Total Expenditures	<u>313,990</u>
Net Change in Fund Balance	\$ -0-
Other Financing Sources – Decrease In Operating Reserve	(15,604)
Fund Balance, Beginning of Year	<u>96,350</u>
Fund Balance, End of Year	<u>\$ 80,746</u>

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**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JULY 31, 2023**



**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JULY 31, 2023**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 1,525,000	\$ 1,525,000	\$ 1,563,184	\$ 38,184
Water Service	1,125,000	1,125,000	876,079	(248,921)
Wastewater Service	1,235,000	1,235,000	1,431,925	196,925
Water Authority Fees	1,900,000	1,900,000	1,814,738	(85,262)
Recreational Services	190,000	190,000	188,878	(1,122)
Detention Pond Maintenance	125,000	125,000	109,251	(15,749)
Sales Tax Revenues	1,695,000	1,695,000	1,615,699	(79,301)
Penalty and Interest	60,000	60,000	81,382	21,382
Tap Connection and Inspection Fees	175,000	175,000	132,790	(42,210)
Investment and Miscellaneous Revenues	31,000	226,000	434,366	208,366
Water Authority Credits	251,456	251,456	251,456	
<b>TOTAL REVENUES</b>	<b>\$ 8,312,456</b>	<b>\$ 8,507,456</b>	<b>\$ 8,499,748</b>	<b>\$ (7,708)</b>
<b>EXPENDITURES</b>				
Service Operations:				
Professional Fees	\$ 382,500	\$ 382,500	\$ 596,576	\$ (214,076)
Contracted Services	1,859,000	1,859,000	1,740,880	118,120
Purchased Wastewater Service	120,000	120,000	135,115	(15,115)
Parks and Recreation	1,430,950	1,430,950	844,378	586,572
Utilities	290,000	290,000	247,497	42,503
Water Authority Assessments	1,850,000	1,850,000	1,798,900	51,100
Repairs and Maintenance	775,000	775,000	1,142,305	(367,305)
Other	659,000	659,000	817,745	(158,745)
Capital Outlay		600,000	187,384	412,616
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,366,450</b>	<b>\$ 7,966,450</b>	<b>\$ 7,510,780</b>	<b>\$ 455,670</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 946,006</b>	<b>\$ 541,006</b>	<b>\$ 988,968</b>	<b>\$ 447,962</b>
<b>FUND BALANCE - AUGUST 1, 2022</b>	<b>7,667,139</b>	<b>7,667,139</b>	<b>7,667,139</b>	
<b>FUND BALANCE - JULY 31, 2023</b>	<b>\$ 8,613,145</b>	<b>\$ 8,208,145</b>	<b>\$ 8,656,107</b>	<b>\$ 447,962</b>

See accompanying independent auditor's report.

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**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 110**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE  
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**JULY 31, 2023**





**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
SERVICES AND RATES  
FOR THE YEAR ENDED JULY 31, 2023**

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

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

**2. RETAIL SERVICE PROVIDERS**

**a. RETAIL RATES FOR A 5/8” METER (OR EQUIVALENT):**

The rates below are based on the rate order approved April 12, 2023.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 11.00	8,000	N	\$ 0.50 \$ 1.50 \$ 2.50 \$ 3.50	8,001 to 20,000 20,001 to 30,000 30,001 to 40,000 40,001 and up
WASTEWATER:	\$ 36.00		Y		
SURCHARGE:					
Water Authority Fees		\$4.86 per 1,000 gallons used			

District employs winter averaging for wastewater usage? 

_____	_____
Yes	X No

Total monthly charges per 10,000 gallons usage: Water: \$12.00 Wastewater: \$36.00 Surcharge: \$48.60

See accompanying independent auditor’s report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
SERVICES AND RATES  
FOR THE YEAR ENDED JULY 31, 2023**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	1,995	1,980	x 1.0	1,980
1"	286	284	x 2.5	710
1½"	47	46	x 5.0	230
2"	82	81	x 8.0	648
3"	1		x 15.0	
4"	7	7	x 25.0	175
6"	22	22	x 50.0	1,100
8"	10	10	x 80.0	800
10"			x 115.0	
Total Water Connections	<u>2,450</u>	<u>2,430</u>		<u>5,643</u>
Total Wastewater Connections	<u>2,361</u>	<u>2,344</u>	x 1.0	<u>2,344</u>

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

Gallons pumped into system:	169,959,000	Water Accountability Ratio: 92 % (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	289,280,000	
Gallons purchased:	146,009,000	From: North Harris County Regional Water Authority
Leaks and flushing:	2,870,000	

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
SERVICES AND RATES  
FOR THE YEAR ENDED JULY 31, 2023**

**4. STANDBY FEES** (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely  Partly  Not at all

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED JULY 31, 2023**

PROFESSIONAL FEES:		
Auditing	\$	27,500
Engineering		319,936
Legal		249,140
TOTAL PROFESSIONAL FEES	\$	<u>596,576</u>
PURCHASED WASTEWATER SERVICE	\$	<u>135,115</u>
CONTRACTED SERVICES:		
Bookkeeping	\$	60,621
Operations and Billing		221,004
Solid Waste Disposal		534,008
Security		925,247
TOTAL CONTRACTED SERVICES	\$	<u>1,740,880</u>
UTILITIES	\$	<u>247,497</u>
REPAIRS AND MAINTENANCE	\$	<u>1,142,305</u>
ADMINISTRATIVE EXPENDITURES:		
Director Fees	\$	35,518
Insurance		190,050
Office Supplies and Postage		65,486
IT costs, Consulting, Meetings, and Other		89,587
TOTAL ADMINISTRATIVE EXPENDITURES	\$	<u>380,641</u>
CAPITAL OUTLAY	\$	<u>187,384</u>
TAP CONNECTIONS	\$	<u>53,579</u>
PARKS AND RECREATION	\$	<u>844,378</u>
OTHER EXPENDITURES:		
Chemicals	\$	105,345
Laboratory Fees		65,736
Permit Fees		15,320
Inspection and Reconnection Fees		63,426
Water Authority Assessments		1,798,900
Regulatory Assessment		11,089
Sludge Hauling		122,609
TOTAL OTHER EXPENDITURES	\$	<u>2,182,425</u>
TOTAL EXPENDITURES	\$	<u><u>7,510,780</u></u>

Number of persons employed by the District	<u>8</u>	Full-Time	<u>34</u>	Part-Time
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See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
INVESTMENTS  
JULY 31, 2023**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 7,028,731	\$
TexSTAR	XXXX2220	Varies	Daily	28,830	
Certificate of Deposit	XXXX7799	2.47%	09/23/23	240,000	5,051
Certificate of Deposit	XXXX5194	3.00%	09/26/23	240,000	6,076
Certificate of Deposit	XXXX3774	3.00%	09/28/23	500,000	12,575
Certificate of Deposit	XXXX4982	3.25%	09/23/23	240,000	6,646
Certificate of Deposit	XXXX2164	4.94%	06/13/24	<u>230,000</u>	<u>1,494</u>
TOTAL GENERAL FUND				<u>\$ 8,507,561</u>	<u>\$ 31,842</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	<u>\$ 3,695,234</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX4440	Varies	Daily	<u>\$ 4,689,629</u>	<u>\$ -0-</u>
TOTAL				<u>\$ 16,892,424</u>	<u>\$ 31,842</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED JULY 31, 2023**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
AUGUST 1, 2022	\$	45,878	\$	78,344
Adjustments to Beginning				
Balance		<u>(50,033)</u>	\$	<u>(77,824)</u>
Original 2022 Tax Levy	\$	1,597,334	\$	1,916,801
Adjustment to 2022 Tax Levy		<u>1,808</u>	<u>1,599,142</u>	<u>2,169</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	1,594,987	\$
				1,919,490
 TAX COLLECTIONS:				
Prior Years	\$	(19,317)	\$	(28,683)
Current Year		<u>1,582,501</u>	<u>1,563,184</u>	<u>1,899,001</u>
 TAXES RECEIVABLE -				
JULY 31, 2023		<u>\$</u>	<u>31,803</u>	<u>\$</u>
				<u>49,172</u>
 TAXES RECEIVABLE BY YEAR:				
2022	\$	16,641	\$	19,969
2021		2,796		3,915
2020		2,344		3,438
2019		1,823		2,916
2018		948		1,580
2017		556		1,038
2016		434		809
2015		658		1,272
2014		677		1,400
2013		559		1,415
2012 and Prior		<u>4,367</u>		<u>11,420</u>
TOTAL	\$	<u><u>31,803</u></u>	\$	<u><u>49,172</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED JULY 31, 2023**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY VALUATIONS:				
Land	\$ 319,255,063	\$ 244,433,221	\$ 246,618,255	\$ 242,005,093
Improvements	841,915,092	715,962,603	692,534,421	663,793,077
Personal Property	158,695,343	145,695,382	155,981,205	145,639,358
Exemptions	<u>(253,771,108)</u>	<u>(174,808,550)</u>	<u>(173,105,638)</u>	<u>(162,455,113)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 1,066,094,390</u>	<u>\$ 931,282,656</u>	<u>\$ 922,028,243</u>	<u>\$ 888,982,415</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.18	\$ 0.21	\$ 0.22	\$ 0.24
Maintenance	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.33</u>	<u>\$ 0.36</u>	<u>\$ 0.37</u>	<u>\$ 0.39</u>
ADJUSTED TAX LEVY*	<u>\$ 3,518,112</u>	<u>\$ 3,352,619</u>	<u>\$ 3,411,580</u>	<u>\$ 3,467,032</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.96 %</u>	<u>99.80 %</u>	<u>99.83 %</u>	<u>99.86 %</u>

\* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$0.15 per \$100 of assessed valuation approved by voters on May 1, 1993.

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2023**

REFUNDING SERIES - 2019

<u>Due During Fiscal Years Ending July 31</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1/ March 1</u>	<u>Total</u>
2024	\$ 940,000	\$ 125,800	\$ 1,065,800
2025	50,000	111,200	161,200
2026	50,000	110,200	160,200
2027	55,000	109,150	164,150
2028	1,725,000	74,100	1,799,100
2029	1,760,000	19,800	1,779,800
2030			
2031			
2032			
	<u>\$ 4,580,000</u>	<u>\$ 550,250</u>	<u>\$ 5,130,250</u>

See accompanying independent auditor's report.



**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2023**

REFUNDING SERIES - 2020

<u>Due During Fiscal Years Ending July 31</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1/ March 1</u>	<u>Total</u>
2024	\$ 680,000	\$ 145,350	\$ 825,350
2025	705,000	124,575	829,575
2026	735,000	99,300	834,300
2027	760,000	77,000	837,000
2028	50,000	68,900	118,900
2029	50,000	67,900	117,900
2030	1,920,000	48,200	1,968,200
2031	1,450,000	14,500	1,464,500
2032			
	<u>\$ 6,350,000</u>	<u>\$ 645,725</u>	<u>\$ 6,995,725</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2023**

S E R I E S - 2 0 2 1			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 90,000	\$ 72,800	\$ 162,800
2025	1,010,000	67,300	1,077,300
2026	1,020,000	57,150	1,077,150
2027	1,040,000	41,650	1,081,650
2028	120,000	30,650	150,650
2029	155,000	29,275	184,275
2030	90,000	27,937	117,937
2031	100,000	26,750	126,750
2032	2,090,000	13,063	2,103,063
	\$ 5,715,000	\$ 366,575	\$ 6,081,575

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2023**

**ANNUAL REQUIREMENTS  
FOR ALL SERIES**

<u>Due During Fiscal Years Ending July 31</u>	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total Principal and Interest Due</u>
2024	\$ 1,710,000	\$ 343,950	\$ 2,053,950
2025	1,765,000	303,075	2,068,075
2026	1,805,000	266,650	2,071,650
2027	1,855,000	227,800	2,082,800
2028	1,895,000	173,650	2,068,650
2029	1,965,000	116,975	2,081,975
2030	2,010,000	76,137	2,086,137
2031	1,550,000	41,250	1,591,250
2032	<u>2,090,000</u>	<u>13,063</u>	<u>2,103,063</u>
	<u>\$ 16,645,000</u>	<u>\$ 1,562,550</u>	<u>\$ 18,207,550</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
CHANGES IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED JULY 31, 2023**

Description	Original Bonds Issued	Bonds Outstanding August 1, 2022
Harris County Water Control and Improvement District No. 110 Unlimited Tax and Revenue Refunding Bonds - Series 2019	\$ 6,450,000	\$ 5,485,000
Harris County Water Control and Improvement District No. 110 Unlimited Tax and Revenue Refunding Bonds - Series 2020	7,275,000	6,730,000
Harris County Water Control and Improvement District No. 110 Unlimited Tax and Revenue Bonds - Series 2021	<u>5,815,000</u>	<u>5,815,000</u>
<b>TOTAL</b>	<u>\$ 19,540,000</u>	<u>\$ 18,030,000</u>

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

Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 55,810,000	\$ 33,000,000
Amount Issued	<u>45,040,000</u>	<u>1,790,000</u>
Remaining to be Issued	<u>\$ 10,770,000</u>	<u>\$ 31,210,000</u>
Debt Service Fund cash and investment balances as of July 31, 2023:	<u>\$ 3,725,720</u>	
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 2,023,061</u>	

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding July 31, 2023</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 905,000	\$ 153,475	\$ 4,580,000	Regions Bank Houston, TX
	380,000	161,250	6,350,000	Regions Bank Houston, TX
	<u>100,000</u>	<u>73,750</u>	<u>5,715,000</u>	Regions Bank Houston, TX
<u>\$ - 0 -</u>	<u>\$ 1,385,000</u>	<u>\$ 388,475</u>	<u>\$ 16,645,000</u>	

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
<b>REVENUES</b>			
Property Taxes	\$ 1,563,184	\$ 1,386,123	\$ 1,371,223
Water Service	876,079	864,424	980,299
Wastewater Service	1,431,925	1,292,972	1,212,376
Water Authority Fees	1,814,738	1,888,568	1,812,137
Recreational Services	188,878	200,999	181,456
Detention Pond Maintenance	109,251	97,749	101,085
Sales Tax Revenues	1,615,699	1,654,107	1,555,008
Penalty and Interest	81,382	88,293	68,574
Tap Connection and Inspection Fees	132,790	160,550	287,048
Storm Related Revenues		18,430	228,077
Investment and Miscellaneous Revenues	434,366	85,717	117,759
Water Authority Credits	251,456	251,456	304,242
<b>TOTAL REVENUES</b>	<b>\$ 8,499,748</b>	<b>\$ 7,989,388</b>	<b>\$ 8,219,284</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 596,576	\$ 289,054	\$ 273,661
Contracted Services	1,740,880	1,562,252	1,494,980
Purchased Wastewater Service	135,115	94,101	92,060
Parks and Recreation	844,378	952,276	873,178
Utilities	247,497	267,752	263,334
Water Authority Assessments	1,798,900	1,885,157	1,920,257
Repairs and Maintenance	1,142,305	828,124	799,531
Other	817,745	648,877	576,311
Capital Outlay	187,384	377,694	273,364
Bond Principal and Interest		793,276	
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,510,780</b>	<b>\$ 7,698,563</b>	<b>\$ 6,566,676</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 988,968</b>	<b>\$ 290,825</b>	<b>\$ 1,652,608</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In(Out)	\$	\$ 286,144	\$
Contributed by Other Governmental Unit		315,682	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ - 0 -</b>	<b>\$ 601,826</b>	<b>\$ - 0 -</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 988,968</b>	<b>\$ 892,651</b>	<b>\$ 1,652,608</b>
<b>BEGINNING FUND BALANCE</b>	<b>7,667,139</b>	<b>6,774,488</b>	<b>5,121,880</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 8,656,107</b>	<b>\$ 7,667,139</b>	<b>\$ 6,774,488</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 1,326,975	\$ 1,263,957	18.3 %	17.3 %	16.8 %	18.9 %	16.3 %
820,198	851,030	10.3	10.8	11.9	11.6	11.0
1,068,387	1,140,369	16.8	16.2	14.8	15.2	14.7
1,590,020	1,407,803	21.4	23.6	22.0	22.5	18.2
130,331	193,354	2.2	2.5	2.2	1.8	2.5
102,661	101,372	1.3	1.2	1.2	1.5	1.3
1,352,857	1,444,437	19.0	20.9	18.9	19.2	18.7
34,463	51,071	1.0	1.1	0.8	0.5	0.7
116,295	174,665	1.6	2.0	3.5	1.6	2.3
100,379	658,809		0.2	2.8	1.4	8.5
157,908	196,000	5.1	1.1	1.4	2.2	2.5
251,455	251,455	3.0	3.1	3.7	3.6	3.3
<u>\$ 7,051,929</u>	<u>\$ 7,734,322</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 306,491	\$ 266,137	7.0 %	3.6 %	3.3 %	4.3 %	3.4 %
1,447,498	1,411,643	20.5	19.6	18.2	20.5	18.3
86,783	92,124	1.6	1.2	1.1	1.2	1.2
1,020,746	1,183,958	9.9	11.9	10.6	14.5	15.3
261,890	253,447	2.9	3.4	3.2	3.7	3.3
1,670,286	1,500,703	21.2	23.6	23.4	23.7	19.4
636,617	717,966	13.4	10.4	9.7	9.0	9.3
644,418	599,594	9.6	8.1	7.0	9.1	7.8
857,165	2,408,545	2.2	4.7	3.3	12.2	31.1
	1,000,000		9.9			12.9
<u>\$ 6,931,894</u>	<u>\$ 9,434,117</u>	<u>88.3 %</u>	<u>96.4 %</u>	<u>79.8 %</u>	<u>98.2 %</u>	<u>122.0 %</u>
<u>\$ 120,035</u>	<u>\$ (1,699,795)</u>	<u>11.7 %</u>	<u>3.6 %</u>	<u>20.2 %</u>	<u>1.8 %</u>	<u>(22.0) %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 120,035	\$ (1,699,795)					
5,001,845	6,701,640					
<u>\$ 5,121,880</u>	<u>\$ 5,001,845</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
<b>REVENUES</b>			
Property Taxes	\$ 1,870,318	\$ 1,941,881	\$ 2,013,254
Penalty and Interest	30,135	30,951	24,658
Investment and Miscellaneous Revenues	160,920	37,455	12,786
<b>TOTAL REVENUES</b>	<b>\$ 2,061,373</b>	<b>\$ 2,010,287</b>	<b>\$ 2,050,698</b>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 89,791	\$ 88,630	\$ 80,545
Debt Service Principal	1,385,000	1,480,000	1,375,000
Debt Service Interest	388,475	413,449	374,994
Bond Issuance Costs			
Payment to Refunding Bond Escrow Agent			
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,863,266</b>	<b>\$ 1,982,079</b>	<b>\$ 1,830,539</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 198,107</b>	<b>\$ 28,208</b>	<b>\$ 220,159</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Issuance of Long-Term Debt	\$	\$	\$
Bond Premiums			
Payment to Refunding Bond Escrow Agent			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 198,107	\$ 28,208	\$ 220,159
<b>BEGINNING FUND BALANCE</b>	3,542,653	3,514,445	3,294,286
<b>ENDING FUND BALANCE</b>	<b>\$ 3,740,760</b>	<b>\$ 3,542,653</b>	<b>\$ 3,514,445</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>2,430</b>	<b>2,429</b>	<b>2,432</b>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>2,344</b>	<b>2,298</b>	<b>2,300</b>

See accompanying independent auditor's report.



		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 2,127,778	\$ 2,107,389	90.7 %	96.6 %	98.2 %	94.7 %	96.8 %
91,885	20,163	1.5	1.5	1.2	4.1	0.9
27,960	49,363	7.8	1.9	0.6	1.2	2.3
<u>\$ 2,247,623</u>	<u>\$ 2,176,915</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 90,974	\$ 84,157	4.4 %	4.4 %	3.9 %	4.0 %	3.9 %
685,000	2,845,000	67.2	73.6	67.1	30.5	130.7
496,478	703,598	18.8	20.6	18.3	22.1	32.3
314,161	258,790				14.0	11.9
95,000					4.2	
<u>\$ 1,681,613</u>	<u>\$ 3,891,545</u>	<u>90.4 %</u>	<u>98.6 %</u>	<u>89.3 %</u>	<u>74.8 %</u>	<u>178.8 %</u>
\$ 566,010	\$ (1,714,630)	<u>9.6 %</u>	<u>1.4 %</u>	<u>10.7 %</u>	<u>25.2 %</u>	<u>(78.8) %</u>
\$ 7,275,000	\$ 6,450,000					
106,755	225,513					
<u>(7,071,130)</u>	<u>(6,417,722)</u>					
<u>\$ 310,625</u>	<u>\$ 257,791</u>					
\$ 876,635	\$ (1,456,839)					
2,417,651	3,874,490					
<u>\$ 3,294,286</u>	<u>\$ 2,417,651</u>					
<u>2,421</u>	<u>2,414</u>					
<u>2,292</u>	<u>2,288</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
JULY 31, 2023**

District Mailing Address - Harris County Water Control and  
Improvement District No. 110  
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP  
1980 Post Oak Blvd., Suite 1380  
Houston, TX 77056

District Telephone Number - (713) 850-9000

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended July 31, 2023	Expense Reimbursements for the year ended July 31, 2023	Title
James N. Williams	05/23 - 05/27 (Elected)	\$ 7,200	\$ -0-	President
Jeannie Perkins	05/21 - 05/25 (Elected)	\$ 7,350	\$ -0-	First Vice President/ Assistant Secretary
Jerry A. Strickland	05/23 05/27 (Elected)	\$ 6,892	\$ -0-	Second Vice President
Venessa Sommer	05/21 - 05/25 (Elected)	\$ 7,034	\$ 842	Secretary
Tom Dowdy	05/23- 05/27 (Elected)	\$ 7,042	\$ -0-	Treasurer/ Investment Officer

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: June 12, 2023

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year. Fees of office in excess of the \$7,200 limit are expected to be reimbursed to the District in the next fiscal year.

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 110  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
JULY 31, 2023**

Consultants	Date Hired	Fees for the year ended July 31, 2023	Title
Sanford Kuhl Hagan Kugle Parker Kahn LLP	01/21/10	\$ 250,564	General Counsel/ Delinquent
	07/01/10	\$ 10,284	Tax Attorney
McCall Gibson Swedlund Barfoot PLLC	07/08/09	\$ 27,500	Auditor
Myrtle Cruz, Inc.	12/96	\$ 68,788	Bookkeeper
Langford Engineering, Inc.	07/76	\$ 533,280	Engineer
Robert W. Baird & Co.	01/15	\$ -0-	Financial Advisor
Mary Jarmon		\$ -0-	Investment Officer
EDP	04/08	\$ 691,225	Former Operator
Municipal Operations and Consulting, Inc.	04/17/23	\$ 189,818	Operator
Equi-Tax, Inc.	01/80	\$ 50,053	Tax Assessor/ Collector

See accompanying independent auditor's report.

