

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

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JULY 31, 2024

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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, 2024, 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, 2024, 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 13, 2024

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2024**

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, 2024. 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, 2024**

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 \$27,597,746 as of July 31, 2024. 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, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following summary of changes in the Statement of Net Position is presented as of July 31, 2024, and July 31, 2023.

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 19,621,910	\$ 21,903,959	\$ (2,282,049)
Capital Assets (Net of Accumulated Depreciation)	<u>28,805,714</u>	<u>24,154,061</u>	<u>4,651,653</u>
Total Assets	<u>\$ 48,427,624</u>	<u>\$ 46,058,020</u>	<u>\$ 2,369,604</u>
Deferred Outflows of Resources	<u>\$ 298,700</u>	<u>\$ 360,342</u>	<u>\$ (61,642)</u>
Bonds Payable	\$ 19,249,975	\$ 16,876,146	\$ (2,373,829)
Other Liabilities	<u>1,878,603</u>	<u>2,266,980</u>	<u>388,377</u>
Total Liabilities	<u>\$ 21,128,578</u>	<u>\$ 19,143,126</u>	<u>\$ (1,985,452)</u>
Net Investment in Capital Assets	\$ 15,745,022	\$ 11,800,317	\$ 3,944,705
Restricted	3,725,851	3,672,764	53,087
Unrestricted	<u>8,126,873</u>	<u>11,802,155</u>	<u>(3,675,282)</u>
Total Net Position	<u>\$ 27,597,746</u>	<u>\$ 27,275,236</u>	<u>\$ 322,510</u>

The following table provides a summary of the District's operations for the years ended July 31, 2024, and July 31, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,803,473	\$ 3,390,255	\$ 413,218
Sales Tax Revenues	1,543,222	1,615,699	(72,477)
Charges for Services	5,039,464	4,636,350	403,114
Other Revenues	<u>1,060,301</u>	<u>926,215</u>	<u>134,086</u>
Total Revenues	<u>\$ 11,446,460</u>	<u>\$ 10,568,519</u>	<u>\$ 877,941</u>
Expenses for Services	<u>11,123,950</u>	<u>8,695,320</u>	<u>(2,428,631)</u>
Change in Net Position	\$ 322,510	\$ 1,873,199	\$ (1,550,690)
Net Position, Beginning of Year	<u>27,275,236</u>	<u>25,402,037</u>	<u>1,873,199</u>
Net Position, End of Year	<u>\$ 27,597,746</u>	<u>\$ 27,275,236</u>	<u>\$ 322,510</u>

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of July 31, 2024, were \$14,804,663, a decrease of \$1,754,264 from the prior year.

The General Fund fund balance decreased by \$3,566,641, primarily due to operating and capital expenditures exceeding service revenues, sales tax revenues, and property tax revenues.

The Debt Service Fund fund balance increased by \$83,854, primarily due to the structure of the District’s outstanding debt.

The Capital Projects Fund fund balance increased by \$1,728,523, due to the sale of the Series 2024 Bonds, a portion of which remained unspent as of fiscal year end.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors approved a budget for the General fund for the current fiscal year. Actual revenues were \$5,902 less than budgeted revenues and actual expenditures were \$2,583,585 more than budgeted expenditures which resulted in a negative variance of \$2,589,487. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of July 31, 2024, total \$28,805,714 (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 sanitary sewer rehabilitation, water well no. 1 improvements, rehabilitation of the Louetta lift station, rehabilitation of the elevated storage tank, rehabilitation of the Hickory Twig lift station, park recreation equipment, land purchase of the Hendricks tracts.

Capital Assets At Year-End			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 9,274,642	\$ 7,147,335	\$ 2,127,307
Construction in Progress	1,638,088	1,063,255	574,833
Capital Assets Subject to Depreciation:			
Buildings and Equipment	2,964,064	2,964,064	
Water and Wastewater Facilities	25,417,327	23,007,256	2,410,071
Detention Facilities	4,218,294	4,146,017	72,277
Recreational Facilities	3,514,983	3,175,370	339,613
Less Accumulated Depreciation	(18,221,684)	(17,349,236)	(872,448)
Total Net Capital Assets	\$ 28,805,714	\$ 24,154,061	\$ 4,651,653

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2024**

LONG-TERM DEBT ACTIVITY

As of July 31, 2024, the District had total bond debt payable of \$19,120,000. The changes in the debt position of the District during the fiscal year ended July 31, 2024, are summarized as follows:

Bond Debt Payable, August 1, 2023	\$ 16,645,000
Add: Bond Sale	4,185,000
Less: Bond Principal Paid	<u>(1,710,000)</u>
Bond Debt Payable, July 31, 2024	<u>\$ 19,120,000</u>

The District carries underlying ratings of “A1”. The District’s bonds also 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, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas 77056.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JULY 31, 2024**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 595,331	\$ 79,987
Investments	4,907,059	3,698,584
Receivables:		
Property Taxes	37,170	53,485
Penalty and Interest on Delinquent Taxes		
Service Accounts	333,693	
Accrued Interest	39,688	
Other	336	
Due from Other Funds	12,229	97,138
Prepaid Costs	286,766	
Due from City of Houston	399,890	
Joint Facilities Operating Advance	27,748	
Water Authority Capital Contribution		
Chloramine Conversion Costs Receivable		
Reclaimed Water Credits Receivable		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 6,639,910	\$ 3,929,194
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,639,910	\$ 3,929,194

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>
\$ 59,682	\$ 735,000	\$	\$ 735,000
6,062,540	14,668,183		14,668,183
	90,655		90,655
		39,714	39,714
	333,693		333,693
	39,688		39,688
	336		336
	109,367	(109,367)	
	286,766		286,766
	399,890		399,890
	27,748		27,748
		2,173,694	2,173,694
		318,892	318,892
		507,651	507,651
		9,274,642	9,274,642
		1,638,088	1,638,088
		17,892,984	17,892,984
<u>\$ 6,122,222</u>	<u>\$ 16,691,326</u>	<u>\$ 31,736,298</u>	<u>\$ 48,427,624</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 298,700</u>	<u>\$ 298,700</u>
<u>\$ 6,122,222</u>	<u>\$ 16,691,326</u>	<u>\$ 32,034,998</u>	<u>\$ 48,726,324</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, 2024**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 548,316	\$ 51,095
Accrued Interest Payable		
Due to Other Funds	97,138	
Security Deposits	867,820	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 1,513,274	\$ 51,095
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 37,170	\$ 53,485
 FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 286,766	\$
Operating Advance	27,748	
Restricted for Authorized Construction		
Restricted for Debt Service		3,824,614
Assigned for 2025 Budgeted Deficit	590,131	
Unassigned	4,184,821	
TOTAL FUND BALANCES	\$ 5,089,466	\$ 3,824,614
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,639,910	\$ 3,929,194
 NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 219,410	\$ 818,821	\$	\$ 818,821
		191,962	191,962
12,229	109,367	(109,367)	
	867,820		867,820
		1,765,000	1,765,000
		17,484,975	17,484,975
<u>\$ 231,639</u>	<u>\$ 1,796,008</u>	<u>\$ 19,332,570</u>	<u>\$ 21,128,578</u>
<u>\$ - 0 -</u>	<u>\$ 90,655</u>	<u>\$ (90,655)</u>	<u>\$ - 0 -</u>
\$	\$ 286,766	\$ (286,766)	\$
	27,748	(27,748)	
5,890,583	5,890,583	(5,890,583)	
	3,824,614	(3,824,614)	
	590,131	(590,131)	
	4,184,821	(4,184,821)	
<u>\$ 5,890,583</u>	<u>\$ 14,804,663</u>	<u>\$ (14,804,663)</u>	<u>\$ - 0 -</u>
<u>\$ 6,122,222</u>	<u>\$ 16,691,326</u>		
		\$ 15,745,022	\$ 15,745,022
		3,725,851	3,725,851
		8,126,873	8,126,873
		<u>\$ 27,597,746</u>	<u>\$ 27,597,746</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, 2024**

Total Fund Balances - Governmental Funds \$ 14,804,663

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. 3,000,237

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. 298,700

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 28,805,714

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District. 130,369

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	\$ (191,962)	
Bonds Payable	<u>(19,249,975)</u>	<u>(19,441,937)</u>
Total Net Position - Governmental Activities		<u>\$ 27,597,746</u>

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, 2024**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,778,376	\$ 2,015,417
Water Service	955,644	
Wastewater Service	1,525,106	
Water Authority Fees	1,713,944	
Recreational Services	192,463	
Detention Pond Maintenance	101,878	
Sales Tax Revenues	1,543,222	
Penalty and Interest	91,276	31,895
Connection and Inspection Fees	424,001	
Storm Related Revenues	38,675	
Investment and Miscellaneous Revenues	405,513	218,684
Water Authority Credits	251,456	
TOTAL REVENUES	\$ 9,021,554	\$ 2,265,996
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 538,211	\$ 9,514
Contracted Services	1,987,674	83,213
Purchased Wastewater Service	119,260	
Parks and Recreation	954,429	
Utilities	290,271	
Water Authority Assessments	1,616,696	
Repairs and Maintenance	2,831,604	
Depreciation		
Other	1,034,259	35,465
Capital Outlay	3,215,791	
Debt Service:		
Bond Issuance Costs		
Bond Principal		1,710,000
Bond Interest		343,950
TOTAL EXPENDITURES/EXPENSES	\$ 12,588,195	\$ 2,182,142
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ (3,566,641)	\$ 83,854

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,793,793	\$ 9,680	\$ 3,803,473
	955,644		955,644
	1,525,106		1,525,106
	1,713,944		1,713,944
	192,463		192,463
	101,878		101,878
	1,543,222		1,543,222
	123,171	3,257	126,428
	424,001		424,001
	38,675		38,675
259,981	884,178		884,178
	251,456	(114,008)	137,448
<u>\$ 259,981</u>	<u>\$ 11,547,531</u>	<u>\$ (101,071)</u>	<u>\$ 11,446,460</u>
\$ 2,834	\$ 550,559	\$	\$ 550,559
	2,070,887		2,070,887
	119,260		119,260
	954,429		954,429
	290,271		290,271
	1,616,696		1,616,696
39,790	2,871,394		2,871,394
		872,448	872,448
4,322	1,074,046		1,074,046
2,308,310	5,524,101	(5,524,101)	
297,829	297,829		297,829
	1,710,000	(1,710,000)	
	343,950	62,181	406,131
<u>\$ 2,653,085</u>	<u>\$ 17,423,422</u>	<u>\$ (6,299,472)</u>	<u>\$ 11,123,950</u>
<u>\$ (2,393,104)</u>	<u>\$ (5,875,891)</u>	<u>\$ 6,198,401</u>	<u>\$ 322,510</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 ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JULY 31, 2024**

	General Fund	Debt Service Fund
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	\$	\$
Bond Discount		
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCES	\$ (3,566,641)	\$ 83,854
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - AUGUST 1, 2023	8,656,107	3,740,760
FUND BALANCES/NET POSITION - JULY 31, 2024	\$ 5,089,466	\$ 3,824,614

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 Activities</u>
\$ 4,185,000	\$ 4,185,000	\$ (4,185,000)	\$
<u>(63,373)</u>	<u>(63,373)</u>	<u>63,373</u>	<u> </u>
\$ 4,121,627	\$ 4,121,627	\$ (4,121,627)	\$ -0-
<u>1,728,523</u>	<u>(1,754,264)</u>	<u>1,754,264</u>	<u> </u>
<u>4,162,060</u>	<u>16,558,927</u>	<u>322,510</u>	<u>322,510</u>
<u>5,890,583</u>	<u>14,804,663</u>	<u>10,716,309</u>	<u>27,275,236</u>
<u>\$ 5,890,583</u>	<u>\$ 14,804,663</u>	<u>\$ 12,793,083</u>	<u>\$ 27,597,746</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, 2024**

Net Change in Fund Balances - Governmental Funds \$ (1,754,264)

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. 9,680

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. 3,257

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. (114,008)

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. (872,448)

Governmental funds report capital outlay 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. 5,524,101

Governmental funds report bond premiums and bond discounts as other financing sources and uses, respectively. However, in the Statement of Net Position, bond premiums and bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. 63,373

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. 1,710,000

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. (62,181)

Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position. (4,185,000)

Change in Net Position - Governmental Activities \$ 322,510

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, 2024**

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, 2024**

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, 2024**

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, 2024, the General Fund owed the Debt Service Fund \$97,138 for the over transfer of maintenance tax collections.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024**

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 not 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 \$14,572 and the District matched those contributions.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024**

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 \$590,131 of its General Fund fund balance for a budgeted deficit in the fiscal year ending July 31, 2025.

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, 2024**

NOTE 3. LONG-TERM DEBT

	Refunding Series 2019	Refunding Series 2020	Series 2021	Series 2024
Amounts Outstanding – July 31, 2024	\$ 3,640,000	\$ 5,670,000	\$ 5,625,000	\$ 4,185,000
Interest Rates	2.00% - 4.00%	2.00% - 4.00%	1.00% - 2.00%	3.00% - 3.125%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2028	September 1, 2024/2030	September 1, 2024/2031	September 1, 2032/2035
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2025*	September 1, 2026*	September 1, 2029*

* 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, 2024:

	August 1, 2023	Additions	Retirements	July 31, 2024
Bonds Payable	\$ 16,645,000	\$ 4,185,000	\$ 1,710,000	\$ 19,120,000
Unamortized Discounts	(44,739)	(63,373)	(8,043)	(100,069)
Unamortized Premiums	275,885		45,841	230,044
Bonds Payable, Net	<u>\$ 16,876,146</u>	<u>\$ 4,121,627</u>	<u>\$ 1,747,798</u>	<u>\$ 19,249,975</u>
		Amount Due Within One Year		\$ 1,765,000
		Amount Due After One Year		<u>17,484,975</u>
		Bonds Payable, Net		<u>\$ 19,249,975</u>

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024**

NOTE 3. LONG-TERM DEBT (Continued)

The District has authorized but unissued bonds in the amount of \$6,585,000 for utility facilities, and \$31,210,000 for refunding purposes. At an election held on November 5, 2024, subsequent to year end, District voters approved the issuance of an additional \$34,950,000 in utility bonds, \$34,950,000 in utility refunding bonds, \$10,550,000 in parks and recreational facilities bonds, and \$10,550,000 in parks and recreational facilities refunding bonds.

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, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 1,765,000	\$ 437,058	\$ 2,202,058
2026	1,805,000	394,931	2,199,931
2027	1,855,000	356,081	2,211,081
2028	1,895,000	301,931	2,196,931
2029	1,965,000	245,256	2,210,256
2030-2034	7,650,000	712,455	8,362,455
2035-2036	2,185,000	68,986	2,253,986
	<u>\$ 19,120,000</u>	<u>\$ 2,516,698</u>	<u>\$ 21,636,698</u>

During the year ended July 31, 2024, the District levied an ad valorem debt service tax rate of \$0.17 per \$100 of assessed valuation, which resulted in a tax levy of \$2,040,583 on the adjusted taxable valuation of \$1,200,343,125 for the 2023 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, 2024**

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 \$1,942,331 and the bank balance was \$2,243,644. The District was not exposed to custodial credit risk at year-end. The carrying values of the deposits at July 31, 2024, are listed below:

	Cash	Certificates of Deposit	Total
	<u> </u>	<u> </u>	<u> </u>
GENERAL FUND	\$ 595,331	\$ 1,207,331	\$ 1,802,662
DEBT SERVICE FUND	79,987		79,987
CAPITAL PROJECTS FUND	<u>59,682</u>		<u>59,682</u>
TOTAL DEPOSITS	<u>\$ 735,000</u>	<u>\$ 1,207,331</u>	<u>\$ 1,942,331</u>

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024**

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 Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

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, 2024**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Certificates of deposit are recorded at acquisition cost.

As of July 31, 2024, 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	\$ 3,697,851	\$ 3,697,851
TexSTAR	1,877	1,877
Certificates of Deposit	1,207,331	1,207,331
<u>DEBT SERVICE FUND</u>		
TexPool	3,698,584	3,698,584
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	6,062,540	6,062,540
TOTAL INVESTMENTS	<u>\$ 14,668,183</u>	<u>\$ 14,668,183</u>

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 or those which are collateralized.

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, 2024**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

	August 1, 2023	Increases	Decreases	July 31, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 7,147,335	\$ 2,127,307	\$	\$ 9,274,642
Construction in Progress	<u>1,063,255</u>	<u>3,396,794</u>	<u>2,821,961</u>	<u>1,638,088</u>
Total Capital Assets Not Being Depreciated	<u>\$ 8,210,590</u>	<u>\$ 5,524,101</u>	<u>\$ 2,821,961</u>	<u>\$ 10,912,730</u>
Capital Assets Subject to Depreciation				
Buildings and Equipment	\$ 2,964,064	\$	\$	\$ 2,964,064
Water and Wastewater Facilities	23,007,256	2,410,071		25,417,327
Detention Facilities	4,146,017	72,277		4,218,294
Recreational Facilities	<u>3,175,370</u>	<u>339,613</u>		<u>3,514,983</u>
Total Capital Assets Subject to Depreciation	<u>\$ 33,292,707</u>	<u>\$ 2,821,961</u>	<u>\$ - 0 -</u>	<u>\$ 36,114,668</u>
Less Accumulated Depreciation				
Buildings and Equipment	\$ 1,023,450	\$ 86,573	\$	\$ 1,110,023
Water and Wastewater Facilities	13,696,932	576,228		14,273,160
Detention Facilities	303,690	93,892		397,582
Recreational Facilities	<u>2,325,164</u>	<u>115,755</u>		<u>2,440,919</u>
Total Accumulated Depreciation	<u>\$ 17,349,236</u>	<u>\$ 872,448</u>	<u>\$ - 0 -</u>	<u>\$ 18,221,684</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,943,471</u>	<u>\$ 1,949,513</u>	<u>\$ - 0 -</u>	<u>\$ 17,892,984</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 24,154,061</u>	<u>\$ 7,473,614</u>	<u>\$ 2,821,961</u>	<u>\$ 28,805,714</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, 2024, the District levied an ad valorem maintenance tax rate of \$0.15 per \$100 of assessed valuation, which resulted in a tax levy of \$1,800,515 on the adjusted taxable valuation of \$1,200,343,125 for the 2023 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, 2024**

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 75th 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, 2024**

**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 \$3.60 per 1,000 gallons of water pumped from each well and \$4.05 per 1,000 gallons for purchased surface water. The District paid the Authority \$1,616,696 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 3rd quarter 2009 Authority billing. Total credits received in the current fiscal year were \$220,560, of which \$98,422 was principal.

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

Fiscal Year	Principal	Interest	Total
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	127,877	92,683	220,560
2030-2034	750,189	352,611	1,102,800
2035-2039	846,110	128,031	974,141
	<u>\$ 2,173,694</u>	<u>\$ 1,006,047</u>	<u>\$ 3,179,741</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 \$11,626 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, 2024**

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

Chloramine Conversion Reimbursement (Continued)

Fiscal Year	Principal	Interest	Total
2025	\$ 11,761	\$ 19,134	\$ 30,895
2026	12,467	18,428	30,895
2027	13,215	17,680	30,895
2028	14,008	16,887	30,895
2029	14,848	16,047	30,895
2030-2034	88,722	65,753	154,475
2035-2039	118,731	35,744	154,475
2040-2041	45,140	3,639	48,779
	<u>\$ 318,892</u>	<u>\$ 193,312</u>	<u>\$ 512,204</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 \$73,004, of which \$5,398 was received in the current fiscal year. Reclaimed water credits receivable at year end was \$507,651.

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, 2024, the District received sales tax revenues of \$1,543,222 and recorded a receivable of \$399,890 for uncollected sales tax revenues.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2024**

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, 2024, the District incurred costs of \$119,260 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, 2023, as reflected in District No. 249's financial statements, is as follows:

Total Assets	\$ <u>162,082</u>
Total Liabilities	\$ 59,312
Total Fund Balance	<u>102,770</u>
Total Liabilities and Fund Balance	<u>\$ 162,082</u>
Total Revenues	\$ 572,047
Total Expenditures	<u>572,047</u>
Net Change in Fund Balance	\$ -0-
Other Financing Sources – Increase In Operating Reserve	22,024
Fund Balance, Beginning of Year	<u>80,746</u>
Fund Balance, End of Year	<u>\$ 102,770</u>

NOTE 13. BOND SALE AND SUBSEQUENT EVENT

On February 15, 2024, the District closed on the sale of its \$4,185,000 Series 2024 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds. Proceeds of the bonds are being used to finance the rehabilitation of water and wastewater facilities owned by the District. Additional proceeds were used to pay for issuance costs of the bonds.

During the fourth quarter of 2024, the District anticipates closing on the sale of its \$1,825,000 Series 2024A Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds. Proceeds of the bonds will be used to reimburse the General Fund for the replacement of District residential meters and an engineering study for a regional detention pond. Additional proceeds were used to pay for issuance costs of the bonds.

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

REQUIRED SUPPLEMENTARY INFORMATION

JULY 31, 2024

**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, 2024**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,750,000	\$ 1,778,376	\$ 28,376
Water Service	1,125,000	955,644	(169,356)
Wastewater Service	1,350,000	1,525,106	175,106
Water Authority Fees	1,900,000	1,713,944	(186,056)
Recreational Services	180,000	192,463	12,463
Detention Pond Maintenance	125,000	101,878	(23,122)
Sales Tax Revenues	1,695,000	1,543,222	(151,778)
Penalty and Interest	60,000	91,276	31,276
Connection and Inspection Fees	175,000	424,001	249,001
Investment and Miscellaneous Revenues	416,000	444,188	28,188
Water Authority Credits	251,456	251,456	
TOTAL REVENUES	\$ 9,027,456	\$ 9,021,554	\$ (5,902)
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 416,000	\$ 538,211	\$ (122,211)
Contracted Services	1,801,000	1,987,674	(186,674)
Purchased Wastewater Service	120,000	119,260	740
Parks and Recreation	960,335	954,429	5,906
Utilities	250,000	290,271	(40,271)
Water Authority Assessments	1,830,000	1,616,696	213,304
Repairs, Maintenance, Capital Outlay	3,848,775	6,047,395	(2,198,620)
Other	778,500	1,034,259	(255,759)
TOTAL EXPENDITURES	\$ 10,004,610	\$ 12,588,195	\$ (2,583,585)
NET CHANGE IN FUND BALANCE	\$ (977,154)	\$ (3,566,641)	\$ (2,589,487)
FUND BALANCE - AUGUST 1, 2023	8,656,107	8,656,107	
FUND BALANCE - JULY 31, 2024	\$ 7,678,953	\$ 5,089,466	\$ (2,589,487)

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, 2024

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2024**

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 September 13, 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		\$4.31 per 1,000 gallons used			

District employs winter averaging for wastewater usage?

_____	_____
Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$12.00 Wastewater: \$36.00 Surcharge: \$43.10

See accompanying independent auditor’s report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2024**

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"	2,039	2,014	x 1.0	2,014
1"	283	279	x 2.5	698
1½"	47	46	x 5.0	230
2"	74	73	x 8.0	584
3"	3	2	x 15.0	30
4"	3	3	x 25.0	75
6"	7	7	x 50.0	350
8"	5	5	x 80.0	400
10"			x 115.0	
Total Water Connections	<u>2,461</u>	<u>2,429</u>		<u>4,381</u>
Total Wastewater Connections	<u>2,334</u>	<u>2,308</u>	x 1.0	<u>2,308</u>

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

Gallons pumped into system:	197,013,000	Water Accountability Ratio: 95 % (Gallons billed and maintenance/ Gallons pumped and purchased)
Gallons billed to customers:	403,079,000	
Gallons purchased:	226,944,000	From: North Harris County Regional Water Authority
Leaks and flushing:	1,180,000	

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2024**

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

Does the District have Debt Service standby fees? Yes ___ No X

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely X 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 X

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JULY 31, 2024**

PROFESSIONAL FEES:	
Auditing	\$ 29,500
Engineering	301,385
Legal	<u>207,326</u>
TOTAL PROFESSIONAL FEES	<u>\$ 538,211</u>
PURCHASED WASTEWATER SERVICE	<u>\$ 119,260</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 61,275
Operations and Billing	257,136
Solid Waste Disposal	573,500
Security	<u>1,095,763</u>
TOTAL CONTRACTED SERVICES	<u>\$ 1,987,674</u>
UTILITIES	<u>\$ 290,271</u>
REPAIRS AND MAINTENANCE	<u>\$ 2,831,604</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 36,194
Insurance	207,767
Office Supplies and Postage	80,192
IT costs, Consulting, Meetings, and Other	<u>98,491</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 422,644</u>
CAPITAL OUTLAY	<u>\$ 3,215,791</u>
PARKS AND RECREATION	<u>\$ 954,429</u>
OTHER EXPENDITURES:	
Chemicals	\$ 138,606
Laboratory Fees	97,133
Permit Fees	15,330
Connection and Inspection Fees	115,538
Water Authority Assessments	1,616,696
Regulatory Assessment	11,882
Sludge Hauling	<u>233,126</u>
TOTAL OTHER EXPENDITURES	<u>\$ 2,228,311</u>
TOTAL EXPENDITURES	<u><u>\$ 12,588,195</u></u>

Number of persons employed by the District 10 Full-Time 20 Part-Time

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
INVESTMENTS
JULY 31, 2024**

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	\$ 3,697,851	\$
TexSTAR	XXXX2220	Varies	Daily	1,877	
Certificate of Deposit	XXXX7799	5.26%	09/23/24	235,949	4,420
Certificate of Deposit	XXXX3774	5.40%	09/28/24	500,000	22,710
Certificate of Deposit	XXXX4982	5.54%	09/23/24	230,000	10,892
Certificate of Deposit	XXXX2164	5.25%	12/12/24	<u>241,382</u>	<u>1,666</u>
TOTAL GENERAL FUND				<u>\$ 4,907,059</u>	<u>\$ 39,688</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	<u>\$ 3,698,584</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX4440	Varies	Daily	<u>\$ 6,062,540</u>	<u>\$ -0-</u>
TOTAL				<u>\$ 14,668,183</u>	<u>\$ 39,688</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, 2024**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
AUGUST 1, 2023	\$	31,803	\$	49,172
Adjustments to Beginning				
Balance		<u>(16,772)</u>	\$	<u>(20,853)</u>
Original 2023 Tax Levy	\$	1,800,515	\$	2,040,583
Adjustment to 2023 Tax Levy		<u>1,800,515</u>		<u>2,040,583</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,815,546		\$ 2,068,902
 TAX COLLECTIONS:				
Prior Years	\$	(1,287)	\$	(1,534)
Current Year		<u>1,779,663</u>		<u>2,016,951</u>
 TAXES RECEIVABLE -				
JULY 31, 2024		<u>\$ 37,170</u>		<u>\$ 53,485</u>
 TAXES RECEIVABLE BY YEAR:				
2023	\$	20,852	\$	23,632
2022		3,501		4,201
2021		2,195		3,073
2020		1,615		2,368
2019		1,070		1,712
2018		687		1,145
2017		556		1,038
2016		434		809
2015		658		1,272
2014		677		1,400
2013 and Prior		<u>4,925</u>		<u>12,835</u>
TOTAL		<u>\$ 37,170</u>		<u>\$ 53,485</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, 2024**

	2023	2022	2021	2020
PROPERTY VALUATIONS:				
Land	\$ 375,699,466	\$ 319,255,063	\$ 244,433,221	\$ 246,618,255
Improvements	996,368,744	841,915,092	715,962,603	692,534,421
Personal Property	109,863,016	158,695,343	145,695,382	155,981,205
Exemptions	<u>(281,588,101)</u>	<u>(253,771,108)</u>	<u>(174,808,550)</u>	<u>(173,105,638)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 1,200,343,125</u>	<u>\$ 1,066,094,390</u>	<u>\$ 931,282,656</u>	<u>\$ 922,028,243</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.17	\$ 0.18	\$ 0.21	\$ 0.22
Maintenance	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.32</u>	<u>\$ 0.33</u>	<u>\$ 0.36</u>	<u>\$ 0.37</u>
ADJUSTED TAX LEVY*	<u>\$ 3,841,098</u>	<u>\$ 3,518,112</u>	<u>\$ 3,352,619</u>	<u>\$ 3,411,580</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED				
	<u>98.84 %</u>	<u>99.78 %</u>	<u>99.84 %</u>	<u>99.88 %</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, 2024**

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>
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			
2033			
2034			
2035			
2036			
	<u>\$ 3,640,000</u>	<u>\$ 424,450</u>	<u>\$ 4,064,450</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2024**

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>
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			
2033			
2034			
2035			
2036			
	<u>\$ 5,670,000</u>	<u>\$ 500,375</u>	<u>\$ 6,170,375</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2024**

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
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
2033			
2034			
2035			
2036			
	<u>\$ 5,625,000</u>	<u>\$ 293,775</u>	<u>\$ 5,918,775</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2024**

S E R I E S - 2 0 2 4

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$	\$ 133,983	\$ 133,983
2026		128,281	128,281
2027		128,281	128,281
2028		128,281	128,281
2029		128,281	128,281
2030		128,281	128,281
2031		128,281	128,281
2032		128,281	128,281
2033	980,000	113,581	1,093,581
2034	1,020,000	83,581	1,103,581
2035	1,070,000	51,563	1,121,563
2036	1,115,000	17,423	1,132,423
	<u>\$ 4,185,000</u>	<u>\$ 1,298,098</u>	<u>\$ 5,483,098</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2024**

**ANNUAL REQUIREMENTS
FOR ALL SERIES**

Due During Fiscal Years Ending July 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 1,765,000	\$ 437,058	\$ 2,202,058
2026	1,805,000	394,931	2,199,931
2027	1,855,000	356,081	2,211,081
2028	1,895,000	301,931	2,196,931
2029	1,965,000	245,256	2,210,256
2030	2,010,000	204,418	2,214,418
2031	1,550,000	169,531	1,719,531
2032	2,090,000	141,344	2,231,344
2033	980,000	113,581	1,093,581
2034	1,020,000	83,581	1,103,581
2035	1,070,000	51,563	1,121,563
2036	1,115,000	17,423	1,132,423
	<u>\$ 19,120,000</u>	<u>\$ 2,516,698</u>	<u>\$ 21,636,698</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JULY 31, 2024**

Description	Original Bonds Issued	Bonds Outstanding August 1, 2023
Harris County Water Control and Improvement District No. 110 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2019	\$ 6,450,000	\$ 4,580,000
Harris County Water Control and Improvement District No. 110 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2020	7,275,000	6,350,000
Harris County Water Control and Improvement District No. 110 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2021	5,815,000	5,715,000
Harris County Water Control and Improvement District No. 110 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2024	<u>4,185,000</u>	
TOTAL	<u>\$ 23,725,000</u>	<u>\$ 16,645,000</u>

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

Bond Authority:	Utility Bonds	Refunding Bonds
Amount Authorized by Voters	\$ 55,810,000	\$ 33,000,000
Amount Issued	<u>49,225,000</u>	<u>1,790,000</u>
Remaining to be Issued	<u>\$ 6,585,000</u>	<u>\$ 31,210,000</u>
Debt Service Fund cash and investment balances at year end:		<u>\$ 3,778,571</u>
Average annual debt service payment for remaining term of all debt:		<u>\$ 1,803,058</u>

Note: At an election held on November 5, 2024, subsequent to year end, District voters approved the issuance of an additional \$34,950,000 in utility bonds, \$34,950,000 in utility refunding bonds, \$10,550,000 in parks and recreational facilities bonds, and \$10,550,000 in parks and recreational facilities refunding bonds.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding July 31, 2024</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 940,000	\$ 125,800	\$ 3,640,000	Regions Bank Houston, TX
	680,000	145,350	5,670,000	Regions Bank Houston, TX
	90,000	72,800	5,625,000	Regions Bank Houston, TX
<u>4,185,000</u>			<u>4,185,000</u>	BOK Financial, NA Dallas, TX
<u>\$ 4,185,000</u>	<u>\$ 1,710,000</u>	<u>\$ 343,950</u>	<u>\$ 19,120,000</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		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 1,778,376	\$ 1,563,184	\$ 1,386,123
Water Service	955,644	876,079	864,424
Wastewater Service	1,525,106	1,431,925	1,292,972
Water Authority Fees	1,713,944	1,814,738	1,888,568
Recreational Services	192,463	188,878	200,999
Detention Pond Maintenance	101,878	109,251	97,749
Sales Tax Revenues	1,543,222	1,615,699	1,654,107
Penalty and Interest	91,276	81,382	88,293
Connection and Inspection Fees	424,001	132,790	160,550
Storm Related Revenues	38,675		18,430
Investment and Miscellaneous Revenues	405,513	434,366	85,717
Water Authority Credits	251,456	251,456	251,456
TOTAL REVENUES	\$ 9,021,554	\$ 8,499,748	\$ 7,989,388
EXPENDITURES			
Professional Fees	\$ 538,211	\$ 596,576	\$ 289,054
Contracted Services	1,987,674	1,740,880	1,562,252
Purchased Wastewater Service	119,260	135,115	94,101
Parks and Recreation	954,429	844,378	952,276
Utilities	290,271	247,497	267,752
Water Authority Assessments	1,616,696	1,798,900	1,885,157
Repairs and Maintenance	2,831,604	1,142,305	828,124
Other	1,034,259	817,745	648,877
Capital Outlay	3,215,791	187,384	377,694
Bond Principal and Interest			793,276
TOTAL EXPENDITURES	\$ 12,588,195	\$ 7,510,780	\$ 7,698,563
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (3,566,641)	\$ 988,968	\$ 290,825
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$	\$	\$ 286,144
Contributed by Other Governmental Unit			315,682
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ - 0 -	\$ 601,826
NET CHANGE IN FUND BALANCE	\$ (3,566,641)	\$ 988,968	\$ 892,651
BEGINNING FUND BALANCE	8,656,107	7,667,139	6,774,488
ENDING FUND BALANCE	\$ 5,089,466	\$ 8,656,107	\$ 7,667,139

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 1,371,223	\$ 1,326,975	19.8 %	18.3 %	17.3 %	16.8 %	18.9 %
980,299	820,198	10.6	10.3	10.8	11.9	11.6
1,212,376	1,068,387	16.9	16.8	16.2	14.8	15.2
1,812,137	1,590,020	19.0	21.4	23.6	22.0	22.5
181,456	130,331	2.1	2.2	2.5	2.2	1.8
101,085	102,661	1.1	1.3	1.2	1.2	1.5
1,555,008	1,352,857	17.1	19.0	20.9	18.9	19.2
68,574	34,463	1.0	1.0	1.1	0.8	0.5
287,048	116,295	4.7	1.6	2.0	3.5	1.6
228,077	100,379	0.4		0.2	2.8	1.4
117,759	157,908	4.5	5.1	1.1	1.4	2.2
304,242	251,455	2.8	3.0	3.1	3.7	3.6
<u>\$ 8,219,284</u>	<u>\$ 7,051,929</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 273,661	\$ 306,491	6.0 %	7.0 %	3.6 %	3.3 %	4.3 %
1,494,980	1,447,498	22.0	20.5	19.6	18.2	20.5
92,060	86,783	1.3	1.6	1.2	1.1	1.2
873,178	1,020,746	10.6	9.9	11.9	10.6	14.5
263,334	261,890	3.2	2.9	3.4	3.2	3.7
1,920,257	1,670,286	17.9	21.2	23.6	23.4	23.7
799,531	636,617	31.4	13.4	10.4	9.7	9.0
576,311	644,418	11.5	9.6	8.1	7.0	9.1
273,364	857,165	35.6	2.2	4.7	3.3	12.2
				9.9		
<u>\$ 6,566,676</u>	<u>\$ 6,931,894</u>	<u>139.5 %</u>	<u>88.3 %</u>	<u>96.4 %</u>	<u>79.8 %</u>	<u>98.2 %</u>
<u>\$ 1,652,608</u>	<u>\$ 120,035</u>	<u>(39.5) %</u>	<u>11.7 %</u>	<u>3.6 %</u>	<u>20.2 %</u>	<u>1.8 %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 1,652,608	\$ 120,035					
5,121,880	5,001,845					
<u>\$ 6,774,488</u>	<u>\$ 5,121,880</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		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 2,015,417	\$ 1,870,318	\$ 1,941,881
Penalty and Interest	31,895	30,135	30,951
Investment and Miscellaneous Revenues	218,684	160,920	37,455
TOTAL REVENUES	\$ 2,265,996	\$ 2,061,373	\$ 2,010,287
EXPENDITURES			
Tax Collection Expenditures	\$ 128,192	\$ 89,791	\$ 88,630
Debt Service Principal	1,710,000	1,385,000	1,480,000
Debt Service Interest	343,950	388,475	413,449
Bond Issuance Costs			
Payment to Refunding Bond Escrow Agent			
TOTAL EXPENDITURES	\$ 2,182,142	\$ 1,863,266	\$ 1,982,079
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 83,854	\$ 198,107	\$ 28,208
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	\$	\$	\$
Bond Premiums			
Payment to Refunding Bond Escrow Agent			
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 83,854	\$ 198,107	\$ 28,208
BEGINNING FUND BALANCE	3,740,760	3,542,653	3,514,445
ENDING FUND BALANCE	\$ 3,824,614	\$ 3,740,760	\$ 3,542,653
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,429	2,430	2,429
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,308	2,344	2,298

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 2,013,254	\$ 2,127,778	88.9 %	90.7 %	96.6 %	98.2 %	94.7 %
24,658	91,885	1.4	1.5	1.5	1.2	4.1
12,786	27,960	9.7	7.8	1.9	0.6	1.2
<u>\$ 2,050,698</u>	<u>\$ 2,247,623</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 80,545	\$ 90,974	5.7 %	4.4 %	4.4 %	3.9 %	4.0 %
1,375,000	685,000	75.5	67.2	73.6	67.1	30.5
374,994	496,478	15.2	18.8	20.6	18.3	22.1
	314,161					14.0
	95,000					4.2
<u>\$ 1,830,539</u>	<u>\$ 1,681,613</u>	<u>96.4 %</u>	<u>90.4 %</u>	<u>98.6 %</u>	<u>89.3 %</u>	<u>74.8 %</u>
\$ 220,159	\$ 566,010	<u>3.6 %</u>	<u>9.6 %</u>	<u>1.4 %</u>	<u>10.7 %</u>	<u>25.2 %</u>
\$	\$ 7,275,000					
	106,755					
	(7,071,130)					
<u>\$ - 0 -</u>	<u>\$ 310,625</u>					
\$ 220,159	\$ 876,635					
3,294,286	2,417,651					
<u>\$ 3,514,445</u>	<u>\$ 3,294,286</u>					
<u>2,432</u>	<u>2,421</u>					
<u>2,300</u>	<u>2,292</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2024**

District Mailing Address - Harris County Water Control and
Improvement District No. 110
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP
1330 Post Oak Boulevard, Suite 2650,
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, 2024	Expense Reimbursements for the year ended July 31, 2024	Title
James N. Williams	05/23 - 05/27 (Elected)	\$ 7,200	\$ -0-	President
Jeannie Perkins	05/21 - 05/25 (Elected)	\$ 6,090	\$ 10	First Vice President/ Assistant Secretary
Jerry A. Strickland	05/23 - 05/27 (Elected)	\$ 6,281	\$ 108	Second Vice President
Venessa Sommer	05/21 - 05/25 (Elected)	\$ 7,200	\$ -0-	Secretary
Tom Dowdy	05/23- 05/27 (Elected)	\$ 7,200	\$ -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, 2024**

Consultants	Date Hired	Fees for the year ended July 31, 2024	Title
Sanford Kuhl Hagan Kugle Parker Kahn LLP	01/21/10	\$ 209,019	General Counsel/ Delinquent
	07/01/10	\$ 9,514	Tax Attorney
		\$ 107,358	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	07/08/09	\$ 29,500	Auditor
		\$ 2,500	Bond Related
Myrtle Cruz, Inc.	12/96	\$ 61,210	Bookkeeper
		\$ 3,500	Bond Related
Langford Engineering, Inc.	07/76	\$ 544,024	Engineer
Robert W. Baird & Co.	01/15	\$ 85,553	Financial Advisor
Mary Jarmon		\$ -0-	Investment Officer
Municipal Operations and Consulting, Inc.	04/17/23	\$ 1,365,331	Operator
Equi-Tax, Inc.	01/80	\$ 54,237	Tax Assessor/ Collector

See accompanying independent auditor's report.

