

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

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JULY 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

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, 2021, 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.

Other Matters

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, 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.

Other 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 any 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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

December 8, 2021

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2021**

Management’s discussion and analysis of the financial performance 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, 2021. 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, if applicable, deferred inflows and 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, 2021**

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 or resources exceeded liabilities by \$23,246,108 as of July 31, 2021. A portion of the District’s net position reflects its net investment in capital assets (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, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following summary of changes in the Statement of Net Position is presented as of July 31, 2021, and July 31, 2020.

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 20,734,820	\$ 13,418,475	\$ 7,316,345
Capital Assets (Net of Accumulated Depreciation)	<u>24,247,012</u>	<u>24,922,021</u>	<u>(675,009)</u>
Total Assets	<u>\$ 44,981,832</u>	<u>\$ 38,340,496</u>	<u>\$ 6,641,336</u>
Deferred Outflows of Resources	\$ 483,289	\$ 544,762	\$ (61,473)
Bonds Payable	\$ 20,586,352	\$ 16,138,492	\$ (4,447,860)
Other Liabilities	<u>1,632,661</u>	<u>1,480,966</u>	<u>(151,695)</u>
Total Liabilities	<u>\$ 22,219,013</u>	<u>\$ 17,619,458</u>	<u>\$ (4,599,555)</u>
Net Investment in Capital Assets	\$ 9,605,661	\$ 9,328,291	\$ 277,370
Restricted	3,490,288	3,296,271	194,017
Unrestricted	<u>10,150,159</u>	<u>8,641,238</u>	<u>1,508,921</u>
Total Net Position	<u>\$ 23,246,108</u>	<u>\$ 21,265,800</u>	<u>\$ 1,980,308</u>

The following table provides a summary of the District's operations for the years ended July 31, 2021, and July 31, 2020.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,387,435	\$ 3,386,469	\$ 966
Sales Tax Revenues	1,555,008	1,352,857	202,151
Charges for Services	4,674,033	3,932,987	741,046
Other Revenues	<u>516,664</u>	<u>449,090</u>	<u>67,574</u>
Total Revenues	\$ 10,133,140	\$ 9,121,403	\$ 1,011,737
Expenses for Services	<u>8,152,832</u>	<u>7,960,482</u>	<u>(192,350)</u>
Change in Net Position	\$ 1,980,308	\$ 1,160,921	\$ 819,387
Net Position, Beginning of Year	<u>21,265,800</u>	<u>20,104,879</u>	<u>1,160,921</u>
Net Position, End of Year	<u>\$ 23,246,108</u>	<u>\$ 21,265,800</u>	<u>\$ 1,980,308</u>

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of July 31, 2021, were \$15,750,645, an increase of \$7,334,479 from the prior year.

The General Fund fund balance increased by \$1,652,608, 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 \$220,159, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$5,461,712, due to the sale of the Series 2021 Bonds (see Note 14).

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$1,385,828 more than budgeted revenues and actual expenditures were \$524,076 more than budgeted expenditures which resulted in a positive variance of \$861,752. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of July 31, 2021, total \$24,247,012 (net of accumulated depreciation) and include the park and recreational facilities, land, buildings, equipment, water and wastewater facilities, and detention facilities. Current year activity included the purchase of equipment as well as rehabilitation and additions to existing facilities.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 7,147,335	\$ 7,147,335	\$
Construction in Progress	216,149	150,152	65,997
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Equipment	2,143,845	2,275,246	(131,401)
Water and Wastewater Facilities	10,163,661	10,591,614	(427,953)
Detention Facilities	3,598,421	3,681,182	(82,761)
Recreational Facilities	977,601	1,076,492	(98,891)
Total Net Capital Assets	<u>\$ 24,247,012</u>	<u>\$ 24,922,021</u>	<u>\$ (675,009)</u>

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2021**

LONG-TERM DEBT ACTIVITY

As of July 31, 2021, the District had total bond debt payable of \$20,275,000. The changes in the debt position of the District during the fiscal year ended July 31, 2021, are summarized as follows:

Bond Debt Payable, August 1, 2020	\$ 15,835,000
Add: Bond Sale	5,815,000
Less: Bond Principal Paid	<u>1,375,000</u>
Bond Debt Payable, July 31, 2021	<u>\$ 20,275,000</u>

The District carries underlying ratings of “A1”. The Series 2019, Series 2020 Refunding, and Series 2021 Bonds carry insured ratings of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2013 Refunding Bonds carry an insured rating of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal. The above ratings reflect all rating changes, if any, during the fiscal year ending July 31, 2021.

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, 2021**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 656,495	\$ 122,355
Investments	6,361,499	3,423,838
Receivables:		
Property Taxes	43,303	77,140
Penalty and Interest on Delinquent Taxes		
Service Accounts	370,072	
Accrued Interest	2,257	2,691
Bulk Water Sales	92,500	
Due from Other Funds	4,065	
Prepaid Costs	267,469	
Due from City of Houston	421,958	
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)		
TOTAL ASSETS	\$ 8,239,777	\$ 3,626,024
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 8,239,777	\$ 3,626,024

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 1,426	\$ 780,276	\$	\$ 780,276
5,475,017	15,260,354		15,260,354
	120,443		120,443
		64,273	64,273
	370,072		370,072
	4,948		4,948
	92,500		92,500
	4,065	(4,065)	
	267,469		267,469
	421,958		421,958
	20,159		20,159
		2,454,155	2,454,155
		350,345	350,345
		527,868	527,868
		7,147,335	7,147,335
		216,149	216,149
		16,883,528	16,883,528
<u>\$ 5,476,443</u>	<u>\$ 17,342,244</u>	<u>\$ 27,639,588</u>	<u>\$ 44,981,832</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 483,289</u>	<u>\$ 483,289</u>
<u>\$ 5,476,443</u>	<u>\$ 17,342,244</u>	<u>\$ 28,122,877</u>	<u>\$ 45,465,121</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, 2021**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 656,698	\$ 26,249
Accrued Interest Payable		
Due to Other Funds		4,065
Security Deposits	765,288	
Accrued Interest at Time of Sale		4,125
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 1,421,986	\$ 34,439
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 43,303	\$ 77,140
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 267,469	\$
Operating Advance	20,159	
Restricted for Authorized Construction		
Restricted for Debt Service		3,514,445
Unassigned	6,486,860	
TOTAL FUND BALANCES	\$ 6,774,488	\$ 3,514,445
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,239,777	\$ 3,626,024
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
\$ 14,731	\$ 697,678	\$	\$ 697,678
		169,695	169,695
	4,065	(4,065)	
	765,288		765,288
	4,125	(4,125)	
		1,480,000	1,480,000
		19,106,352	19,106,352
<u>\$ 14,731</u>	<u>\$ 1,471,156</u>	<u>\$ 20,747,857</u>	<u>\$ 22,219,013</u>
<u>\$ -0-</u>	<u>\$ 120,443</u>	<u>\$ (120,443)</u>	<u>\$ - 0 -</u>
\$	\$ 267,469	\$ (267,469)	\$
	20,159	(20,159)	
5,461,712	5,461,712	(5,461,712)	
	3,514,445	(3,514,445)	
	6,486,860	(6,486,860)	
<u>\$ 5,461,712</u>	<u>\$ 15,750,645</u>	<u>\$ (15,750,645)</u>	<u>\$ - 0 -</u>
<u>\$ 5,476,443</u>	<u>\$ 17,342,244</u>		
		\$ 9,605,661	\$ 9,605,661
		3,490,288	3,490,288
		10,150,159	10,150,159
		<u>\$ 23,246,108</u>	<u>\$ 23,246,108</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, 2021**

Total Fund Balances - Governmental Funds \$ 15,750,645

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. 3,332,368

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. 483,289

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 24,247,012

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenue in the governmental activities of the District. 184,716

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	\$ (165,570)	
Bonds Payable	<u>(20,586,352)</u>	<u>(20,751,922)</u>
Total Net Position - Governmental Activities		<u>\$ 23,246,108</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, 2021**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,371,223	\$ 2,013,254
Water Service	980,299	
Wastewater Service	1,212,376	
Water Authority Fees	1,812,137	
Recreational Services	181,456	
Detention Pond Maintenance	101,085	
Sales Tax Revenues	1,555,008	
Penalty and Interest	68,574	24,658
Tap Connection and Inspection Fees	287,048	
Storm Related Revenues	228,077	
Investment and Miscellaneous Revenues	117,759	12,786
Water Authority Credits	304,242	
TOTAL REVENUES	\$ 8,219,284	\$ 2,050,698
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 273,661	\$ 3,472
Contracted Services	1,494,980	67,532
Purchased Wastewater Service	92,060	
Parks and Recreation	873,178	
Utilities	263,334	
Water Authority Assessments	1,920,257	
Repairs and Maintenance	799,531	
Depreciation		
Other	547,624	9,541
Capital Outlay	273,364	
Debt Service:		
Bond Issuance Costs	28,687	
Bond Principal		1,375,000
Bond Interest		374,994
TOTAL EXPENDITURES/EXPENSES	\$ 6,566,676	\$ 1,830,539
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ 1,652,608	\$ 220,159

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>
\$	\$ 3,384,477	\$ 2,958	\$ 3,387,435
	980,299		980,299
	1,212,376		1,212,376
	1,812,137		1,812,137
	181,456		181,456
	101,085		101,085
	1,555,008		1,555,008
	93,232	6,400	99,632
	287,048		287,048
	228,077		228,077
17	130,562		130,562
	304,242	(146,217)	158,025
<u>\$ 17</u>	<u>\$ 10,269,999</u>	<u>\$ (136,859)</u>	<u>\$ 10,133,140</u>
\$	\$ 277,133	\$	\$ 277,133
	1,562,512		1,562,512
	92,060		92,060
	873,178		873,178
	263,334		263,334
	1,920,257		1,920,257
	799,531		799,531
		957,891	957,891
19	557,184		557,184
9,518	282,882	(282,882)	
387,480	416,167		416,167
	1,375,000	(1,375,000)	
	374,994	58,591	433,585
<u>\$ 397,017</u>	<u>\$ 8,794,232</u>	<u>\$ (641,400)</u>	<u>\$ 8,152,832</u>
<u>\$ (397,000)</u>	<u>\$ 1,475,767</u>	<u>\$ 504,541</u>	<u>\$ 1,980,308</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, 2021**

	General Fund	Debt Service Fund
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	\$	\$
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCES	\$ 1,652,608	\$ 220,159
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - AUGUST 1, 2020	5,121,880	3,294,286
FUND BALANCES/NET POSITION - JULY 31, 2021	\$ 6,774,488	\$ 3,514,445

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$ 5,815,000	\$ 5,815,000	\$ (5,815,000)	\$
(56,117)	(56,117)	56,117	
<u>99,829</u>	<u>99,829</u>	<u>(99,829)</u>	
\$ 5,858,712	\$ 5,858,712	\$ (5,858,712)	\$ -0-
\$ 5,461,712	\$ 7,334,479	\$ (7,334,479)	\$
		1,980,308	1,980,308
	<u>8,416,166</u>	<u>12,849,634</u>	<u>21,265,800</u>
<u>\$ 5,461,712</u>	<u>\$ 15,750,645</u>	<u>\$ 7,495,463</u>	<u>\$ 23,246,108</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, 2021**

Net Change in Fund Balances - Governmental Funds	\$	7,334,479
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.		2,958
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.		6,400
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.		(146,217)
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.		(957,891)
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.		282,882
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.		(43,712)
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.		1,375,000
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.		(58,591)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		(5,815,000)
Change in Net Position - Governmental Activities	<u>\$</u>	<u>1,980,308</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, 2021**

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, 2021**

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, 2021**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

As discussed above, 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.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures.

Debt Service Fund - 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.

Capital Projects Fund - 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, 2021, the Debt Service Fund owed the General Fund \$4,065 for the over transfer of maintenance tax collections.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

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 annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget 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 original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has ten full-time employees. The Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only. The District contributes to a 457(b) Plan for eligible employees.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

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 and does not have any assigned fund balances.

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, 2021**

NOTE 3. LONG-TERM DEBT

	Refunding Series 2011	Refunding Series 2013
Amounts Outstanding – July 31, 2021	\$ 520,000	\$ 325,000
Interest Rates	3.49%	4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2022	September 1, 2021
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2019*	September 1, 2020*

	Refunding Series 2019	Refunding Series 2020	Series 2021
Amounts Outstanding – July 31, 2021	\$ 6,340,000	\$ 7,275,000	\$ 5,815,000
Interest Rates	2.00% - 4.00%	2.00% - 4.00%	1.00% - 2.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2028	September 1, 2021/2030	September 1, 2022/2031
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.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

NOTE 3. LONG-TERM DEBT (Continued)

The Series 2011 Refunding Bonds are private placement bonds.

The following is a summary of transactions regarding bonds payable for the year ended July 31, 2021:

	August 1, 2020	Additions	Retirements	July 31, 2021
Bonds Payable	\$ 15,835,000	\$ 5,815,000	\$ 1,375,000	\$ 20,275,000
Unamortized Discounts		(56,117)	(154)	(55,963)
Unamortized Premiums	303,492	99,829	36,006	367,315
Bonds Payable, Net	\$ 16,138,492	\$ 5,858,712	\$ 1,410,852	\$ 20,586,352
		Amount Due Within One Year		\$ 1,480,000
		Amount Due After One Year		19,106,352
		Bonds Payable, Net		\$ 20,586,352

As of July 31, 2021, the District had 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, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 1,480,000	\$ 423,073	\$ 1,903,073
2023	1,650,000	403,099	2,053,099
2024	1,710,000	353,950	2,063,950
2025	1,765,000	313,075	2,078,075
2026	1,805,000	276,650	2,081,650
2027-2031	9,775,000	680,812	10,455,812
2032	2,090,000	13,063	2,103,063
	\$ 20,275,000	\$ 2,463,722	\$ 22,738,722

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

NOTE 3. LONG-TERM DEBT (Continued)

During the year ended July 31, 2021, the District levied an ad valorem debt service tax rate of \$0.22 per \$100 of assessed valuation, which resulted in a tax levy of \$2,028,507 on the adjusted taxable valuation of \$922,028,243 for the 2020 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.

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 the five-year anniversary of the issue.

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.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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 \$3,898,367 and the bank balance was \$4,026,455. 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, 2021, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 656,495	\$ 2,149,676	\$ 2,806,171
DEBT SERVICE FUND	122,355	968,415	1,090,770
CAPITAL PROJECTS FUND	1,426		1,426
TOTAL DEPOSITS	\$ 780,276	\$ 3,118,091	\$ 3,898,367

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.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

Certificates of deposit are recorded at acquisition cost. As of July 31, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 4,198,554	\$ 4,198,554
TexSTAR	13,269	13,269
Certificates of Deposit	2,149,676	2,149,676
<u>DEBT SERVICE FUND</u>		
TexPool	2,448,350	2,448,350
TexSTAR	7,073	7,073
Certificates of Deposit	968,415	968,415
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	5,475,017	5,475,017
TOTAL INVESTMENTS	<u><u>\$ 15,260,354</u></u>	<u><u>\$ 15,260,354</u></u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2021, 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.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended July 31, 2021 is as follows:

	August 1, 2020	Increases	Decreases	July 31, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 7,147,335	\$	\$	\$ 7,147,335
Construction in Progress	150,152	282,882	216,885	216,149
Total Capital Assets Not Being Depreciated	\$ 7,297,487	\$ 282,882	\$ 216,885	\$ 7,363,484
Capital Assets Subject to Depreciation				
Buildings and Equipment	\$ 2,913,474	\$ 13,650	\$	\$ 2,927,124
Water and Wastewater Facilities	22,458,979	194,563		22,653,542
Detention Facilities	3,724,263			3,724,263
Recreational Facilities	3,092,098	8,672		3,100,770
Total Capital Assets Subject to Depreciation	\$ 32,188,814	\$ 216,885	\$ - 0 -	\$ 32,405,699
Less Accumulated Depreciation				
Buildings and Equipment	\$ 638,228	\$ 145,051	\$	\$ 783,279
Water and Wastewater Facilities	11,867,365	622,516		12,489,881
Detention Facilities	43,081	82,761		125,842
Recreational Facilities	2,015,606	107,563		2,123,169
Total Accumulated Depreciation	\$ 14,564,280	\$ 957,891	\$ - 0 -	\$ 15,522,171
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 17,624,534	\$ (741,006)	\$ - 0 -	\$ 16,883,528
Total Capital Assets, Net of Accumulated Depreciation	\$ 24,922,021	\$ (458,124)	\$ 216,885	\$ 24,247,012

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

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, 2021, the District levied an ad valorem maintenance tax rate of \$0.15 per \$100 of assessed valuation, which resulted in a tax levy of \$1,383,073 on the adjusted taxable valuation of \$922,028,243 for the 2020 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.

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 2023.

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.

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.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

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. The Authority is overseeing that its participants comply with the Harris-Galveston Subsidence District pumpage requirements.

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 \$4.60 per 1,000 gallons of water pumped from each well. The District also purchases surface water from the Authority at a current rate of \$5.05 per 1,000 gallons. The District paid the Authority \$1,920,257 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 for its share of the cost to complete Phase I of the 2010 Surface Water Distribution and Transmission System. During a prior fiscal year, the District contributed \$2,994,883 to the Authority in accordance with this agreement. 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 \$84,115 was principal.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 88,637	\$ 131,923	\$ 220,560
2023	93,402	127,158	220,560
2024	98,422	122,138	220,560
2025	103,713	116,847	220,560
2026	109,288	111,272	220,560
2027-2031	641,139	461,661	1,102,800
2032-2036	833,010	269,790	1,102,800
2037-2039	486,544	46,476	533,020
	<u>\$ 2,454,155</u>	<u>\$ 1,387,265</u>	<u>\$ 3,841,420</u>

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

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

Chloramine Conversion Reimbursement

The Authority required the District to convert its water system to chloramine disinfection for as long as it is connected to the Authority’s system. 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 \$9,315 was principal. The following is a schedule of the remaining chloramine conversion credits to be received under the terms of the agreement.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 10,314	\$ 20,581	\$ 30,895
2023	10,951	19,944	30,895
2024	11,626	19,269	30,895
2025	12,343	18,552	30,895
2026	13,104	17,791	30,895
2027-2031	78,689	75,786	154,475
2032-2036	106,140	48,335	154,475
2037-2041	107,178	11,253	118,431
	<u>\$ 350,345</u>	<u>\$ 231,511</u>	<u>\$ 581,856</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 equal to \$527,868 plus 10% (total of \$580,655). The reclaimed water system was completed during the current fiscal year and the District received credits in the amount of \$52,787 in the current fiscal year.

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT

The District has entered into a Strategic Partnership Agreement with the City of Houston, Texas (the “City”). The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall 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.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

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 on the receipts from the sale and use at retail of taxable items at the rate of one percent (or the rate specified under future amendments to Chapter 321 of the Tax Code). The City 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, 2021, the District received sales tax revenues of \$1,555,008 and recorded a receivable of \$421,958 for uncollected sales tax revenues.

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, 2021, the District incurred costs of \$92,060 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, 2020, as reflected in District No. 249’s financial statements, is as follows:

	Wastewater Treatment Plant
Total Assets	\$ <u>103,345</u>
Total Liabilities	\$ 22,456
Total Fund Balance	<u>80,889</u>
Total Liabilities and Fund Balance	<u>\$ 103,345</u>
Total Revenues	\$ 377,013
Total Expenditures	<u>377,013</u>
Net Change in Fund Balance	\$ -0-
Other Financing Sources – Increase In Operating Reserve	6,226
Fund Balance, Beginning of Year	<u>74,663</u>
Fund Balance, End of Year	<u>\$ 80,889</u>

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 110
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2021**

NOTE 13. RETIREMENT PLAN

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 \$14,442 and the District contributed \$14,442.

NOTE 14. BOND SALE

On July 21, 2021, the District closed on the sale of its \$5,815,000 Series 2021 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds. Proceeds of the bonds will be used to finance construction and engineering improvements and rehabilitation to District facilities. Additional proceeds were used to pay for issuance costs of the bonds.

NOTE 15. SUBSEQUENT EVENT – DEBT DEFEASANCE

On September 1, 2021, subsequent to year end, the District defeased in advance \$500,000 of its Series 2020 Refunding Bonds with a maturity date of September 1, 2030, interest rate of 2.00% and call date of September 1, 2025. The District also refunded \$265,000 of its Series 2011 Refunding Bonds with a maturity date of September 1, 2022, interest rate of 3.49% and a redemption date of September 1, 2021. The refunding resulted in gross debt service savings of \$61,024 and net present value savings of \$55,024.

NOTE 16. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

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

REQUIRED SUPPLEMENTARY INFORMATION

JULY 31, 2021

**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, 2021**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,250,000	\$ 1,371,223	\$ 121,223
Water Service	925,000	980,299	55,299
Wastewater Service	1,013,000	1,212,376	199,376
Water Authority Fees	1,600,000	1,812,137	212,137
Recreational Services	156,000	181,456	25,456
Detention Pond Maintenance	100,000	101,085	1,085
Sales Tax Revenues	1,300,000	1,555,008	255,008
Penalty and Interest	55,000	68,574	13,574
Tap Connection and Inspection Fees	117,000	287,048	170,048
Storm Related Revenues		228,077	228,077
Investment and Miscellaneous Revenues	66,000	117,759	51,759
Water Authority Credits	251,456	304,242	52,786
TOTAL REVENUES	\$ 6,833,456	\$ 8,219,284	\$ 1,385,828
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 246,000	\$ 273,661	\$ (27,661)
Contracted Services	1,499,000	1,494,980	4,020
Purchased Wastewater Service	88,000	92,060	(4,060)
Parks and Recreation	808,100	873,178	(65,078)
Utilities	275,000	263,334	11,666
Water Authority Assessments	1,750,000	1,920,257	(170,257)
Repairs and Maintenance	575,000	799,531	(224,531)
Other	601,500	576,311	25,189
Capital Outlay	200,000	273,364	(73,364)
TOTAL EXPENDITURES	\$ 6,042,600	\$ 6,566,676	\$ (524,076)
NET CHANGE IN FUND BALANCE	\$ 790,856	\$ 1,652,608	\$ 861,752
FUND BALANCE - AUGUST 1, 2020	5,121,880	5,121,880	
FUND BALANCE - JULY 31, 2021	\$ 5,912,736	\$ 6,774,488	\$ 861,752

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, 2021

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2021**

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
	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u> X </u>	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved February 10, 2021.

	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:	\$ 31.00		Y		
SURCHARGE:					
Water Authority Fees	\$5.41 per 1,000 gallons used				

District employs winter averaging for wastewater usage?
 X
 Yes No

Total monthly charges per 10,000 gallons usage: Water: \$12.00 Wastewater: \$31.00 Surcharge: \$54.10

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2021**

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"	2,043	2,016	x 1.0	2,016
1"	256	253	x 2.5	633
1½"	25	24	x 5.0	120
2"	109	105	x 8.0	840
3"	2	1	x 15.0	15
4"	5	5	x 25.0	125
6"	22	22	x 50.0	1,100
8"	6	6	x 80.0	480
10"			x 115.0	
Total Water Connections	<u>2,468</u>	<u>2,432</u>		<u>5,329</u>
Total Wastewater Connections	<u>2,329</u>	<u>2,300</u>	x 1.0	<u>2,300</u>

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

Gallons pumped into system:	118,160,000	Water Accountability Ratio: 96.7% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	372,394,000	
Gallons purchased:	285,781,000	From: North Harris County Regional Water Authority
Gallons sold:	18,385,000	To: Harris County Municipal Utility District No. 249

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2021**

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, 2021**

PROFESSIONAL FEES:		
Auditing	\$	26,000
Engineering		98,639
Legal		<u>149,022</u>
TOTAL PROFESSIONAL FEES	\$	<u>273,661</u>
PURCHASED WASTEWATER SERVICE	\$	<u>92,060</u>
CONTRACTED SERVICES:		
Bookkeeping	\$	40,691
Operations and Billing		188,164
Solid Waste Disposal		456,968
Security		<u>809,157</u>
TOTAL CONTRACTED SERVICES	\$	<u>1,494,980</u>
UTILITIES	\$	<u>263,334</u>
REPAIRS AND MAINTENANCE	\$	<u>799,531</u>
ADMINISTRATIVE EXPENDITURES:		
Director Fees	\$	23,700
Insurance		27,109
Office Supplies and Postage		46,802
Subsidence District, Consulting, Meetings, and Other		<u>51,225</u>
TOTAL ADMINISTRATIVE EXPENDITURES	\$	<u>148,836</u>
CAPITAL OUTLAY	\$	<u>273,364</u>
TAP CONNECTIONS	\$	<u>107,708</u>
PARKS AND RECREATION	\$	<u>873,178</u>
OTHER EXPENDITURES:		
Chemicals	\$	50,512
Laboratory Fees		51,201
Permit Fees		15,330
Inspection and Reconnection Fees		16,878
Water Authority Assessments		1,920,257
Regulatory Assessment		9,959
Sludge Hauling		<u>147,200</u>
TOTAL OTHER EXPENDITURES	\$	<u>2,211,337</u>
BOND ISSUANCE COSTS	\$	<u>28,687</u>
TOTAL EXPENDITURES	\$	<u><u>6,566,676</u></u>

Number of persons employed by the District	<u>10</u>	Full-Time	<u>-0-</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, 2021**

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	\$ 4,198,554	\$
TexSTAR	XXXX2220	Varies	Daily	13,269	
Certificate of Deposit	XXXX5801	0.50%	01/10/22	245,348	679
Certificate of Deposit	XXXX2365	0.30%	02/06/22	526,491	757
Certificate of Deposit	XXXX3824	0.35%	03/01/22	151,602	221
Certificate of Deposit	XXXX5582	0.21%	03/17/22	244,201	191
Certificate of Deposit	XXXX1691	0.25%	04/09/22	240,000	186
Certificate of Deposit	XXXX3880	0.25%	06/10/22	249,291	87
Certificate of Deposit	XXXX2164	0.40%	06/13/22	248,425	131
Certificate of Deposit	XXXX0972	0.04%	01/09/22	<u>244,318</u>	<u>5</u>
TOTAL GENERAL FUND				<u>\$ 6,361,499</u>	<u>\$ 2,257</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 2,448,350	\$
TexSTAR	XXXX3300	Varies	Daily	7,073	
Certificate of Deposit	XXXX6363	0.45%	08/18/21	240,000	1,027
Certificate of Deposit	XXXX1018	0.35%	08/18/21	240,000	798
Certificate of Deposit	XXXX7760	0.35%	08/18/21	240,000	799
Certificate of Deposit	XXXX3478	0.20%	06/12/22	<u>248,415</u>	<u>67</u>
TOTAL DEBT SERVICE FUND				<u>\$ 3,423,838</u>	<u>\$ 2,691</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX4440	Varies	Daily	<u>\$ 5,475,017</u>	<u>\$ -0-</u>
TOTAL				<u>\$ 15,260,354</u>	<u>\$ 4,948</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, 2021**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
AUGUST 1, 2020	\$	40,773	\$	76,712
Adjustments to Beginning				
Balance		<u>(9,320)</u>		<u>(14,825)</u>
	\$	31,453	\$	61,887
Original 2020 Tax Levy	\$	1,325,914	\$	1,944,673
Adjustment to 2020 Tax Levy		<u>57,159</u>	<u>1,383,073</u>	<u>83,834</u>
			<u>2,028,507</u>	
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,414,526		\$ 2,090,394
 TAX COLLECTIONS:				
Prior Years	\$	4,516	\$	8,750
Current Year		<u>1,366,707</u>	<u>1,371,223</u>	<u>2,004,504</u>
			<u>2,013,254</u>	
 TAXES RECEIVABLE -				
JULY 31, 2021		<u>\$ 43,303</u>		<u>\$ 77,140</u>
 TAXES RECEIVABLE BY YEAR:				
2020	\$	16,366	\$	24,003
2019		3,404		5,447
2018		2,113		3,522
2017		13,135		24,518
2016		1,498		2,796
2015		680		1,315
2014		698		1,442
2013		577		1,462
2012		490		1,275
2011		490		1,308
2010 and Prior		<u>3,852</u>		<u>10,052</u>
TOTAL	\$	<u>43,303</u>	\$	<u>77,140</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, 2021**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPERTY VALUATIONS:				
Land	\$ 246,618,255	\$ 242,005,093	\$ 238,107,936	\$ 238,229,416
Improvements	692,534,421	663,793,077	625,290,783	630,069,827
Personal Property	155,981,205	145,639,358	142,407,802	133,889,925
Exemptions	<u>(173,105,638)</u>	<u>(162,455,113)</u>	<u>(152,332,670)</u>	<u>(151,358,514)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 922,028,243</u>	<u>\$ 888,982,415</u>	<u>\$ 853,473,851</u>	<u>\$ 850,830,654</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.22	\$ 0.24	\$ 0.25	\$ 0.28
Maintenance	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.37</u>	<u>\$ 0.39</u>	<u>\$ 0.40</u>	<u>\$ 0.43</u>
ADJUSTED TAX LEVY*	<u>\$ 3,411,580</u>	<u>\$ 3,467,032</u>	<u>\$ 3,417,575</u>	<u>\$ 3,663,595</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.82 %</u>	<u>99.74 %</u>	<u>99.84 %</u>	<u>98.97 %</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, 2021**

REFUNDING SERIES - 2011

<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>
2022	\$ 255,000	\$ 13,698	\$ 268,698
2023	265,000	4,624	269,624
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
	<u>\$ 520,000</u>	<u>\$ 18,322</u>	<u>\$ 538,322</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2021**

REFUNDING SERIES - 2013			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2022	\$ 325,000	\$ 6,500	\$ 331,500
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
	\$ 325,000	\$ 6,500	\$ 331,500

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2021**

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>
2022	\$ 855,000	\$ 179,875	\$ 1,034,875
2023	905,000	153,475	1,058,475
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>\$ 6,340,000</u>	<u>\$ 883,600</u>	<u>\$ 7,223,600</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2021**

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>
2022	\$ 45,000	\$ 177,625	\$ 222,625
2023	380,000	171,250	551,250
2024	680,000	155,350	835,350
2025	705,000	134,575	839,575
2026	735,000	109,300	844,300
2027	760,000	87,000	847,000
2028	50,000	78,900	128,900
2029	50,000	77,900	127,900
2030	1,920,000	58,200	1,978,200
2031	1,950,000	19,500	1,969,500
2032			
	<u>\$ 7,275,000</u>	<u>\$ 1,069,600</u>	<u>\$ 8,344,600</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2021**

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
2022	\$	\$ 45,375	\$ 45,375
2023	100,000	73,750	173,750
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
	\$ 5,815,000	\$ 485,700	\$ 6,300,700

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2021**

**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>
2022	\$ 1,480,000	\$ 423,073	\$ 1,903,073
2023	1,650,000	403,099	2,053,099
2024	1,710,000	353,950	2,063,950
2025	1,765,000	313,075	2,078,075
2026	1,805,000	276,650	2,081,650
2027	1,855,000	237,800	2,092,800
2028	1,895,000	183,650	2,078,650
2029	1,965,000	126,975	2,091,975
2030	2,010,000	86,137	2,096,137
2031	2,050,000	46,250	2,096,250
2032	2,090,000	13,063	2,103,063
	<u>\$ 20,275,000</u>	<u>\$ 2,463,722</u>	<u>\$ 22,738,722</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, 2021**

Description	Original Bonds Issued	Bonds Outstanding August 1, 2020
Harris County Water Control and Improvement District No. 110 Unlimited Tax and Revenue Refunding Bonds - Series 2010A	\$ 5,680,000	\$ 745,000
Harris County Water Control and Improvement District No. 110 Unlimited Tax Refunding Bonds - Series 2011	3,300,000	765,000
Harris County Water Control and Improvement District No. 110 Unlimited Tax and Revenue Refunding Bonds - Series 2012	6,755,000	340,000
Harris County Water Control and Improvement District No. 110 Unlimited Tax and Revenue Refunding Bonds - Series 2013	6,910,000	345,000
Harris County Water Control and Improvement District No. 110 Unlimited Tax and Revenue Refunding Bonds - Series 2019	6,450,000	6,365,000
Harris County Water Control and Improvement District No. 110 Unlimited Tax and Revenue Refunding Bonds - Series 2020	7,275,000	7,275,000
Harris County Water Control and Improvement District No. 110 Unlimited Tax and Revenue Bonds - Series 2021	<u>5,815,000</u>	
TOTAL	<u><u>\$ 42,185,000</u></u>	<u><u>\$ 15,835,000</u></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><u>\$ 10,770,000</u></u>	<u><u>\$ 31,210,000</u></u>

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding July 31, 2021</u>	
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 745,000	\$ 14,900	\$ - 0 -	Wells Fargo Bank N.A. Minneapolis, MN
	245,000	22,423	520,000	Branch Banking and Trust Company Wilson, NC
	340,000	5,100	- 0 -	Regions Bank Houston, TX
	20,000	13,200	325,000	Regions Bank Houston, TX
	25,000	193,075	6,340,000	Regions Bank Houston, TX
		126,296	7,275,000	Regions Bank Houston, TX
<u>5,815,000</u>			<u>5,815,000</u>	Regions Bank Houston, TX
<u>\$ 5,815,000</u>	<u>\$ 1,375,000</u>	<u>\$ 374,994</u>	<u>\$ 20,275,000</u>	

Debt Service Fund cash and investment
balances as of July 31, 2021:

\$ 3,546,193

Average annual debt service payment (principal and interest)
for remaining term of all debt:

\$ 2,067,157

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		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 1,371,223	\$ 1,326,975	\$ 1,263,957
Water Service	980,299	820,198	851,030
Wastewater Service	1,212,376	1,068,387	1,140,369
Water Authority Fees	1,812,137	1,590,020	1,407,803
Recreational Services	181,456	130,331	193,354
Detention Pond Maintenance	101,085	102,661	101,372
Sales Tax Revenues	1,555,008	1,352,857	1,444,437
Penalty and Interest	68,574	34,463	51,071
Tap Connection and Inspection Fees	287,048	116,295	174,665
Storm Related Revenues	228,077	100,379	658,809
Investment and Miscellaneous Revenues	117,759	157,908	196,000
Water Authority Credits	304,242	251,455	251,455
TOTAL REVENUES	\$ 8,219,284	\$ 7,051,929	\$ 7,734,322
EXPENDITURES			
Professional Fees	\$ 273,661	\$ 306,491	\$ 266,137
Contracted Services	1,494,980	1,447,498	1,411,643
Purchased Wastewater Service	92,060	86,783	92,124
Parks and Recreation	873,178	1,020,746	1,183,958
Utilities	263,334	261,890	253,447
Water Authority Assessments	1,920,257	1,670,286	1,500,703
Repairs and Maintenance	799,531	636,617	717,966
Other	576,311	644,418	599,594
Capital Outlay	273,364	857,165	2,408,545
Bond Principal			1,000,000
TOTAL EXPENDITURES	\$ 6,566,676	\$ 6,931,894	\$ 9,434,117
NET CHANGE IN FUND BALANCE	\$ 1,652,608	\$ 120,035	\$ (1,699,795)
BEGINNING FUND BALANCE	5,121,880	5,001,845	6,701,640
ENDING FUND BALANCE	\$ 6,774,488	\$ 5,121,880	\$ 5,001,845

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 1,222,534	\$ 1,233,336	16.7 %	18.9 %	16.3 %	15.0 %	17.8 %
927,676	964,297	11.9	11.6	11.0	11.2	13.9
1,147,583	1,149,726	14.8	15.2	14.7	13.9	16.6
1,380,251	1,242,865	22.0	22.5	18.2	16.7	17.9
150,639	200,337	2.2	1.8	2.5	1.8	2.9
101,325	102,129	1.2	1.5	1.3	1.2	1.5
1,596,632	1,519,791	19.0	19.2	18.7	19.3	21.9
62,763	48,035	0.8	0.5	0.7	0.8	0.7
99,948	109,646	3.5	1.6	2.3	1.2	1.6
1,139,660		2.8	1.4	8.5	13.8	
174,879	112,133	1.4	2.2	2.5	2.1	1.6
251,455	251,455	3.7	3.6	3.3	3.0	3.6
<u>\$ 8,255,345</u>	<u>\$ 6,933,750</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 252,145	\$ 360,016	3.3 %	4.3 %	3.4 %	3.1 %	5.2 %
1,349,625	1,210,452	18.2	20.5	18.3	16.3	17.5
75,222	62,030	1.1	1.2	1.2	0.9	0.9
1,151,139	1,081,811	10.6	14.5	15.3	13.9	15.6
260,129	272,200	3.2	3.7	3.3	3.2	3.9
1,476,967	1,257,313	23.4	23.7	19.4	17.9	18.1
2,230,474	587,058	9.7	9.0	9.3	27.0	8.5
532,732	477,319	7.0	9.1	7.8	6.5	6.9
3,561,804	1,229,974	3.3	12.2	31.1	43.1	17.7
				12.9		
<u>\$ 10,890,237</u>	<u>\$ 6,538,173</u>	<u>79.8 %</u>	<u>98.2 %</u>	<u>122.0 %</u>	<u>131.9 %</u>	<u>94.3 %</u>
\$ (2,634,892)	\$ 395,577	<u>20.2 %</u>	<u>1.8 %</u>	<u>(22.0) %</u>	<u>(31.9) %</u>	<u>5.7 %</u>
<u>9,336,532</u>	<u>8,940,955</u>					
<u>\$ 6,701,640</u>	<u>\$ 9,336,532</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		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 2,013,254	\$ 2,127,778	\$ 2,107,389
Penalty and Interest	24,658	91,885	20,163
Investment and Miscellaneous Revenues	12,786	27,960	49,363
TOTAL REVENUES	<u>\$ 2,050,698</u>	<u>\$ 2,247,623</u>	<u>\$ 2,176,915</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 80,545	\$ 90,974	\$ 84,157
Debt Service Principal	1,375,000	685,000	2,845,000
Debt Service Interest	374,994	496,478	703,598
Bond Issuance Costs		314,161	258,790
Payment to Refunding Bond Escrow Agent		95,000	
TOTAL EXPENDITURES	<u>\$ 1,830,539</u>	<u>\$ 1,681,613</u>	<u>\$ 3,891,545</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 220,159</u>	<u>\$ 566,010</u>	<u>\$ (1,714,630)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	\$	\$ 7,275,000	\$ 6,450,000
Bond Premiums		106,755	225,513
Transfer to Refunding Bond Escrow Agent		(7,071,130)	(6,417,722)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ 310,625</u>	<u>\$ 257,791</u>
NET CHANGE IN FUND BALANCE	\$ 220,159	\$ 876,635	\$ (1,456,839)
BEGINNING FUND BALANCE	<u>3,294,286</u>	<u>2,417,651</u>	<u>3,874,490</u>
ENDING FUND BALANCE	<u>\$ 3,514,445</u>	<u>\$ 3,294,286</u>	<u>\$ 2,417,651</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>2,432</u>	<u>2,421</u>	<u>2,414</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>2,300</u>	<u>2,292</u>	<u>2,288</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 2,277,837	\$ 2,303,230	98.2 %	94.7 %	96.8 %	96.8 %	96.2 %
16,066	38,826	1.2	4.1	0.9	0.7	1.6
58,814	53,153	0.6	1.2	2.3	2.5	2.2
<u>\$ 2,352,717</u>	<u>\$ 2,395,209</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 76,880	\$ 78,563	3.9 %	4.0 %	3.9 %	3.3 %	3.3 %
1,165,000	1,115,000	67.1	30.5	130.7	49.5	46.6
798,228	835,439	18.3	22.1	32.3	33.9	34.9
			14.0	11.9		
			4.2			
<u>\$ 2,040,108</u>	<u>\$ 2,029,002</u>	<u>89.3 %</u>	<u>74.8 %</u>	<u>178.8 %</u>	<u>86.7 %</u>	<u>84.8 %</u>
\$ 312,609	\$ 366,207	10.7 %	25.2 %	(78.8) %	13.3 %	15.2 %
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 312,609	\$ 366,207					
3,561,881	3,195,674					
<u>\$ 3,874,490</u>	<u>\$ 3,561,881</u>					
2,402	2,415					
<u>2,277</u>	<u>2,410</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 110
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2021**

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, 2021	Expense Reimbursements for the year ended July 31, 2021	Title
James N. Williams	05/19 - 05/23 (Elected)	\$ 4,650	\$ -0-	President
Jeannie Perkins	05/21 - 05/25 (Elected)	\$ 4,350	\$ -0-	First Vice President/ Assistant Secretary
Jerry A. Strickland	05/19 05/23 (Elected)	\$ 4,350	\$ -0-	Second Vice President
Venessa Sommer	05/21 - 05/25 (Elected)	\$ 4,800	\$ -0-	Secretary
Tom Dowdy	05/19- 05/23 (Elected)	\$ 5,550	\$ -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: February 24, 2021

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on July 24, 2003. Fees of Office are the amounts actually paid to a Director during the District's current 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, 2021**

<u>Consultants</u>	<u>Date Hired</u>	<u>Fees for the year ended July 31, 2021</u>	<u>Title</u>
Sanford Kuhl Hagan Kugle Parker Kahn LLP	01/21/10	\$ 172,211	General Counsel/
	07/01/10	\$ 3,472	Delinquent Tax Attorney
		\$ 148,277	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	07/08/09	\$ 26,000	Auditor
		\$ 1,750	Bond Related
Myrtle Cruz, Inc.	12/96	\$ 64,601	Bookkeeper
Langford Engineering, Inc.	07/76	\$ 186,420	Engineer
Robert W. Baird & Co.	01/15	\$ 119,530	Financial Advisor
Mary Jarmon		\$ -0-	Investment Officer
EDP	04/08	\$ 879,302	Operator
Equi-Tax, Inc.	01/80	\$ 47,187	Tax Assessor/ Collector

See accompanying independent auditor's report.

