



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

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

December 31, 2024



**Harris County Water Control and Improvement District No. 109**  
**Contents**  
**December 31, 2024**

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**Independent Auditor’s Report**..... 1

**Management’s Discussion and Analysis** ..... 3

**Basic Financial Statements**

    Statement of Net Position and Governmental Funds Balance Sheet ..... 8

    Statement of Activities and Governmental Funds Revenues,  
        Expenditures and Changes in Fund Balances ..... 10

    Notes to Financial Statements ..... 11

**Required Supplementary Information**

    Budgetary Comparison Schedule – General Fund ..... 23

    Budgetary Comparison Schedule – Special Revenue Fund..... 24

    Notes to Required Supplementary Information..... 25

**Supplementary Information**

    Other Schedules Included Within This Report ..... 26

    Schedule of Services and Rates ..... 27

    Schedule of General Fund Expenditures ..... 28

    Schedule of Temporary Investments ..... 29

    Analysis of Taxes Levied and Receivable ..... 30

    Schedule of Long-Term Debt Service Requirements by Years ..... 32

    Changes in Long-Term Bonded Debt ..... 37

    Comparative Schedule of Revenues and Expenditures – General Fund  
        and Debt Service Fund – Five Years ..... 38

    Board Members, Key Personnel and Consultants ..... 40

## **Independent Auditor's Report**

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

### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Harris County Water Control and Improvement District No. 109 (the District), as of and for the year ended December 31, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Forvis Mazars, LLP**

**Houston, Texas  
May 20, 2025**

### ***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

### ***Government-Wide Financial Statements***

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

### ***Fund Financial Statements***

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

**Governmental Funds**

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund’s assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year’s activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

**Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

**Financial Analysis of the District as a Whole**

The District’s overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

**Summary of Net Position**

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 14,979,601	\$ 16,559,347
Capital assets	11,221,303	10,166,631
Total assets	<u>26,200,904</u>	<u>26,725,978</u>
Deferred outflows of resources	<u>167,860</u>	<u>194,217</u>
Total assets and deferred outflows of resources	<u>\$ 26,368,764</u>	<u>\$ 26,920,195</u>
Long-term liabilities	\$ 12,347,411	\$ 13,087,044
Other liabilities	<u>2,431,122</u>	<u>2,553,522</u>
Total liabilities	<u>14,778,533</u>	<u>15,640,566</u>
Deferred inflows of resources	<u>1,960,224</u>	<u>2,005,171</u>

**Summary of Net Position (Continued)**

	<u>2024</u>	<u>2023</u>
Net position:		
Net investment in capital assets	\$ 3,091,213	\$ 2,875,000
Restricted	1,347,850	944,280
Unrestricted	<u>5,190,944</u>	<u>5,455,178</u>
Total net position	<u>\$ 9,630,007</u>	<u>\$ 9,274,458</u>

The total net position of the District increased by \$355,549, or about 4%. The majority of the increase in net position is related to property taxes, sales tax rebates and charges for services revenues exceeding services expenses. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Summary of Changes in Net Position**

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 1,957,739	\$ 1,785,454
Sales tax rebates	333,403	298,845
Charges for services	4,055,102	3,867,482
Other revenues	<u>882,970</u>	<u>820,604</u>
Total revenues	<u>7,229,214</u>	<u>6,772,385</u>
Expenses:		
Services	5,869,291	5,200,678
Depreciation	520,572	510,792
Debt service	<u>483,802</u>	<u>503,053</u>
Total expenses	<u>6,873,665</u>	<u>6,214,523</u>
Change in net position	355,549	557,862
Net position, beginning of year	<u>9,274,458</u>	<u>8,716,596</u>
Net position, end of year	<u>\$ 9,630,007</u>	<u>\$ 9,274,458</u>

***Financial Analysis of the District's Funds***

The District's combined fund balances as of the end of the fiscal year ended December 31, 2024, were \$10,306,064, a decrease of \$1,443,882 from the prior year.

The general fund's fund balance decreased by \$294,280 due to service operations expenditures exceeding property taxes, sales tax rebates and service revenues and investment income.

The special revenue fund's fund balance remained the same, as all expenditures were billed to participants.

The debt service fund’s fund balance decreased by \$44,716 because bond principal and interest requirements exceeded property tax revenues.

The capital projects fund’s fund balance decreased by \$1,104,886, due to capital outlay expenditures exceeding investment income.

**General Fund Budgetary Highlights**

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to investment income, regional water authority expenditures and repairs and maintenance expenditures being greater than expected, as well as regional water fee revenues and purchased services expenditures being less than expected. The fund balance as of December 31, 2024, was expected to be \$5,560,659, and the actual end-of-year fund balance was \$4,854,103.

**Capital Assets and Related Debt**

**Capital Assets**

Capital assets held by the District at the end of the current and previous fiscal years are summarized below:

**Capital Assets (Net of Accumulated Depreciation)**

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 1,922,287	\$ 1,922,287
Construction in progress	1,870,935	710,772
Water facilities	1,014,758	1,131,553
Wastewater facilities	4,126,522	4,054,008
Drainage facilities	1,830,279	1,851,445
Land improvements	58,974	64,336
Recreational facilities	397,548	432,230
	<u>                    </u>	<u>                    </u>
Total capital assets	<u>\$ 11,221,303</u>	<u>\$ 10,166,631</u>

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

Construction in progress related to water well No. 3 rework, water plant Nos. 1-3 motor control center replacements, wastewater treatment plant improvements and North Cashel Circle sanitary sewer lead improvements	\$ 1,279,434
Off-site lift station rehabilitation	147,793
Replacement of various pumps and controllers	<u>185,589</u>
	<u>                    </u>
Total additions to capital assets	<u>\$ 1,612,816</u>

**Debt**

The changes in the debt position of the District during the fiscal year ended December 31, 2024, are summarized as follows.

**Harris County Water Control and Improvement District No. 109  
Management’s Discussion and Analysis  
December 31, 2024**

**(Continued)**

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Long-term debt payable, beginning of year	\$ 13,087,044
Decreases in long-term debt	<u>(739,633)</u>
Long-term debt payable, end of year	<u>\$ 12,347,411</u>

At December 31, 2024, the District had \$19,350,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District’s bonds carry an underlying rating of “A1” from Moody’s Investors Service (Moody’s). The Series 2013 refunding bonds carry an “A1” rating from Moody’s by virtue of bond insurance issued by Assured Guaranty, Inc. The Series 2017 refunding bonds carry a “AA” rating from Standard & Poor’s and an “A1” rating from Moody’s by virtue of bond insurance issued by Assured Guaranty, Inc. The Series 2020 and 2022 bonds carry a “AA” rating from Standard & Poor’s by virtue of bond insurance issued by Build America Mutual Assurance Company.

***Other Relevant Factors***

***Relationship to the City of Houston***

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District’s consent, except as set forth below.

***Strategic Partnership Agreement***

The District entered into a Strategic Partnership Agreement (SPA) with the City effective November 10, 2003, and as amended. Pursuant to the terms of the SPA, the City annexed certain commercial areas of the District for limited purposes. The SPA provides for the levy of City sales tax on qualifying retail sales in the District. The District will continue to provide water, sewer and drainage services to all properties within its boundaries until full annexation, which, according to the terms of the SPA, shall not occur prior to 2033, if at all. During the current year, the District recorded \$333,403 in revenues related to the SPA.

**Harris County Water Control and Improvement District No. 109**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**December 31, 2024**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>							
Cash	\$ 543,073	\$ 330,811	\$ 1,119,279	\$ 126,074	\$ 2,119,237	\$ -	\$ 2,119,237
Certificates of deposit	3,245,000	-	-	-	3,245,000	-	3,245,000
Short-term investments	2,277,436	-	408,368	4,796,319	7,482,123	-	7,482,123
Receivables:							
Property taxes	436,380	-	654,087	-	1,090,467	-	1,090,467
Service accounts	380,303	-	-	-	380,303	-	380,303
Sales tax rebates	81,942	-	-	-	81,942	45,089	127,031
Accrued penalty and interest	-	-	-	-	-	30,274	30,274
Accrued interest	27,756	-	-	-	27,756	-	27,756
Interfund receivables	314,790	151,528	-	42,589	508,907	(508,907)	-
Due from participant	-	150,100	-	-	150,100	-	150,100
Due from others	59,932	-	-	-	59,932	32,904	92,836
Due from regional water authority	-	-	-	-	-	232,520	232,520
Prepaid expenses	1,954	-	-	-	1,954	-	1,954
Capital assets (net of accumulated depreciation):							
Land and improvements	-	-	-	-	-	1,981,261	1,981,261
Construction in progress	-	-	-	-	-	1,870,935	1,870,935
Infrastructure	-	-	-	-	-	6,971,559	6,971,559
Recreational facilities	-	-	-	-	-	397,548	397,548
<b>Total assets</b>	<b>7,368,566</b>	<b>632,439</b>	<b>2,181,734</b>	<b>4,964,982</b>	<b>15,147,721</b>	<b>11,053,183</b>	<b>26,200,904</b>
<b>Deferred Outflows of Resources</b>							
Deferred amount on debt refundings	-	-	-	-	-	167,860	167,860
<b>Total assets and deferred outflows of resources</b>	<b>\$ 7,368,566</b>	<b>\$ 632,439</b>	<b>\$ 2,181,734</b>	<b>\$ 4,964,982</b>	<b>\$ 15,147,721</b>	<b>\$ 11,221,043</b>	<b>\$ 26,368,764</b>

**Harris County Water Control and Improvement District No. 109**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**December 31, 2024**

(Continued)

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Liabilities</b>							
Accounts payable	\$ 1,020,054	\$ 251,393	\$ 36,109	\$ 850	\$ 1,308,406	\$ -	\$ 1,308,406
Retainage payable	-	-	-	156,763	156,763	-	156,763
Accrued interest payable	-	-	-	-	-	114,920	114,920
Customer deposits	401,341	-	-	-	401,341	-	401,341
Due to others	22,646	-	-	-	22,646	-	22,646
Due to participant	-	311,046	-	-	311,046	-	311,046
Unearned tap connection fees	116,000	-	-	-	116,000	-	116,000
Interfund payables	150,839	-	314,790	43,278	508,907	(508,907)	-
Long-term liabilities:							
Due within one year	-	-	-	-	-	715,000	715,000
Due after one year	-	-	-	-	-	11,632,411	11,632,411
<b>Total liabilities</b>	<b>1,710,880</b>	<b>562,439</b>	<b>350,899</b>	<b>200,891</b>	<b>2,825,109</b>	<b>11,953,424</b>	<b>14,778,533</b>
<b>Deferred Inflows of Resources</b>							
Deferred property tax revenues	803,583	-	1,212,965	-	2,016,548	(56,324)	1,960,224
<b>Fund Balances/Net Position</b>							
Fund balances:							
Nonspendable, prepaid expenditures	1,954	-	-	-	1,954	(1,954)	-
Restricted:							
Unlimited tax bonds	-	-	617,870	-	617,870	(617,870)	-
Water, sewer and drainage	-	-	-	4,764,091	4,764,091	(4,764,091)	-
Committed, wastewater collection and treatment	-	70,000	-	-	70,000	(70,000)	-
Unassigned	4,852,149	-	-	-	4,852,149	(4,852,149)	-
<b>Total fund balances</b>	<b>4,854,103</b>	<b>70,000</b>	<b>617,870</b>	<b>4,764,091</b>	<b>10,306,064</b>	<b>(10,306,064)</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,368,566</b>	<b>\$ 632,439</b>	<b>\$ 2,181,734</b>	<b>\$ 4,964,982</b>	<b>\$ 15,147,721</b>		
Net position:							
Net investment in capital assets						3,091,213	3,091,213
Restricted for plant operations						70,000	70,000
Restricted for debt service						563,220	563,220
Restricted for capital projects						714,630	714,630
Unrestricted						5,190,944	5,190,944
<b>Total net position</b>						<b>\$ 9,630,007</b>	<b>\$ 9,630,007</b>

**Harris County Water Control and Improvement District No. 109**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended December 31, 2024**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>							
Property taxes	\$ 803,795	\$ -	\$ 1,163,665	\$ -	\$ 1,967,460	\$ (9,721)	\$ 1,957,739
Sales tax rebates	322,505	-	-	-	322,505	10,898	333,403
Water service	747,738	-	-	-	747,738	-	747,738
Sewer service	1,089,787	1,763,784	-	-	2,853,571	(1,204,771)	1,648,800
Regional water fee	1,511,047	-	-	-	1,511,047	-	1,511,047
Service to other governmental entities	114,613	-	-	-	114,613	32,904	147,517
Penalty and interest	118,428	-	53,306	-	171,734	(830)	170,904
Tap connection and inspection fees	6,840	-	-	-	6,840	-	6,840
Investment income	306,242	55	48,259	304,441	658,997	14,550	673,547
Other income	31,679	-	-	-	31,679	-	31,679
<b>Total revenues</b>	<b>5,052,674</b>	<b>1,763,839</b>	<b>1,265,230</b>	<b>304,441</b>	<b>8,386,184</b>	<b>(1,156,970)</b>	<b>7,229,214</b>
<b>Expenditures/Expenses</b>							
Service operations:							
Purchased services	1,678,372	-	-	-	1,678,372	(1,151,380)	526,992
Regional water authority	976,460	-	-	-	976,460	-	976,460
Professional fees	306,573	106,363	23,722	-	436,658	27,320	463,978
Contracted services	295,848	174,157	65,762	-	535,767	-	535,767
Garbage service	662,510	-	-	-	662,510	-	662,510
Utilities	69,517	252,921	-	-	322,438	-	322,438
Repairs and maintenance	1,103,878	957,796	-	-	2,061,674	-	2,061,674
Other expenditures	188,171	114,172	16,918	211	319,472	-	319,472
Capital outlay	88,409	158,430	-	1,409,116	1,655,955	(1,655,955)	-
Depreciation	-	-	-	-	-	520,572	520,572
Debt service:							
Principal retirement	-	-	715,000	-	715,000	(715,000)	-
Interest and fees	-	-	488,544	-	488,544	(4,742)	483,802
<b>Total expenditures/expenses</b>	<b>5,369,738</b>	<b>1,763,839</b>	<b>1,309,946</b>	<b>1,409,327</b>	<b>9,852,850</b>	<b>(2,979,185)</b>	<b>6,873,665</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(317,064)</b>	<b>-</b>	<b>(44,716)</b>	<b>(1,104,886)</b>	<b>(1,466,666)</b>	<b>1,822,215</b>	
<b>Other Financing Sources</b>							
Return of capital	22,784	-	-	-	22,784	(22,784)	
<b>Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(294,280)</b>	<b>-</b>	<b>(44,716)</b>	<b>(1,104,886)</b>	<b>(1,443,882)</b>	<b>1,443,882</b>	
<b>Change in Net Position</b>						<b>355,549</b>	<b>355,549</b>
<b>Fund Balances/Net Position</b>							
Beginning of year	5,148,383	70,000	662,586	5,868,977	11,749,946	-	9,274,458
End of year	\$ 4,854,103	\$ 70,000	\$ 617,870	\$ 4,764,091	\$ 10,306,064	\$ -	\$ 9,630,007

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

Harris County Water Control and Improvement District No. 109 (the District) was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective February 15, 1968, and was converted into a municipal utility district on June 28, 1977. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

***Reporting Entity***

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

***Government-Wide and Fund Financial Statements***

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

*General Fund* – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

**Harris County Water Control and Improvement District No. 109**  
**Notes to Financial Statements**  
**December 31, 2024**

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*Special Revenue Fund* – Accounts for revenues and expenditures involving specific revenue sources that are legally restricted to expenditures for specified purposes. The primary source of revenue is participant fees.

*Debt Service Fund* – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

*Capital Projects Fund* – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

***Fund Balances – Governmental Funds***

The fund balances for the District’s governmental funds can be displayed in up to five components:

*Nonspendable* – Amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District’s Board.

*Assigned* – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

***Measurement Focus and Basis of Accounting***

***Government-Wide Financial Statements***

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

***Fund Financial Statements***

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

***Deferred Outflows and Inflows of Resources***

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

***Interfund Transactions***

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

***Pension Costs***

The District does not participate in a pension plan and, therefore, has no pension costs.

***Use of Estimates***

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

***Investments and Investment Income***

Investments in certificates of deposit, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

***Property Taxes***

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

**Harris County Water Control and Improvement District No. 109**  
**Notes to Financial Statements**  
**December 31, 2024**

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In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2023 on the 2023 levy.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended December 31, 2024, the tax levied in October 2024 is recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ending December 31, 2025. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Land improvements	10-25
Recreational facilities	10-20

**Deferred Amount on Debt Refundings**

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

**Debt Issuance Costs**

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

**Harris County Water Control and Improvement District No. 109**  
**Notes to Financial Statements**  
**December 31, 2024**

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In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Net Position/Fund Balances***

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

***Reconciliation of Government-Wide and Fund Financial Statements***

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 11,221,303
Sales tax rebates receivable due from the City of Houston (the City) are not receivable in the current period and are not reported in the funds.	45,089
Amounts due from the North Harris County Regional Water Authority (the Authority) and from others are not receivable in the current period and are not reported in the funds.	265,424
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	56,324
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	30,274
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(114,920)
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	167,860
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(12,347,411)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (676,057)</u></u>

**Harris County Water Control and Improvement District No. 109**  
**Notes to Financial Statements**  
**December 31, 2024**

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Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ (1,443,882)
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense and noncapitalized costs in the current period.	1,054,672
Government funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	715,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(10,551)
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	35,568
Some expenses previously reported in the statement of activities are reported as expenditures in governmental funds.	<u>4,742</u>
Change in net position of governmental activities.	<u><u>\$ 355,549</u></u>

**Note 2. Deposits, Investments and Investment Income**

***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, a government’s deposits may not be returned to it. The District’s deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At December 31, 2024, none of the District’s bank balances were exposed to custodial credit risk.

***Investments***

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an

**Harris County Water Control and Improvement District No. 109**  
**Notes to Financial Statements**  
**December 31, 2024**

agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. The District's investments in TexPool are reported at amortized cost.

At December 31, 2024, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 7,482,123	\$ 7,482,123	\$ -	\$ -	\$ -

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2024, the District's investments in TexPool were rated "AAAm" by Standard & Poor's.

**Summary of Carrying Values**

The carrying values of deposits and investments shown previously are included in the balance sheet at December 31, 2024, as follows:

Carrying value:	
Deposits	\$ 5,364,237
Investments	<u>7,482,123</u>
Total	<u>\$ 12,846,360</u>

Included in the following statement of net position captions:

Cash	\$ 2,119,237
Certificates of deposit	3,245,000
Short-term investments	<u>7,482,123</u>
Total	<u>\$ 12,846,360</u>

**Harris County Water Control and Improvement District No. 109**  
**Notes to Financial Statements**  
**December 31, 2024**

**Investment Income**

Investment income of \$673,547 for the year ended December 31, 2024, consisted of \$658,997 of interest income on deposits and investments and \$14,550 of interest income on capital contributions with the Authority.

**Note 3. Capital Assets**

A summary of changes in capital assets for the year ended December 31, 2024, is presented below:

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Additions</u>	<u>Retirements/ Reclassi- fications</u>	<u>Balances, End of Year</u>
Capital assets, non-depreciable:				
Land and improvements	\$ 1,922,287	\$ -	\$ -	\$ 1,922,287
Construction in progress	710,772	1,279,434	(119,271)	1,870,935
Total capital assets, non-depreciable	<u>2,633,059</u>	<u>1,279,434</u>	<u>(119,271)</u>	<u>3,793,222</u>
Capital assets, depreciable:				
Water production and distribution facilities	5,987,338	-	-	5,987,338
Wastewater collection and treatment facilities	13,635,985	333,382	56,699	14,026,066
Drainage facilities	2,051,219	-	25,000	2,076,219
Land improvements	80,420	-	-	80,420
Recreational facilities	651,572	-	-	651,572
Total capital assets, depreciable	<u>22,406,534</u>	<u>333,382</u>	<u>81,699</u>	<u>22,821,615</u>
Less accumulated depreciation:				
Water production and distribution facilities	(4,855,785)	(116,795)	-	(4,972,580)
Wastewater collection and treatment facilities	(9,581,977)	(317,567)	-	(9,899,544)
Drainage facilities	(199,774)	(46,166)	-	(245,940)
Land improvements	(16,084)	(5,362)	-	(21,446)
Recreational facilities	(219,342)	(34,682)	-	(254,024)
Total accumulated depreciation	<u>(14,872,962)</u>	<u>(520,572)</u>	<u>-</u>	<u>(15,393,534)</u>
Total governmental activities, net	<u>\$ 10,166,631</u>	<u>\$ 1,092,244</u>	<u>\$ (37,572)</u>	<u>\$ 11,221,303</u>

**Note 4. Long-Term Liabilities**

Changes in long-term liabilities for the year ended December 31, 2024, were as follows:

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Decreases</u>	<u>Balances, End of Year</u>	<u>Amounts Due in One Year</u>
Bonds payable:				
General obligation bonds	\$ 12,975,000	\$ 715,000	\$ 12,260,000	\$ 715,000
Less discounts on bonds	111,476	3,846	107,630	-
Add premiums on bonds	223,520	28,479	195,041	-
Total governmental activities long-term liabilities	<u>\$ 13,087,044</u>	<u>\$ 739,633</u>	<u>\$ 12,347,411</u>	<u>\$ 715,000</u>

**Harris County Water Control and Improvement District No. 109**  
**Notes to Financial Statements**  
**December 31, 2024**

**General Obligation Bonds**

	<u>Refunding Series 2013</u>	<u>Refunding Series 2017</u>
Amounts outstanding, December 31, 2024	\$165,000	\$2,945,000
Interest rates	3.00% to 3.25%	3.00% to 4.00%
Maturity dates, serially beginning/ending	October 1, 2025	October 1, 2025/2032
Interest payment dates	April 1/ October 1	April 1/ October 1
Callable dates*	October 1, 2019	October 1, 2024
	<u>Series 2020</u>	<u>Series 2022</u>
Amounts outstanding, December 31, 2024	\$2,700,000	\$6,450,000
Interest rates	2.00% to 3.00%	4.00% to 5.00%
Maturity dates, serially beginning/ending	October 1, 2025/2040	October 1, 2025/2044
Interest payment dates	April 1/ October 1	April 1/ October 1
Callable dates*	October 1, 2025	October 1, 2028

\*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

**Annual Debt Service Requirements**

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at December 31, 2024:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 715,000	\$ 459,682	\$ 1,174,682
2026	750,000	431,818	1,181,818
2027	745,000	402,818	1,147,818
2028	770,000	374,018	1,144,018
2029	790,000	344,719	1,134,719
2030-2034	3,515,000	1,295,596	4,810,596
2035-2039	2,550,000	791,376	3,341,376
2040-2044	2,425,000	314,862	2,739,862
Total	<u>\$ 12,260,000</u>	<u>\$ 4,414,889</u>	<u>\$ 16,674,889</u>

**Harris County Water Control and Improvement District No. 109**  
**Notes to Financial Statements**  
**December 31, 2024**

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The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

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

**Note 5. Significant Bond Order and Commission Requirements**

- (A) The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended December 31, 2024, the District levied an ad valorem debt service tax at the rate of \$0.1350 per \$100 of assessed valuation, which resulted in a tax levy of \$1,182,970 on the taxable valuation of \$876,279,576 for the 2024 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$1,174,682.
- (B) In accordance with the Series 2022 Bond Order, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid. The bond interest reserve balance of \$35,967 was fully utilized in the current year.

**Note 6. Maintenance Taxes**

At an election held November 4, 2003, voters authorized a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended December 31, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.0887 per \$100 of assessed valuation, which resulted in a tax levy of \$777,254 on the taxable valuation of \$876,279,576 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

**Note 7. Strategic Partnership Agreement**

The District entered into a Strategic Partnership Agreement (SPA) with the City effective November 10, 2003, and as amended. Pursuant to the terms of the SPA, the City annexed portions of the District for limited purposes. The SPA provides for the levy of City sales tax on qualifying retail sales in the District. The District will continue to provide water, sewer and drainage services to all properties within its boundaries until full annexation, which, according to the terms of the SPA, shall not occur prior to 2033, if at all. During the current year, the District recorded \$333,403 in revenues related to the SPA.

**Note 8. Regional Water Authority**

The District is within the boundaries of the Authority, which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of December 31, 2024, the Authority was billing the District \$3.05 per 1,000 gallons of surface water purchased from the Authority and \$2.60 per 1,000 gallons of water pumped from the District's wells. These amounts are subject to future adjustments.

**Harris County Water Control and Improvement District No. 109**  
**Notes to Financial Statements**  
**December 31, 2024**

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

At December 31, 2024, the combined repayments outstanding are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 22,784
2026	22,784
2027	22,784
2028	22,784
2029	22,784
2030-2034	113,920
2035-2039	113,920
2040-2041	<u>24,683</u>
	366,443
Less interest	<u>(133,923)</u>
Ending balance	<u><u>\$ 232,520</u></u>

**Note 9. Contracts With Other Districts**

***Water Supply and Waste Disposal Agreements***

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

Under the terms of the agreement, monthly waste disposal rates to District No. 48 are charged at a rate of 1½ times the rates charged to the District’s customers. Additionally, monthly water rates are charged at a rate of 1¼ times the rates charged to the District’s customers, plus an additional 10% to cover administrative costs. The 1¼ multiplier and the additional 10% are not applied to the portion attributable to the Authority’s charges. During the current year, the District recorded revenue of \$147,517.

***Sanitary Sewer Treatment Contract***

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

**Note 10. Operation of Joint Waste Treatment Plant**

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

***Operations***

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

During the current year, the districts' shares of net expenditures were \$1,151,380 for the District and \$612,404 for Fountainhead. An operating reserve of \$105,000 has been established with the District contributing \$70,000 and Fountainhead contributing \$35,000.

At December 31, 2024, the special revenue fund had service receivables of \$108,250 from the District and \$150,100 from Fountainhead.

**Note 11. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

***Required Supplementary Information***

**Harris County Water Control and Improvement District No. 109**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended December 31, 2024**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Property taxes	\$ 768,000	\$ 803,795	\$ 35,795
Sales tax rebates	335,000	322,505	(12,495)
Water service	700,000	747,738	47,738
Sewer service	1,037,250	1,089,787	52,537
Regional water fee	1,950,500	1,511,047	(439,453)
Service to other governmental entities	58,000	114,613	56,613
Penalty and interest	133,000	118,428	(14,572)
Tap connection and inspection fees	9,500	6,840	(2,660)
Investment income	185,000	306,242	121,242
Other income	1,200	31,679	30,479
	<u>5,177,450</u>	<u>5,052,674</u>	<u>(124,776)</u>
<b>Expenditures</b>			
Service operations:			
Purchased services	1,972,549	1,678,372	294,177
Regional water authority	573,000	976,460	(403,460)
Professional fees	282,400	306,573	(24,173)
Contracted services	244,550	295,848	(51,298)
Garbage service	630,000	662,510	(32,510)
Utilities	79,400	69,517	9,883
Repairs and maintenance	760,000	1,103,878	(343,878)
Other expenditures	200,075	188,171	11,904
Capital outlay	46,000	88,409	(42,409)
	<u>4,787,974</u>	<u>5,369,738</u>	<u>(581,764)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	389,476	(317,064)	(706,540)
<b>Other Financing Sources</b>			
Return of capital	22,800	22,784	(16)
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	412,276	(294,280)	(706,556)
<b>Fund Balance, Beginning of Year</b>	<u>5,148,383</u>	<u>5,148,383</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 5,560,659</u>	<u>\$ 4,854,103</u>	<u>\$ (706,556)</u>

**Harris County Water Control and Improvement District No. 109  
 Budgetary Comparison Schedule – Special Revenue Fund  
 Year Ended December 31, 2024**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Sewer service	\$ 897,510	\$ 1,763,784	\$ 866,274
Investment income	-	55	55
	<u>897,510</u>	<u>1,763,839</u>	<u>866,329</u>
<b>Expenditures</b>			
Service operations:			
Professional fees	44,900	106,363	(61,463)
Contracted services	160,200	174,157	(13,957)
Utilities	260,150	252,921	7,229
Repairs and maintenance	332,750	957,796	(625,046)
Other expenditures	99,510	114,172	(14,662)
Capital outlay	-	158,430	(158,430)
	<u>897,510</u>	<u>1,763,839</u>	<u>(866,329)</u>
<b>Excess of Revenues Over Expenditures</b>	-	-	-
<b>Fund Balance, Beginning of Year</b>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 70,000</u></u>	<u><u>\$ 70,000</u></u>	<u><u>\$ -</u></u>

**Harris County Water Control and Improvement District No. 109**  
**Notes to Required Supplementary Information**  
**December 31, 2024**

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***Budgets and Budgetary Accounting***

Annual operating budgets are prepared for the general and special revenue funds by the District's consultants. The budgets reflect resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budgets prior to the start of its fiscal year. The budgets are not a spending limitation (a legally restricted appropriation). The original budgets of the general fund and special revenue fund were not amended during 2024.

The District prepares its annual operating budgets on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedules – General Fund and Special Revenue Fund present the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

***Supplementary Information***

**Harris County Water Control and Improvement District No. 109**  
**Other Schedules Included Within This Report**  
**December 31, 2024**

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

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 11-22
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –  
Five Years
- [X] Board Members, Key Personnel and Consultants

**Harris County Water Control and Improvement District No. 109**  
**Schedule of Services and Rates**  
**Year Ended December 31, 2024**

1. Services provided by the District:

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 5.00	3,000	N	\$ 1.50 \$ 1.75 \$ 2.00 \$ 2.25	3,001 to 7,000 7,001 to 12,000 12,001 to 20,000 20,001 to No Limit
Wastewater:	\$ 33.56	1	Y		
Regional water fee:	\$ 4.05	1,000	N	\$ 4.05	1,001 to No Limit

Does the District employ winter averaging for wastewater usage? Yes  No

Total charges per 10,000 gallons usage (including fees): Water \$ 56.75 Wastewater \$ 33.56

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	2,104	2,074	x1.0	2,074
1"	38	37	x2.5	93
1 1/2"	30	29	x5.0	145
2"	46	44	x8.0	352
3"	4	4	x15.0	60
4"	10	9	x25.0	225
6"	13	13	x50.0	650
8"	4	4	x80.0	320
10"	-	-	x115.0	-
Total water	2,249	2,214		3,919
Total wastewater	2,208	2,175	x1.0	2,175

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

Gallons pumped into the system:	426,529
Gallons billed to customers:	383,145
Water accountability ratio (gallons billed/gallons pumped):	89.83%

\*"ESFC" means equivalent single-family connections

**Harris County Water Control and Improvement District No. 109**  
**Schedule of General Fund Expenditures**  
**Year Ended December 31, 2024**

<b>Personnel (including benefits)</b>		\$	-
<b>Professional Fees</b>			
Auditing	\$	22,600	
Legal		137,958	
Engineering		146,015	
Financial advisor		-	306,573
<b>Purchased Services for Resale</b>			
Bulk water and wastewater service purchases			1,678,372
<b>Regional Water Authority</b>			976,460
<b>Contracted Services</b>			
Bookkeeping		21,329	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		18,000	
Other contracted services		256,519	295,848
<b>Utilities</b>			69,517
<b>Repairs and Maintenance</b>			1,103,878
<b>Administrative Expenditures</b>			
Directors' fees		17,273	
Office supplies		-	
Insurance		56,811	
Other administrative expenditures		114,087	188,171
<b>Capital Outlay</b>			
Capitalized assets		61,089	
Expenditures not capitalized		27,320	88,409
<b>Tap Connection Expenditures</b>			-
<b>Solid Waste Disposal</b>			662,510
<b>Fire Fighting</b>			-
<b>Parks and Recreation</b>			-
<b>Other Expenditures</b>			-
Total expenditures			<u>\$ 5,369,738</u>

**Harris County Water Control and Improvement District No. 109**  
**Schedule of Temporary Investments**  
**December 31, 2024**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
<b>General Fund</b>				
Certificate of Deposit				
No. 9009004812	4.46%	04/22/25	\$ 3,245,000	\$ 27,756
TexPool	4.48%	Demand	<u>2,277,436</u>	<u>-</u>
			5,522,436	27,756
<b>Debt Service Fund</b>				
TexPool	4.48%	Demand	408,368	-
<b>Capital Projects Fund</b>				
TexPool	4.48%	Demand	<u>4,796,319</u>	<u>-</u>
Totals			<u>\$ 10,727,123</u>	<u>\$ 27,756</u>

**Harris County Water Control and Improvement District No. 109**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended December 31, 2024**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 717,455	\$ 1,029,429
Additions and corrections to prior years' taxes	(19,625)	(27,808)
Adjusted receivable, beginning of year	<u>697,830</u>	<u>1,001,621</u>
<b>2024 Original Tax Levy</b>	726,397	1,105,566
Additions and corrections	50,857	77,404
Adjusted tax levy	<u>777,254</u>	<u>1,182,970</u>
Total to be accounted for	1,475,084	2,184,591
Tax collections: Current year	(367,203)	(558,878)
Prior years	(671,501)	(971,626)
Receivable, end of year	<u>\$ 436,380</u>	<u>\$ 654,087</u>
<b>Receivable, by Years</b>		
2024	\$ 410,051	\$ 624,092
2023	7,236	10,504
2022	3,488	6,214
2021	3,774	3,075
2020	2,466	2,100
2019	2,232	1,616
2018	1,602	1,160
2017	1,275	1,086
2016	2,987	2,758
2015	673	790
2014	466	505
2013	120	166
2012	10	21
Receivable, end of year	<u>\$ 436,380</u>	<u>\$ 654,087</u>

**Harris County Water Control and Improvement District No. 109**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended December 31, 2024**

**(Continued)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Property Valuations</b>				
Land	\$ 207,474,528	\$ 206,547,272	\$ 207,033,393	\$ 163,249,702
Improvements	679,607,250	682,607,502	595,611,881	539,469,045
Personal property	42,421,594	39,210,703	33,234,341	28,392,277
Exemptions	<u>(53,223,796)</u>	<u>(48,898,944)</u>	<u>(45,945,025)</u>	<u>(40,126,248)</u>
Total property valuations	<u>\$ 876,279,576</u>	<u>\$ 879,466,533</u>	<u>\$ 789,934,590</u>	<u>\$ 690,984,776</u>
<b>Tax Rates per \$100 Valuation</b>				
Debt service tax rates	\$ 0.1350	\$ 0.1350	\$ 0.1470	\$ 0.1100
Maintenance tax rates*	<u>0.0887</u>	<u>0.0930</u>	<u>0.0825</u>	<u>0.1350</u>
Total tax rates per \$100 valuation	<u>\$ 0.2237</u>	<u>\$ 0.2280</u>	<u>\$ 0.2295</u>	<u>\$ 0.2450</u>
<b>Tax Levy</b>	<u>\$ 1,960,224</u>	<u>\$ 2,005,171</u>	<u>\$ 1,812,888</u>	<u>\$ 1,692,900</u>
<b>Percent of Taxes Collected to Taxes Levied**</b>	<u>47% ***</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

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

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

\*\*\*2024 taxes were not due until January 31, 2025.

**Harris County Water Control and Improvement District No. 109  
 Schedule of Long-Term Debt Service Requirements by Years  
 December 31, 2024**

<b>Due During Fiscal Years Ending December 31</b>	<b>Refunding Series 2013</b>		
	<b>Principal Due October 1</b>	<b>Interest Due April 1, October 1</b>	<b>Total</b>
2025	\$ 165,000	\$ 5,363	\$ 170,363

**Harris County Water Control and Improvement District No. 109  
Schedule of Long-Term Debt Service Requirements by Years  
December 31, 2024**

**(Continued)**

<b>Due During Fiscal Years Ending December 31</b>	<b>Refunding Series 2017</b>		
	<b>Principal Due October 1</b>	<b>Interest Due April 1, October 1</b>	<b>Total</b>
2025	\$ 200,000	\$ 117,800	\$ 317,800
2026	400,000	109,800	509,800
2027	395,000	93,800	488,800
2028	395,000	78,000	473,000
2029	390,000	62,200	452,200
2030	390,000	46,600	436,600
2031	390,000	31,000	421,000
2032	385,000	15,400	400,400
Totals	<u>\$ 2,945,000</u>	<u>\$ 554,600</u>	<u>\$ 3,499,600</u>

**Harris County Water Control and Improvement District No. 109  
Schedule of Long-Term Debt Service Requirements by Years  
December 31, 2024**

**(Continued)**

<u>Due During Fiscal Years Ending December 31</u>	<u>Series 2020</u>		
	<u>Principal Due October 1</u>	<u>Interest Due April 1, October 1</u>	<u>Total</u>
2025	\$ 150,000	\$ 58,782	\$ 208,782
2026	150,000	54,281	204,281
2027	150,000	51,281	201,281
2028	175,000	48,281	223,281
2029	150,000	44,782	194,782
2030	175,000	41,781	216,781
2031	175,000	38,281	213,281
2032	175,000	34,781	209,781
2033	175,000	31,282	206,282
2034	175,000	27,781	202,781
2035	175,000	24,062	199,062
2036	175,000	20,344	195,344
2037	175,000	16,406	191,406
2038	175,000	12,469	187,469
2039	175,000	8,313	183,313
2040	175,000	4,156	179,156
Totals	<u>\$ 2,700,000</u>	<u>\$ 517,063</u>	<u>\$ 3,217,063</u>

**Harris County Water Control and Improvement District No. 109  
Schedule of Long-Term Debt Service Requirements by Years  
December 31, 2024**

**(Continued)**

<b>Due During Fiscal Years Ending December 31</b>	<b>Series 2022</b>		
	<b>Principal Due October 1</b>	<b>Interest Due April 1, October 1</b>	<b>Total</b>
2025	\$ 200,000	\$ 277,737	\$ 477,737
2026	200,000	267,737	467,737
2027	200,000	257,737	457,737
2028	200,000	247,737	447,737
2029	250,000	237,737	487,737
2030	250,000	227,738	477,738
2031	275,000	217,738	492,738
2032	300,000	206,738	506,738
2033	325,000	194,738	519,738
2034	325,000	181,738	506,738
2035	325,000	168,738	493,738
2036	325,000	155,738	480,738
2037	325,000	142,331	467,331
2038	350,000	128,925	478,925
2039	350,000	114,050	464,050
2040	360,000	99,175	459,175
2041	465,000	83,875	548,875
2042	475,000	63,531	538,531
2043	475,000	42,750	517,750
2044	475,000	21,375	496,375
<b>Totals</b>	<b>\$ 6,450,000</b>	<b>\$ 3,337,863</b>	<b>\$ 9,787,863</b>

**Harris County Water Control and Improvement District No. 109  
 Schedule of Long-Term Debt Service Requirements by Years  
 December 31, 2024**

**(Continued)**

<b>Due During Fiscal Years Ending December 31</b>	<b>Annual Requirements For All Series</b>		
	<b>Total Principal Due</b>	<b>Total Interest Due</b>	<b>Total Principal and Interest Due</b>
2025	\$ 715,000	\$ 459,682	\$ 1,174,682
2026	750,000	431,818	1,181,818
2027	745,000	402,818	1,147,818
2028	770,000	374,018	1,144,018
2029	790,000	344,719	1,134,719
2030	815,000	316,119	1,131,119
2031	840,000	287,019	1,127,019
2032	860,000	256,919	1,116,919
2033	500,000	226,020	726,020
2034	500,000	209,519	709,519
2035	500,000	192,800	692,800
2036	500,000	176,082	676,082
2037	500,000	158,737	658,737
2038	525,000	141,394	666,394
2039	525,000	122,363	647,363
2040	535,000	103,331	638,331
2041	465,000	83,875	548,875
2042	475,000	63,531	538,531
2043	475,000	42,750	517,750
2044	475,000	21,375	496,375
<b>Totals</b>	<b>\$ 12,260,000</b>	<b>\$ 4,414,889</b>	<b>\$ 16,674,889</b>

**Harris County Water Control and Improvement District No. 109**  
**Changes in Long-Term Bonded Debt**  
**Year Ended December 31, 2024**

	<b>Bond Issues</b>				<b>Totals</b>
	<b>Refunding Series 2013</b>	<b>Refunding Series 2017</b>	<b>Series 2020</b>	<b>Series 2022</b>	
Interest rates	3.00% to 3.25%	3.00% to 4.00%	2.00% to 3.00%	4.00% to 5.00%	
Dates interest payable	April 1/ October 1	April 1/ October 1	April 1/ October 1	April 1/ October 1	
Maturity dates	October 1, 2025	October 1, 2025/2032	October 1, 2025/2040	October 1, 2025/2044	
Bonds outstanding, beginning of current year	\$ 330,000	\$ 3,145,000	\$ 2,850,000	\$ 6,650,000	\$ 12,975,000
Retirements, principal	<u>165,000</u>	<u>200,000</u>	<u>150,000</u>	<u>200,000</u>	<u>715,000</u>
Bonds outstanding, end of current year	<u>\$ 165,000</u>	<u>\$ 2,945,000</u>	<u>\$ 2,700,000</u>	<u>\$ 6,450,000</u>	<u>\$ 12,260,000</u>
Interest paid during current year	<u>\$ 10,725</u>	<u>\$ 123,800</u>	<u>\$ 63,281</u>	<u>\$ 287,737</u>	<u>\$ 485,543</u>

Paying agent's name and address:

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

Bond authority:

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

Debt service fund cash and temporary investment balances as of December 31, 2024: \$ 1,527,647

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 833,744

\*Amount of amortization used.

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

	Amounts				
	2024	2023	2022	2021	2020
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 803,795	\$ 636,939	\$ 910,709	\$ 867,442	\$ 866,552
Sales tax rebates	322,505	303,114	323,868	303,179	254,668
Water service	747,738	672,765	485,322	427,325	468,602
Sewer service	1,089,787	1,019,936	957,278	927,057	910,930
Regional water fee	1,511,047	1,770,069	2,078,108	1,717,796	1,673,691
Service to other governmental entities	114,613	130,488	123,221	114,796	110,770
Penalty and interest	118,428	136,980	140,167	80,212	42,000
Tap connection and inspection fees	6,840	7,380	8,823	9,480	58,190
Investment income	306,242	258,911	48,100	7,839	53,971
Other income	31,679	-	14,338	979	3,300
Capital recovery fee	-	-	101,520	-	-
<b>Total revenues</b>	<b>5,052,674</b>	<b>4,936,582</b>	<b>5,191,454</b>	<b>4,456,105</b>	<b>4,442,674</b>
<b>Expenditures</b>					
Service operations:					
Purchased services	1,678,372	1,941,989	1,879,151	1,479,979	1,531,694
Regional water fee	976,460	532,413	848,985	833,976	771,932
Professional fees	306,573	298,157	248,295	223,849	200,407
Contracted services	295,848	236,633	275,563	237,577	228,165
Garbage service	662,510	623,967	588,564	561,373	535,473
Utilities	69,517	76,426	85,821	76,105	73,771
Repairs and maintenance	1,103,878	836,565	642,993	527,521	531,550
Other expenditures	188,171	163,965	150,812	149,748	134,370
Tap connections	-	-	-	-	34,500
Capital outlay	88,409	420,120	451,457	337,069	1,220,408
<b>Total expenditures</b>	<b>5,369,738</b>	<b>5,130,235</b>	<b>5,171,641</b>	<b>4,427,197</b>	<b>5,262,270</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(317,064)</b>	<b>(193,653)</b>	<b>19,813</b>	<b>28,908</b>	<b>(819,596)</b>
<b>Other Financing Sources</b>					
Interfund transfers in	-	5,402	-	-	174,767
Return of capital	22,784	22,784	22,784	22,784	22,784
Insurance proceeds	-	-	77,354	-	-
<b>Total other financing sources</b>	<b>22,784</b>	<b>28,186</b>	<b>100,138</b>	<b>22,784</b>	<b>197,551</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(294,280)</b>	<b>(165,467)</b>	<b>119,951</b>	<b>51,692</b>	<b>(622,045)</b>
<b>Fund Balance, Beginning of Year</b>	<b>5,148,383</b>	<b>5,313,850</b>	<b>5,193,899</b>	<b>5,142,207</b>	<b>5,764,252</b>
<b>Fund Balance, End of Year</b>	<b>\$ 4,854,103</b>	<b>\$ 5,148,383</b>	<b>\$ 5,313,850</b>	<b>\$ 5,193,899</b>	<b>\$ 5,142,207</b>
<b>Total Active Retail Water Connections</b>	<b>2,214</b>	<b>2,215</b>	<b>2,225</b>	<b>2,222</b>	<b>2,213</b>
<b>Total Active Retail Wastewater Connections</b>	<b>2,175</b>	<b>2,176</b>	<b>2,186</b>	<b>2,183</b>	<b>2,174</b>

**Percent of Fund Total Revenues**

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
15.9 %	12.9 %	17.5 %	19.5 %	19.4 %
6.4	6.1	6.2	6.8	5.7
14.8	13.6	9.4	9.6	10.5
21.6	20.7	18.4	20.8	20.4
29.9	35.9	40.0	38.5	37.5
2.3	2.6	2.4	2.6	2.5
2.3	2.8	2.7	1.8	0.9
0.1	0.2	0.2	0.2	1.3
6.1	5.2	0.9	0.2	1.6
0.6	-	0.3	0.0	0.2
-	-	2.0	-	-
100.0	100.0	100.0	100.0	100.0
33.2	39.3	36.2	33.2	34.3
19.3	10.8	16.3	18.7	17.3
6.1	6.0	4.8	5.0	4.5
5.9	4.8	5.3	5.3	5.1
13.1	12.6	11.3	12.6	12.0
1.4	1.6	1.7	1.7	1.7
21.8	17.0	12.4	11.8	11.9
3.7	3.3	2.9	3.4	3.0
-	-	-	-	0.8
1.8	8.5	8.7	7.6	27.4
106.3	103.9	99.6	99.3	118.0
(6.3) %	(3.9) %	0.4 %	0.7 %	(18.0) %

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

	Amounts				
	2024	2023	2022	2021	2020
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 1,163,665	\$ 1,132,881	\$ 742,115	\$ 739,187	\$ 627,683
Penalty and interest	53,306	34,996	21,619	20,709	21,064
Investment income	48,259	25,721	5,150	106	1,035
Total revenues	<u>1,265,230</u>	<u>1,193,598</u>	<u>768,884</u>	<u>760,002</u>	<u>649,782</u>
<b>Expenditures</b>					
Current:					
Professional fees	23,722	12,302	8,989	7,044	9,615
Contracted services	65,762	64,856	59,899	59,738	57,085
Other expenditures	16,918	14,895	18,530	14,004	11,834
Debt service:					
Principal retirement	715,000	505,000	500,000	355,000	365,000
Interest and fees	488,544	467,702	231,906	241,756	203,092
Total expenditures	<u>1,309,946</u>	<u>1,064,755</u>	<u>819,324</u>	<u>677,542</u>	<u>646,626</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(44,716)	128,843	(50,440)	82,460	3,156
<b>Other Financing Sources</b>					
General obligation bonds issued	-	-	287,738	-	35,541
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	(44,716)	128,843	237,298	82,460	38,697
<b>Fund Balance, Beginning of Year</b>	662,586	533,743	296,445	213,985	175,288
<b>Fund Balance, End of Year</b>	<u>\$ 617,870</u>	<u>\$ 662,586</u>	<u>\$ 533,743</u>	<u>\$ 296,445</u>	<u>\$ 213,985</u>

**Percent of Fund Total Revenues**

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
92.0 %	94.9 %	96.5 %	97.3 %	96.6 %
4.2	2.9	2.8	2.7	3.2
<u>3.8</u>	<u>2.2</u>	<u>0.7</u>	<u>0.0</u>	<u>0.2</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
1.9	1.0	1.2	0.9	1.5
5.2	5.4	7.8	7.9	8.8
1.3	1.3	2.4	1.8	1.8
56.5	42.3	65.0	46.7	56.2
<u>38.6</u>	<u>39.2</u>	<u>30.2</u>	<u>31.8</u>	<u>31.2</u>
<u>103.5</u>	<u>89.2</u>	<u>106.6</u>	<u>89.1</u>	<u>99.5</u>
<u><u>(3.5) %</u></u>	<u><u>10.8 %</u></u>	<u><u>(6.6) %</u></u>	<u><u>10.9 %</u></u>	<u><u>0.5 %</u></u>

**Harris County Water Control and Improvement District No. 109  
Board Members, Key Personnel and Consultants  
Year Ended December 31, 2024**

Complete District mailing address:	Harris County Water Control and Improvement District No. 109 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 2400 Houston, Texas 77056
District business telephone number:	713.623.4531
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	July 22, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected &amp; Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
Allen Schreiber	Elected 05/22- 05/26	\$ 7,200	\$ 1,484	President
W. Kemp Culbreth, III	Elected 05/24- 05/28	5,304	306	Vice President
William Lakin	Elected 05/22- 05/26	7,200	1,276	Secretary
Warren Carroll	Elected 05/24- 05/28	5,746	-	Assistant Secretary
Mike Lyons	Appointed 08/24- 05/28	2,431	-	Assistant Secretary
Victor Robson	Elected 05/24- 06/24	2,652	-	Resigned

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

**Harris County Water Control and Improvement District No. 109  
Board Members, Key Personnel and Consultants  
Year Ended December 31, 2024**

**(Continued)**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
Forvis Mazars, LLP	09/09/85	\$ 22,600 3,300	Auditor-WCID Auditor-STP
Harris Central Appraisal District	Legislative Action	16,091	Appraiser
Inframark, LLC	06/11/12	1,099,941 730,546	Operator-WCID Operator-STP
L&S District Services, LLC	11/09/92	21,329 4,412	Bookkeeper-WCID Bookkeeper-STP
Masterson Advisors LLC	05/14/18	-	Financial Advisor
Quiddity Engineering, LLC	01/14/02	384,696 213,109	Engineer-WCID Engineer-STP
Schwartz, Page & Harding, L.L.P.	08/17/76	121,984 378	General Counsel-WCID General Counsel-STP
Ted A. Cox, P.C.	04/08/96	23,772	Delinquent Tax Attorney
Wheeler & Associates, Inc.	11/21/77	65,494	Tax Assessor/ Collector
<b>Investment Officer</b>			
Debra R. Loggins	10/14/19	N/A	Bookkeeper