

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156**

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Water Control
and Improvement District No. 156
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Water Control Improvement District No. 156 (the "District") as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of August 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

November 21, 2024

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

Management’s discussion and analysis of Harris County Water Control and Improvement District No. 156’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended August 31, 2024. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. 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 one governmental fund type. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explains the differences between the two presentations and assists 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 exceeded liabilities by \$3,883,302 as of August 31, 2024.

A portion of the District’s net position reflects its net investment in capital assets (e.g. water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

A comparative analysis of government-wide changes in net position is presented below:

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 1,726,442	\$ 1,527,496	\$ 198,946
Capital Assets (Net of Accumulated Depreciation)	2,243,273	2,329,326	(86,053)
Total Assets	\$ 3,969,715	\$ 3,856,822	\$ 112,893
Total Liabilities	\$ 86,413	\$ 135,695	\$ 49,282
Net Position:			
Net Investment in Capital Assets	\$ 2,243,273	\$ 2,329,326	\$ (86,053)
Unrestricted	1,640,029	1,391,801	248,228
Total Net Position	\$ 3,883,302	\$ 3,721,127	\$ 162,175

The following table provides a summary of the District’s operations for the years ended August 31, 2024, and August 31, 2023. The District increased its net position by \$162,175, accounting for a 4.4% growth in net position. Comparative data is presented below.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 485,347	\$ 494,909	\$ (9,562)
Charges for Services	346,137	410,615	(64,478)
Other Revenues	80,317	54,204	26,113
Total Revenues	\$ 911,801	\$ 959,728	\$ (47,927)
Expenses for Services	749,626	613,726	(135,900)
Change in Net Position	\$ 162,175	\$ 346,002	\$ (183,827)
Net Position, Beginning of Year	3,721,127	3,375,125	346,002
Net Position, End of Year	\$ 3,883,302	\$ 3,721,127	\$ 162,175

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s General Fund fund balance as of August 31, 2024, was \$1,638,310, an increase of \$249,078 from the prior year. This increase was primarily due to tax and service revenues exceeding operating and capital costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$44,984 more than budgeted. Actual expenditures were \$10,906 more than budgeted. This resulted in a positive budget variance of \$34,078. See the budget to actual comparison for further information.

CAPITAL ASSETS

The District’s capital assets as of August 31, 2024, amount to \$2,243,273 (net of accumulated depreciation). These capital assets include the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Construction in Progress	\$ 20,722	\$	\$ 20,722
Capital Assets, Net of Accumulated Depreciation:			
Water System	482,542	502,803	(20,261)
Wastewater System	592,916	622,332	(29,416)
Drainage System	1,147,093	1,204,191	(57,098)
Total Net Capital Assets	\$ 2,243,273	\$ 2,329,326	\$ (86,053)

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

LONG-TERM DEBT ACTIVITY

As of August 31, 2024, the District had no long-term debt outstanding.

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. 156, c/o Norton Rose Fulbright US LLP, 1550 Lamar, Suite 2000, Houston, TX 77010-4106.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
AUGUST 31, 2024**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 212,458	\$	\$ 212,458
Investments	1,449,711		1,449,711
Receivables:			
Property Taxes	1,651		1,651
Penalty and Interest on Delinquent Taxes		68	68
Service Accounts	62,554		62,554
Construction in Progress		20,722	20,722
Capital Assets (Net of Accumulated Depreciation)		<u>2,222,551</u>	<u>2,222,551</u>
TOTAL ASSETS	<u>\$ 1,726,374</u>	<u>\$ 2,243,341</u>	<u>\$ 3,969,715</u>

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

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
AUGUST 31, 2024**

	General Fund	Adjustments	Statement of Net Position
LIABILITIES			
Accounts Payable	\$ 54,288	\$	\$ 54,288
Security Deposits	32,125		32,125
TOTAL LIABILITIES	\$ 86,413	\$ -0-	\$ 86,413
 DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 1,651	\$ (1,651)	\$ -0-
 FUND BALANCE			
Unassigned	\$ 1,638,310	\$ (1,638,310)	\$ -0-
TOTAL FUND BALANCE	\$ 1,638,310	\$ (1,638,310)	\$ -0-
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,726,374		
 NET POSITION			
Net Investment in Capital Assets		\$ 2,243,273	\$ 2,243,273
Unrestricted		1,640,029	1,640,029
TOTAL NET POSITION		\$ 3,883,302	\$ 3,883,302

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

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2024**

Total Fund Balance - Governmental Fund \$ 1,638,310

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 2,243,273

Deferred inflows of resources related to property tax revenues and penalty and interest receivable for the 2023 tax levy became part of recognized revenue in the governmental activities of the District. 1,719

Total Net Position - Governmental Activities \$ 3,883,302

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

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED AUGUST 31, 2024**

	<u>General Fund</u>
REVENUES	
Property Taxes	\$ 485,950
Water Service	183,671
Wastewater Service	156,996
Penalty and Interest	5,717
Investment Revenues	80,232
Miscellaneous Revenues	85
	<u>912,651</u>
TOTAL REVENUES	\$ 912,651
EXPENDITURES/EXPENSES	
Service Operations:	
Professional Fees	\$ 63,376
Contracted Services	546,964
Utilities	1,084
Repairs and Maintenance	3,904
Depreciation	
Other	27,523
Capital Outlay	20,722
	<u>663,573</u>
TOTAL EXPENDITURES/EXPENSES	\$ 663,573
NET CHANGE IN FUND BALANCE	\$ 249,078
CHANGE IN NET POSITION	
FUND BALANCE/NET POSITION - SEPTEMBER 1, 2023	<u>1,389,232</u>
FUND BALANCE/NET POSITION - AUGUST 31, 2024	<u>\$ 1,638,310</u>

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

<u>Adjustments</u>	<u>Statement of Activities</u>
\$ (603)	\$ 485,347
	183,671
	156,996
(247)	5,470
	80,232
	85
<u>(850)</u>	<u>911,801</u>
\$	\$ 63,376
	546,964
	1,084
	3,904
106,775	106,775
	27,523
<u>(20,722)</u>	<u> </u>
<u>\$ 86,053</u>	<u>\$ 749,626</u>
\$ (249,078)	\$
162,175	162,175
<u>2,331,895</u>	<u>3,721,127</u>
<u>\$ 2,244,992</u>	<u>\$ 3,883,302</u>

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

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024**

Net Change in Fund Balance - Governmental Fund	\$	249,078
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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.		(603)
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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.		(247)
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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.		20,722
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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.		(106,775)
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Change in Net Position - Governmental Activities	\$	<u>162,175</u>
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The accompanying notes to the financial statement are an integral part of this report.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024**

NOTE 1. CREATION OF DISTRICT

Harris County Water Control and Improvement District No. 156 of Harris County, Texas (the “District”) was created, effective March 10, 1999, by an Order of the Texas Natural Resource Conservation Commission presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 51 of the Texas Water Code and Article 717R, Texas Revised Civil Statutes, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on March 15, 1999 and sold its first bonds on February 8, 2001.

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.

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”).

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:

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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.

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 Balance.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements Continued

Governmental Funds

The District has one governmental fund and considers it to be a major fund.

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

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 revenue reported in governmental funds to be available if they are collectable 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.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

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 and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that directors are considered to be “employees” for federal payroll tax purposes only.

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

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. The District does not have any nonspendable fund balances.

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. The District does not have any restricted fund balances.

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.

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.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024**

NOTE 3. LONG-TERM DEBT

As of August 31, 2024, the District had authorized but unissued tax bonds in the amount of \$4,005,000 and available refunding bonds authorization of \$9,870,000.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$212,458 and the bank balance was \$213,855. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Fund Balance Sheet and the Statement of Net Position at August 31, 2024, as listed below:

	Cash
GENERAL FUND	\$ 212,458

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.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024**

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts 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 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.

As of August 31, 2024, 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	\$ 182,593	\$ 182,593
TexSTAR	<u>1,267,118</u>	<u>1,267,118</u>
TOTAL INVESTMENTS	<u><u>\$ 1,449,711</u></u>	<u><u>\$ 1,449,711</u></u>

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024**

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At August 31, 2024, the District's investments in TexPool and TexSTAR were rated AAAM by Standard and Poor's.

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 a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2024:

	September 1, 2023	Increases	Decreases	August 31, 2024
Capital Assets Not Being Depreciated				
Construction in Progress	\$ -0-	\$ 20,722	\$ -0-	\$ 20,722
Capital Assets Subject to Depreciation				
Water System	\$ 909,258	\$	\$	\$ 909,258
Wastewater System	1,320,124			1,320,124
Drainage System	2,562,373			2,562,373
Total Capital Assets Subject to Depreciation	\$ 4,791,755	\$ -0-	\$ -0-	\$ 4,791,755
Less Accumulated Depreciation				
Water System	\$ 406,455	\$ 20,261	\$	\$ 426,716
Wastewater System	697,792	29,416		727,208
Drainage System	1,358,182	57,098		1,415,280
Total Accumulated Depreciation	\$ 2,462,429	\$ 106,775	\$ -0-	\$ 2,569,204
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 2,329,326	\$ (106,775)	\$ -0-	\$ 2,222,551
Total Capital Assets, Net of Accumulated Depreciation	\$ 2,329,326	\$ (86,053)	\$ -0-	\$ 2,243,273

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024**

NOTE 6. MAINTENANCE TAX

On May 1, 2000, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation of taxable property within the District. During the current fiscal year, the District levied an ad valorem maintenance tax at the rate of \$0.225 per \$100 of assessed valuation, which resulted in a tax levy of \$485,324 on the taxable valuation of \$215,699,302 for the 2023 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

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 7. 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. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide general liability, property, boiler and machinery, auto liability, pollution liability, public officials liability and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise, they are submitted and paid by TML. 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. 156**

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2024

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 487,000	\$ 485,950	\$ (1,050)
Penalty and Interest		5,717	5,717
Water/Wastewater Services	(See CLCWA collections below and Note 2)		
Investment Revenues	40,000	80,232	40,232
Miscellaneous Revenues		85	85
TOTAL REVENUES	<u>\$ 527,000</u>	<u>\$ 571,984</u>	<u>\$ 44,984</u>
EXPENDITURES			
CLCWA (Clear Lake City Water Authority):			
Water/Wastewater	\$ 600,800	\$ 479,561	\$ 121,239
Less: CLCWA Collections	500,000	340,667	(159,333)
Net Water and Wastewater Charges	\$ 100,800	\$ 138,894	\$ (38,094)
CLCWA Administrative Charges	55,000	45,840	9,160
Total CLCWA Expenditures	\$ 155,800	\$ 184,734	\$ (28,934)
Other Operating Expenditures:			
Laboratory Fees	2,500	2,019	481
Utilities	1,200	1,084	116
Repairs and Maintenance	8,000		8,000
Ditch Maintenance	3,500	3,904	(404)
Director Fees	8,000	6,914	1,086
Election Costs	5,200	1,363	3,837
Payroll Taxes	580	452	128
Travel	1,000		1,000
Miscellaneous	2,500	2,160	340
Publication/Legal Notice	500	851	(351)
Insurance and Bonds	4,000	6,994	(2,994)
Consultants:			
Legal Fees	45,000	36,009	8,991
Auditing Fees	15,000	14,500	500
Engineering	12,000	12,867	(867)
Appraisal District		4,011	(4,011)
Bookkeeping	15,000	9,625	5,375
Tax Collector		7,926	(7,926)
Office	2,220	6,771	(4,551)
Capital Outlay	30,000	20,722	9,278
TOTAL EXPENDITURES	<u>\$ 312,000</u>	<u>\$ 322,906</u>	<u>\$ (10,906)</u>
NET CHANGE IN FUND BALANCE	\$ 215,000	\$ 249,078	\$ 34,078
FUND BALANCE - SEPTEMBER 1, 2023	<u>1,389,232</u>	<u>1,389,232</u>	
FUND BALANCE - AUGUST 31, 2024	<u>\$ 1,604,232</u>	<u>\$ 1,638,310</u>	<u>\$ 34,078</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024**

	Original and Final Budget	Actual	Variance Positive (Negative)
GENERAL OPERATING RESERVES			
Fund Balance	<u>\$ 1,604,232</u>	<u>\$ 1,638,310</u>	<u>\$ 34,078</u>
Note (1)			
Recommended Year-end Reserves	<u>\$ 312,000</u>	<u>\$ 322,906</u>	<u>\$ 10,906</u>
Reserves in Excess of Recommended	<u>\$ 1,292,232</u>	<u>\$ 1,315,404</u>	<u>\$ 23,172</u>
Ratio Year-end Reserves to Budget	5.1	5.1	
Years of deficit coverage with greater reserve than one year of expense	1.2	1.2	

Note (2)

The format of the SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND differs from the schedule on page 12. It provides greater detail and places the collection for water and wastewater services made by CLCWA on behalf of the District as an offset to CLCWA's charges to the District. This format is in closer alignment to the District's working relationship with CLCWA. CLCWA does not invoice the District for service costs incurred by the District until after receipt of scheduled payment by the District's customers. The District is invoiced only for the difference between service costs and receipts.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156**

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

AUGUST 31, 2024

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2024**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved January 19, 2023.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Water Usage Factor</u>	<u>Usage Levels</u>
WATER:	\$ 7.25	0	N	\$ 0.725 \$ 4.64		0 to 10,000 10,001 and up
WASTEWATER:*	\$ 7.25	0	N	\$ 3.915	85% 40% 25%	0 to 20,000 20,001 to 30,000 30,001 and up

SURCHARGE:
Solid Waste/
Garbage
Commission
Regulatory
Assessments
Regional Water
Authority Fees
Other (Name)

* Wastewater Billings are based upon a percentage of water billed.

District employs winter averaging for wastewater usage? X
Yes No

Total bi-monthly charges per 10,000 gallons usage: Water: \$14.50 Wastewater: \$40.53 Surcharge: \$-0- Total: \$55.03

Note: Customers are billed bi-monthly.

See accompanying independent auditor’s report.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2024**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	<u>1</u>	<u>1</u>	x 1.0	<u>1.0</u>
≤¾"	<u>46</u>	<u>46</u>	x 1.0	<u>46.0</u>
1"	<u>323</u>	<u>323</u>	x 2.5	<u>808</u>
1½"	<u>10</u>	<u>10</u>	x 5.0	<u>50.0</u>
2"	<u>2</u>	<u>2</u>	x 8.0	<u>16.0</u>
3"	<u> </u>	<u> </u>	x 15.0	<u> </u>
4"	<u> </u>	<u> </u>	x 25.0	<u> </u>
6"	<u> </u>	<u> </u>	x 50.0	<u> </u>
8"	<u> </u>	<u> </u>	x 80.0	<u> </u>
10"	<u> </u>	<u> </u>	x 115.0	<u> </u>
Total Water Connections	<u><u>382</u></u>	<u><u>382</u></u>		<u><u>921</u></u>
Total Wastewater Connections	<u><u>373</u></u>	<u><u>373</u></u>	x 1.0	<u><u>373.0</u></u>

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

Gallons pumped into system:	62,148,000	Water Accountability Ratio: 100% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	62,148,000	

* The District purchases its water from the Clear Lake City Water Authority. Gallons pumped into the system are not metered but are calculated; the calculated value is set equal to the gallons billed.

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2024**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

City or Cities in which District is located:

Partially in the City of Houston and partially in the City of Pasadena.

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

Entirely Partly Not at all

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2024**

PROFESSIONAL FEES:	
Auditing	\$ 14,500
Engineering	12,867
Legal	<u>36,009</u>
TOTAL PROFESSIONAL FEES	<u>\$ 63,376</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 4,011
Bookkeeping	9,625
Operations and Billing	525,402
Tax Collector	<u>7,926</u>
TOTAL CONTRACTED SERVICES	<u>\$ 546,964</u>
UTILITIES - Electricity	<u>\$ 1,084</u>
REPAIRS AND MAINTENANCE	<u>\$ 3,904</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 6,914
Dues	750
Election Costs	1,363
Insurance	6,994
Legal Notices	851
Office Supplies and Postage	6,771
Payroll Taxes	<u>452</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 24,095</u>
CAPITAL OUTLAY	<u>\$ 20,722</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 2,019
Permit Fees	107
Regulatory Assessment	<u>1,302</u>
TOTAL OTHER EXPENDITURES	<u>\$ 3,428</u>
TOTAL EXPENDITURES	<u><u>\$ 663,573</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
INVESTMENTS
AUGUST 31, 2024**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
<u>GENERAL FUND</u>				
TexPool	XXXX0001	Varies	Daily	\$ 182,593
TexSTAR	XXXX2220	Varies	Daily	<u>1,267,118</u>
TOTAL GENERAL FUND				<u>\$ 1,449,711</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2024**

	Maintenance Taxes	
TAXES RECEIVABLE - SEPTEMBER 1, 2023	\$ 2,254	
Adjustments to Beginning Balance	23	\$ 2,277
Original 2023 Tax Levy	469,881	
Adjustment to 2023 Tax Levy	15,443	485,324
TOTAL TO BE ACCOUNTED FOR		\$ 487,601
TAX COLLECTIONS:		
Prior Years	2,277	
Current Year	483,673	485,950
TAXES RECEIVABLE - AUGUST 31, 2024		\$ 1,651
TAXES RECEIVABLE BY YEAR:		
2023		\$ 1,651

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2024**

	2023	2022	2021	2020
PROPERTY VALUATIONS:				
Land	\$ 54,106,743	\$ 54,135,956	\$ 48,981,284	\$ 48,686,728
Improvements	203,793,865	176,703,580	157,410,731	152,763,362
Personal Property	1,566,251	2,219,783	1,543,112	1,257,641
Exemptions	(43,767,557)	(32,136,586)	(21,999,297)	(19,727,879)
TOTAL PROPERTY VALUATIONS	\$ 215,699,302	\$ 200,922,733	\$ 185,935,830	\$ 182,979,852
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.000	\$ 0.000	\$ 0.00	\$ 0.00
Maintenance	0.225	0.247	0.26	0.30
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.225	\$ 0.247	\$ 0.26	\$ 0.30
ADJUSTED TAX LEVY*	\$ 485,324	\$ 496,279	\$ 483,433	\$ 548,940
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.66 %	100.00 %	100.00 %	100.00 %

* Based upon 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 \$1.00 per \$100 of assessed valuation approved by voters on May 1, 2000.

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS**

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 485,950	\$ 492,714	\$ 484,821
Water Service	183,671	247,643	167,681
Wastewater Service	156,996	158,509	117,760
Penalty and Interest	5,717	4,198	4,628
Investment Revenues	80,232	51,948	4,350
Miscellaneous Revenues	85	2,256	26
TOTAL REVENUES	\$ 912,651	\$ 957,268	\$ 779,266
EXPENDITURES			
Professional Fees	\$ 63,376	\$ 48,431	\$ 57,044
Contracted Services	546,964	425,321	458,334
Utilities	1,084	1,129	1,009
Repairs and Maintenance	3,904	7,254	2,450
Other	27,523	25,108	27,653
Capital Outlay	20,722		
TOTAL EXPENDITURES	\$ 663,573	\$ 507,243	\$ 546,490
EXCESS (DEFICIENCY) OF REVENUES EXPENDITURES	\$ 249,078	\$ 450,025	\$ 232,776
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ - 0 -	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCE	\$ 249,078	\$ 450,025	\$ 232,776
BEGINNING FUND BALANCE	1,389,232	939,207	706,431
ENDING FUND BALANCE	\$ 1,638,310	\$ 1,389,232	\$ 939,207

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2021	2020	2024	2023	2022	2021	2020
\$ 552,705	\$ 359,761	53.3 %	51.5 %	62.2 %	67.2 %	55.6 %
147,081	155,637	20.1	25.9	21.5	17.9	24.1
114,029	115,854	17.2	16.6	15.1	13.9	17.9
5,965	1,361	0.6	0.4	0.6	0.7	0.2
1,460	4,665	8.8	5.4	0.6	0.2	0.7
762	9,779		0.2		0.1	1.5
<u>\$ 822,002</u>	<u>\$ 647,057</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 38,433	\$ 63,798	7.0 %	5.1 %	7.3 %	4.7 %	9.9 %
396,856	373,204	59.9	44.4	58.8	48.3	57.7
927	910	0.1	0.1	0.1	0.1	0.1
8,296	2,450	0.4	0.8	0.3	1.0	0.4
18,072	15,839	3.0	2.6	3.5	2.2	2.4
		2.3				
<u>\$ 462,584</u>	<u>\$ 456,201</u>	<u>72.7 %</u>	<u>53.0 %</u>	<u>70.0 %</u>	<u>56.3 %</u>	<u>70.5 %</u>
<u>\$ 359,418</u>	<u>\$ 190,856</u>	<u>27.3 %</u>	<u>47.0 %</u>	<u>30.0 %</u>	<u>43.7 %</u>	<u>29.5 %</u>
\$ (23,571)	\$ (225,000)					
\$ 335,847	\$ (34,144)					
<u>370,584</u>	<u>404,728</u>					
<u>\$ 706,431</u>	<u>\$ 370,584</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$	\$	\$
Penalty and Interest			
Interest on Investments			
Miscellaneous Revenues			
TOTAL REVENUES	\$	\$	\$
EXPENDITURES			
Tax Collection Expenditures	\$	\$	\$
Exclusion Contract Payment			
Debt Service Principal			
Debt Service Interest and Fees			
TOTAL EXPENDITURES	\$	\$	\$
EXCESS (DEFICIENCY) OF REVENUES EXPENDITURES	\$	\$	\$
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$	\$	\$
NET CHANGE IN FUND BALANCE	\$	\$	\$
BEGINNING FUND BALANCE			
ENDING FUND BALANCE	\$ N/A	\$ N/A	\$ N/A
TOTAL ACTIVE RETAIL WATER CONNECTIONS	382	382	382
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	373	372	371

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2021	2020	2024	2023	2022	2021	2020
\$	\$ 215,840	%	%	%	%	99.5 %
	951					0.4
27	179				100.0	0.1
<u>\$ 27</u>	<u>\$ 216,970</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>100.0</u>	<u>100.0</u> %
\$ 32	\$ 16,991	%	%	%	118.5 %	7.8 %
301	296				1,114.8	0.1
75,000	445,000				277,777.8	205.1
1,350	9,360				5,000.0	4.3
<u>\$ 76,683</u>	<u>\$ 471,647</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>284,011.1</u>	<u>217.3</u> %
<u>\$ (76,656)</u>	<u>\$ (254,677)</u>	<u>N/A</u> %	<u>N/A</u> %	<u>N/A</u> %	<u>(283,911.1)</u>	<u>(117.3)</u> %
<u>\$ 23,571</u>	<u>\$ 225,000</u>					
\$ (53,085)	\$ (29,677)					
<u>53,085</u>	<u>82,762</u>					
<u>\$ - 0 -</u>	<u>\$ 53,085</u>					
<u>382</u>	<u>382</u>					
<u>373</u>	<u>372</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2024**

District Mailing Address - Harris County Water Control and Improvement District No. 156
c/o Norton Rose Fulbright US LLP
1550 Lamar, Suite 2000
Houston, TX 77010-4106

District Telephone Number - (713) 651-5246

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended August 31, 2024 *	Expense Reimbursements for the year ended August 31, 2024	Title
Pete Nagamani	05/22 05/26 (Elected)	\$ 1,618	\$ -0-	President
Michael Terraso	05/22 05/26 (Elected)	\$ 1,176	\$ -0-	Vice President
Matt Chamberlain	05/24 07/24 (Resigned)	\$ 955	\$ -0-	Secretary
Susan Lindamood	05/24 05/28 (Elected)	\$ 442	\$ -0-	Assistant Secretary
Arnold Mallett	05/24 05/28 (Elected)	\$ 1,547	\$ -0-	Treasurer

Note: 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 developer or with any of the District's consultants.

Submission date of most recent District Registration Form: November 28, 2023

* The limit on Fees of Office that a Director may receive during a fiscal year is \$6,000 as set by Board Resolution. 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. 156
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2024**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended August 31, 2024</u>	<u>Title</u>
Norton Rose Fulbright US LLP	03/15/99	\$ 36,997	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	11/27/00	\$ 14,500	Auditor
Myrtle Cruz, Inc.	05/01/99	\$ 10,572	Bookkeeper
Lockwood, Andrews & Newman, Inc.	03/15/99	\$ 34,683	Engineer
Masterson Advisors LLC	05/24/18	\$ -0-	Financial Advisor
Mary Jarmon	05/10/01	\$ -0-	Investment Officer
Clear Lake City Water Authority	05/12/99	\$ 525,402	Operator
Bob Leared, RTA	11/10/99	\$ 11,570	Tax Assessor/ Collector
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	05/10/01	\$ 375	Delinquent Tax Attorney

See accompanying independent auditor's report.