

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

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2022

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
AUGUST 31, 2022**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET	9-10
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	12-13
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	14
NOTES TO THE FINANCIAL STATEMENTS	15-24
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	26-27
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	29-31
GENERAL FUND EXPENDITURES	32
INVESTMENTS	33
TAXES LEVIED AND RECEIVABLE	34-35
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	36-39
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	40-41

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

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 and Improvement District No. 156 (the "District") as of and for the year ended August 31, 2022, 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

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

January 13, 2023

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022**

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, 2022. 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, 2022**

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”). 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 \$3,375,125 as of August 31, 2022.

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, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 1,082,609	\$ 768,243	\$ 314,366
Capital Assets (Net of Accumulated Depreciation)	2,435,809	2,542,293	(106,484)
Total Assets	\$ 3,518,418	\$ 3,310,536	\$ 207,882
Total Liabilities	\$ 143,293	\$ 60,363	\$ (82,930)
Net Position:			
Net Investment in Capital Assets	\$ 2,435,809	\$ 2,542,293	\$ (106,484)
Unrestricted	939,316	707,880	231,436
Total Net Position	\$ 3,375,125	\$ 3,250,173	\$ 124,952

The following table provides a summary of the District's operations for the years ended August 31, 2022, and August 31, 2021. The District increased its net position by \$124,952, accounting for a 3.8% growth in net position. Comparative data is presented below.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 483,434	\$ 548,941	\$ (65,507)
Charges for Services	289,808	266,400	23,408
Other Revenues	4,376	2,249	2,127
Total Revenues	\$ 777,618	\$ 817,590	\$ (39,972)
Expenses for Services	652,666	569,775	(82,891)
Change in Net Position	\$ 124,952	\$ 247,815	\$ (122,863)
Net Position, Beginning of Year	3,250,173	3,002,358	247,815
Net Position, End of Year	\$ 3,375,125	\$ 3,250,173	\$ 124,952

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s General Fund fund balance as of August 31, 2022, was \$939,207, an increase of \$232,776 from the prior year. This increase was primarily due to tax and service revenues exceeding operating costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the current fiscal year to decrease projected property tax revenues. Actual revenues were \$18,825 more than budgeted. Actual expenditures were \$46,769 more than budgeted.

CAPITAL ASSETS

The District’s capital assets as of August 31, 2022, amount to \$2,435,809 (net of accumulated depreciation). These capital assets include the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2022	2021	Change Positive (Negative)
Capital Assets, Net of Accumulated Depreciation:			
Water System	\$ 523,008	\$ 543,214	\$ (20,206)
Wastewater System	651,668	681,004	(29,336)
Drainage System	1,261,133	1,318,075	(56,942)
Total Net Capital Assets	\$ 2,435,809	\$ 2,542,293	\$ (106,484)

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2022**

LONG-TERM DEBT ACTIVITY

As of August 31, 2022, 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, 1301 McKinney, Suite 5100, Houston, TX 77010.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
AUGUST 31, 2022**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 262,630	\$	\$ 262,630
Investments	752,094		752,094
Receivables:			
Property Taxes	59		59
Penalty and Interest on Delinquent Taxes		50	50
Service Accounts	67,369		67,369
Accrued Interest	407		407
Capital Assets (Net of Accumulated Depreciation)		<u>2,435,809</u>	<u>2,435,809</u>
TOTAL ASSETS	<u>\$ 1,082,559</u>	<u>\$ 2,435,859</u>	<u>\$ 3,518,418</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, 2022**

	General Fund	Adjustments	Statement of Net Position
LIABILITIES			
Accounts Payable	\$ 111,743	\$	\$ 111,743
Security Deposits	31,550		31,550
TOTAL LIABILITIES	\$ 143,293	\$ -0-	\$ 143,293
 DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 59	\$ (59)	\$ -0-
 FUND BALANCE			
Unassigned	\$ 939,207	\$ (939,207)	\$ -0-
TOTAL FUND BALANCE	\$ 939,207	\$ (939,207)	\$ -0-
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 \$ 1,082,559		
 NET POSITION			
Net Investment in Capital Assets		\$ 2,435,809	\$ 2,435,809
Unrestricted		939,316	939,316
TOTAL NET POSITION		\$ 3,375,125	\$ 3,375,125

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, 2022**

Total Fund Balance - Governmental Fund	\$ 939,207
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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.	2,435,809
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable for the 2021 tax levy became part of recognized revenue in the governmental activities of the District.	<u>109</u>
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Total Net Position - Governmental Activities	<u><u>\$ 3,375,125</u></u>
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The accompanying notes to the financial statement are an integral part of this report.

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**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, 2022**

	<u>General Fund</u>
REVENUES	
Property Taxes	\$ 484,821
Water Service	167,681
Wastewater Service	117,760
Penalty and Interest	4,628
Investment Revenues	4,350
Miscellaneous Revenues	26
	<u>779,266</u>
TOTAL REVENUES	\$ 779,266
EXPENDITURES/EXPENSES	
Service Operations:	
Professional Fees	\$ 57,044
Contracted Services	458,334
Utilities	1,009
Exclusion Contract Payment	308
Repairs and Maintenance	2,450
Depreciation	
Other	27,345
	<u>546,490</u>
TOTAL EXPENDITURES/EXPENSES	\$ 546,490
NET CHANGE IN FUND BALANCE	\$ 232,776
CHANGE IN NET POSITION	
FUND BALANCE/NET POSITION - SEPTEMBER 1, 2021	<u>706,431</u>
FUND BALANCE/NET POSITION - AUGUST 31, 2022	<u>\$ 939,207</u>

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

<u>Adjustments</u>	<u>Statement of Activities</u>
\$ (1,387)	\$ 483,434
	167,681
	117,760
(261)	4,367
	4,350
	26
<u>(1,648)</u>	<u>777,618</u>
\$	\$ 57,044
	458,334
	1,009
(308)	
	2,450
106,484	106,484
	27,345
<u>106,176</u>	<u>652,666</u>
\$ (232,776)	\$
124,952	124,952
<u>2,543,742</u>	<u>3,250,173</u>
<u>\$ 2,435,918</u>	<u>\$ 3,375,125</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, 2022**

Net Change in Fund Balance - Governmental Fund	\$	232,776
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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.		(1,387)
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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.		(261)
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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.		(106,484)
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Governmental funds report exclusion contract payments as expenditures. In the Statement of Net Position, exclusion contract payments decrease the related obligations.		308
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Change in Net Position - Governmental Activities	\$	<u>124,952</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, 2022**

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, 2022**

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, 2022**

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, 2022**

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 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, 2022**

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, 2022**

NOTE 3. LONG-TERM DEBT

As of August 31, 2022, 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 \$371,563 and the bank balance was \$370,069. 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, 2022, as listed below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	\$ 262,630	\$ 108,933	\$ 371,563

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, 2022**

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 TexSTAR, an external investment pool that is not SEC-registered. First Southwest Asset Management, Inc., and JP Morgan Chase manage the daily operations of TexSTAR. TexSTAR meets the criteria established in GASB No. 79 and measures all of their portfolio assets at amortized cost. As a result, the District also measures its investments in TexSTAR at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexSTAR.

The District measures its investments in certificates of deposit at acquisition cost.

As of August 31, 2022, 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	\$ 165,837	\$ 165,837
TexSTAR	477,324	477,324
Certificate of Deposit	<u>108,933</u>	<u>108,933</u>
TOTAL INVESTMENTS	<u>\$ 752,094</u>	<u>\$ 752,094</u>

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022**

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, 2022, the District's investments in TexPool and TexSTAR were rated AAAM by Standard and Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and TexSTAR to have 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. The District also manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2022:

	September 1, 2021	Increases	Decreases	August 31, 2022
Capital Assets Subject to Depreciation				
Water System	\$ 909,258	\$	\$	\$ 909,258
Wastewater System	1,320,124			1,320,124
Drainage System	<u>2,562,373</u>			<u>2,562,373</u>
Total Capital Assets Subject to Depreciation	<u>\$ 4,791,755</u>	<u>\$ - 0 -</u>	<u>\$ -0-</u>	<u>\$ 4,791,755</u>
Less Accumulated Depreciation				
Water System	\$ 366,044	\$ 20,206	\$	\$ 386,250
Wastewater System	639,120	29,336		668,456
Drainage System	<u>1,244,298</u>	<u>56,942</u>		<u>1,301,240</u>
Total Accumulated Depreciation	<u>\$ 2,249,462</u>	<u>\$ 106,484</u>	<u>\$ -0-</u>	<u>\$ 2,355,946</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,542,293</u>	<u>\$ (106,484)</u>	<u>\$ -0-</u>	<u>\$ 2,435,809</u>

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022**

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 \$0.26 per \$100 of assessed valuation, which resulted in a tax levy of \$483,433 on the taxable valuation of \$185,935,830 for the 2021 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. EXCLUSION CONTRACT

On May 12, 1999, the District executed an Exclusion Contract with the Clear Lake City Water Authority (the "Authority"). On March 10, 1999, the Commission approved the creation of the District which includes land formerly located in the Authority. On May 6, 1999, the Directors of the Authority approved this agreement and an order excluding the land within the District from the Authority. The term of the agreement is 40 years for the date of the agreement. The agreement provides for the District to share in 0.064% of the debt of the Authority.

The District agreed to levy and assess a continuing direct annual ad valorem tax sufficient to pay the interest and principal due on the above debt. Proceeds of the tax and investment revenues will be funded into an "Exclusion Contract Fund" for the purpose of meeting this obligation. The Authority reserved the right to refund its existing debt from time to time and as a result of the refunding the Authority may recalculate the District's allocated share. The District recorded an expenditure of \$308 in accordance with this contract in the current fiscal year and the debt was paid off.

The District further assumes the obligations included in certain Sales and Lease Agreements pertaining to utilities discussed in the Bay Oaks Development Agreement relating to the Bay Oaks Facilities and the Pine Brook Development Agreement relating to the Pine Brook Facilities with some exclusions as discussed in the agreement. The Authority further agreed to provide service to the District at a rate of 1-1/2 times the rate provided to residents of the Authority.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2022**

NOTE 8. 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, 2022

**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, 2022**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 530,000	\$ 473,000	\$ 484,821	\$ 11,821
Penalty and Interest			4,628	4,628
Water/Wastewater Services			(See CLCWA collections below and Note 2)	
Investment Revenues	2,000	2,000	4,350	2,350
Miscellaneous Revenues			26	26
TOTAL REVENUES	<u>\$ 532,000</u>	<u>\$ 475,000</u>	<u>\$ 493,825</u>	<u>\$ 18,825</u>
EXPENDITURES				
CLCWA (Clear Lake City Water Authority):				
Water/Wastewater	\$ 360,700	\$ 360,700	\$ 391,588	\$ (30,888)
Less: CLCWA Collections	310,000	310,000	285,441	(24,559)
Net Water and Wastewater Charges	\$ 50,700	\$ 50,700	\$ 106,147	\$ (55,447)
CLCWA Administrative Charges	45,000	45,000	45,840	(840)
Total CLCWA Expenditures	\$ 95,700	\$ 95,700	\$ 151,987	\$ (56,287)
Other Operating Expenditures:				
Laboratory Fees	1,800	1,800	3,741	(1,941)
Utilities	1,200	1,200	1,009	191
Repairs and Maintenance	7,000	7,000		7,000
Ditch Maintenance	3,500	3,500	2,450	1,050
Director Fees	5,800	5,800	4,950	850
Election Costs	5,000	5,000	352	4,648
Payroll Taxes	580	580	356	224
Travel	850	850	403	447
Miscellaneous	2,500	2,500	3,184	(684)
Publication/Legal Notice	500	500	851	(351)
Insurance and Bonds	3,800	3,800	8,096	(4,296)
Consultants:				
Legal Fees	30,000	30,000	40,032	(10,032)
Auditing Fees	12,250	12,250	13,000	(750)
Engineering	2,000	2,000	4,012	(2,012)
Appraisal District			3,666	(3,666)
Bookkeeping	9,800	9,800	10,275	(475)
Tax Collector			6,965	(6,965)
Office	2,000	2,000	5,720	(3,720)
Capital Outlay	30,000	30,000		30,000
TOTAL EXPENDITURES	<u>\$ 214,280</u>	<u>\$ 214,280</u>	<u>\$ 261,049</u>	<u>\$ (46,769)</u>
NET CHANGE IN FUND BALANCE	\$ 317,720	\$ 260,720	\$ 232,776	\$ (27,944)
FUND BALANCE - SEPTEMBER 1, 2021	706,431	706,431	706,431	
FUND BALANCE - AUGUST 31, 2022	<u>\$ 1,024,151</u>	<u>\$ 967,151</u>	<u>\$ 939,207</u>	<u>\$ (27,944)</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, 2022**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
GENERAL OPERATING RESERVES				
Fund Balance	<u>\$ 1,024,151</u>	<u>\$ 967,151</u>	<u>\$ 939,207</u>	<u>\$ (27,944)</u>
Note (1)				
Recommended Year-end Reserves	<u>\$ 214,280</u> #	<u>\$ 214,280</u>	<u>\$ 261,049</u>	<u>\$ 46,769</u>
Reserves in Excess of Recommended	<u>\$ 809,871</u>	<u>\$ 752,871</u>	<u>\$ 678,158</u>	<u>\$ (74,713)</u>
Ratio Year-end Reserves to Budget	4.8	4.5	3.6	
Years of deficit coverage with greater reserve than one year of expense	1.3	1.3	1.4	

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, 2022

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2022**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved September 15, 2016.

	<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:	\$ 5.00		N	\$ 0.50 \$ 3.20		0 to 10,000 10,001 and up
WASTEWATER:*	\$ 5.00		N	\$ 2.70	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: \$10.00 Wastewater: \$27.95 Surcharge: \$-0- Total: \$37.95

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, 2022**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ ³ / ₄ "	<u>47</u>	<u>47</u>	x 1.0	<u>47</u>
1"	<u>324</u>	<u>323</u>	x 2.5	<u>808</u>
1½"	<u>10</u>	<u>10</u>	x 5.0	<u>50</u>
2"	<u>2</u>	<u>2</u>	x 8.0	<u>16</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>383</u></u>	<u><u>382</u></u>		<u><u>921</u></u>
Total Wastewater Connections	<u><u>374</u></u>	<u><u>371</u></u>	x 1.0	<u><u>371</u></u>

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

Gallons pumped into system: 64,911,000* Water Accountability Ratio: 100.0 %
(Gallons billed and sold/Gallons pumped and purchased)

Gallons billed to customers: 64,911,000

* 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, 2022**

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, 2022**

PROFESSIONAL FEES:	
Auditing	\$ 13,000
Engineering	4,012
Legal	<u>40,032</u>
TOTAL PROFESSIONAL FEES	<u>\$ 57,044</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 3,666
Bookkeeping	10,275
Operations and Billing	437,428
Tax Collector	<u>6,965</u>
TOTAL CONTRACTED SERVICES	<u>\$ 458,334</u>
UTILITIES - Electricity	<u>\$ 1,009</u>
REPAIRS AND MAINTENANCE	<u>\$ 2,450</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 4,950
Dues	700
Election Costs	352
Insurance	8,096
Legal Notices	851
Office Supplies and Postage	5,720
Payroll Taxes	356
Travel and Meetings	403
Exclusion Contract Payment	<u>308</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 21,736</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 3,741
Permit Fees	975
Regulatory Assessment	<u>1,201</u>
TOTAL OTHER EXPENDITURES	<u>\$ 5,917</u>
TOTAL EXPENDITURES	<u><u>\$ 546,490</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 156
INVESTMENTS
AUGUST 31, 2022**

<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>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 165,837	\$
TexSTAR	XXXX0020	Varies	Daily	477,324	
Certificate of Deposit	XXXX8330	0.40%	09/24/22	<u>108,933</u>	<u>407</u>
TOTAL GENERAL FUND				<u>\$ 752,094</u>	<u>\$ 407</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, 2022**

	Maintenance Taxes	
TAXES RECEIVABLE - SEPTEMBER 1, 2021	\$	1,446
Adjustments to Beginning Balance	1	\$ 1,447
Original 2021 Tax Levy	468,195	
Adjustment to 2021 Tax Levy	15,238	483,433
TOTAL TO BE ACCOUNTED FOR		\$ 484,880
TAX COLLECTIONS:		
Prior Years	1,445	
Current Year	483,376	484,821
TAXES RECEIVABLE - AUGUST 31, 2022		\$ 59
TAXES RECEIVABLE BY YEAR:		
2021	\$	57
2020		2
TOTAL	\$	59

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, 2022**

	2021	2020	2019	2018
PROPERTY VALUATIONS:				
Land	\$ 48,981,284	\$ 48,686,728	\$ 39,176,134	\$ 38,485,638
Improvements	157,410,731	152,763,362	158,493,671	154,783,867
Personal Property	1,543,112	1,257,641	826,543	624,404
Exemptions	(21,999,297)	(19,727,879)	(16,906,434)	(16,022,984)
TOTAL PROPERTY VALUATIONS	\$ 185,935,830	\$ 182,979,852	\$ 181,589,914	\$ 177,870,925
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.00	\$ 0.00	\$ 0.12	\$ 0.14
Maintenance	0.26	0.30	0.20	0.20
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.26	\$ 0.30	\$ 0.32	\$ 0.34
ADJUSTED TAX LEVY*	\$ 483,433	\$ 548,940	\$ 581,088	\$ 604,762
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.99 %	99.99 %	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		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 484,821	\$ 552,705	\$ 359,761
Water Service	167,681	147,081	155,637
Wastewater Service	117,760	114,029	115,854
Penalty and Interest	4,628	5,965	1,361
Investment Revenues	4,350	1,460	4,665
Miscellaneous Revenues	26	762	9,779
TOTAL REVENUES	\$ 779,266	\$ 822,002	\$ 647,057
EXPENDITURES			
Professional Fees	\$ 57,044	\$ 38,433	\$ 63,798
Contracted Services	458,334	396,856	373,204
Utilities	1,009	927	910
Repairs and Maintenance	2,450	8,296	2,450
Other	27,653	18,072	15,839
TOTAL EXPENDITURES	\$ 546,490	\$ 462,584	\$ 456,201
EXCESS (DEFICIENCY) OF REVENUES EXPENDITURES	\$ 232,776	\$ 359,418	\$ 190,856
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ - 0 -	\$ (23,571)	\$ (225,000)
NET CHANGE IN FUND BALANCE	\$ 232,776	\$ 335,847	\$ (34,144)
BEGINNING FUND BALANCE	706,431	370,584	404,728
ENDING FUND BALANCE	\$ 939,207	\$ 706,431	\$ 370,584

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2019	2018	2022	2021	2020	2019	2018
\$ 356,924	\$ 363,146	62.2 %	67.2 %	55.6 %	59.3 %	55.0 %
130,174	172,079	21.5	17.9	24.1	21.7	26.1
106,083	120,379	15.1	13.9	17.9	17.7	18.3
2,121	1,684	0.6	0.7	0.2	0.4	0.3
4,802	2,049	0.6	0.2	0.7	0.8	0.3
549	105		0.1	1.5	0.1	
<u>\$ 600,653</u>	<u>\$ 659,442</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 37,464	\$ 35,945	7.3 %	4.7 %	9.9 %	6.2 %	5.5 %
346,420	395,516	58.8	48.3	57.7	57.7	60.0
1,016	1,034	0.1	0.1	0.1	0.2	0.2
19,881	3,500	0.3	1.0	0.4	3.3	0.5
18,124	16,806	3.5	2.2	2.4	3.0	2.5
<u>\$ 422,905</u>	<u>\$ 452,801</u>	<u>70.0 %</u>	<u>56.3 %</u>	<u>70.5 %</u>	<u>70.4 %</u>	<u>68.7 %</u>
<u>\$ 177,748</u>	<u>\$ 206,641</u>	<u>30.0 %</u>	<u>43.7 %</u>	<u>29.5 %</u>	<u>29.6 %</u>	<u>31.3 %</u>
<u>\$ (175,000)</u>	<u>\$ (175,000)</u>					
\$ 2,748	\$ 31,641					
<u>401,980</u>	<u>370,339</u>					
<u>\$ 404,728</u>	<u>\$ 401,980</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		
	2022	2021	2020
REVENUES			
Property Taxes	\$	\$	\$ 215,840
Penalty and Interest			951
Interest on Investments		27	179
Miscellaneous Revenues			
TOTAL REVENUES	\$	\$ 27	\$ 216,970
EXPENDITURES			
Tax Collection Expenditures	\$	\$ 32	\$ 16,991
Exclusion Contract Payment		301	296
Debt Service Principal		75,000	445,000
Debt Service Interest and Fees		1,350	9,360
TOTAL EXPENDITURES	\$	\$ 76,683	\$ 471,647
EXCESS (DEFICIENCY) OF REVENUES EXPENDITURES	\$	\$ (76,656)	\$ (254,677)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$	\$ 23,571	\$ 225,000
NET CHANGE IN FUND BALANCE	\$	\$ (53,085)	\$ (29,677)
BEGINNING FUND BALANCE		53,085	82,762
ENDING FUND BALANCE	\$ N/A	\$ -0-	\$ 53,085
TOTAL ACTIVE RETAIL WATER CONNECTIONS	382	382	382
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	371	373	372

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2019	2018	2022	2021	2020	2019	2018
\$ 249,696	\$ 254,432	%	%	99.5 %	97.2 %	98.5 %
6,909	2,089			0.4	2.7	0.8
303	864		100.0	0.1	0.1	0.3
	957					0.4
<u>\$ 256,908</u>	<u>\$ 258,342</u>	<u>%</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 15,325	\$ 15,263	%	118.5 %	7.8 %	6.0 %	5.9 %
608	1,880		1,114.8	0.1	0.2	0.7
430,000	420,000		277,777.8	205.1	167.4	162.6
17,100	24,660		5,000.0	4.3	6.7	9.5
<u>\$ 463,033</u>	<u>\$ 461,803</u>	<u>%</u>	<u>284,011.1 %</u>	<u>217.3 %</u>	<u>180.3 %</u>	<u>178.7 %</u>
<u>\$ (206,125)</u>	<u>\$ (203,461)</u>	<u>N/A %</u>	<u>(283,911.1) %</u>	<u>(117.3) %</u>	<u>(80.3) %</u>	<u>(78.7) %</u>
<u>\$ 175,000</u>	<u>\$ 175,000</u>					
\$ (31,125)	\$ (28,461)					
<u>113,887</u>	<u>142,348</u>					
<u>\$ 82,762</u>	<u>\$ 113,887</u>					
<u>382</u>	<u>382</u>					
<u>372</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, 2022**

District Mailing Address - Harris County Water Control and Improvement District No. 156
c/o Norton Rose Fulbright US LLP
1301 McKinney Ave., Suite 5100
Houston, TX 77010-3095

District Telephone Number - (713) 651-5151

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>August 31, 2022</u> *	Expense Reimbursements for the year ended <u>August 31, 2022</u>	<u>Title</u>
Michael Terraso	05/22 05/26 (Elected)	\$ 900	\$ -0-	President
Beth Moore	05/20 05/24 (Elected)	\$ 1,200	\$ -0-	Vice President
Matt Chamberlain	05/20 05/24 (Elected)	\$ 900	\$ -0-	Secretary
Thomas Humphrey	05/20 05/24 (Elected)	\$ 750	\$ -0-	Assistant Secretary
Pete Nagamani	05/22 05/26 (Elected)	\$ 1,200	\$ 560	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: June 28, 2021

* The limit on Fees of Office that a Director may receive during a fiscal year is \$6,000 as set by Board Resolution on August 1, 2001. 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, 2022**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended August 31, 2022</u>	<u>Title</u>
Norton Rose Fulbright US LLP	03/15/99	\$ 39,682	General Counsel
McCall Gibson Swedlund Barfoot PLLC	11/27/00	\$ 13,000	Auditor
Myrtle Cruz, Inc.	05/01/99	\$ 11,628	Bookkeeper
Lockwood, Andrews & Newman, Inc.	03/15/99	\$ 4,012	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	\$ 437,428	Operator
Bob Leared, RTA	11/10/99	\$ 10,131	Tax Assessor/ Collector
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	05/10/01	\$ 350	Delinquent Tax Attorney

See accompanying independent auditor's report.

