

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92**

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2022

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92**

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ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Water Control
and Improvement District No. 92
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Water Control and Improvement District No. 92 (the "District") as of and for the year ended December 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 each major fund of the District as of December 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 and Special Revenue 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. 92

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

April 3, 2023

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Management’s discussion and analysis of Harris County Water Control and Improvement District No. 92’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended December 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 Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District’s assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District’s net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Special Revenue Fund accounts for the financial resources collected and administered by the District for operation of the joint wastewater facilities. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 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 Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”). The budgetary comparison schedules are included as RSI for the General Fund and the Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District’s assets exceeded liabilities and deferred inflows of resources by \$3,006,650 as of December 31, 2022. A portion of the District’s net position reflects its net investment in capital assets (land, water and wastewater facilities, recreation facilities and buildings, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services. The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 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	\$ 2,624,306	\$ 2,753,101	\$ (128,795)
Capital Assets (Net of Accumulated Depreciation)	<u>1,298,840</u>	<u>1,349,234</u>	<u>(50,394)</u>
Total Assets	<u>\$ 3,923,146</u>	<u>\$ 4,102,335</u>	<u>\$ (179,189)</u>
Total Liabilities	<u>\$ 493,032</u>	<u>\$ 401,298</u>	<u>\$ (129,516)</u>
Deferred Inflows of Resources	<u>\$ 423,464</u>	<u>\$ 393,109</u>	<u>\$ (30,355)</u>
Net Position:			
Net Investment in Capital Assets	\$ 1,319,306	\$ 1,547,608	\$ (228,302)
Unrestricted	<u>1,687,344</u>	<u>1,760,320</u>	<u>(72,976)</u>
Total Net Position	<u>\$ 3,006,650</u>	<u>\$ 3,307,928</u>	<u>\$ (301,278)</u>

The following table provides a summary of the District's operations for the years ended December 31, 2022 and December 31, 2021. The District's net position decreased by \$301,278 during the current fiscal year.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 401,841	\$ 401,123	\$ 718
Charges for Services	2,030,357	1,877,115	153,242
Other Revenues	<u>252,736</u>	<u>248,979</u>	<u>3,757</u>
Total Revenues	<u>\$ 2,684,934</u>	<u>\$ 2,527,217</u>	<u>\$ 157,717</u>
Expenses for Services	<u>2,986,212</u>	<u>2,529,349</u>	<u>(456,863)</u>
Change in Net Position	\$ (301,278)	\$ (2,132)	\$ (299,146)
Net Position, Beginning of Year	<u>3,307,928</u>	<u>3,310,060</u>	<u>(2,132)</u>
Net Position, End of Year	<u>\$ 3,006,650</u>	<u>\$ 3,307,928</u>	<u>\$ (301,278)</u>

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of December 31, 2022, were \$1,658,671, a decrease of \$251,883 from the prior year.

The General Fund fund balance decreased by \$73,975, primarily due to current year expenditures exceeding current year tax and service revenues.

The Capital Projects Fund fund balance decreased by \$177,908 primarily due to the use of surplus funds to fund current year capital costs and bond issuance costs for the upcoming Series 2023 bond issuance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the current fiscal year. Actual revenues were \$97,634 more than budgeted revenues primarily due to higher than anticipated property tax revenues, regional water authority fees and security service fees. Actual expenditures were \$172,102 more than budgeted expenditures primarily due to higher personnel, contracted services, purchased wastewater service, regional water authority fees and repair and maintenance costs, offset by less than anticipated professional fees and club costs. See the budget to actual comparison.

CAPITAL ASSETS

Capital assets as of December 31, 2022, total \$1,298,840 (net of accumulated depreciation) and include land as well as the trucks, water, wastewater systems and buildings. Significant capital asset activity completed during the current fiscal year was the Fairbrook Lane sanitary sewer rehabilitation.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 52,812	\$ 34,812	\$ 18,000
Construction in Progress	92,858	40,598	52,260
Capital Assets, Net of Accumulated Depreciation:			
Water and Wastewater System	1,094,636	1,206,610	(111,974)
Recreational Facilities	56,284	64,214	(7,930)
Buildings	2,250	3,000	(750)
Total Net Capital Assets	\$ 1,298,840	\$ 1,349,234	\$ (50,394)

Additional information on the District’s capital assets can be found in Note 4 of this report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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. 92, c/o Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, TX 77046.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
ASSETS		
Cash	\$ 775,836	\$ 29,208
Investments	1,212,382	
Receivables:		
Property Taxes	200,636	
Penalty and Interest on Delinquent Taxes		
Service Accounts	195,145	
Other	6,405	
Due from Developer	2,211	
Due from Other Funds	102,699	49,281
Prepaid Costs	29,565	
Due from Other Governmental Units		45,636
Advance for Regional Wastewater Treatment		
Plant Operations	39,237	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 2,564,116</u>	<u>\$ 124,125</u>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$	\$	\$
103,757	805,044		805,044
	1,316,139		1,316,139
	200,636		200,636
		23,525	23,525
	195,145		195,145
	6,405		6,405
	2,211		2,211
	151,980	(151,980)	
	29,565		29,565
	45,636		45,636
	39,237	(39,237)	
		52,812	52,812
		92,858	92,858
		1,153,170	1,153,170
<u>\$ 103,757</u>	<u>\$ 2,791,998</u>	<u>\$ 1,131,148</u>	<u>\$ 3,923,146</u>

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

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2022**

	General Fund	Special Revenue Fund
LIABILITIES		
Accounts Payable	\$ 268,198	\$ 42,070
Due to Developers	5,999	
Due to Other Funds	49,281	19,408
Security Deposits	153,355	
Advance for Regional Wastewater Treatment Plant Operations		62,647
TOTAL LIABILITIES	\$ 476,833	\$ 124,125
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 449,078	\$ -0-
 FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 29,565	\$
For Regional Wastewater Treatment Plant Operations	39,237	
Restricted for Authorized Construction		
Unassigned	1,569,403	
TOTAL FUND BALANCES	\$ 1,638,205	\$ -0-
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,564,116	\$ 124,125
 NET POSITION		
Net Investment in Capital Assets Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 310,268	\$	\$ 310,268
	5,999		5,999
83,291	151,980	(151,980)	
	153,355		153,355
	62,647	(39,237)	23,410
<u>\$ 83,291</u>	<u>\$ 684,249</u>	<u>\$ (191,217)</u>	<u>\$ 493,032</u>
<u>\$ -0-</u>	<u>\$ 449,078</u>	<u>\$ (25,614)</u>	<u>\$ 423,464</u>
\$	\$ 29,565	\$ (29,565)	\$
	39,237	(39,237)	
20,466	20,466	(20,466)	
	1,569,403	(1,569,403)	
<u>\$ 20,466</u>	<u>\$ 1,658,671</u>	<u>\$ (1,658,671)</u>	<u>\$ -0-</u>
<u>\$ 103,757</u>	<u>\$ 2,791,998</u>		
		\$ 1,319,306	\$ 1,319,306
		<u>1,687,344</u>	<u>1,687,344</u>
		<u>\$ 3,006,650</u>	<u>\$ 3,006,650</u>

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

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 92
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022**

Total Fund Balances - Governmental Funds	\$	1,658,671
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.</p>		1,298,840
<p>Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District.</p>		<u>49,139</u>
Total Net Position - Governmental Activities	\$	<u><u>3,006,650</u></u>

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

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**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund	Special Revenue Fund
REVENUES		
Property Taxes	\$ 402,247	\$
Water Service	242,567	
Wastewater Service	206,707	487,618
Garbage Service	462,048	
Security Service	224,640	
Regional Water Authority Fees	631,501	
Club Revenue	214,857	
Penalty and Interest	44,277	
Tap Connection and Inspection Fees	3,588	
Investment Revenues	20,073	
Miscellaneous Revenues	14,429	
	<u>\$ 2,466,934</u>	<u>\$ 487,618</u>
TOTAL REVENUES		
EXPENDITURES/EXPENSES		
Service Operations:		
Personnel	\$ 97,573	\$ 29,849
Professional Fees	54,818	50,093
Contracted Services	748,367	48,802
Purchased Wastewater Service	273,994	
Utilities	59,170	57,376
Regional Water Authority Assessment	635,821	6,477
Repairs and Maintenance	312,043	134,868
Depreciation		
Recreational Club Costs	258,954	
Other	98,169	160,153
Capital Outlay		
Debt Service -		
Bond Issuance Costs	2,000	
	<u>\$ 2,540,909</u>	<u>\$ 487,618</u>
TOTAL EXPENDITURES/EXPENSES		
NET CHANGE IN FUND BALANCES	\$ (73,975)	\$ -0-
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2022	<u>1,712,180</u>	<u></u>
FUND BALANCES/NET POSITION - DECEMBER 31, 2022	<u>\$ 1,638,205</u>	<u>\$ -0-</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 402,247	\$ (406)	\$ 401,841
	242,567		242,567
	694,325	(273,994)	420,331
	462,048		462,048
	224,640		224,640
	631,501		631,501
	214,857		214,857
	44,277	1,405	45,682
	3,588		3,588
3,377	23,450		23,450
	14,429		14,429
\$ 3,377	\$ 2,957,929	\$ (272,995)	\$ 2,684,934
\$	\$ 127,422	\$	\$ 127,422
	104,911		104,911
	797,169		797,169
	273,994	(273,994)	
	116,546		116,546
	642,298		642,298
	446,911		446,911
		164,639	164,639
	258,954		258,954
2,769	261,091		261,091
114,245	114,245	(114,245)	
64,271	66,271		66,271
\$ 181,285	\$ 3,209,812	\$ (223,600)	\$ 2,986,212
\$ (177,908)	\$ (251,883)	\$ 251,883	\$
		(301,278)	(301,278)
198,374	1,910,554	1,397,374	3,307,928
\$ 20,466	\$ 1,658,671	\$ 1,347,979	\$ 3,006,650

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

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds	\$	(251,883)
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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.		(406)
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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.		1,405
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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.		(164,639)
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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.		114,245
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Change in Net Position - Governmental Activities	\$	<u>(301,278)</u>
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The accompanying notes to the financial statements are an integral part of this report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1. CREATION OF DISTRICT

Harris County Water Control and Improvement District No. 92, Harris County, Texas, was created by Order of the Texas Water Rights Commission on December 1, 1964 pursuant to Chapter 51 of the Texas Water Code. On April 15, 1975, the District was converted to a municipal utility district by the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the “Commission”), and now operates pursuant to Chapters 49 and 54 of the Texas Water Code to provide water and sewer services to property owners within the boundaries of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

The District participates in a joint venture for the operation of a joint wastewater treatment plant (the “Plant”) with Montgomery County Municipal Utility District No. 94. Since the District owns and operates the Plant for the benefit of the participants, the Plant’s operations are accounted for in the Special Revenue Fund of the District, see Note 7. The District does not issue separate financial statements for the Plant.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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 to obtain net total revenues and expenses 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 Balances.

Governmental Funds

The District has three governmental funds and considers them to be major funds.

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

Special Revenue Fund – To account for financial resources collected and administered by the District for the operation of the joint wastewater facilities.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectible 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 collectible 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.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include 2021 tax levy collections during the period October 1, 2021, to December 31, 2022, and taxes collected from January 1, 2022, to December 31, 2022, for the 2020 and prior tax levies. The 2022 tax levy has been fully deferred.

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.

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 acquisition 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:

	<u>Years</u>
Buildings	40
Water System	10-45
Wastewater System	10-45
All Other Equipment	5-20

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund and Special Revenue Fund by the District's Board of Directors. The budgets are 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 and Special Revenue Fund present the original and amended budgets, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has employees. Payments are made into the social security system for them. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only. A separate pension plan has not been established for the employees or directors.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District 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.

NOTE 3. 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 \$805,044 and the bank balance was \$577,274. Of the bank balance, \$301,189 was insured by the Federal Deposit Insurance Corporation and the remaining was secured by pledged collateral. The District was not exposed to custodial credit risk at year-end.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2022, as listed below:

	Cash
GENERAL FUND	\$ 775,836
SPECIAL REVENUE FUND	29,208
TOTAL DEPOSITS	\$ 805,044

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors.

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and 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.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

All investments are recorded at cost, which the District considers to be fair value. As of December 31, 2022, the District had the following investments:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 1,212,382	\$ 1,212,382
<u>CAPITAL PROJECTS FUND</u>		
TexPool	103,757	103,757
TOTAL INVESTMENTS	\$ 1,316,139	\$ 1,316,139

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2022, the District's investment in TexPool was 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 investment in TexPool 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, unless there has been a significant change in value.

Restrictions

All cash and investments of the Special Revenue Fund are restricted for the regional wastewater treatment plant operations. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4. CAPITAL ASSETS

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

	January 1, 2022	Increases	Decreases	December 31, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 34,812	\$ 18,000	\$	\$ 52,812
Construction in Progress	40,598	96,245	43,985	92,858
Total Capital Assets Not Being Depreciated	<u>\$ 75,410</u>	<u>\$ 114,245</u>	<u>\$ 43,985</u>	<u>\$ 145,670</u>
Capital Assets Subject to Depreciation				
Trucks	\$ 57,626	\$	\$	\$ 57,626
Water and Wastewater System	6,440,995	43,985		6,484,980
Recreational Facilities	342,084			342,084
Buildings	30,000			30,000
Total Capital Assets Subject to Depreciation	<u>\$ 6,870,705</u>	<u>\$ 43,985</u>	<u>\$ - 0 -</u>	<u>\$ 6,914,690</u>
Accumulated Depreciation				
Trucks	\$ 57,626	\$	\$	\$ 57,626
Water and Wastewater System	5,234,385	155,959		5,390,344
Recreational Facilities	277,870	7,930		285,800
Buildings	27,000	750		27,750
Total Accumulated Depreciation	<u>\$ 5,596,881</u>	<u>\$ 164,639</u>	<u>\$ - 0 -</u>	<u>\$ 5,761,520</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,273,824</u>	<u>\$ (120,654)</u>	<u>\$ - 0 -</u>	<u>\$ 1,153,170</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,349,234</u>	<u>\$ (6,409)</u>	<u>\$ 43,985</u>	<u>\$ 1,298,840</u>

NOTE 5. MAINTENANCE TAX

At an election held on August 23, 1975, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.15 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the year ended December 31, 2022, the District levied an ad valorem maintenance tax rate of \$0.133501 per \$100 of assessed valuation, which resulted in a tax levy of \$423,464 on the adjusted taxable valuation of \$317,198,715 for the 2022 tax year. The 2022 tax levy has been fully deferred to meet operating expenditures for the 2023 fiscal year.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY FEES

The North Harris County Regional Water Authority (the "Authority") was created by House Bill 2965, Acts of the 76th Legislature, Regular Session 1999, and was confirmed by an election held on January 15, 2000. The Authority is a political subdivision of the State of Texas, governed by an elected five-member Board of Directors. The Authority is empowered to, among others powers, "acquire or develop surface water and groundwater supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporation, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." In accordance with this provision, the current well pumpage fee is \$4.60 per 1,000 gallons of water pumped from each regulated well. The District's well pumpage fees payable to the Authority for the year ended December 31, 2022, were \$635,821.

On December 5, 2016, the District entered into an Alternative Water Use Incentive Agreement with the Authority. The Authority is encouraging the reuse of wastewater plant effluent by using alternative water use credits. The credits are to be calculated at \$25,000 or 10% of the capital cost required to retrofit the wastewater treatment plant, whichever is greater, plus \$0.75 per 1,000 gallons or the rate then provided in the then-current Alternative Water Use program, whichever is greater. The credits to be issued to the District shall not exceed the capital costs of the system which were estimated by the District to be \$70,200. During previous fiscal years, the District recorded \$67,730 in alternative water use credits. No credits were recorded in the current fiscal year.

NOTE 7. WASTEWATER TREATMENT FACILITIES AGREEMENT

On October 1, 2001, the District entered into a wastewater treatment facilities agreement with Montgomery County Municipal Utility District No. 94 ("District No. 94"). The District has constructed a wastewater treatment plant. This agreement was amended on August 9, 2004. District No. 94 has purchased total capacity of 275,000 gallons per day of average flow at a cost of \$825,000. The District's and District No. 94's, current pro rata share is 60.714% and 39.286%, respectively. The term of this agreement is 50 years. The District is responsible for operating the wastewater treatment facilities. In accordance with the agreement, the District is required to establish an operating reserve equal to two month's operating expenditures. As of December 31, 2022, the total reserve is \$62,647, of which the District's portion is \$39,237. During the current fiscal year, the District incurred operating costs of \$273,994.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 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 (the “TML”) to provide property, general liability, automobile, boiler and machinery, errors and omissions 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.

NOTE 9. INTERFUND RECEIVABLES, LIABILITIES AND TRANSFERS

As of December 31, 2022, the District had the following interfund liabilities: the General Fund owed the Special Revenue Fund \$49,281 for the wastewater treatment plant operating costs; the Capital Projects Fund owed the General Fund \$83,291 for bond issuance costs and capital costs related to water well no. 4 and the sanitary sewer rehabilitation; and the Special Revenue Fund owed the General Fund \$19,408 for operating costs.

NOTE 10. USE OF SURPLUS FUNDS

In accordance with Rule 30 T.A.C. 293.83(c)(3) of the Commission, the District approved the use of surplus Capital Projects Fund monies in the amount of \$114,245 to fund costs related to the Fairbrook Lane sanitary sewer rehabilitation and water well no. 4.

NOTE 11. BOND AUTHORITY

At an election held on May 7, 2022, voters of the District approved bonds in the maximum aggregate amount of \$15,000,000 to fund water, sanitary sewer, drainage and storm sewer costs and a maximum aggregate amount of \$22,500,000 in refunding bonds to refund water, sewer, drainage and storm sewer related bonds. As of December 31, 2022, there were no bonds outstanding.

NOTE 12. SUBSEQUENT EVENT

On January 31, 2023, the District closed on the Unlimited Tax Bonds, Series 2023 for \$5,000,000 with interest rates ranging from 4.00% to 6.50% and maturing on April 1, 2050. The proceeds will be used by the District to finance certain water and wastewater improvements and associated engineering costs, future bond interest costs and bond issuance costs.

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**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92**

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 92
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 300,125	\$ 356,000	\$ 402,247	\$ 46,247
Water Service	240,000	240,000	242,567	2,567
Wastewater Service	207,000	207,000	206,707	(293)
Garbage Service	420,000	460,000	462,048	2,048
Security Service	198,800	198,800	224,640	25,840
Regional Water Authority Fee	592,000	592,000	631,501	39,501
Club Revenue	276,600	276,600	214,857	(61,743)
Penalty and Interest	30,000	30,000	44,277	14,277
Tap Connection and Inspection Fees	1,200	1,200	3,588	2,388
Investment Revenues	1,200	1,200	20,073	18,873
Miscellaneous Revenues	6,500	6,500	14,429	7,929
TOTAL REVENUES	\$ 2,273,425	\$ 2,369,300	\$ 2,466,934	\$ 97,634
EXPENDITURES				
Service Operations:				
Personnel	\$ 77,606	\$ 77,606	\$ 97,573	\$ (19,967)
Professional Fees	76,750	83,750	54,818	28,932
Contracted Services	683,400	723,400	748,367	(24,967)
Purchased Wastewater Service	235,421	235,421	273,994	(38,573)
Utilities	51,650	51,650	59,170	(7,520)
Regional Water Authority Assessment	570,000	570,000	635,821	(65,821)
Repairs and Maintenance	121,950	253,550	312,043	(58,493)
Recreational Club Costs	274,450	274,450	258,954	15,496
Other	89,580	94,980	100,169	(5,189)
Capital Outlay		4,000		4,000
TOTAL EXPENDITURES	\$ 2,180,807	\$ 2,368,807	\$ 2,540,909	\$ (172,102)
NET CHANGE IN FUND BALANCE	\$ 92,618	\$ 493	\$ (73,975)	\$ (74,468)
FUND BALANCE - JANUARY 1, 2022	1,712,180	1,712,180	1,712,180	
FUND BALANCE - DECEMBER 31, 2022	\$ 1,804,798	\$ 1,712,673	\$ 1,638,205	\$ (74,468)

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 92
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Wastewater Service	\$ 375,880	\$ 487,618	\$ 111,738
EXPENDITURES			
Service Operations:			
Personnel	\$ 28,580	\$ 29,849	\$ (1,269)
Professional Fees	3,500	50,093	(46,593)
Contracted Services	48,600	48,802	(202)
Utilities	56,850	57,376	(526)
Regional Water Authority Assessment	12,000	6,477	5,523
Repairs and Maintenance	147,700	134,868	12,832
Other	78,650	160,153	(81,503)
TOTAL EXPENDITURES	<u>\$ 375,880</u>	<u>\$ 487,618</u>	<u>\$ (111,738)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - JANUARY 1, 2022	_____	_____	_____
FUND BALANCE - DECEMBER 31, 2022	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92**

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

DECEMBER 31, 2022

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

<u> X </u>	Retail Water	<u> X </u>	Wholesale Water	<u> </u>	Drainage
<u> X </u>	Retail Wastewater	<u> X </u>	Wholesale Wastewater	<u> X </u>	Irrigation
<u> X </u>	Parks/Recreation	<u> </u>	Fire Protection	<u> X </u>	Security
<u> X </u>	Solid Waste/Garbage	<u> </u>	Flood Control	<u> </u>	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 effective October 1, 2018.

	<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>Usage Levels</u>
WATER:	\$ 11.00	6,000	N	\$ 0.75 1.25	6,001 to 25,000 25,001 and up
WASTEWATER:	\$ 11.00	50,000	N	\$ 0.75	50,001 and up
SURCHARGE:					
Regional Water Authority Fees	\$ 2.89	0,001	N	\$ 4.60	0,001 and up
Garbage Service			Y	\$27.41	
Recreational Fee			Y	\$11.65	
Security Fee			Y	\$12.65	

District employs winter averaging for wastewater usage? X
Yes No

Total charges per 10,000 gallons usage: Water: \$14.00 Wastewater: \$11.00 Surcharges: \$100.60

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 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	<u>1</u>	<u>1</u>	x 1.0	<u>1</u>
≤ ³ / ₄ "	<u>1,557</u>	<u>1,536</u>	x 1.0	<u>1,536</u>
1"	<u>10</u>	<u>10</u>	x 2.5	<u>25</u>
1½"	<u> </u>	<u> </u>	x 5.0	<u> </u>
2"	<u>15</u>	<u>13</u>	x 8.0	<u>104</u>
3"	<u>2</u>	<u>2</u>	x 15.0	<u>30</u>
4"	<u> </u>	<u> </u>	x 25.0	<u> </u>
6"	<u> </u>	<u> </u>	x 50.0	<u> </u>
8"	<u>1</u>	<u>1</u>	x 80.0	<u>80</u>
10"	<u> </u>	<u> </u>	x 115.0	<u> </u>
Total Water Connections	<u><u>1,586</u></u>	<u><u>1,563</u></u>		<u><u>1,776</u></u>
Total Wastewater Connections	<u><u>1,573</u></u>	<u><u>1,550</u></u>	x 1.0	<u><u>1,550</u></u>

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

Gallons pumped into system:	138,840,000	Water Accountability Ratio: 86.6% (Gallons billed and maintenance/Gallons pumped and purchased)
Gallons billed to customers:	120,236,000	

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 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

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

Entirely Partly Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022**

PERSONNEL EXPENDITURES (Including Benefits)	\$ <u>97,573</u>
PROFESSIONAL FEES:	
Auditing	\$ 11,750
Engineering	13,950
Legal	25,794
Delinquent Tax Attorney	2,624
Financial Advisor	<u>700</u>
TOTAL PROFESSIONAL FEES	\$ <u>54,818</u>
PURCHASED SERVICES FOR RESALE -	
Purchased Wastewater Service	\$ <u>273,994</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 2,962
Bookkeeping	16,931
Operations and Billing	75,454
Recording Secretary	2,950
Security	174,093
Solid Waste Disposal	458,477
Tax Collector	<u>17,500</u>
TOTAL CONTRACTED SERVICES	\$ <u>748,367</u>
UTILITIES:	
Electricity	\$ 52,110
Telephone	<u>7,060</u>
TOTAL UTILITIES	\$ <u>59,170</u>
REPAIRS AND MAINTENANCE	\$ <u>312,043</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 14,250
Election Costs	5,702
Insurance	25,185
Office Supplies and Postage	8,382
Other	<u>7,693</u>
TOTAL ADMINISTRATIVE EXPENDITURES	\$ <u>61,212</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022**

BOND ISSUANCE COSTS		\$ <u>2,000</u>		
RECREATIONAL CLUB		\$ <u>258,954</u>		
OTHER EXPENDITURES:				
Chemicals		\$ 5,168		
Fuel		6,221		
Laboratory Fees		3,953		
Permit Fees		3,869		
Reconnection Fees		11,093		
Inspection Fees		4,438		
Regional Water Authority Assessment		635,821		
Regulatory Assessment		<u>2,215</u>		
TOTAL OTHER EXPENDITURES		\$ <u>672,778</u>		
TOTAL EXPENDITURES		\$ <u>2,540,909</u>		
Number of persons employed by the District	<u>2</u>	Full-Time	<u>12</u>	Part-Time

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
INVESTMENTS
DECEMBER 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	XXXX0002	Varies	Daily	\$ 1,212,382	\$ _____
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 103,757	\$ _____
TOTAL - ALL FUNDS				<u>\$ 1,316,139</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Maintenance Taxes	
TAXES RECEIVABLE -		
JANUARY 1, 2022	\$ 204,999	
Adjustments to Beginning		
Balance	8,733	\$ 213,732
Original 2022 Tax Levy	\$ 393,954	
Adjustment to 2022 Tax Levy	29,510	423,464
TOTAL TO BE		
ACCOUNTED FOR		\$ 637,196
 TAX COLLECTIONS:		
Prior Years	\$ 188,117	
Current Year	248,443	436,560
 TAXES RECEIVABLE -		
DECEMBER 31, 2022		\$ 200,636
 TAXES RECEIVABLE BY		
YEAR:		
2022		\$ 175,021
2021		5,105
2020		2,466
2019		1,825
2018		1,979
2017 and Prior		14,240
TOTAL		\$ 200,636

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 317,198,715</u>	<u>\$ 280,475,517</u>	<u>\$ 258,341,626</u>	<u>\$ 255,659,201</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	0.000	0.000	\$ 0.000	\$ 0.00
Maintenance	<u>0.133501</u>	<u>0.140158</u>	<u>0.147</u>	<u>0.15</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.133501</u>	<u>\$ 0.140158</u>	<u>\$ 0.147</u>	<u>\$ 0.15</u>
ADJUSTED TAX LEVY*	<u>\$ 423,464</u>	<u>\$ 393,109</u>	<u>\$ 380,020</u>	<u>\$ 381,229</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>58.67 %</u>	<u>98.70 %</u>	<u>99.35 %</u>	<u>99.52 %</u>

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$0.15 per \$100 of assessed valuation approved by voters on August 23, 1975.

See accompanying independent auditor's report.

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**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 402,247	\$ 399,154	\$ 380,563
Water Service	242,567	235,910	236,968
Wastewater Service	206,707	206,368	205,672
Garbage Service	462,048	393,010	335,427
Security Service	224,640	194,296	194,003
Regional Water Authority Fee	631,501	572,984	529,352
Club Revenue	214,857	214,085	214,666
Penalty and Interest	44,277	39,949	31,669
Tap Connection and Inspection Fees	3,588	94,878	560
Investment Revenues	20,073	1,885	9,290
Miscellaneous Revenues	14,429	32,637	7,922
TOTAL REVENUES	\$ 2,466,934	\$ 2,385,156	\$ 2,146,092
EXPENDITURES			
Personnel	\$ 97,573	\$ 97,056	\$ 108,557
Professional Fees	54,818	69,073	32,017
Contracted Services	748,367	684,065	638,624
Purchased Wastewater Service	273,994	237,393	215,877
Utilities	59,170	58,696	57,153
Regional Water Authority Assessment	635,821	566,836	535,222
Repairs and Maintenance	312,043	139,441	111,683
Recreational Club Costs	258,954	249,996	231,285
Other	100,169	125,843	70,376
Capital Outlay			39,524
TOTAL EXPENDITURES	\$ 2,540,909	\$ 2,228,399	\$ 2,040,318
NET CHANGE IN FUND BALANCE	\$ (73,975)	\$ 156,757	\$ 105,774
BEGINNING FUND BALANCE	1,712,180	1,555,423	1,449,649
ENDING FUND BALANCE	\$ 1,638,205	\$ 1,712,180	\$ 1,555,423
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,563	1,564	1,564
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,550	1,540	1,551

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2019	2018	2022	2021	2020	2019	2018
\$ 351,761	\$ 330,908	16.4 %	16.6 %	17.8 %	17.2 %	16.2 %
231,749	237,703	9.8	9.9	11.0	11.3	11.6
205,338	205,831	8.4	8.7	9.6	10.0	10.0
330,951	288,378	18.7	16.5	15.6	16.1	14.1
193,600	193,409	9.1	8.1	9.0	9.4	9.4
443,477	416,256	25.6	24.0	24.7	21.6	20.3
216,400	215,895	8.7	9.0	10.0	10.6	10.5
40,239	35,164	1.8	1.7	1.5	2.0	1.7
1,176	82,114	0.1	4.0		0.1	4.0
27,327	16,232	0.8	0.1	0.4	1.3	0.8
8,954	29,619	0.6	1.4	0.4	0.4	1.4
<u>\$ 2,050,972</u>	<u>\$ 2,051,509</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 94,506	\$ 91,337	4.1 %	4.1 %	5.1 %	4.6 %	4.5 %
24,289	30,394	2.2	2.9	1.5	1.2	1.5
620,042	561,074	30.3	28.7	29.8	30.2	27.3
216,531	232,816	11.1	10.0	10.1	10.6	11.3
51,509	54,851	2.4	2.5	2.7	2.5	2.7
450,601	421,571	25.8	23.8	24.9	22.0	20.5
204,829	120,076	12.6	5.8	5.2	10.0	5.9
250,493	240,787	10.5	10.5	10.8	12.2	11.7
67,800	96,513	4.1	5.3	3.3	3.3	4.7
				1.8		
<u>\$ 1,980,600</u>	<u>\$ 1,849,419</u>	<u>103.1 %</u>	<u>93.6 %</u>	<u>95.2 %</u>	<u>96.6 %</u>	<u>90.1 %</u>
\$ 70,372	\$ 202,090	<u>(3.1) %</u>	<u>6.4 %</u>	<u>4.8 %</u>	<u>3.4 %</u>	<u>9.9 %</u>
<u>1,379,277</u>	<u>1,177,187</u>					
<u>\$ 1,449,649</u>	<u>\$ 1,379,277</u>					
<u>1,558</u>	<u>1,557</u>					
<u>1,545</u>	<u>1,544</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2022**

District Mailing Address - Harris County Water Control and Improvement District No. 92
c/o Coats Rose, P.C.
9 Greenway Plaza, Suite 1000
Houston, TX 77046

District Telephone Number - (713) 651-0111

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2022	Expense Reimbursements for the year ended December 31, 2022	Title
Don H. Roberts, Jr.	05/2019 - 05/2023 (Elected)	\$ 2,850	\$ -0-	President/ Treasurer/ Investment Officer
Charles R. Hart	05/2021 - 05/2025 (Elected)	\$ 3,450	\$ -0-	Vice President/ Secretary
Sandra S. Knox	10/2021 - 05/2025 (Appointed)	\$ 2,250	\$ -0-	Assistant Secretary
Richard Zagrzecki	05/2021 - 05/2025 (Elected)	\$ 3,300	\$ -0-	Director
Mark Krause	02/2021 - 05/2023 (Appointed)	\$ 2,400	\$ -0-	Director

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: May 10, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060). 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. 92
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2022**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2022</u>	<u>Title / Related To</u>
Coats Rose, P.C.	02/26/86	\$ 26,234 \$ 9,426	General Counsel Bond Related
McCall Gibson Swedlund Barfoot, PLLC	12/28/98	\$ 11,750 \$ 2,000 \$ 3,250	Auditor Bond Related Joint WWTP
L & S District Services, LLC	08/06/01	\$ 27,431 \$ 4,253	Bookkeeper Joint WWTP
Perdue, Brandon, Fielder, Collins & Mott, LLP	06/01/90	\$ 2,624	Delinquent Tax Attorney
Bleyl & Associates	11/13/13	\$ 90,406 \$ 54,494 \$ 46,843	Engineer Bond Related Joint WWTP
Water District Management Co.	03/21/74	\$ 409,757 \$ 72,413	Operator Joint WWTP
Spring I.S.D.	07/01/83	\$ 17,500	Tax Assessor/ Collector
GMS Group	09/06/22	\$ 700	Financial Advisor
Robert W. Cowart	10/91	\$ 97,651	General Manager

See accompanying independent auditor's report.

