

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

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2023

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 FUNDS BALANCE SHEET	9-12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	14-15
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	16
NOTES TO THE FINANCIAL STATEMENTS	17-29
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND	31-32
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	34-36
GENERAL FUND EXPENDITURES	37-38
INVESTMENTS	39
TAXES LEVIED AND RECEIVABLE	40-41
LONG-TERM DEBT SERVICE REQUIREMENTS	42
CHANGE IN LONG-TERM BOND DEBT	43-44
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	45-48
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	49-50

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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, 2023, 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, 2023, 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

May 6, 2024

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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, 2023. 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 four 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 Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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”) and other supplementary information. 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 \$2,642,717 as of December 31, 2023. 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, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 7,620,744	\$ 2,624,306	\$ 4,996,438
Capital Assets (Net of Accumulated Depreciation)	<u>1,305,704</u>	<u>1,298,840</u>	<u>6,864</u>
Total Assets	<u>\$ 8,926,448</u>	<u>\$ 3,923,146</u>	<u>\$ 5,003,302</u>
Bonds Payable	\$ 4,966,509	\$	\$ (4,966,509)
Other Liabilities	<u>569,398</u>	<u>493,032</u>	<u>(76,366)</u>
Total Liabilities	<u>\$ 5,535,907</u>	<u>\$ 493,032</u>	<u>\$ (5,042,875)</u>
Deferred Inflows of Resources	<u>\$ 747,824</u>	<u>\$ 423,464</u>	<u>\$ (324,360)</u>
Net Position:			
Net Investment in Capital Assets	\$ 909,535	\$ 1,319,306	\$ (409,771)
Restricted	38,098	-	38,098
Unrestricted	<u>1,695,084</u>	<u>1,687,344</u>	<u>7,740</u>
Total Net Position	<u>\$ 2,642,717</u>	<u>\$ 3,006,650</u>	<u>\$ (363,933)</u>

The following table provides a summary of the District's operations for the years ended December 31, 2023 and December 31, 2022. The District's net position decreased by \$363,933 during the current fiscal year.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 430,583	\$ 401,841	\$ 28,742
Charges for Services	2,283,801	2,030,357	253,444
Other Revenues	<u>294,974</u>	<u>252,736</u>	<u>42,238</u>
Total Revenues	<u>\$ 3,009,358</u>	<u>\$ 2,684,934</u>	<u>\$ 324,424</u>
Expenses for Services	<u>3,373,291</u>	<u>2,986,212</u>	<u>(387,079)</u>
Change in Net Position	<u>\$ (363,933)</u>	<u>\$ (301,278)</u>	<u>\$ (62,655)</u>
Net Position, Beginning of Year	<u>3,006,650</u>	<u>3,307,928</u>	<u>(301,278)</u>
Net Position, End of Year	<u>\$ 2,642,717</u>	<u>\$ 3,006,650</u>	<u>\$ (363,933)</u>

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of December 31, 2023, were \$6,317,267, an increase of \$4,658,596 from the prior year.

The General Fund fund balance increased by \$18,741, primarily due to current year tax and service revenues exceeding current year expenditures.

The Debt Service Fund fund balance increased by \$89,981, primarily from the issuance of the Series 2023 bonds.

The Capital Projects Fund fund balance increased by \$4,549,874 primarily due to the issuance of the Series 2023 bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the current fiscal year. Actual revenues were \$27,500 more than budgeted revenues primarily due to higher than anticipated property tax revenues and investment revenues offset by less than budgeted regional water authority fees and club revenue fees. Actual expenditures were \$27,691 less than budgeted expenditures primarily due to less than expected regional water authority fees. See the budget to actual comparison.

CAPITAL ASSETS

Capital assets as of December 31, 2023, total \$1,305,704 (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 included the wastewater rehabilitation related to aeration basin and bar screen projects.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 52,812	\$ 52,812	\$
Construction in Progress	136,175	92,858	43,317
Capital Assets, Net of Accumulated Depreciation:			
Trucks	14,505		14,505
Water and Wastewater System	1,052,358	1,094,636	(42,278)
Recreational Facilities	48,354	56,284	(7,930)
Buildings	1,500	2,250	(750)
Total Net Capital Assets	\$ 1,305,704	\$ 1,298,840	\$ 6,864

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

CAPITAL ASSETS (Continued)

Additional information on the District’s capital assets can be found in Note 5 of this report.

LONG-TERM DEBT ACTIVITY

As of December 31, 2023, the District had total bond debt payable of \$5,000,000. The changes in the debt position of the District during the fiscal year ended December 31, 2023, are summarized as follows:

Bond Debt Payable, January 1, 2023	\$ - 0 -
Add: Bond Sale	<u>5,000,000</u>
Bond Debt Payable, December 31, 2023	<u><u>\$ 5,000,000</u></u>

The District’s Series 2023 bonds carry an underlying rating of A from Standard and Poor’s and an insured rating of “AA” from Standard and Poor’s by virtue of bond insurance issued by Build America Mutual Assurance Company.

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, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
ASSETS		
Cash	\$ 876,996	\$ 71,041
Investments	1,326,028	
Receivables:		
Property Taxes	323,869	
Penalty and Interest on Delinquent Taxes		
Service Accounts	206,816	
Accrued Interest	5,461	
Due from Developer	4,613	
Due from Other Funds	32,901	38,076
Prepaid Costs	33,717	
Due from Other Governmental Units		61,436
Advance for Regional Wastewater Treatment		
Plant Operations	58,454	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 2,868,855</u>	<u>\$ 170,553</u>

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 89,981	\$ 100,398 4,502,843	\$ 1,138,416 5,828,871	\$	\$ 1,138,416 5,828,871
		323,869		323,869
		206,816	17,545	17,545
		5,461		5,461
		4,613		4,613
		70,977	(70,977)	
		33,717		33,717
		61,436		61,436
		58,454	(58,454)	
			52,812	52,812
			136,175	136,175
			1,116,717	1,116,717
<u>\$ 89,981</u>	<u>\$ 4,603,241</u>	<u>\$ 7,732,630</u>	<u>\$ 1,193,818</u>	<u>\$ 8,926,448</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, 2023**

	General Fund	Special Revenue Fund
LIABILITIES		
Accounts Payable	\$ 245,487	\$ 77,829
Accrued Interest Payable		
Due to Developers	5,099	
Due to Other Funds	38,076	
Security Deposits	154,830	
Advance for Regional Wastewater Treatment Plant Operations		92,724
Long-Term Liabilities - Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 443,492	\$ 170,553
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 768,417	\$ -0-
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 33,717	\$
For Regional Wastewater Treatment Plant Operations	58,454	
Restricted for Authorized Construction		
Restricted for Debt Service		
Unassigned	1,564,775	
TOTAL FUND BALANCES	\$ 1,656,946	\$ -0-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,868,855	\$ 170,553
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$	\$ 323,316	\$	\$ 323,316
			51,883	51,883
		5,099		5,099
	32,901	70,977	(70,977)	
		154,830		154,830
		92,724	(58,454)	34,270
			4,966,509	4,966,509
<u>\$ -0-</u>	<u>\$ 32,901</u>	<u>\$ 646,946</u>	<u>\$ 4,888,961</u>	<u>\$ 5,535,907</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 768,417</u>	<u>\$ (20,593)</u>	<u>\$ 747,824</u>
\$	\$	\$ 33,717	\$ (33,717)	\$
		58,454	(58,454)	
	4,570,340	4,570,340	(4,570,340)	
89,981		89,981	(89,981)	
		1,564,775	(1,564,775)	
<u>\$ 89,981</u>	<u>\$ 4,570,340</u>	<u>\$ 6,317,267</u>	<u>\$ (6,317,267)</u>	<u>\$ -0-</u>
<u>\$ 89,981</u>	<u>\$ 4,603,241</u>	<u>\$ 7,732,630</u>		
			\$ 909,535	\$ 909,535
			38,098	38,098
			1,695,084	1,695,084
			<u>\$ 2,642,717</u>	<u>\$ 2,642,717</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, 2023**

Total Fund Balances - Governmental Funds	\$	6,317,267
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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.		1,305,704
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.		38,138
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (51,883)	
Bonds Payable After One Year	<u>(4,966,509)</u>	<u>(5,018,392)</u>

Total Net Position - Governmental Activities	\$	<u><u>2,642,717</u></u>
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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, 2023**

	General Fund	Special Revenue Fund
REVENUES		
Property Taxes	\$ 435,604	\$
Water Service	254,446	
Wastewater Service	212,716	630,639
Garbage Service	503,708	
Security Service	238,805	
Regional Water Authority Fees	575,685	
Club Revenue	214,395	
Penalty and Interest	47,513	
Tap Connection and Inspection Fees	3,925	
Investment Revenues	64,769	
Miscellaneous Revenues	20,184	
	<u>\$ 2,571,750</u>	<u>\$ 630,639</u>
TOTAL REVENUES		
EXPENDITURES/EXPENSES		
Service Operations:		
Personnel	\$ 112,150	\$ 29,849
Professional Fees	59,585	26,723
Contracted Services	797,644	54,263
Purchased Wastewater Service	392,051	
Utilities	57,489	61,794
Regional Water Authority Assessment	501,644	6,941
Repairs and Maintenance	243,145	228,167
Depreciation		
Recreational Club Costs	272,216	
Other	91,849	109,221
Capital Outlay	25,236	113,681
Debt Service:		
Bond Interest		
Bond Issuance Costs		
	<u>\$ 2,553,009</u>	<u>\$ 630,639</u>
TOTAL EXPENDITURES/EXPENSES		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ 18,741</u>	<u>\$ -0-</u>
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	\$ -0-	\$ -0-
Bond Discount		
Bond Premium		
	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL OTHER FINANCING SOURCES (USES)		
NET CHANGE IN FUND BALANCES	\$ 18,741	\$ -0-
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2023	<u>1,638,205</u>	<u></u>
FUND BALANCES/NET POSITION - DECEMBER 31, 2023	<u>\$ 1,656,946</u>	<u>\$ -0-</u>

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$	\$ 435,604	\$ (5,021)	\$ 430,583
		254,446		254,446
		843,355	(392,051)	451,304
		503,708		503,708
		238,805		238,805
		575,685		575,685
		214,395		214,395
		47,513	(5,980)	41,533
		3,925		3,925
3,571	206,450	274,790		274,790
		20,184		20,184
<u>\$ 3,571</u>	<u>\$ 206,450</u>	<u>\$ 3,412,410</u>	<u>\$ (403,052)</u>	<u>\$ 3,009,358</u>
	\$	\$ 141,999	\$	\$ 141,999
		86,308		86,308
		851,907		851,907
		392,051	(392,051)	
		119,283		119,283
		508,585		508,585
		471,312		471,312
			175,370	175,370
		272,216		272,216
236	250	201,556		201,556
	43,317	182,234	(182,234)	
138,354		138,354	53,058	191,412
	353,343	353,343		353,343
<u>\$ 138,590</u>	<u>\$ 396,910</u>	<u>\$ 3,719,148</u>	<u>\$ (345,857)</u>	<u>\$ 3,373,291</u>
<u>\$ (135,019)</u>	<u>\$ (190,460)</u>	<u>\$ (306,738)</u>	<u>\$ (57,195)</u>	<u>\$ (363,933)</u>
\$ 225,000	\$ 4,775,000	\$ 5,000,000	\$ (5,000,000)	\$ -0-
	(85,481)	(85,481)	85,481	
	50,815	50,815	(50,815)	
<u>\$ 225,000</u>	<u>\$ 4,740,334</u>	<u>\$ 4,965,334</u>	<u>\$ (4,965,334)</u>	<u>\$ -0-</u>
\$ 89,981	\$ 4,549,874	\$ 4,658,596	\$ (4,658,596)	\$
			(363,933)	(363,933)
	20,466	1,658,671	1,347,979	3,006,650
<u>\$ 89,981</u>	<u>\$ 4,570,340</u>	<u>\$ 6,317,267</u>	<u>\$ (3,674,550)</u>	<u>\$ 2,642,717</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 STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

Net Change in Fund Balances - Governmental Funds \$ 4,658,596

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. (5,021)

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. (5,980)

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. (175,370)

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. 182,234

Governmental funds report bond discounts and bond premiums as other financing sources/uses in the year paid. However, in the Statement of Net Position, bond discounts and bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. 33,491

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. (51,883)

Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position. (5,000,000)

Change in Net Position - Governmental Activities \$ (363,933)

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, 2023**

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 8. 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, 2023**

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, 2023**

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 four 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.

Debt Service Fund - To account for financial resources restricted, committed or assigned for servicing bond debt.

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, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include 2022 tax levy collections during the period October 1, 2022, to December 31, 2023, and taxes collected from January 1, 2023, to December 31, 2023, for the 2021 and prior tax levies. The 2023 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. At December 31, 2023, the Capital Projects Fund owed the General Fund \$32,901 for project engineering fees, and the General Fund owed the Special Revenue Fund \$38,076 for its share of wastewater treatment plant costs.

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:

	Years
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, 2023**

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 and Special Revenue Fund budget for the current year were 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, 2023**

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. LONG TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended December 31, 2023:

	January 1, 2023	Additions	Retirements	December 31, 2023
Bonds Payable	\$	\$ 5,000,000	\$	\$ 5,000,000
Unamortized Discounts		(85,481)	(2,897)	(82,584)
Unamortized Premiums		50,815	1,722	49,093
Bonds Payable, Net	\$ -0-	\$ 4,965,334	\$ (1,175)	\$ 4,966,509
		Amount Due Within One Year		\$ -0-
		Amount Due After One Year		4,966,509
		Bonds Payable, Net		\$ 4,966,509

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2023
Amount Outstanding – December 31, 2023	\$ 5,000,000
Interest Rates	4.00% - 6.50%
Maturity Date	April 1, 2025/2050
Interest Payment Dates	April 1/ October 1
Callable Dates	April 1, 2027*

* Or on any date thereafter, at a price of par plus accrued interest to the date of redemption.

As of December 31, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$	\$ 207,531	\$ 207,531
2025	75,000	205,187	280,187
2026	100,000	199,593	299,593
2027	100,000	193,093	293,093
2028	100,000	187,843	287,843
2029-2033	650,000	866,218	1,516,218
2034-2038	825,000	719,719	1,544,719
2039-2043	1,100,000	529,220	1,629,220
2044-2048	1,375,000	282,720	1,657,720
2049-2050	675,000	28,360	703,360
	\$ 5,000,000	\$ 3,419,484	\$ 8,419,484

As of December 31, 2023, the District had \$10,000,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sewer and drainage system within the District. The District also had a maximum aggregate amount of \$22,500,000 in refunding bonds to refund water, sewer, drainage and storm sewer related bonds.

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

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3. LONG-TERM DEBT (Continued)

The bond order requires the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. The debt service tax rate to cover the costs of the Series 2023 bonds is expected to be approved in the fall of 2024. See Note 6 for maintenance tax levy.

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

NOTE 4. 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 \$1,378,416 and the bank balance was \$970,099. Of the bank balance, \$604,837 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.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2023, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 876,996	\$ 240,000	\$ 1,116,996
SPECIAL REVENUE FUND	71,041		71,041
DEBT SERVICE FUND	89,981		89,981
CAPITAL PROJECTS FUND	100,398		100,398
TOTAL DEPOSITS	\$ 1,138,416	\$ 240,000	\$ 1,378,416

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

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 Hermes, 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.

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

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of December 31, 2023, the District had the following investments:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 1,086,028	\$ 1,086,028
Certificate of Deposit	240,000	240,000
<u>CAPITAL PROJECTS FUND</u>		
TexPool	<u>4,502,843</u>	<u>4,502,843</u>
TOTAL INVESTMENTS	<u>\$ 5,828,871</u>	<u>\$ 5,828,871</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2023, the District's investment in TexPool was rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance.

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. The District also manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

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 Debt Service Fund are restricted for the payment of debt service. 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, 2023**

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023:

	January 1, 2023	Increases	Decreases	December 31, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 52,812	\$	\$	\$ 52,812
Construction in Progress	92,858	182,234	138,917	136,175
Total Capital Assets Not Being Depreciated	\$ 145,670	\$ 182,234	\$ 138,917	\$ 188,987
Capital Assets Subject to Depreciation				
Trucks	\$ 57,626	\$ 25,236	\$ 30,675	\$ 52,187
Water and Wastewater System	6,484,980	113,681		6,598,661
Recreational Facilities	342,084			342,084
Buildings	30,000			30,000
Total Capital Assets Subject to Depreciation	\$ 6,914,690	\$ 138,917	\$ 30,675	\$ 7,022,932
Accumulated Depreciation				
Trucks	\$ 57,626	\$ 10,731	\$ 30,675	\$ 37,682
Water and Wastewater System	5,390,344	155,959		5,546,303
Recreational Facilities	285,800	7,930		293,730
Buildings	27,750	750		28,500
Total Accumulated Depreciation	\$ 5,761,520	\$ 175,370	\$ 30,675	\$ 5,906,215
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 1,153,170	\$ (36,453)	\$ - 0 -	\$ 1,116,717
Total Capital Assets, Net of Accumulated Depreciation	\$ 1,298,840	\$ 145,781	\$ 138,917	\$ 1,305,704

NOTE 6. 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, 2023, the District levied an ad valorem maintenance tax rate of \$0.206662 per \$100 of assessed valuation, which resulted in a tax levy of \$747,824 on the adjusted taxable valuation of \$361,858,527 for the 2023 tax year. The 2023 tax levy has been fully deferred to meet operating expenditures for the 2024 fiscal year.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7. 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, as of December 31, 2023, the well pumpage fee is \$3.60 per 1,000 gallons of water pumped from each regulated well. The District's well pumpage fees paid to the Authority for the year ended December 31, 2023, were \$501,644.

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 8. 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, 2023, the total reserve is \$92,724, of which the District's portion is \$58,454. During the current fiscal year, the District incurred operating costs of \$392,051.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. 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 10. BOND SALE

On January 31, 2023, the District closed on the its Unlimited Tax Bonds, Series 2023 in the amount of \$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, 2023

**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, 2023**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 331,350	\$ 331,350	\$ 435,604	\$ 104,254
Water Service	246,000	246,000	254,446	8,446
Wastewater Service	207,000	207,000	212,716	5,716
Garbage Service	507,000	507,000	503,708	(3,292)
Security Service	236,000	236,000	238,805	2,805
Regional Water Authority Fee	655,000	655,000	575,685	(79,315)
Club Revenue	278,000	278,000	214,395	(63,605)
Penalty and Interest	30,000	30,000	47,513	17,513
Tap Connection and Inspection Fees	5,200	5,200	3,925	(1,275)
Investment Revenues	20,000	40,000	64,769	24,769
Miscellaneous Revenues	8,700	8,700	20,184	11,484
TOTAL REVENUES	<u>\$ 2,524,250</u>	<u>\$ 2,544,250</u>	<u>\$ 2,571,750</u>	<u>\$ 27,500</u>
EXPENDITURES				
Service Operations:				
Personnel	\$ 81,800	\$ 81,800	\$ 112,150	\$ (30,350)
Professional Fees	57,250	57,250	59,585	(2,335)
Contracted Services	775,400	779,880	797,644	(17,764)
Purchased Wastewater Service	350,723	353,890	392,051	(38,161)
Utilities	49,750	49,100	57,489	(8,389)
Regional Water Authority Assessment	653,000	653,000	501,644	151,356
Repairs and Maintenance	184,950	224,150	243,145	(18,995)
Recreational Club Costs	256,420	246,320	272,216	(25,896)
Other	94,260	90,310	91,849	(1,539)
Capital Outlay	55,000	45,000	25,236	19,764
TOTAL EXPENDITURES	<u>\$ 2,558,553</u>	<u>\$ 2,580,700</u>	<u>\$ 2,553,009</u>	<u>\$ 27,691</u>
NET CHANGE IN FUND BALANCE	\$ (34,303)	\$ (36,450)	\$ 18,741	\$ 55,191
FUND BALANCE - JANUARY 1, 2023	<u>1,638,205</u>	<u>1,638,205</u>	<u>1,638,205</u>	
FUND BALANCE - DECEMBER 31, 2023	<u>\$ 1,603,902</u>	<u>\$ 1,601,755</u>	<u>\$ 1,656,946</u>	<u>\$ 55,191</u>

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, 2023**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Wastewater Service	556,345	\$ 561,313	\$ 630,639	\$ 69,326
EXPENDITURES				
Service Operations:				
Personnel	\$ 29,845	\$ 29,845	\$ 29,849	\$ (4)
Professional Fees	63,700	63,700	26,723	36,977
Contracted Services	48,700	53,668	54,263	(595)
Utilities	52,000	52,000	61,794	(9,794)
Regional Water Authority Assessment	10,000	10,000	6,941	3,059
Repairs and Maintenance	247,700	247,700	228,167	19,533
Other	104,400	104,400	109,221	(4,821)
Capital Outlay			113,681	(113,681)
TOTAL EXPENDITURES	<u>\$ 556,345</u>	<u>\$ 561,313</u>	<u>\$ 630,639</u>	<u>\$ (69,326)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - JANUARY 1, 2023	_____	_____	_____	_____
FUND BALANCE - DECEMBER 31, 2023	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></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, 2023

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order 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	\$ 4.51	0,001	N	\$ 3.60	0,001 and up
Garbage Service			Y	\$27.41	
Recreational Fee			Y	\$11.65	
Security Fee			Y	\$13.30	

District employs winter averaging for wastewater usage? X
Yes No

Total charges per 10,000 gallons usage: Water: \$14.00 Wastewater: \$11.00 Surcharges: \$92.87

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2023**

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>2</u>	<u>2</u>	x 1.0	<u>2</u>
≤ ³ / ₄ "	<u>1,556</u>	<u>1,538</u>	x 1.0	<u>1,538</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>3</u>	<u>3</u>	x 15.0	<u>45</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>1,587</u></u>	<u><u>1,567</u></u>		<u><u>1,794</u></u>
Total Wastewater Connections	<u><u>1,572</u></u>	<u><u>1,553</u></u>	x 1.0	<u><u>1,553</u></u>

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

Gallons pumped into system:	140,534,000	Water Accountability Ratio: 85.9% (Gallons billed and maintenance/Gallons pumped and purchased)
Gallons billed to customers:	120,732,000	

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2023**

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, 2023**

PERSONNEL EXPENDITURES (Including Benefits)	\$ <u>112,150</u>
PROFESSIONAL FEES:	
Auditing	\$ 12,750
Engineering	9,784
Legal	36,151
Financial Advisor	<u>900</u>
TOTAL PROFESSIONAL FEES	\$ <u>59,585</u>
PURCHASED SERVICES FOR RESALE -	
Purchased Wastewater Service	\$ <u>392,051</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 2,368
Bookkeeping	17,599
Operations and Billing	77,660
Recording Secretary	3,000
Security	177,644
Solid Waste Disposal	497,149
Tax Collector	<u>22,224</u>
TOTAL CONTRACTED SERVICES	\$ <u>797,644</u>
UTILITIES:	
Electricity	\$ 52,012
Telephone	<u>5,477</u>
TOTAL UTILITIES	\$ <u>57,489</u>
REPAIRS AND MAINTENANCE	\$ <u>243,145</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 15,772
Insurance	14,316
Office Supplies and Postage	3,889
Other	<u>18,016</u>
TOTAL ADMINISTRATIVE EXPENDITURES	\$ <u>51,993</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, 2023**

CAPITAL OUTLAY		\$ <u>25,236</u>		
RECREATIONAL CLUB		\$ <u>272,216</u>		
OTHER EXPENDITURES:				
Chemicals		\$ 6,276		
Fuel		6,120		
Laboratory Fees		2,603		
Permit Fees		3,869		
Reconnection Fees		13,988		
Inspection Fees		4,667		
Regional Water Authority Assessment		501,644		
Regulatory Assessment		<u>2,333</u>		
TOTAL OTHER EXPENDITURES		\$ <u>541,500</u>		
TOTAL EXPENDITURES		\$ <u>2,553,009</u>		
Number of persons employed by the District	<u>2</u>	Full-Time	<u>14</u>	Part-Time

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
INVESTMENTS
DECEMBER 31, 2023**

<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	\$ 1,086,028	\$
Certificate of Deposit	XXXX1070	5.50%	02/22/24	<u>240,000</u>	<u>5,461</u>
TOTAL GENERAL FUND				<u>\$ 1,326,028</u>	<u>\$ 5,461</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0003	Varies	Daily	<u>\$ 4,502,843</u>	<u>\$</u>
TOTAL - ALL FUNDS				<u><u>\$ 5,828,871</u></u>	<u><u>\$ 5,461</u></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, 2023**

	Maintenance Taxes	
TAXES RECEIVABLE -		
JANUARY 1, 2023	\$ 200,636	
Adjustments to Beginning		
Balance	7,119	\$ 207,755
Original 2023 Tax Levy	\$ 683,913	
Adjustment to 2023 Tax Levy	63,911	747,824
TOTAL TO BE		
ACCOUNTED FOR		\$ 955,579
 TAX COLLECTIONS:		
Prior Years	\$ 187,161	
Current Year	444,549	631,710
 TAXES RECEIVABLE -		
DECEMBER 31, 2023		\$ 323,869
 TAXES RECEIVABLE BY		
YEAR:		
2023		\$ 303,275
2022		5,098
2021		2,559
2020		1,490
2019		1,226
2018 and Prior		10,221
TOTAL		\$ 323,869

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, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 361,858,527</u>	<u>\$ 317,198,715</u>	<u>\$ 280,475,517</u>	<u>\$ 258,341,626</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	0.000	0.000	0.000	\$ 0.000
Maintenance	<u>0.206662</u>	<u>0.133501</u>	<u>0.140158</u>	<u>0.147</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.206662</u>	<u>\$ 0.133501</u>	<u>\$ 0.140158</u>	<u>\$ 0.147</u>
ADJUSTED TAX LEVY*	<u>\$ 747,824</u>	<u>\$ 423,464</u>	<u>\$ 393,109</u>	<u>\$ 380,020</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>59.45 %</u>	<u>98.80 %</u>	<u>99.35 %</u>	<u>99.61 %</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.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2023**

S E R I E S - 2 0 2 3

Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2024	\$	\$ 207,531	\$ 207,531
2025	75,000	205,187	280,187
2026	100,000	199,593	299,593
2027	100,000	193,093	293,093
2028	100,000	187,843	287,843
2029	125,000	183,343	308,343
2030	125,000	178,343	303,343
2031	125,000	173,344	298,344
2032	125,000	168,344	293,344
2033	150,000	162,844	312,844
2034	150,000	156,844	306,844
2035	150,000	150,843	300,843
2036	175,000	144,344	319,344
2037	175,000	137,344	312,344
2038	175,000	130,344	305,344
2039	200,000	122,844	322,844
2040	200,000	114,844	314,844
2041	225,000	106,344	331,344
2042	225,000	97,344	322,344
2043	250,000	87,844	337,844
2044	250,000	77,844	327,844
2045	250,000	67,844	317,844
2046	275,000	57,344	332,344
2047	300,000	45,844	345,844
2048	300,000	33,844	333,844
2049	325,000	21,141	346,141
2050	350,000	7,219	357,219
	<u>\$ 5,000,000</u>	<u>\$ 3,419,484</u>	<u>\$ 8,419,484</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2023**

Description	Original Bonds Issued	Bonds Outstanding January 1, 2023
Harris County Water Control and Improvement District No. 92 Unlimited Tax Bonds - Series 2023	<u>\$ 5,000,000</u>	<u>\$ - 0 -</u>
Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 15,000,000	\$ 22,500,000
Amount Issued	<u>5,000,000</u>	<u> </u>
Remaining to be Issued	<u>\$ 10,000,000</u>	<u>\$ 22,500,000</u>
	*	
Debt Service Fund cash, investments and cash with paying agent balances as of December 31, 2023:		<u>\$ 89,981</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 311,833</u>

See Note 3 for interest rate, interest payment dates and maturity dates.

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				<u>Bonds Outstanding December 31, 2023</u>	<u>Paying Agent</u>
<u>Bonds Sold</u>	<u>Retirements</u>				
	<u>Principal</u>	<u>Interest</u>			
<u>\$ 5,000,000</u>	<u>\$ - 0 -</u>	<u>\$ 138,354</u>	<u>\$ 5,000,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas	

See accompanying independent auditor's report.

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

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 435,604	\$ 402,247	\$ 399,154
Water Service	254,446	242,567	235,910
Wastewater Service	212,716	206,707	206,368
Garbage Service	503,708	462,048	393,010
Security Service	238,805	224,640	194,296
Regional Water Authority Fee	575,685	631,501	572,984
Club Revenue	214,395	214,857	214,085
Penalty and Interest	47,513	44,277	39,949
Tap Connection and Inspection Fees	3,925	3,588	94,878
Investment Revenues	64,769	20,073	1,885
Miscellaneous Revenues	20,184	14,429	32,637
TOTAL REVENUES	\$ 2,571,750	\$ 2,466,934	\$ 2,385,156
EXPENDITURES			
Personnel	\$ 112,150	\$ 97,573	\$ 97,056
Professional Fees	59,585	54,818	69,073
Contracted Services	797,644	748,367	684,065
Purchased Wastewater Service	392,051	273,994	237,393
Utilities	57,489	59,170	58,696
Regional Water Authority Assessment	501,644	635,821	566,836
Repairs and Maintenance	243,145	312,043	139,441
Recreational Club Costs	272,216	258,954	249,996
Other	91,849	100,169	125,843
Capital Outlay	25,236		
TOTAL EXPENDITURES	\$ 2,553,009	\$ 2,540,909	\$ 2,228,399
NET CHANGE IN FUND BALANCE	\$ 18,741	\$ (73,975)	\$ 156,757
BEGINNING FUND BALANCE	1,638,205	1,712,180	1,555,423
ENDING FUND BALANCE	\$ 1,656,946	\$ 1,638,205	\$ 1,712,180

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2020	2019	2023	2022	2021	2020	2019
\$ 380,563	\$ 351,761	16.9 %	16.4 %	16.6 %	17.8 %	17.2 %
236,968	231,749	9.9	9.8	9.9	11.0	11.3
205,672	205,338	8.3	8.4	8.7	9.6	10.0
335,427	330,951	19.6	18.7	16.5	15.6	16.1
194,003	193,600	9.3	9.1	8.1	9.0	9.4
529,352	443,477	22.4	25.6	24.0	24.7	21.6
214,666	216,400	8.3	8.7	9.0	10.0	10.6
31,669	40,239	1.8	1.8	1.7	1.5	2.0
560	1,176	0.2	0.1	4.0		0.1
9,290	27,327	2.5	0.8	0.1	0.4	1.3
7,922	8,954	0.8	0.6	1.4	0.4	0.4
<u>\$ 2,146,092</u>	<u>\$ 2,050,972</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 108,557	\$ 94,506	4.4 %	4.1 %	4.1 %	5.1 %	4.6 %
32,017	24,289	2.3	2.2	2.9	1.5	1.2
638,624	620,042	31.0	30.3	28.7	29.8	30.2
215,877	216,531	15.2	11.1	10.0	10.1	10.6
57,153	51,509	2.2	2.4	2.5	2.7	2.5
535,222	450,601	19.5	25.8	23.8	24.9	22.0
111,683	204,829	9.5	12.6	5.8	5.2	10.0
231,285	250,493	10.6	10.5	10.5	10.8	12.2
70,376	67,800	3.6	4.1	5.3	3.3	3.3
39,524		1.0			1.8	
<u>\$ 2,040,318</u>	<u>\$ 1,980,600</u>	<u>99.3 %</u>	<u>103.1 %</u>	<u>93.6 %</u>	<u>95.2 %</u>	<u>96.6 %</u>
\$ 105,774	\$ 70,372	<u>0.7 %</u>	<u>(3.1) %</u>	<u>6.4 %</u>	<u>4.8 %</u>	<u>3.4 %</u>
<u>1,449,649</u>	<u>1,379,277</u>					
<u>\$ 1,555,423</u>	<u>\$ 1,449,649</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2023	2022	2021
REVENUES			
Investment Revenues	\$ 3,571	\$	\$
TOTAL REVENUES	\$ 3,571	\$ - 0 -	\$ - 0 -
EXPENDITURES			
Tax Collection Expenditures	\$ 236		
Debt Service Interest and Fees	138,354		
TOTAL EXPENDITURES	\$ 138,590	\$ - 0 -	\$ - 0 -
DEFICIENCY OF REVENUES UNDER EXPENDITURES	\$ (135,019)	\$ - 0 -	\$ - 0 -
OTHER FINANCING SOURCES			
Long-Term Debt Issued	\$ 225,000	\$	\$
TOTAL OTHER FINANCING SOURCES	\$ 225,000	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 89,981	\$ - 0 -	\$ - 0 -
BEGINNING FUND BALANCE	_____	_____	_____
ENDING FUND BALANCE	\$ 89,981	\$ - 0 -	\$ - 0 -
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,567	1,563	1,564
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,553	1,550	1,540

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2020	2019	2023	2022	2021	2020	2019
\$	\$	100.0				
\$ - 0 -	\$ - 0 -	100.0 %				
		6.6 %				
		3,874.4				
\$ - 0 -	\$ - 0 -	3,881.0 %				
\$ - 0 -	\$ - 0 -	(3,781.0) %				
\$	\$					
\$ - 0 -	\$ - 0 -					
\$ - 0 -	\$ - 0 -					
\$ - 0 -	\$ - 0 -					
<u>1,564</u>	<u>1,558</u>					
<u>1,551</u>	<u>1,545</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 92
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2023**

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, 2023	Expense Reimbursements for the year ended December 31, 2023	Title
Don H. Roberts, Jr.	05/2023 - 05/2027 (Elected)	\$ 2,976	\$ -0-	President/ Treasurer/ Investment Officer
Charles R. Hart	05/2021 - 05/2025 (Elected)	\$ 3,126	\$ -0-	Vice President
Sandra S. Knox	10/2021 - 05/2025 (Appointed)	\$ 2,605	\$ -0-	Secretary
Richard Zagrzecki	05/2021 - 05/2025 (Elected)	\$ 3,126	\$ -0-	Assistant Secretary
Mark Krause	05/2023 - 05/2027 (Elected)	\$ 3,939	\$ -0-	Assistant Secretary

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: July 3, 2023

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, 2023**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2023</u>	<u>Title / Related To</u>
Coats Rose, P.C.	02/26/86	\$ 36,151 \$ 103,289	General Counsel Bond Related
McCall Gibson Swedlund Barfoot, PLLC	12/28/98	\$ 12,750 \$ 4,000	Auditor Joint WWTP
L & S District Services, LLC	08/06/01	\$ 28,099 \$ 900 \$ 4,367	Bookkeeper Bond Related Joint WWTP
Perdue, Brandon, Fielder, Collins & Mott, LLP	06/01/90	\$ 4,724	Delinquent Tax Attorney
Bleyl & Associates	11/13/13	\$ 54,661 \$ -0- \$ 21,163	Engineer Bond Related Joint WWTP
Water District Management Co.	03/21/74	\$ 306,251 \$ 91,611	Operator Joint WWTP
Spring I.S.D.	07/01/83	\$ 17,500	Tax Assessor/ Collector
GMS Group	09/06/22	\$ 89,625	Financial Advisor
Robert W. Cowart	10/91	\$ 103,048	General Manager

See accompanying independent auditor's report.

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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Houston, Texas 77065-5610
(713) 462-0341
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PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
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May 6, 2024

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

In planning and performing our audit of the financial statements of Harris County Water Control and Improvement District No. 92 (the "District") as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the District's financial statements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Material Weaknesses

Last year, and again this year, we observed the following deficiencies in the District's internal control that we consider to be material weaknesses.

The District's management consists of an elected Board of Directors (Directors), as well as employees. Day-to-day operations are performed by the employees and by private companies ("consultants") under contract with the District. The Directors supervise the performance of the employees and the consultants. The consultants are not considered to be members of management and as such, the Directors and the employees are responsible for design and implementation of controls.

As is common within the system of internal control of most small organizations, the accounting function of the District does not include preparation of the financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America. Accordingly, the District has not established internal controls over the preparation of its financial statements. This condition is considered to be a material weakness of the District's system of internal control over financial reporting.

Material Weaknesses (Continued)

During the course of performing an audit, the auditor prepares various journal entries to present the financial statements on the government-wide basis of accounting. Management's reliance upon the auditor to detect and make these necessary adjustments is considered to be a material weakness in internal control. In addition, the District's Management relies on the District's auditor to prepare the capital asset and depreciation schedules and post adjustments related to the presentation of the capital assets in the government-wide financial statements. This reliance on the auditor to perform this function is considered to be a material weakness in the system of internal control. Auditing standards do not make exceptions for reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive.

We agree with the objective of auditing standards to inform an organization of all the conditions in its internal control that interfere with its ability to record financial data reliably and issue financial statements free of material misstatement. Communication of the material weaknesses above helps to emphasize that the responsibility for financial reporting rests entirely with the organization and not the auditor.

Management's Response

The District's Board of Directors is appointed or elected from the general population and do not necessarily have governmental accounting expertise. The Board engages consultants who possess industry knowledge and expertise to provide financial services, as well as legal and professional engineering services. Based on the auditor's unmodified opinion and after reading the financial statements, the Board believes the financial statements to be materially correct. The Board does not think that the addition of an employee or consultant to oversee the annual financial reporting process is necessary nor would it be cost effective.

Conclusion

Management's written response to the material weaknesses identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, Board of Directors and the Texas Commission on Environmental Quality and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

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May 6, 2024

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

We have audited the financial statements of the governmental activities and each major fund of Harris County Water Control and Improvement District No. 92 (the "District") for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated December 5, 2022. Professional standards also require that we communicate to you the following information related to our audit. For the purposes of this letter, the term "management" refers to the Board of Directors and/or District consultants.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. Significant accounting policies used by the District, including new accounting policies, if any, that have been adopted and implemented during the current fiscal year, are discussed in Note 2. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were management's estimate of depreciable lives of capital assets. Depreciation of infrastructure assets is based on industry wide accepted estimated useful lives taken on a straight-line basis. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The District's bookkeeper and Board of Directors will be provided with all such adjustments.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 6, 2024.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to perform the following non-attest services for the District: (1) preparation of the financial statements and related notes and schedules in conformity with accounting principles generally accepted in the United States of America and (2) preparation of the capital asset and depreciation schedules. These services were performed based on information provided by you. We performed these services in accordance with applicable professional standards. The non-attest services we performed are limited to those specifically defined and did not result in assuming management responsibilities.

We applied certain limited procedures to the Management's Discussion and Analysis and the budgetary comparison schedule for the General Fund, which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information required by the Texas Commission on Environmental Quality, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors of the District and is not intended to be, and should not be, used by anyone other than the specified party.

Sincerely,



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF HARRIS }

I, Chris Swedlund of the
(Name of Duly Authorized District Representative)
Harris County Water Control and Improvement District No. 92
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 6th day of May, 2024, its annual audit report for the fiscal year or period ended December 31, 2023 and that copies of the annual audit report have been filed in the district office, located at

9 Greenway Plaza, Suite 1000, Houston, TX 77046
(Address of District)

The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: May 13, 2024.

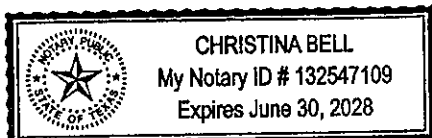
By: *Chris Swedlund*
(Signature of District Representative)

Chris Swedlund, Auditor
(Typed Name & Title of above District Representative)

Sworn to and subscribed to before me this the 13th day of May, 2024.

(Seal)

Christina Bell
(Signature of Notary)



My Commission Expires On: June 30, 2028.
Notary Public in the State of Texas.