

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MAY 31, 2024**



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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Harris County Municipal  
Utility District No. 109  
Harris County, Texas

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 109 (the "District") as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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



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

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

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

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

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

### **Required Supplementary Information**

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





Board of Directors  
Harris County Municipal  
Utility District No. 109

### **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.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

September 17, 2024



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2024**

Management’s discussion and analysis of the financial performance of Harris County Municipal Utility District No. 109 (the “District”) provides an overview of the District’s financial activities for the year ended May 31, 2024. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental 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 portion of these statements provides 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 outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The 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 MUNICIPAL UTILITY DISTRICT NO. 109  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2024**

**FUND FINANCIAL STATEMENTS (Continued)**

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental 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 schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$9,880,872 as of May 31, 2024. A portion of the District's net position reflects its net investment in capital assets which include the water and wastewater facilities less any debt used to acquire those assets that is still outstanding.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 12,691,467	\$ 11,230,930	\$ 1,460,537
Capital Assets (Net of Accumulated Depreciation)	16,797,501	16,724,318	73,183
Total Assets	\$ 29,488,968	\$ 27,955,248	\$ 1,533,720
Deferred Outflows of Resources	\$ 302,767	\$ 350,880	\$ (48,113)
Bonds Payable	\$ 18,923,406	\$ 20,396,817	\$ 1,473,411
Other Liabilities	987,457	686,220	(301,237)
Total Liabilities	\$ 19,910,863	\$ 21,083,037	\$ 1,172,174
Net Position:			
Net Investment in Capital Assets	\$ (1,472,196)	\$ (2,988,905)	\$ 1,516,709
Restricted	3,018,632	2,865,791	152,841
Unrestricted	8,334,436	7,346,205	988,231
Total Net Position	\$ 9,880,872	\$ 7,223,091	\$ 2,657,781

The following table provides a summary of the District's operations for the years ended May 31, 2024, and May 31, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,967,586	\$ 3,749,211	\$ 218,375
Charges for Services	2,995,963	2,892,616	103,347
Other Revenues	568,602	351,985	216,617
Total Revenues	\$ 7,532,151	\$ 6,993,812	\$ 538,339
Expenses for Services	4,874,370	6,386,661	1,512,291
Change in Net Position	\$ 2,657,781	\$ 607,151	\$ 2,050,630
Net Position, Beginning of Year	7,223,091	6,615,940	607,151
Net Position, End of Year	\$ 9,880,872	\$ 7,223,091	\$ 2,657,781

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2024**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of May 31, 2024, were \$10,366,199, an increase of \$1,247,496 from the prior year.

The General Fund fund balance increased by \$1,081,751, primarily due to property tax revenues and service revenues exceeding operating, capital, professional and administrative expenditures.

The Debt Service Fund fund balance increased by \$147,517, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$18,228, primarily due to the receipt of investment earnings.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted a General Fund budget for the current fiscal year. Actual revenues were \$269,922 more than budgeted revenues and actual expenditures were \$751,446 less than budgeted expenditures which resulted in a positive variance of \$1,021,368. See the budget to actual comparison for more information.

**CAPITAL ASSETS**

Capital assets as of May 31, 2024, total \$16,797,501 (net of accumulated depreciation) and include land and construction in progress as well as the water and wastewater facilities. Significant capital asset activity during the current fiscal year included the Barents Drive lift station and the District's pro-rata share of joint wastewater treatment plant improvements.

Capital Assets At Year-End			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 230,634	\$ 230,634	\$
Construction in Progress	449,319	40,234	409,085
Capital Assets Subject To Depreciation:			
Water System	13,346,316	13,346,316	
Wastewater System	19,328,487	18,989,129	339,358
Less Accumulated Depreciation	<u>(16,557,255)</u>	<u>(15,881,995)</u>	<u>(675,260)</u>
Total Net Capital Assets	<u>\$ 16,797,501</u>	<u>\$ 16,724,318</u>	<u>\$ 73,183</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2024**

**LONG-TERM DEBT ACTIVITY**

At year end, the District had total bond debt payable of \$18,945,000. The changes in the debt position of the District during the year ended May 31, 2024, are summarized as follows:

Bond Debt Payable, June 1, 2023	\$ 20,400,000
Less: Bond Principal Paid	<u>(1,455,000)</u>
Bond Debt Payable, May 31, 2024	<u>\$ 18,945,000</u>

The District’s Series 2017 and Series 2021 Refunding bonds carry underlying ratings of “A1”. The Series 2021 Refunding Bonds carry an insured rating of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

**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 Municipal Utility District No. 109, c/o Norton Rose Fulbright US LLP, 1550 Lamar Street, Suite 2000, Houston, TX 77010.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MAY 31, 2024**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 334,732	\$ 200,474
Investments	6,375,083	3,150,008
Receivables:		
Property Taxes	101,717	150,580
Penalty and Interest on Delinquent Taxes		
Service Accounts	318,133	
Accrued Interest	15,474	12,890
City of Houston	25,656	
Other	1,907	
Due from Other Funds	491,837	
Prepaid Costs	40,740	
Advance for WWTP Operations	433,504	
Capital Contribution Credits Receivable		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 8,138,783</b>	<b>\$ 3,513,952</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 8,138,783</b>	<b>\$ 3,513,952</b>

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



Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 125	\$ 535,331	\$	\$ 535,331
350,817	9,875,908		9,875,908
	252,297		252,297
		90,630	90,630
	318,133		318,133
	28,364		28,364
	25,656		25,656
	1,907		1,907
	491,837	(491,837)	
	40,740		40,740
	433,504		433,504
		1,088,997	1,088,997
		230,634	230,634
		449,319	449,319
		16,117,548	16,117,548
\$ 350,942	\$ 12,003,677	\$ 17,485,291	\$ 29,488,968
\$ - 0 -	\$ - 0 -	\$ 302,767	\$ 302,767
\$ 350,942	\$ 12,003,677	\$ 17,788,058	\$ 29,791,735

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MAY 31, 2024**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 585,705	\$
Accrued Interest Payable		
Due to Other Funds		491,837
Security Deposits	307,639	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 893,344</b>	<b>\$ 491,837</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 101,717	\$ 150,580
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 40,740	\$
Operating Advance	433,504	
Restricted for Authorized Construction		
Restricted for Debt Service		2,871,535
Committed for Capital Projects	319,520	
Assigned to 2025 Budget	779,863	
Unassigned	5,570,095	
<b>TOTAL FUND BALANCES</b>	<b>\$ 7,143,722</b>	<b>\$ 2,871,535</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 8,138,783</b>	<b>\$ 3,513,952</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 585,705	\$	\$ 585,705
		94,113	94,113
	491,837	(491,837)	
	307,639		307,639
		1,505,000	1,505,000
		17,418,406	17,418,406
<u>\$ - 0 -</u>	<u>\$ 1,385,181</u>	<u>\$ 18,525,682</u>	<u>\$ 19,910,863</u>
<u>\$ - 0 -</u>	<u>\$ 252,297</u>	<u>\$ (252,297)</u>	<u>\$ - 0 -</u>
\$	\$ 40,740	\$ (40,740)	\$
	433,504	(433,504)	
350,942	350,942	(350,942)	
	2,871,535	(2,871,535)	
	319,520	(319,520)	
	779,863	(779,863)	
	5,570,095	(5,570,095)	
<u>\$ 350,942</u>	<u>\$ 10,366,199</u>	<u>\$ (10,366,199)</u>	<u>\$ - 0 -</u>
<u>\$ 350,942</u>	<u>\$ 12,003,677</u>		
		\$ (1,472,196)	\$ (1,472,196)
		3,018,632	3,018,632
		8,334,436	8,334,436
		<u>\$ 9,880,872</u>	<u>\$ 9,880,872</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**MAY 31, 2024**

Total Fund Balances - Governmental Funds \$ 10,366,199

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. 16,797,501

Credits due from the North Harris County Regional Water Authority for capital contributions are not current financial resources and, therefore, are not reported as assets in the governmental funds. 1,088,997

Interest paid in advance as part of a refunding bond sale is recorded as deferred outflows of resources in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter. 302,767

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District. 342,927

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	\$ (94,113)	
Bonds Payable	<u>(18,923,406)</u>	<u>(19,017,519)</u>

Total Net Position - Governmental Activities \$ 9,880,872

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

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MAY 31, 2024**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 1,897,371	\$ 2,084,995
Water Service	598,570	
Wastewater Service	646,785	
Water Authority Fees	1,151,321	
Penalty and Interest	93,240	63,078
Connection and Inspection Fees	39,017	
Sales Tax Revenues	98,566	
Settlement Revenue	336,622	
Water Authority Credits	147,135	
Investment and Miscellaneous Revenues	310,589	140,728
<b>TOTAL REVENUES</b>	<b>\$ 5,319,216</b>	<b>\$ 2,288,801</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 189,200	\$ 19,862
Contracted Services	510,231	65,975
Purchased Wastewater Service	878,635	
Utilities	147,029	
Repairs and Maintenance	535,588	
Water Authority Assessments	1,313,382	
Depreciation		
Other	237,736	16,603
Capital Outlay	425,664	
Debt Service:		
Bond Principal		1,455,000
Bond Interest		583,844
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 4,237,465</b>	<b>\$ 2,141,284</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 1,081,751</b>	<b>\$ 147,517</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JUNE 1, 2023</b>	<b>6,061,971</b>	<b>2,724,018</b>
<b>FUND BALANCES/NET POSITION - MAY 31, 2024</b>	<b>\$ 7,143,722</b>	<b>\$ 2,871,535</b>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,982,366	\$ (14,780)	\$ 3,967,586
	598,570		598,570
	646,785		646,785
	1,151,321		1,151,321
	156,318	9,781	166,099
	39,017		39,017
	98,566		98,566
	336,622		336,622
	147,135	(89,586)	57,549
18,719	470,036		470,036
<u>\$ 18,719</u>	<u>\$ 7,626,736</u>	<u>\$ (94,585)</u>	<u>\$ 7,532,151</u>
\$	\$ 209,062	\$	\$ 209,062
396	576,602		576,602
	878,635	(322,779)	555,856
	147,029		147,029
	535,588		535,588
	1,313,382		1,313,382
		675,260	675,260
95	254,434		254,434
	425,664	(425,664)	
	1,455,000	(1,455,000)	
	583,844	23,313	607,157
<u>\$ 491</u>	<u>\$ 6,379,240</u>	<u>\$ (1,504,870)</u>	<u>\$ 4,874,370</u>
\$ 18,228	\$ 1,247,496	\$ (1,247,496)	\$
		2,657,781	2,657,781
332,714	9,118,703	(1,895,612)	7,223,091
<u>\$ 350,942</u>	<u>\$ 10,366,199</u>	<u>\$ (485,327)</u>	<u>\$ 9,880,872</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2024**

Net Change in Fund Balances - Governmental Funds	\$ 1,247,496
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.	(14,780)
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.	9,781
Governmental funds report repayment of capital contributions as revenues in the period received. However, in the Statement of Net Position, reimbursements reduce long-term receivables.	(89,586)
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.	(675,260)
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.	748,443
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,455,000
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.	<u>(23,313)</u>
Change in Net Position - Governmental Activities	<u>\$ 2,657,781</u>

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 1. CREATION OF DISTRICT**

Harris County Municipal Utility District No. 109 (the “District”) was created effective July 16, 1974, by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service and storm sewer drainage for the residents 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. See Note 9 for information concerning the District’s participation in a regional sewage treatment 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”). 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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental Funds (Continued)

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

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

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 collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of May 31, 2024, the Debt Service Fund owed the General Fund \$491,837 for maintenance tax collections.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets (Continued)

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 over periods ranging from 10 to 45 years.

Budgeting

A budget was adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources 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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

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 committed \$319,520 of its General Fund fund balance to pay the remaining portion of the Barents Drive lift station project.

*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 balance. The District assigned \$779,863 of its General Fund fund balance to cover the projected fiscal year ending 2025 budgeted deficit.

*Unassigned:* all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 3. LONG-TERM DEBT**

	Refunding Series 2015	Series 2017	Refunding Series 2021
Amount Outstanding – May 31, 2024	\$5,200,000	\$10,850,000	\$2,895,000
Interest Rates	2.592% - 3.24%	3.00% - 3.625%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	October 1, 2024/2030	October 1, 2024/2041	October 1, 2024/2029
Interest Payment Dates	October 1/ April 1	October 1/ April 1	October 1/ April 1
Callable Dates	October 1, 2023*	October 1, 2024*	October 1, 2026*

\* Or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Series 2017 term bonds maturing on October 1, 2038, and 2041, are subject to mandatory redemption beginning October 1, 2037 and 2039, respectively.

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. As of May 31, 2024, the District had authorized but unissued bonds in the amount of \$12,950,000 for utility facilities and \$31,671,200 for refunding purposes.

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2024:

	June 1, 2023	Additions	Retirements	May 31, 2024
Bonds Payable	\$ 20,400,000	\$	\$ 1,455,000	\$ 18,945,000
Unamortized Discounts	(182,831)		(9,991)	(172,840)
Unamortized Premiums	179,648		28,402	151,246
Bonds Payable, Net	<u>\$ 20,396,817</u>	<u>\$ -0-</u>	<u>\$ 1,473,411</u>	<u>\$ 18,923,406</u>
		Amount Due Within One Year		\$ 1,505,000
		Amount Due After One Year		<u>17,418,406</u>
		Bonds Payable, Net		<u>\$ 18,923,406</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 3. LONG-TERM DEBT (Continued)**

As of May 31, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 1,505,000	\$ 542,552	\$ 2,047,552
2026	1,550,000	506,337	2,056,337
2027	1,570,000	486,302	2,056,302
2028	1,620,000	432,881	2,052,881
2029	1,675,000	386,302	2,061,302
2030-2034	5,295,000	1,304,249	6,599,249
2035-2039	3,380,000	725,972	4,105,972
2040-2042	2,350,000	129,774	2,479,774
	<u>\$ 18,945,000</u>	<u>\$ 4,514,369</u>	<u>\$ 23,459,369</u>

During the year ended May 31, 2024, the District levied an ad valorem debt service tax rate of \$0.23 per \$100 of assessed valuation, which resulted in a tax levy of \$2,066,183 on the adjusted taxable valuation of \$898,340,437 for the 2023 tax year. The bond orders require 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. See Note 7 for the 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. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS**

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year shall continue to be provided through the life of the bonds.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 5. 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 \$1,710,331 and the bank balance was \$1,920,313. 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 May 31, 2024, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 334,732	\$ 705,000	\$ 1,039,732
DEBT SERVICE FUND	200,474	470,000	670,474
CAPITAL PROJECTS FUND	125		125
TOTAL DEPOSITS	\$ 535,331	\$ 1,175,000	\$ 1,710,331

Investments

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

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

The District invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), a public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor and general supervision is provided by the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

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

As of May 31, 2024, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 5,670,083	\$ 5,670,083
Certificates of Deposit	705,000	705,000
<u>DEBT SERVICE FUND</u>		
Texas CLASS	2,680,008	2,680,008
Certificates of Deposit	470,000	470,000
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	350,817	350,817
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 9,875,908</u></b>	<b><u>\$ 9,875,908</u></b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District’s investments in Texas CLASS were rated AAAM by Standard and Poor’s. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS to have maturities of less than one year due to the fact share positions can usually be redeemed each day at the discretion of the District. The District manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the current fiscal year is summarized in the following table:

	June 1, 2023	Increases	Decreases	May 31, 2024
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 230,634	\$	\$	\$ 230,634
Construction in Progress	40,234	748,443	339,358	449,319
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 270,868</u>	<u>\$ 748,443</u>	<u>\$ 339,358</u>	<u>\$ 679,953</u>
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 13,346,316	\$	\$	\$ 13,346,316
Wastewater System	18,989,129	339,358		19,328,487
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 32,335,445</u>	<u>\$ 339,358</u>	<u>\$ - 0 -</u>	<u>\$ 32,674,803</u>
<b>Accumulated Depreciation</b>				
Water System	\$ 5,807,787	\$ 275,348	\$	\$ 6,083,135
Wastewater System	10,074,208	399,912		10,474,120
<b>Total Accumulated Depreciation</b>	<u>\$ 15,881,995</u>	<u>\$ 675,260</u>	<u>\$ - 0 -</u>	<u>\$ 16,557,255</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 16,453,450</u>	<u>\$ (335,902)</u>	<u>\$ - 0 -</u>	<u>\$ 16,117,548</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 16,724,318</u>	<u>\$ 412,541</u>	<u>\$ 339,358</u>	<u>\$ 16,797,501</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 7. MAINTENANCE TAX**

Voters of the District approved the levy and collection of a maintenance tax of not more than \$1.00 per \$100 of assessed valuation of taxable property within the District. A 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 May 31, 2024, the District levied an ad valorem maintenance tax of \$0.21 per \$100 of assessed valuation, which resulted in a tax levy of \$1,886,514 on the adjusted taxable valuation of \$898,340,437 for the 2023 tax year.

**NOTE 8. WATER AND WASTEWATER SERVICE AGREEMENT**

On July 1, 1996, the District and Harris County Municipal Utility District No. 151 (District No. 151) entered into an agreement which outlines the terms in which each district will provide water and wastewater collection services for certain areas of the other district. The contract was amended on October 15, 2019. The agreement has a term of 40 years.

This agreement calls for water to be provided by the District to several specific tracts of land within District No. 151. The agreement states that the meters in this area will be read by District No. 151's operator on a monthly basis and the total gallons of water registered on all such meters will be provided to the District's operator. The agreement states the District will charge District No. 151 for all water at its rate per 1,000 gallons for the first 1,000 gallons of usage in excess of the minimum bill for residential customers of the District, as such rate is set forth in the District's current rate order plus regional water authority fees. District No. 151 is treated as a single customer for purposes of calculating the amount due to the District.

The agreement also makes provisions for wastewater collection and emergency water services to the other district. Wastewater collection services are provided by each district to the other district at no charge. Emergency water service is to be paid in kind for water supplied for less than five days. The district supplying water may bill the district receiving the emergency water service for such period in excess of the first five days, at a rate equal to the out-of-district water service rate for the district providing the emergency water service.

**NOTE 9. JOINT WASTE DISPOSAL CONTRACT**

Harris County Municipal Utility District Nos. 46, 106, 109, 132, 151, 109 and 153 previously entered into a Waste Disposal Contract to operate and maintain a regional sewage treatment plant to serve surrounding areas. The agreement calls for each district to pay its pro rata share of operating costs of the plant based upon a budget of the estimated costs. The agreement provides for the establishment of a Joint Operations Board.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 9. JOINT WASTE DISPOSAL CONTRACT (Continued)**

The Joint Operations Board is responsible for adoption of a budget for both Exhibit B and C costs for the fiscal year June 1 through May 31 and determines the rates to be charged based upon the expected operating budgets. Exhibit B costs are insurance and maintenance of the plant, Exhibit C costs are costs related to the operation of the plant.

On December 1, 2012, the participants in the plant executed a Fourth Amended and Restated Waste Disposal Contract whereby certain participants agreed to sell and assign capacity to Harris County Municipal Utility District No. 494 (District No. 494). The term of the agreement ends August 1, 2048. On December 1, 2012, the participants executed an amended Sanitary Sewer Line Contract which provides for the participants to sell capacity in the line to District No. 494.

As of May 31, 2024, the District's advance for operation and maintenance of the regional sewage treatment plant was \$433,504 and the District recorded a total of \$878,635 for its share of operating costs of the plant.

The following summary financial data of the Atascocita Central Plant is presented for the fiscal year ended May 31, 2024. A copy of the financial statements for the plant can be obtained by contacting Norton Rose Fulbright US LLP.

Total Assets	\$ 2,562,283
Total Liabilities	<u>390,183</u>
Total Fund Balance	<u>\$ 2,172,100</u>
Total Revenues	\$ 4,471,886
Total Expenditures	<u>4,471,886</u>
Excess Revenues (Expenditures)	\$ -0-
Other Financing Sources:	
Reserve Adjustment	<u>395,850</u>
Net Increase in Fund Balance	\$ 395,850
Fund Balance, Beginning of Year	<u>1,776,250</u>
Fund Balance, End of Year	<u>\$ 2,172,100</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY**

The District is located within the boundaries of the North Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority is overseeing that its participants comply with the Harris-Galveston Subsidence District pumpage requirements.

The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee charged is \$3.60 per 1,000 gallons of water pumped from each well. The District recorded expenditures of \$1,313,382 for pumpage fees from the Authority during the current fiscal year.

In 2003, the District entered into a Capital Contribution Contract with the Authority and made a capital contribution of \$2,018,949 to the Authority. The District is receiving capital contribution credits to be applied to the pumpage fees which the Authority assesses. Interest accrues on the District’s Capital Contribution at 5.0575% per annum.

The following is a schedule of the remaining capital contribution credits (principal only) to be received under the terms of the agreement.

Fiscal Year	Principal
2025	\$ 94,223
2026	99,101
2027	104,230
2028	109,626
2029	115,300
2030-2034	566,517
	\$ 1,088,997

**NOTE 11. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters from which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT**

Effective March 31, 2015, the District has entered into a Strategic Partnership Agreement with the City of Houston, Texas (the “City”). The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a tract of land defined as the “Tract” for the limited purposes of applying the City’s Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District.

The City shall impose a Sales and Use Tax within the boundaries of the Tract upon the limited-purpose annexation of the Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City pays the District one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. The City delivers to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller’s office.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from the effective date of the agreement. During the year ended May 31, 2024, the District received \$98,566 in sales tax revenues.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**

**REQUIRED SUPPLEMENTARY INFORMATION**

**MAY 31, 2024**





**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED MAY 31, 2024**

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,722,365	\$ 1,897,371	\$ 175,006
Water Service	586,500	598,570	12,070
Wastewater Service	659,400	646,785	(12,615)
Water Authority Fees	1,418,700	1,151,321	(267,379)
Penalty and Interest	94,900	93,240	(1,660)
Connection and Inspection Fees	55,800	39,017	(16,783)
Sales Tax Revenues	97,300	98,566	1,266
Settlement Revenue		336,622	336,622
Investment and Miscellaneous Revenues	<u>267,194</u>	<u>310,589</u>	<u>43,395</u>
<b>TOTAL REVENUES</b>	<u>\$ 4,902,159</u>	<u>\$ 5,172,081</u>	<u>\$ 269,922</u>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 161,400	\$ 189,200	\$ (27,800)
Contracted Services	469,600	510,231	(40,631)
Purchased Wastewater Service	501,600	878,635	(377,035)
Utilities	147,000	147,029	(29)
Water Authority Assessment, Net of Credits	1,562,200	1,166,247	395,953
Repairs and Maintenance	627,464	535,588	91,876
Other	272,512	237,736	34,776
Capital Outlay	<u>1,100,000</u>	<u>425,664</u>	<u>674,336</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,841,776</u>	<u>\$ 4,090,330</u>	<u>\$ 751,446</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 60,383	\$ 1,081,751	\$ 1,021,368
<b>FUND BALANCE - JUNE 1, 2023</b>	<u>6,061,971</u>	<u>6,061,971</u>	<u></u>
<b>FUND BALANCE - MAY 31, 2024</b>	<u>\$ 6,122,354</u>	<u>\$ 7,143,722</u>	<u>\$ 1,021,368</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**MAY 31, 2024**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MAY 31, 2024**

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

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

**2. RETAIL SERVICE PROVIDERS**

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

The following rates are based on the rate order approved January 23, 2024.

	<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	10,000	N	\$ 1.25	10,001 to 20,000
				\$ 1.50	20,001 to 30,000
				\$ 1.80	30,001 to 40,000
				\$ 2.50	40,001 and up
WASTEWATER:	\$ 16.00	30,000	N	\$ 1.00	30,001to 40,000
				\$ 2.00	40,001 and up
SURCHARGE:					
Water Authority Fees			N	\$ 3.35	0,001 and up
District employs winter averaging for wastewater usage?					_____ <u>  X  </u>
					Yes      No

Total monthly charges per 10,000 gallons usage: Water: \$11.00 Wastewater: \$16.00 Surcharge: \$33.50

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109  
SERVICES AND RATES  
FOR THE YEAR ENDED MAY 31, 2024**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered; 2.5"	<u>1</u>	<u>1</u>	x 1.0	<u>1</u>
≤¾"	<u>2,887</u>	<u>2,863</u>	x 1.0	<u>2,863</u>
1"	<u>227</u>	<u>221</u>	x 2.5	<u>553</u>
1½"	<u>13</u>	<u>13</u>	x 5.0	<u>65</u>
2"	<u>32</u>	<u>31</u>	x 8.0	<u>248</u>
3"	<u>          </u>	<u>          </u>	x 15.0	<u>          </u>
4"	<u>3</u>	<u>3</u>	x 25.0	<u>75</u>
6"	<u>          </u>	<u>          </u>	x 50.0	<u>          </u>
8"	<u>          </u>	<u>          </u>	x 80.0	<u>          </u>
10"	<u>          </u>	<u>          </u>	x 115.0	<u>          </u>
Total Water Connections	<u><u>3,163</u></u>	<u><u>3,132</u></u>		<u><u>3,805</u></u>
Total Wastewater Connections	<u><u>3,163</u></u>	<u><u>3,132</u></u>	x 1.0	<u><u>3,132</u></u>

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

Gallons pumped into system:	329,812,000	Water Accountability Ratio: 90.9 % (Gallons billed and sold/Gallons pumped)
Gallons billed to customers:	290,977,000	
Gallons sold:	8,800,000	To: Harris County MUD No. 151

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MAY 31, 2024**

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

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

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 MUNICIPAL UTILITY DISTRICT NO. 109**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED MAY 31, 2024**

PROFESSIONAL FEES:	
Auditing	\$ 18,500
Engineering	80,720
Legal	<u>89,980</u>
TOTAL PROFESSIONAL FEES	<u>\$ 189,200</u>
WATER AUTHORITY ASSESSMENTS	<u>\$ 1,313,382</u>
PURCHASED WASTEWATER SERVICE	<u>\$ 878,635</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 55,504
Operations and Billing	167,438
Security	<u>287,289</u>
TOTAL CONTRACTED SERVICES	<u>\$ 510,231</u>
UTILITIES:	
Electricity	\$ 136,221
Telephone	<u>10,808</u>
TOTAL UTILITIES	<u>\$ 147,029</u>
REPAIRS AND MAINTENANCE	<u>\$ 535,588</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 20,418
Insurance	42,268
Office Supplies and Postage	33,302
Travel and Meetings	2,719
Consumer Confidence Report and Other	<u>3,983</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 102,690</u>
CAPITAL OUTLAY	<u>\$ 425,664</u>
OTHER EXPENDITURES:	
Chemicals	\$ 81,015
Laboratory Fees	9,691
Permit Fees	7,666
Connection, Inspection and Reconnection Fees	30,716
Regulatory Assessment	<u>5,958</u>
TOTAL OTHER EXPENDITURES	<u>\$ 135,046</u>
TOTAL EXPENDITURES	<u>\$ 4,237,465</u>

See accompanying independent auditor's report.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**INVESTMENTS**  
**MAY 31, 2024**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 5,670,083	\$
Certificate of Deposit	XXXX3093	5.50%	09/25/24	235,000	6,480
Certificate of Deposit	XXXX1280	5.50%	03/26/25	235,000	2,337
Certificate of Deposit	XXXX4307	5.65%	11/30/24	<u>235,000</u>	<u>6,657</u>
TOTAL GENERAL FUND				<u>\$ 6,375,083</u>	<u>\$ 15,474</u>
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0003	Varies	Daily	\$ 2,680,008	\$
Certificate of Deposit	XXXX1385	5.50%	08/27/24	235,000	6,445
Certificate of Deposit	XXXX3518	5.50%	08/27/24	<u>235,000</u>	<u>6,445</u>
TOTAL DEBT SERVICE FUND				<u>\$ 3,150,008</u>	<u>\$ 12,890</u>
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0002	Varies	Daily	<u>\$ 350,817</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 9,875,908</u>	<u>\$ 28,364</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED MAY 31, 2024**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JUNE 1, 2023	\$	105,651	\$	161,426
Adjustments to Beginning				
Balance		<u>6,923</u>	\$	<u>112,574</u>
			<u>7,966</u>	\$
				169,392
Original 2023 Tax Levy	\$	1,834,591	\$	2,009,314
Adjustment to 2023 Tax Levy		<u>51,923</u>	<u>1,886,514</u>	<u>56,869</u>
				<u>2,066,183</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	1,999,088	\$
				2,235,575
TAX COLLECTIONS:				
Prior Years	\$	72,386	\$	86,201
Current Year		<u>1,824,985</u>	<u>1,897,371</u>	<u>1,998,794</u>
				<u>2,084,995</u>
TAXES RECEIVABLE -				
MAY 31, 2024		<u>\$</u>	<u>101,717</u>	<u>\$</u>
				<u>150,580</u>
TAXES RECEIVABLE BY				
YEAR:				
2023	\$	61,529	\$	67,389
2022		14,745		16,756
2021		5,518		8,422
2020		4,176		7,972
2019		3,711		7,423
2018		2,020		5,594
2017		2,159		5,552
2016		1,210		4,510
2015		969		2,908
2014		969		2,906
2013 and prior		<u>4,711</u>		<u>21,148</u>
TOTAL	\$	<u>101,717</u>	\$	<u>150,580</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED MAY 31, 2024**

	2023	2022	2021	2020
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 145,065,469	\$ 142,637,253	\$ 140,375,832	\$ 133,252,678
Improvements	862,947,439	738,645,624	598,789,875	553,841,831
Personal Property	27,833,185	19,503,427	15,754,775	15,450,487
Exemptions	<u>(137,505,656)</u>	<u>(99,785,475)</u>	<u>(49,300,507)</u>	<u>(41,928,820)</u>
<b>TOTAL PROPERTY VALUATIONS</b>	<u>\$ 898,340,437</u>	<u>\$ 801,000,829</u>	<u>\$ 705,619,975</u>	<u>\$ 660,616,176</u>
 <b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.23	\$ 0.25	\$ 0.29	\$ 0.315
Maintenance	<u>0.21</u>	<u>0.22</u>	<u>0.19</u>	<u>0.165</u>
 <b>TOTAL TAX RATES PER \$100 VALUATION</b>	 <u>\$ 0.44</u>	 <u>\$ 0.47</u>	 <u>\$ 0.48</u>	 <u>\$ 0.480</u>
 <b>ADJUSTED TAX LEVY*</b>	 <u>\$ 3,952,697</u>	 <u>\$ 3,764,704</u>	 <u>\$ 3,386,976</u>	 <u>\$ 3,170,958</u>
 <b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	 <u>96.74 %</u>	 <u>99.16 %</u>	 <u>99.59 %</u>	 <u>99.62 %</u>

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

Voters have approved a maximum maintenance tax rate of \$1.00 per \$100 of assessed valuation.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2024**

SERIES - 2015 REFUNDING

Due During Fiscal Years Ending May 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2025	\$ 220,000	\$ 131,933	\$ 351,933
2026	695,000	127,818	822,818
2027	680,000	133,958	813,958
2028	700,000	105,462	805,462
2029	720,000	82,458	802,458
2030	890,000	56,376	946,376
2031	1,295,000	20,979	1,315,979
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 5,200,000</u>	<u>\$ 658,984</u>	<u>\$ 5,858,984</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2024**

S E R I E S - 2 0 1 7

Due During Fiscal Years Ending May 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2025	\$ 460,000	\$ 348,444	\$ 808,444
2026	445,000	334,869	779,869
2027	460,000	321,294	781,294
2028	475,000	307,269	782,269
2029	490,000	292,794	782,794
2030	515,000	277,719	792,719
2031	525,000	262,119	787,119
2032	560,000	245,844	805,844
2033	585,000	228,303	813,303
2034	605,000	209,709	814,709
2035	630,000	190,019	820,019
2036	650,000	168,813	818,813
2037	675,000	146,453	821,453
2038	700,000	122,812	822,812
2039	725,000	97,875	822,875
2040	755,000	71,503	826,503
2041	785,000	43,590	828,590
2042	810,000	14,681	824,681
	<u>\$ 10,850,000</u>	<u>\$ 3,684,110</u>	<u>\$ 14,534,110</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2024**

SERIES - 2021 REFUNDING

Due During Fiscal Years Ending May 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2025	\$ 825,000	\$ 62,175	\$ 887,175
2026	410,000	43,650	453,650
2027	430,000	31,050	461,050
2028	445,000	20,150	465,150
2029	465,000	11,050	476,050
2030	320,000	3,200	323,200
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 2,895,000</u>	<u>\$ 171,275</u>	<u>\$ 3,066,275</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2024**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 1,505,000	\$ 542,552	\$ 2,047,552
2026	1,550,000	506,337	2,056,337
2027	1,570,000	486,302	2,056,302
2028	1,620,000	432,881	2,052,881
2029	1,675,000	386,302	2,061,302
2030	1,725,000	337,295	2,062,295
2031	1,820,000	283,098	2,103,098
2032	560,000	245,844	805,844
2033	585,000	228,303	813,303
2034	605,000	209,709	814,709
2035	630,000	190,019	820,019
2036	650,000	168,813	818,813
2037	675,000	146,453	821,453
2038	700,000	122,812	822,812
2039	725,000	97,875	822,875
2040	755,000	71,503	826,503
2041	785,000	43,590	828,590
2042	810,000	14,681	824,681
	<u>\$ 18,945,000</u>	<u>\$ 4,514,369</u>	<u>\$ 23,459,369</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED MAY 31, 2024**

Description	Original Bonds Issued	Bonds Outstanding June 1, 2023
Harris County Municipal Utility District No. 109		
Unlimited Tax Refunding Bonds - Series 2015	\$ 5,920,000	\$ 5,425,000
Harris County Municipal Utility District No. 109		
Unlimited Tax Bonds - Series 2017	12,100,000	11,290,000
Harris County Municipal Utility District No. 109		
Unlimited Tax Refunding Bonds - Series 2021	<u>3,705,000</u>	<u>3,685,000</u>
<b>TOTAL</b>	<u><u>\$ 21,725,000</u></u>	<u><u>\$ 20,400,000</u></u>

Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	\$ 61,830,000	\$ 32,730,000
Amount Issued	<u>48,880,000</u>	<u>1,058,800</u>
Remaining to be Issued	<u><u>\$ 12,950,000</u></u>	<u><u>\$ 31,671,200</u></u>

Debt Service Fund cash and investment balances as of May 31, 2024: \$ 3,350,482

Average annual debt service payment (principal and interest) for  
remaining term of all debt: \$ 1,303,298

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

See accompanying independent auditor's report.



<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding May 31, 2024</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 225,000	\$ 137,700	\$ 5,200,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	440,000	359,744	10,850,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	<u>790,000</u>	<u>86,400</u>	<u>2,895,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 1,455,000</u>	<u>\$ 583,844</u>	<u>\$ 18,945,000</u>	

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 1,897,371	\$ 1,716,071	\$ 1,352,957
Water Service	598,570	613,963	515,471
Wastewater Service	646,785	651,000	613,652
Water Authority Fees	1,151,321	1,365,774	1,163,402
Penalty and Interest	93,240	92,580	69,599
Connection and Inspection Fees	39,017	61,507	37,402
Sales Tax Revenues	98,566	97,715	94,395
Water Authority Credits	147,135	147,135	147,135
Settlement, Investment and Other Revenues	<u>647,211</u>	<u>154,021</u>	<u>11,447</u>
<b>TOTAL REVENUES</b>	<u>\$ 5,319,216</u>	<u>\$ 4,899,766</u>	<u>\$ 4,005,460</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 189,200	\$ 115,516	\$ 140,891
Contracted Services	510,231	468,361	389,329
Purchased Wastewater Service	878,635	445,175	501,126
Utilities	147,029	143,454	123,854
Repairs and Maintenance	535,588	695,897	510,459
Water Authority Assessments	1,313,382	1,672,615	1,482,690
Other	237,736	280,393	204,613
Capital Outlay	<u>425,664</u>	<u>125,713</u>	<u>109,992</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,237,465</u>	<u>\$ 3,947,124</u>	<u>\$ 3,462,954</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 1,081,751</u>	<u>\$ 952,642</u>	<u>\$ 542,506</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 1,081,751	\$ 952,642	\$ 542,506
<b>BEGINNING FUND BALANCE</b>	<u>6,061,971</u>	<u>5,109,329</u>	<u>4,566,823</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 7,143,722</u>	<u>\$ 6,061,971</u>	<u>\$ 5,109,329</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 1,074,163	\$ 1,007,887	35.5 %	35.0 %	33.8 %	29.1 %	27.7 %
537,428	556,268	11.3	12.5	12.9	14.5	15.2
633,397	638,922	12.2	13.3	15.3	17.1	17.5
1,152,986	994,208	21.6	27.9	29.0	31.2	27.2
1,244	73,753	1.8	1.9	1.7		2.0
22,197	67,594	0.7	1.3	0.9	0.6	1.9
86,463	74,517	1.9	2.0	2.4	2.3	2.0
147,135	147,135	2.8	3.0	3.7	4.0	4.0
44,703	90,389	12.2	3.1	0.3	1.2	2.5
<u>\$ 3,699,716</u>	<u>\$ 3,650,673</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 145,524	\$ 142,558	3.6 %	2.4 %	3.5 %	3.9 %	3.9 %
326,575	263,123	9.6	9.6	9.7	8.8	7.2
381,875	361,729	16.5	9.1	12.5	10.3	9.9
119,733	109,725	2.8	2.9	3.1	3.2	3.0
713,042	731,660	10.1	14.2	12.7	19.3	20.0
1,444,817	1,260,028	24.7	34.1	37.0	39.1	34.5
203,674	227,638	4.5	5.7	5.1	5.5	6.2
1,027,958	392,846	8.0	2.6	2.7	27.8	10.8
<u>\$ 4,363,198</u>	<u>\$ 3,489,307</u>	<u>79.8 %</u>	<u>80.6 %</u>	<u>86.3 %</u>	<u>117.9 %</u>	<u>95.5 %</u>
\$ (663,482)	\$ 161,366	20.2 %	19.4 %	13.7 %	(17.9) %	4.5 %
<u>\$ 97,450</u>	<u>\$ - 0 -</u>					
\$ (566,032)	\$ 161,366					
<u>5,132,855</u>	<u>4,971,489</u>					
<u>\$ 4,566,823</u>	<u>\$ 5,132,855</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 2,084,995	\$ 1,961,484	\$ 2,085,542
Penalty and Interest	63,078	53,768	55,626
Investment and Miscellaneous Revenues	140,728	83,851	29,127
<b>TOTAL REVENUES</b>	<b>\$ 2,288,801</b>	<b>\$ 2,099,103</b>	<b>\$ 2,170,295</b>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 100,940	\$ 83,377	\$ 94,125
Debt Service Principal	1,455,000	1,260,000	1,135,000
Debt Service Interest and Fees	585,344	624,398	677,078
Bond Issuance Costs			149,710
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,141,284</b>	<b>\$ 1,967,775</b>	<b>\$ 2,055,913</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 147,517</b>	<b>\$ 131,328</b>	<b>\$ 114,382</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the Sale of Refunding Bonds	\$	\$	\$ 3,705,000
Payment to Refunded Bond Escrow Agent			(3,768,567)
Bond Premium			223,726
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ 160,159</b>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 147,517	\$ 131,328	\$ 274,541
<b>BEGINNING FUND BALANCE</b>	2,724,018	2,592,690	2,318,149
<b>ENDING FUND BALANCE</b>	<b>\$ 2,871,535</b>	<b>\$ 2,724,018</b>	<b>\$ 2,592,690</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	3,132	3,123	3,124
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	3,132	3,123	3,124

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 2,061,439	\$ 2,031,834	91.1 %	93.4 %	96.1 %	96.7 %	96.8 %
56,962	20,626	2.8	2.6	2.6	2.7	1.0
13,393	45,353	6.1	4.0	1.3	0.6	2.2
<u>\$ 2,131,794</u>	<u>\$ 2,097,813</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 83,089	\$ 64,595	4.4 %	4.0 %	4.3 %	3.9 %	3.1 %
1,390,000	1,325,000	63.6	60.0	52.3	65.2	63.2
758,577	809,533	25.6	29.7	31.2	35.6	38.6
				6.9		
<u>\$ 2,231,666</u>	<u>\$ 2,199,128</u>	<u>93.6 %</u>	<u>93.7 %</u>	<u>94.7 %</u>	<u>104.7 %</u>	<u>104.9 %</u>
<u>\$ (99,872)</u>	<u>\$ (101,315)</u>	<u>6.4 %</u>	<u>6.3 %</u>	<u>5.3 %</u>	<u>(4.7) %</u>	<u>(4.9) %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ (99,872)	\$ (101,315)					
<u>2,418,021</u>	<u>2,519,336</u>					
<u>\$ 2,318,149</u>	<u>\$ 2,418,021</u>					
<u>3,114</u>	<u>3,114</u>					
<u>3,113</u>	<u>3,080</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**MAY 31, 2024**

District Mailing Address - Harris County Municipal Utility District No. 109  
c/o Norton Rose Fulbright US LLP  
1550 Lamar Street, Suite 2000  
Houston, TX 77010

District Telephone Number - (713) 651-5151

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>May 31, 2024</u>	Expense Reimbursements for the year ended <u>May 31, 2024</u>	<u>Title</u>
Owen H. Parker	05/24 – 05/28 (Elected)	\$ 7,088	\$ 481	President
Chris Green	05/24 – 05/28 (Elected)	\$ 5,462	\$ 898	Vice President
Cheryl Moore	05/22 – 05/26 (Elected)	\$ 2,581	\$ 359	Secretary
Robin Sulpizio	05/22 – 05/26 (Elected)	\$ 1,697	\$ 822	Assistant Secretary
Nancy Frank	05/22 – 05/26 (Elected)	\$ 2,139	\$ 1,051	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.

The submission date of the most recent District Registration Form: May 29, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 20, 2003. Fees of Office are the amounts actually paid to a Director during the District’s current period.

See accompanying independent auditor’s report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**MAY 31, 2024**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2024</u>	<u>Title</u>
Norton Rose Fulbright US LLP	07/29/74	\$ 90,229	General Counsel
McCall Gibson Swedlund Barfoot PLLC	05/24/16	\$ 18,500	Auditor
Municipal Accounts & Consulting, L.P.	02/27/17	\$ 60,010	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/19/96	\$ 19,862	Delinquent Tax Attorney
Brown & Gay Engineers, Inc.	09/19/84	\$ 113,596	Engineer
Robert W. Baird & Co.	02/17/15	\$ -0-	Financial Advisor
Water Wastewater Management Services, Inc.	03/20/01	\$ 606,211	Operator
Bill Spencer	08/15/95	\$ 38,333	Tax Assessor/ Collector

See accompanying independent auditor's report.

