

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2021**



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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Harris County Water Control  
and Improvement District No. 36  
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Water Control and Improvement District No. 36 (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

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 June 30, 2021, 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.





Board of Directors  
Harris County Water Control and  
Improvement District No. 36

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of District Contributions be presented to supplement the basic financial statements. Such information, 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.

*Other 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 any 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

October 12, 2021



**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 36  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

Management’s discussion and analysis of the financial performance of Harris County Water Control and Improvement District No. 36 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended June 30, 2021. 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 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 like 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 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 position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has 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 WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 36  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**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 explains the differences between the two presentations and assists in understanding the differences between these two perspectives.

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”). The budgetary comparison schedule is included as RSI for the General Fund. In addition, the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of District Contributions are included as RSI.

**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 and deferred inflows of resources by \$41,549,283 as of June 30, 2021. A portion of the District’s net position reflects its net investment in capital assets (land, buildings and equipment as well as the water and wastewater facilities, less any debt used to acquire those assets that is still outstanding). A comparative analysis of government-wide changes in net position is presented below:

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 36  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 15,133,667	\$ 15,611,228	\$ (477,561)
Capital Assets (Net of Accumulated Depreciation)	35,690,428	36,009,250	(318,822)
Total Assets	\$ 50,824,095	\$ 51,620,478	\$ (796,383)
Deferred Outflows of Resources	\$ 494,383	\$ 366,453	\$ 127,930
Bonds Payable	\$ 7,945,000	\$ 9,065,000	\$ 1,120,000
Other Liabilities	1,698,266	2,650,310	952,044
Total Liabilities	\$ 9,643,266	\$ 11,715,310	\$ 2,072,044
Deferred Inflows of Resources	\$ 125,929	\$ 166,751	\$ 40,822
Net Position:			
Net Investment in Capital Assets	\$ 27,826,751	\$ 27,348,973	\$ 477,778
Restricted	1,871,636	1,372,594	499,042
Unrestricted	11,850,896	11,383,303	467,593
Total Net Position	\$ 41,549,283	\$ 40,104,870	\$ 1,444,413

The following table provides a summary of the District's operations for the years ended June 30, 2021, and June 30, 2020.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,304,120	\$ 1,270,601	\$ 33,519
Grant Revenues	206,491	171,295	35,196
Charges for Services	5,737,456	5,503,535	233,921
Other Revenues	914,284	918,597	(4,313)
Total Revenues	\$ 8,162,351	\$ 7,864,028	\$ 298,323
Expenses for Services	6,717,938	6,922,446	204,508
Change in Net Position	\$ 1,444,413	\$ 941,582	\$ 502,831
Net Position, Beginning of Year	40,104,870	39,163,288	941,582
Net Position, End of Year	\$ 41,549,283	\$ 40,104,870	\$ 1,444,413

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 36  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

The District's combined fund balances as of June 30, 2021, were \$12,828,884, a decrease of \$918,809 from the prior year.

The General Fund fund balance decreased by \$1,124,915, as a result of additional contributions to the District's pension fund to reduce Net Pension Liability.

The Debt Service Fund fund balance increased by \$529,506, primarily due to the structure of the District's outstanding debt and a transfer from the General Fund.

The Capital Projects Fund fund balance decreased by \$323,400, primarily due to construction costs paid using bond proceeds received in prior years.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors amended the budget during the fiscal year increasing expected sales tax revenues and decreasing miscellaneous revenues. The Board also decreased personnel and other costs and increased professional services, contracted services, purchased wastewater service, utilities and capital outlay costs. Actual revenues were \$121,922 more than budgeted, actual expenditures were \$820,837 more than budgeted, and actual transfers out exceeded budgeted amounts by \$435,000 which resulted in a negative variance of \$1,133,915. See the budget to actual comparison for variances by category.

**CAPITAL ASSETS**

Capital assets as of June 30, 2021, total \$35,690,428 (net of accumulated depreciation) and include land, equipment and buildings as well as the water and wastewater systems. Significant capital asset activity during the current fiscal year included the following:

Construction in Progress:

- Haden Road Lift Station Improvements
- Phase 3 Water System Improvements
- Electrical Improvements at Harris County Fresh Water Supply District No. 51 Regional Wastewater Treatment Plant
- Parking Lot revisions at 903 Hollywood

Completed Projects/Purchases:

- Wastewater Treatment Plant and Lift Station Improvements
- Air Handler Installation at 903 Hollywood
- Computer Server
- Hardware for SCADA/CC T.V.'s for Lift Stations and Water Plants
- Safety Climb installation at Hollywood Elevated Storage Tank

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 36  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**CAPITAL ASSETS (Continued)**

Capital Assets At Year-End, Net of Accumulated Depreciation			Change Positive (Negative)
	2021	2020	
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 713,035	\$ 713,035	\$
Construction in Progress	1,883,403	1,599,567	283,836
Capital Assets, Net of Accumulated Depreciation:			
Building, Vehicles and Equipment	3,297,718	3,558,885	(261,167)
Water System	12,695,971	13,110,385	(414,414)
Wastewater System	16,517,892	16,415,337	102,555
Capacity Interest in Shared Facilities	582,409	612,041	(29,632)
Total Net Capital Assets	<u>\$ 35,690,428</u>	<u>\$ 36,009,250</u>	<u>\$ (318,822)</u>

Additional information on the District's capital assets can be found in Note 6 of this report.

**LONG-TERM DEBT ACTIVITY**

At the end of the current fiscal year, the District had total bond debt payable of \$7,945,000. The changes in the debt position of the District during the fiscal year ended June 30, 2021, are summarized as follows:

Bond Debt Payable, July 1, 2020	\$ 9,065,000
Less: Bond Principal Paid	1,120,000
Bond Debt Payable, June 30, 2021	<u>\$ 7,945,000</u>

The District's bonds are non-rated.

**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. 36, 903 Hollywood Street, Houston, Texas 77015.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 36  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2021**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 11,818,373	\$ 1,707,957
Investments		
Receivables:		
Property Taxes		135,412
Penalty and Interest on Delinquent Taxes		
Service Accounts	440,781	
Due from City of Houston	174,561	
Grant Receivable - Harris County	52,422	
Net Pension Asset		
Prepaid Costs - Security	23,697	
Advance for Water Authority Operations	78,758	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 12,588,592</b>	<b>\$ 1,843,369</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Pension Plan Charges	\$ -0-	\$ -0-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 12,588,592</b>	<b>\$ 1,843,369</b>

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



Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 987	\$ 13,527,317	\$	\$ 13,527,317
195,219	195,219		195,219
	135,412		135,412
		62,662	62,662
	440,781		440,781
	174,561		174,561
	52,422		52,422
		442,838	442,838
	23,697		23,697
	78,758		78,758
		713,035	713,035
		1,883,403	1,883,403
		33,093,990	33,093,990
<u>\$ 196,206</u>	<u>\$ 14,628,167</u>	<u>\$ 36,195,928</u>	<u>\$ 50,824,095</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 494,383</u>	<u>\$ 494,383</u>
<u>\$ 196,206</u>	<u>\$ 14,628,167</u>	<u>\$ 36,690,311</u>	<u>\$ 51,318,478</u>

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

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 36  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2021**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 304,379	\$
Accrued Compensated Absences	155,400	
Accrued Interest Payable		
Security Deposits	1,089,209	
Long-term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	\$ 1,548,988	\$ -0-
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$	\$ 135,412
Pension Plan Income		
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	\$ -0-	\$ 135,412
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 23,697	\$
Operating Advances	78,758	
Restricted for Authorized Construction		
Restricted for Debt Service		1,707,957
Unassigned	10,937,149	
<b>TOTAL FUND BALANCES</b>	\$ 11,039,604	\$ 1,707,957
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	\$ 12,588,592	\$ 1,843,369
<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
\$ 114,883	\$ 419,262	\$	\$ 419,262
	155,400		155,400
	1,089,209	34,395	34,395
		1,175,000	1,175,000
		<u>6,770,000</u>	<u>6,770,000</u>
<u>\$ 114,883</u>	<u>\$ 1,663,871</u>	<u>\$ 7,979,395</u>	<u>\$ 9,643,266</u>
\$	\$ 135,412	\$ (135,412)	\$
		<u>125,929</u>	<u>125,929</u>
<u>\$ -0-</u>	<u>\$ 135,412</u>	<u>\$ (9,483)</u>	<u>\$ 125,929</u>
\$	\$ 23,697	\$ (23,697)	\$
	78,758	(78,758)	
81,323	81,323	(81,323)	
	1,707,957	(1,707,957)	
	<u>10,937,149</u>	<u>(10,937,149)</u>	
<u>\$ 81,323</u>	<u>\$ 12,828,884</u>	<u>\$ (12,828,884)</u>	<u>\$ - 0 -</u>
<u>\$ 196,206</u>	<u>\$ 14,628,167</u>		
		\$ 27,826,751	\$ 27,826,751
		1,871,636	1,871,636
		<u>11,850,896</u>	<u>11,850,896</u>
		<u>\$ 41,549,283</u>	<u>\$ 41,549,283</u>

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

Total Fund Balances - Governmental Funds	\$	12,828,884
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Portions of the change in net pension liability/(asset) that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources.		811,292
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		35,690,428
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenue in the governmental activities of the District.		198,074
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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	\$ (34,395)	
Bonds Payable	<u>(7,945,000)</u>	<u>(7,979,395)</u>

Total Net Position - Governmental Activities	\$	<u>41,549,283</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. 36  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES</b>		
Property Taxes	\$	\$ 1,328,786
Water Service	3,911,126	
Wastewater Service	910,515	
Solid Waste Disposal	607,349	
Penalty and Interest	73,564	62,101
Tap Connection and Inspection Fees	174,363	
Investment Revenues	20,376	1,230
Grant Revenues	206,491	
Sales Tax Revenues	723,644	
Miscellaneous Revenues	168,985	
<b>TOTAL REVENUES</b>	<u>\$ 6,796,413</u>	<u>\$ 1,392,117</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Personnel	\$ 3,619,175	\$
Professional Services	299,603	24,672
Contracted Services	687,587	62,972
Purchased Water Service	913,170	
Purchased Wastewater Service	360,620	
Repairs and Maintenance	124,936	
Utilities	171,404	
Depreciation		
Other	466,458	11,610
Capital Outlay	803,375	
Debt Service:		
Bond Principal		1,120,000
Bond Interest		118,357
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 7,446,328</u>	<u>\$ 1,337,611</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	<u>\$ (649,915)</u>	<u>\$ 54,506</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In/(Out)	<u>\$ (475,000)</u>	<u>\$ 475,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (1,124,915)</u>	<u>\$ 529,506</u>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JULY 1, 2020</b>	<u>12,164,519</u>	<u>1,178,451</u>
<b>FUND BALANCES/NET POSITION - JUNE 30, 2021</b>	<u>\$ 11,039,604</u>	<u>\$ 1,707,957</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,328,786	\$ (24,666)	\$ 1,304,120
	3,911,126		3,911,126
	910,515		910,515
	607,349		607,349
	135,665	(1,562)	134,103
	174,363		174,363
49	21,655		21,655
	206,491		206,491
	723,644		723,644
	168,985		168,985
<u>\$ 49</u>	<u>\$ 8,188,579</u>	<u>\$ (26,228)</u>	<u>\$ 8,162,351</u>
\$	\$ 3,619,175	\$ (1,592,508)	\$ 2,026,667
	324,275		324,275
	750,559		750,559
	913,170		913,170
	360,620		360,620
	124,936		124,936
	171,404		171,404
	478,068	1,445,646	1,445,646
323,449	1,126,824	(1,126,824)	478,068
	1,120,000	(1,120,000)	
	118,357	4,236	122,593
<u>\$ 323,449</u>	<u>\$ 9,107,388</u>	<u>\$ (2,389,450)</u>	<u>\$ 6,717,938</u>
<u>\$ (323,400)</u>	<u>\$ (918,809)</u>	<u>\$ 2,363,222</u>	<u>\$ 1,444,413</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
\$ (323,400)	\$ (918,809)	\$ 918,809	\$
		1,444,413	1,444,413
404,723	13,747,693	26,357,177	40,104,870
<u>\$ 81,323</u>	<u>\$ 12,828,884</u>	<u>\$ 28,720,399</u>	<u>\$ 41,549,283</u>

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

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 36  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Governmental Funds	\$ (918,809)
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.	(24,666)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(1,562)
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.	(1,445,646)
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.	1,126,824
The changes in the pension assets and liabilities as well as deferred inflows and outflows of resources are recorded in the government-wide financial statements.	1,592,508
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.	1,120,000
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>(4,236)</u>
Change in Net Position - Governmental Activities	<u>\$ 1,444,413</u>

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



**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1. CREATION OF DISTRICT**

Harris County Water Control and Improvement District No. 36 (the “District”) was originally created by an order of the Harris County Commissioner’s Court, effective January 6, 1943. Pursuant to the provisions of Chapters 49 and 51 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, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all firefighting activities within 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 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 has entered into a joint venture with Harris County Fresh Water Supply District No. 51 and Harris County Municipal Utility District No. 53 for the construction and operation of a regional wastewater treatment plant. Oversight responsibility of the wastewater treatment plant is by Harris County Fresh Water Supply District No. 51. Additional disclosure concerning this joint venture is provided in Note 8.

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. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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 regulations 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.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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 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.

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 revenues reported in the governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs, that extend the life of an asset, are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

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

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has 13 full-time employees. Payments are made into the Social Security System for their benefit, into an individual retirement account (see Note 9) and pension plan (see Note 10).

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, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

Measurement Focus (Continued)

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.

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

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

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

Accounting Estimates

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3. LONG-TERM DEBT**

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2021:

	July 1, 2020	Additions	Retirements	June 30, 2021
Bonds Payable	\$ 9,065,000	\$ -0-	\$ 1,120,000	\$ 7,945,000
			Amount Due Within One Year	\$ 1,175,000
			Amount Due After One Year	6,770,000
			Total Bonds Payable	\$ 7,945,000

The District's bonds payable at June 30, 2021, consist of the following:

	Refunding Series 2011	Series 2014	Refunding Series 2020
Amount Outstanding - June 30, 2021	\$395,000	\$2,885,000	\$4,665,000
Interest Rates	2.18%	0.87%-2.27%	1.23%
Maturity Dates – Serially Beginning/Ending	September 15, 2021	September 1, 2021/2034	September 15, 2021/2028
Interest Payment Dates	September 15/ March 15	September 1/ March 1	September 15/ March 15
Callable Dates	Callable at Any Time	March 1, 2026 (1)	Callable at Any Time (2)

- (1) Or any date thereafter, in inverse order of maturing at a redemption price of par, including accrued interest to the date fixed for redemption.
- (2) The Series 2020 Refunding bonds are private placement bonds.

As of June 30, 2021, the District had authorized but unissued bonds in the amount of \$11,115,000 for utility facilities and authorized but unissued bonds in the amount of \$36,190,000 for refunding purposes. 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. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

As of June 30, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 1,175,000	\$ 109,146	\$ 1,284,146
2023	795,000	95,572	890,572
2024	800,000	85,734	885,734
2025	815,000	75,426	890,426
2026	825,000	64,703	889,703
2027-2031	2,625,000	179,885	2,804,885
2032-2035	910,000	41,080	951,080
	<u>\$ 7,945,000</u>	<u>\$ 651,546</u>	<u>\$ 8,596,546</u>

During the year ended June 30, 2021, the District levied an ad valorem debt service tax rate of \$0.298 per \$100 of assessed valuation, which resulted in a tax levy of \$1,311,885 on the adjusted taxable valuation of \$440,229,736 for the 2020 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 information concerning the District's authorization to levy a maintenance tax.

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 and 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 the five-year anniversary of the date of delivery of each issue.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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 \$13,527,317 and the bank balance was \$13,645,528. 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 June 30, 2021, as follows:

	Cash
GENERAL FUND	\$ 11,818,373
DEBT SERVICE FUND	1,707,957
CAPITAL PROJECTS FUND	987
TOTAL DEPOSITS	\$ 13,527,317

Investments

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



**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

As of June 30, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>CAPITAL PROJECTS FUND</u>		
Government Money Market Fund	<u>\$ 195,219</u>	<u>\$ 195,219</u>

The District invests in the Wells Fargo Government Money Market Fund (the “Fund”) administered by Wells Fargo Asset Management. Wells Fargo Asset Management is the asset management business of Wells Fargo & Company. Wells Fargo Funds Management, LLC, a wholly owned subsidiary of Wells Fargo & Company, provides investment advisory and administrative services for Wells Fargo Funds. Other affiliates of Wells Fargo & Company provide sub-advisory and other services for the Fund. The Fund measure its portfolio assets at amortized cost. As a result, the District also measures its investments in the Fund at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from the Fund.

Credit risk is the risk that the issuer or other counterparty for an investment will not fulfill its obligations. As of June 30, 2021, the District’s investment in the Wells Fargo Government Money Market Fund was rated “AAAm” by Standard & Poor’s Rating Service. 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 the Wells Fargo Government Money Market Fund to have a maturity of less than one year due to the fact the share position can be redeemed each day at the discretion of the District.

Restrictions

All cash and investments of the Debt Service Fund are restricted for payment of debt service and cost of assessing and collecting taxes. 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. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	July 1, 2020	Increases	Decreases	June 30, 2021
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 713,035	\$	\$	\$ 713,035
Construction in Progress	<u>1,599,567</u>	<u>1,126,824</u>	<u>842,988</u>	<u>1,883,403</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 2,312,602</u>	<u>\$ 1,126,824</u>	<u>\$ 842,988</u>	<u>\$ 2,596,438</u>
<b>Capital Assets Subject to Depreciation</b>				
Building, Vehicles and Equipment	\$ 7,044,083	\$ 27,402	\$ 6,799	\$ 7,064,686
Water System	17,599,612	5,525		17,605,137
Wastewater System	26,132,893	810,061		26,942,954
Capacity Interest in North Channel Water Authority Facilities	1,185,276			1,185,276
Capacity Interest in Harris County Fresh Water Supply District No. 51 Facilities	<u>397,782</u>			<u>397,782</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 52,359,646</u>	<u>\$ 842,988</u>	<u>\$ 6,799</u>	<u>\$ 53,195,835</u>
<b>Accumulated Depreciation</b>				
Building, Vehicles and Equipment	\$ 3,485,198	\$ 288,569	\$ 6,799	\$ 3,766,968
Water System	4,489,227	419,939		4,909,166
Wastewater System	9,717,556	707,506		10,425,062
Capacity Interest in North Channel Water Authority Facilities	573,235	29,632		602,867
Capacity Interest in Harris County Fresh Water Supply District No. 51 Facilities	<u>397,782</u>			<u>397,782</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 18,662,998</u>	<u>\$ 1,445,646</u>	<u>\$ 6,799</u>	<u>\$ 20,101,845</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 33,696,648</u>	<u>\$ (602,658)</u>	<u>\$ - 0 -</u>	<u>\$ 33,093,990</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 36,009,250</u>	<u>\$ 524,166</u>	<u>\$ 842,988</u>	<u>\$ 35,690,428</u>

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7. MAINTENANCE TAX**

The Board of Directors of the District have the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. Such tax would be in addition to taxes which the District is authorized to levy for paying principal and interest on outstanding bonds, and any tax bonds which may be issued in the future. To date, an election has not been held to authorize a maintenance tax, and thus no maintenance tax has been levied.

**NOTE 8. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES**

North Channel Water Authority

On May 24, 1990, the District entered into a contract with the North Channel Water Authority (the "Authority"), a conservation and reclamation district and political subdivision of the State of Texas. The contract continues until December 31, 2040, and year-to-year thereafter until payment in full of the principal, premium, if any, and interest on all bonds and all related fees to be paid under any bond resolution of the Authority is made. Oversight of the Authority is exercised by the Board of Directors of the Authority. The Authority purchases treated surface water from the City of Houston and has constructed distribution lines to convey such surface water to the District and others so that the participants in the Authority's regional water supply system can meet the requirements of the Harris-Galveston Subsidence District for conversion to 80% surface water consisting of a combination of surface water and ground water from existing wells.

The District contractually agreed to participate in the cost of the construction of the surface water distribution lines. The District paid its share of the Authority's debt issued to construct such facilities.

The District also pays for its share of the Authority's operating costs. The District's share of operating costs was \$913,170 during the fiscal year ended June 30, 2021. In a prior year, the District contributed \$78,758 for its share of the Authority's operating reserve.

The following summary financial data of the North Channel Water Authority is presented for the fiscal year ending December 31, 2020. Separate financial statements may be obtained by contacting the Authority's attorney.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)**

	Joint Venture
Total Assets	\$ 17,988,837
Total Liabilities	<u>6,848,463</u>
Total Net Position	<u>\$ 11,140,374</u>
Operating Revenues	\$ 10,223,813
Operating Expenses	<u>9,471,947</u>
Operating Income	\$ 751,866
Total Non-Operating Revenues (Expenses)	<u>(172,982)</u>
Change in Net Position	\$ 578,884
Net Position, Beginning of Year	<u>10,561,490</u>
Net Position, End of Year	<u>\$ 11,140,374</u>

Regional Wastewater Treatment Plant

On June 10, 1974, the District, Harris County Fresh Water Supply District No. 51 (“District No 51”) and Harris County Municipal Utility District No. 53 entered into a 40-year contract for the purpose of sharing the cost of constructing and operating the Harris County Fresh Water Supply District No. 51 Regional Wastewater Treatment Plant (the “Plant”). On May 2, 2004, the three districts amended the contract. Oversight of the Plant is exercised by the Board of Directors of District No. 51. Construction costs of the Plant were funded by the contribution of funds from each participating district. The Plant issues no debt. At June 30, 2021, ownership capacity in the Plant was as follows:

	Capacity In Gallons Per Day	Percentage
Harris County Municipal Utility District No. 53	2,250,000	35.71%
Harris County Water Control and Improvement District No. 36	1,500,000	23.81
Harris County Fresh Water Supply District No. 51	<u>2,550,000</u>	<u>40.48</u>
TOTAL	<u>6,300,000</u>	<u>100.00%</u>

Monthly operating costs of the Plant are shared by the participants based on each participant’s monthly water production, then subtracting any metered water usage that does not flow to the Plant. During the year ended June 30, 2021, the District’s share of the Plant’s operating expenditures was \$360,620. During the current year, the District advanced \$421,072 for its share of District No. 51’s electrical improvement project at the wastewater treatment plant.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)**

The following summary financial data of the regional wastewater treatment plant is presented for the fiscal year ending June 30, 2020, (the most recently available audited financial statements). Separate financial statements may be obtained by contacting District No. 51's attorney.

	Joint Venture
Total Assets	\$ 240,815
Total Liabilities	120,937
Total Fund Balance	\$ 119,878
Total Revenues	\$ 1,183,092
Total Expenditures	1,183,092
Net Change in Fund Balance	\$ - 0 -
Beginning Fund Balance	119,878
Ending Fund Balance	\$ 119,878

**NOTE 9. EMPLOYEE RETIREMENT BENEFITS AND ACCRUED COMPENSATED ABSENCES**

The District has established a plan whereby eligible employees can provide for retirement income through an employer sponsored Roth individual retirement account (IRA) through USAA Investment Services Company. Any regular full-time employee of the District may elect to participate in the plan immediately after the 90 day probation period. The District withholds half of the amount to be contributed for that month from the two pay periods that month. The monthly amount from the employee and the District is determined by the employee according to the Contribution Schedule established by the District. All of the contributions are fully vested and are controlled by the employee. The District has no unfunded liabilities for employee Roth IRA payments as of the balance sheet date.

Employees are allowed to earn 15 sick leave days per year. All employees have 12 days for vacation per year; after five years of continuous service, employees receive 18 days of vacation per year; after 10 years of service, employees receive 24 days of vacation per year. At the end of every calendar year, the District pays every employee for up to half of all unused vacation days and up to 75% of unused sick leave days. Upon termination of employment, whether voluntary or involuntary, including retirement, employees receive payment for unused vacation days and up to 75% of unused sick leave days. In the prior year, the District recorded a liability of \$128,374 for accrued compensated absences. The increase in the current year was \$27,026 for a balance of \$155,400 at year end.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10. PENSION PLAN**

Plan Description

The District provides retirement for its full and part-time non-temporary employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of approximately 800 nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) which includes financial statements, notes and required supplementary information which can be obtained at [www.tcdrs.org](http://www.tcdrs.org).

Benefits Provided

Benefit provisions are adopted by the District, within the options available in the Texas state statutes governing the TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by the District.

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credit. The level of these monetary credits is adopted by the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. There are no automatic cost-of-living adjustments. Each year the District may elect an ad hoc cost-of-living adjustment for its retirees (if any).

At December 31, 2020, the valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	_____ 2
Inactive employees entitled but not yet receiving benefits	_____ 0
Active employees	_____ 13
Total	===== 15

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10. PENSION PLAN (Continued)**

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 6.58% for the months of the 2021 accounting year and a rate of 20.82% for the months of the 2020 accounting year. The deposit rate payable by the employee members for calendar years 2021 and 2020 is 7.00% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act. For the District's accounting year ended June 30, 2021, the annual pension cost for the TCDRS plan for its employees was \$1,826,093; the actual contributions were \$1,826,093. The employees' contributions to TCDRS for the year ended June 30, 2021, were \$91,274.

Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	12/31/20
Actuarial cost method	entry age normal
Amortization method:	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumption changes or inputs	Straight-Line amortization over Expected Working Life
Amortization period	20.0
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Actuarial Assumptions:	
Investment return <sup>1</sup>	7.5%
Projected salary increases <sup>1</sup>	4.6%
Inflation	2.50%
Cost-of-living adjustments	0.0%

<sup>1</sup>Includes inflation at the stated rate

The actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10. PENSION PLAN (Continued)**

Actuarial Assumptions (Continued)

Mortality rates were based on the following:

Depositing members – 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.

Service retirees, beneficiaries and non-depositing members – 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate Scale after 2014.

Disabled retirees – 130% of RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Discount Rate

The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year.

To determine the discount rate to be used, the actuary used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- 2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- 3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) An increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.



**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10. PENSION PLAN (Continued)**

Discount Rate (Continued)

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the actuary has used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	11.50 %	4.25 %
Global Equities	2.50	4.55
International Equities-Developed Markets	5.00	4.25
International Equities-Emerging Markets	6.00	4.75
Investment-Grade Bonds	3.00	(0.85)
Strategic Credit	9.00	2.11
Direct Lending	16.00	6.70
Distressed Debt	4.00	5.70
REIT Equities	2.00	3.45
Master Limited Partnerships (MLPs)	2.00	5.10
Private Real Estate Partnerships	6.00	4.90
Private Equity	25.00	7.25
Hedge Funds	6.00	1.85
Cash Equivalents	2.00	(0.70)
	<u>100.00</u> %	

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10. PENSION PLAN (Continued)**

Changes in Net Pension Liability/(Asset)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2020 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2019	\$ 2,920,228	\$ 1,939,310	\$ 980,918
Changes for the year:			
Service Costs	200,973		200,973
Interest on total pension liability	250,590		250,590
Effect of plan changes	124,945		124,945
Effect of economic/demographic gains or losses	28,011		28,011
Effect of assumption changes or inputs	230,357		230,357
Benefit payments	(56,093)	(56,093)	
Administrative Expense		(3,030)	3,030
Member contributions		89,072	(89,072)
Net investment income		204,315	(204,315)
Employer contributions		1,910,571	(1,910,571)
Other		57,704	(57,704)
Balances of December 31, 2020	<u>\$ 3,699,011</u>	<u>\$ 4,141,849</u>	<u>\$ (442,838)</u>

Sensitivity Analysis

The following presents the net pension liability/(asset) of the District, calculated using the discount rate of 7.60%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension Liability	\$ 4,229,837	\$ 3,699,011	\$ 3,254,687
Fiduciary net position	<u>4,141,849</u>	<u>4,141,849</u>	<u>4,141,849</u>
Net pension liability	<u>\$ 87,988</u>	<u>\$ (442,838)</u>	<u>\$ (887,162)</u>

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10. PENSION PLAN (Continued)**

Pension Expense

For the year ended June 30, 2021, the District recognized pension expense of \$1,826,093.

Deferred Inflows/Outflows of Resources

As of December 31, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 127,711	\$ 63,611
Changes of assumptions	211,029	
Differences between projected and actual earnings	69,123	62,318
Contributions subsequent to the measurement date	86,520	
Total	<u>\$ 494,383</u>	<u>\$ 125,929</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2021	\$ 37,820
2022	44,340
2023	22,629
2024	32,988
2025	40,552
Thereafter	103,605

**NOTE 11. GRANT PROGRAMS**

On April 19, 2018, the District executed a grant contract with Harris County, Texas. The agreement provides for the District to participate in a Community Development Block Grant for the purposes of funding a wastewater and lift station improvement project, phase 3. Total grant funds allocated to the District are \$528,690. The District is required by the grant contract to spend \$226,000 of its own funds toward the engineering and construction costs of the project. Harris County will also contribute administration and inspection services at a cost of \$15,861 for this project. As of June 30, 2021, the District has recorded \$868,080 in engineering and construction costs related to this project. This project was completed during the current year.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12. EMERGENCY WATER SUPPLY AGREEMENT**

On October 9, 2003, the District executed an emergency water supply agreement with Harris County Fresh Water Supply District No. 47 (District No. 47). The agreement provides for the supply of water during a temporary period defined as a maximum of 15 days unless otherwise agreed to in writing. District No. 47 constructed at its sole cost, the facilities to interconnect with the District's water facilities. The districts pay for water supplied at the current rate for water charged by District No. 53 pursuant to the agreement between the District and District 53. The term of this agreement is ten years. Thereafter, the agreement is automatically renewed for one-year periods until either district gives 30 days written notice or cancellation prior to the anniversary of the agreement.

**NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT**

Effective March 31, 2005, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas which was amended on December 12, 2008, and November 22, 2013. 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 "Subject Tract" for the limited purposes within the Subject Tract within the boundaries of the District. The District continues to develop, to own, and to operate and maintain a water and wastewater system in the District. None of the taxable property within the District is liable for any present or future debts of the City, and current and future taxes levied by the City are not and will not be levied on taxable property within the District. Provisions of the Regulatory Plan adopted by the City are applicable to the Subject Tract of land within the District. The District's assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period preceding full-purpose annexation.

Upon annexation for limited purposes of the Subject Tract by the City, the qualified voters of the Subject Tract may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the Subject Tract. The City imposes a Sales and Use Tax within the boundaries of the Subject tract. The Sales and Use Tax is imposed on the receipts from the sales and use at commercial establishment of taxable items at the rate of 1% or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City agreed to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Subject Tract. The City agreed to deliver 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. In consideration of the sales tax payment and the City's limited annexation of the Subject Tract in the District, the parties agreed the City 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 current fiscal year, the District recorded \$723,644 in sales tax revenue from the City of Houston, of which \$174,561 was recorded as receivable at year-end.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 14. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, mobile equipment, general liability, boiler and machinery, errors and omissions, public employee dishonesty, automobile, 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 15. TRANSFERS**

During the current year, the District transferred \$475,000 from the General Fund to the Debt Service Fund for payments on the District's long-term debt.

**NOTE 16. ESCROW REQUIREMENTS**

The District was required by the TWDB to escrow \$3,885,000 of the Series 2014 bond proceeds. These funds cannot be spent without prior written authorization from the TWDB. As of June 30, 2021, the TWDB has released \$3,746,412 of grant funds from escrow. The remaining balance is included with investments held in the Capital Projects Fund as of year end.

**NOTE 17. ECONOMIC UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

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**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2021**





**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 36  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Water Service	\$ 3,901,000	\$ 3,901,000	\$ 3,911,126	\$ 10,126
Wastewater Service	920,000	920,000	910,515	(9,485)
Solid Waste Disposal	615,000	615,000	607,349	(7,651)
Penalty and Interest	64,000	64,000	73,564	9,564
Tap Connection and Inspection Fees	134,000	134,000	174,363	40,363
Investment Revenues	7,500	7,500	20,376	12,876
Sales Tax Revenues	600,000	700,000	723,644	23,644
Miscellaneous Revenues	146,500	126,500	168,985	42,485
<b>TOTAL REVENUES</b>	<b>\$ 6,388,000</b>	<b>\$ 6,468,000</b>	<b>\$ 6,589,922</b>	<b>\$ 121,922</b>
<b>EXPENDITURES</b>				
Service Operations:				
Personnel	\$ 2,491,500	\$ 2,407,500	\$ 3,619,175	\$ (1,211,675)
Professional Services	542,500	745,000	299,603	445,397
Contracted Services	731,000	747,000	687,587	59,413
Purchased Water Service	900,000	900,000	913,170	(13,170)
Purchased Wastewater Service	325,000	360,000	360,620	(620)
Repairs and Maintenance	196,000	196,000	124,936	71,064
Utilities	152,500	156,000	171,404	(15,404)
Other	487,000	444,000	466,458	(22,458)
Capital Outlay	444,500	463,500	596,884 *	(133,384)
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,270,000</b>	<b>\$ 6,419,000</b>	<b>\$ 7,239,837</b>	<b>\$ (820,837)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 118,000</b>	<b>\$ 49,000</b>	<b>\$ (649,915)</b>	<b>\$ (698,915)</b>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers (Out)	\$ (110,000)	\$ (40,000)	\$ (475,000)	\$ (435,000)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 8,000</b>	<b>\$ 9,000</b>	<b>\$ (1,124,915)</b>	<b>\$ (1,133,915)</b>
<b>FUND BALANCE - JULY 1, 2020</b>	<b>12,164,519</b>	<b>12,164,519</b>	<b>12,164,519</b>	
<b>FUND BALANCE - JUNE 30, 2021</b>	<b>\$ 12,172,519</b>	<b>\$ 12,173,519</b>	<b>\$ 11,039,604</b>	<b>\$ (1,133,915)</b>

\* Net of grant revenues of \$206,491

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 36  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
JUNE 30, 2021**

	Year Ended December 31,		
	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 103,268	\$ 122,623	\$ 144,404
Interest on total pension liability	38,257	62,548	84,680
Effect of plan changes	63,513	60,465	389,289
Effect of assumption changes or inputs		9,138	
Effect of economic/demographic (gains) or losses	82,374	(148,950)	(8,061)
Benefit payments/refunds of contributions	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net change in total pension liability	\$ 287,412	\$ 105,824	\$ 610,312
Total pension liability, beginning	<u>390,548</u>	<u>677,960</u>	<u>783,784</u>
Total pension liability, ending (a)	<u>\$ 677,960</u>	<u>\$ 783,784</u>	<u>\$ 1,394,096</u>
Fiduciary Net Position			
Employer contributions	\$ 101,821	\$ 105,929	\$ 115,372
Member contributions	70,709	67,779	71,406
Investment income net of investment expenses	3,049	(5,541)	28,869
Benefit payments/refunds of contributions			
Administrative Expense	(96)	(219)	(314)
Other	<u>(7)</u>	<u>(26)</u>	<u>15,091</u>
Net change in fiduciary net position	\$ 175,476	\$ 167,922	\$ 230,424
Fiduciary net position, beginning	<u>34,287</u>	<u>209,763</u>	<u>377,685</u>
Fiduciary net position, ending (b)	<u>\$ 209,763</u>	<u>\$ 377,685</u>	<u>\$ 608,109</u>
Net pension liability/(asset), ending = (a) - (b)	<u>\$ 468,197</u>	<u>\$ 406,099</u>	<u>\$ 785,987</u>
Fiduciary net position as a percentage of total pension liability	30.94%	48.19%	43.62%
Pensionable covered payroll	\$ 1,010,132	\$ 968,271	\$ 1,020,082
Net pension liability as a percentage of covered payroll	46.35%	41.94%	77.05%

See accompanying independent auditor's report.

	2017	2018	2019	2020
\$	175,048	\$ 191,866	\$ 213,205	\$ 200,973
	127,101	164,274	206,319	250,590
	116,508	129,926	112,066	124,945
	4,701			230,357
	18,751	23,429	66,931	28,011
			(23,993)	(56,093)
\$	442,109	\$ 509,495	\$ 574,528	\$ 778,783
	1,394,096	1,836,205	2,345,700	2,920,228
\$	<u>1,836,205</u>	<u>\$ 2,345,700</u>	<u>\$ 2,920,228</u>	<u>\$ 3,699,011</u>
\$	207,537	\$ 244,227	\$ 311,295	\$ 1,910,571
	79,083	86,869	107,396	89,072
	93,373	(14,769)	215,796	204,315
			(23,993)	(56,093)
	(659)	(1,057)	(1,478)	(3,030)
	3,834	9,963	13,784	57,704
\$	383,168	\$ 325,233	\$ 622,800	\$ 2,202,539
	608,109	991,277	1,316,510	1,939,310
\$	<u>991,277</u>	<u>\$ 1,316,510</u>	<u>\$ 1,939,310</u>	<u>\$ 4,141,849</u>
\$	<u>844,928</u>	<u>\$ 1,029,190</u>	<u>\$ 980,918</u>	<u>\$ (442,838)</u>
	53.99%	56.12%	66.41%	111.97%
\$	1,129,757	\$ 1,240,988	\$ 1,534,231	\$ 1,272,457
	74.79%	82.93%	63.94%	-34.80%

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 36  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
JUNE 30, 2021**

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll <sup>(1)</sup>	Actual Contribution as a Percentage of Covered Payroll
2013	\$ 20,016	\$ 20,016	\$ - 0 -	\$ 198,570	10.1%
2014	\$ 101,821	\$ 101,821	\$ - 0 -	\$ 1,010,132	10.1%
2015	\$ 105,929	\$ 105,929	\$ - 0 -	\$ 968,271	10.9%
2016	\$ 115,372	\$ 115,372	\$ - 0 -	\$ 1,020,082	11.3%
2017	\$ 207,537	\$ 207,537	\$ - 0 -	\$ 1,129,757	18.4%
2018	\$ 244,227	\$ 244,227	\$ - 0 -	\$ 1,240,988	19.7%
2019	\$ 311,295	\$ 311,295	\$ - 0 -	\$ 1,534,231	20.3%
2020	\$ 264,926	\$ 1,910,571	\$ (1,645,646)	\$ 1,272,457	150.1%

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 36  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
JUNE 30, 2021**

Valuation Date Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale of 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: Employer contributions reflect that the prior service matching rate was increased to 20%. 2016: Employer contributions reflect that the prior service matching rate was increased to 25%. 2017: Employer contributions reflect that the current service matching rate was increased to 200% and the prior service matching rate was increased to 40%. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that the current service matching rate was increased to 205% and the prior service matching rate was increased to 45%. 2019: No changes in plan provisions were reflected in the Schedule. 2020: Employer contributions reflect that the current service matching rate was increased to 215% and the prior service matching rate was increased to 55%

*\*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.*

See accompanying independent auditor's report.

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**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36**

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

**JUNE 30, 2021**





**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
SERVICES AND RATES  
FOR THE YEAR ENDED JUNE 30, 2021**

**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
<u>  X  </u>	Solid Waste/Garbage	_____	Flood Control	_____	Roads
_____	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u>  X  </u>	Other (specify): _____				

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order amended June 15, 2021.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 45.08*	3,000	N	\$ 7.13	3,001 to 8,000
				\$ 8.36	8,001 to 13,000
				\$ 10.45	13,001 and up
WASTEWATER:	\$ 10.00	3,000	N	\$ 1.80	3,001 and up
SURCHARGE:					
Commission					
Regulatory Assessments	0.5% water and wastewater charges				

District employs winter averaging for wastewater usage? \_\_\_\_\_   X    
Yes      No

Total charges per 10,000 gallons usage: Water: \$97.45    Wastewater: \$22.60    Surcharge: \$0.60    Total: \$120.65

\* Includes solid waste collection and mass notification system charges.

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
SERVICES AND RATES  
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ <sup>3</sup> / <sub>4</sub> "	3,864	3,554	x 1.0	3,554
1"	63	63	x 2.5	158
1½"	14	14	x 5.0	70
2"	64	63	x 8.0	504
3"	2	2	x 15.0	30
4"	3	3	x 25.0	75
6"	2	2	x 50.0	100
8"	2	2	x 80.0	160
10"			x 115.0	
Total Water Connections	<u>4,014</u>	<u>3,703</u>		<u>4,651</u>
Total Wastewater Connections	<u>3,673</u>	<u>3,673</u>	x 1.0	<u>3,673</u>

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

Gallons pumped into system:	1,000,000	
Gallons billed to customers:	301,747,000	Water Accountability Ratio: 89.8% (Gallons billed and sold/Gallons pumped and purchased)
Gallons purchased:	335,347,000	From: North Channel Water Authority
Gallons sold:	296,000	To: Harris County Fresh Water Supply District No. 47

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
SERVICES AND RATES  
FOR THE YEAR ENDED JUNE 30, 2021**

**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. 36  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2021**

PERSONNEL EXPENDITURES (Including Benefits)	
Salaries	\$ 1,326,323
Payroll Taxes	99,288
Individual Retirement Account	3,000
Pension	1,826,093
Insurance	<u>364,471</u>
TOTAL PERSONNEL EXPENDITURES (Including Benefits)	<u>\$ 3,619,175</u>
PROFESSIONAL FEES:	
Auditing	\$ 32,500
Engineering	173,480
Financial Advisor	2,500
Legal	<u>91,123</u>
TOTAL PROFESSIONAL FEES	<u>\$ 299,603</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 913,170
Purchased Wastewater Service	<u>360,620</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,273,790</u>
CONTRACTED SERVICES:	
Answering Service	\$ 1,939
Janitorial	9,150
Security	80,990
Security Services	10,890
Solid Waste Disposal	<u>584,618</u>
TOTAL CONTRACTED SERVICES	<u>\$ 687,587</u>
UTILITIES:	
Electric	\$ 95,610
Water	2,519
Gas	919
Street lights	36,947
Telephone	<u>35,409</u>
TOTAL UTILITIES	<u>\$ 171,404</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2021**

REPAIRS AND MAINTENANCE	\$ <u>124,936</u>
ADMINISTRATIVE EXPENDITURES:	
Analysis	\$ 6,364
Credit Card Fees	28,854
Data Processing	104,086
Dues and Seminars	19,108
Director Fees of Office	34,650
Insurance	61,853
Mass Notification	3,534
Memberships and Subscriptions	3,113
Office Supplies and Postage	56,020
Public Relations	12,476
Travel and Meetings	<u>1,730</u>
TOTAL ADMINISTRATIVE EXPENDITURES	\$ <u>331,788</u>
 TOTAL CAPITAL OUTLAY	 \$ <u>803,375</u>
 TAP CONNECTIONS	 \$ <u>64,961</u>
OTHER EXPENDITURES:	
Gas and Other Fuels	\$ 19,150
Inspection Fees	2,370
Labor	12,354
Permit Fees	31,610
Uniforms	2,289
Other	<u>1,936</u>
TOTAL OTHER EXPENDITURES	\$ <u>69,709</u>
 TOTAL EXPENDITURES	 \$ <u>7,446,328</u>

Number of persons employed by the District:    13    Full-Time    - 0 -    Part-Time

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
SCHEDULE OF INVESTMENTS  
JUNE 30, 2021**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>CAPITAL PROJECTS FUND</u>					
Government Money Market Fund	XXXX1300	Varies	Daily	<u>\$ 195,219</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED JUNE 30, 2021**

	Debt Service Taxes	
TAXES RECEIVABLE -		
JULY 1, 2020	\$ 160,078	
Adjustments to Beginning		
Balance	(7,765)	\$ 152,313
Original 2020 Tax Levy	\$ 1,128,119	
Adjustment to 2020 Tax Levy	183,766	1,311,885
TOTAL TO BE		
ACCOUNTED FOR		\$ 1,464,198
 TAX COLLECTIONS:		
Prior Years	\$ 86,524	
Current Year	1,242,262	1,328,786
 TAXES RECEIVABLE -		
JUNE 30, 2021		\$ 135,412
 TAXES RECEIVABLE BY		
YEAR:		
2020		\$ 69,623
2019		13,327
2018		9,430
2017		6,883
2016		5,434
2015		5,018
2014		4,621
2013		3,519
2012		3,095
2011		2,219
2010		1,651
2009		1,649
2008		1,809
2007		1,778
2006		1,699
2005 and prior		3,657
TOTAL		\$ 135,412

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPERTY VALUATIONS:				
Land	\$ 183,875,553	\$ 180,625,856	\$ 178,130,604	\$ 168,919,073
Improvements	232,831,518	190,842,135	159,492,440	144,165,305
Personal Property	82,933,578	75,519,091	75,883,835	52,370,767
Exemptions	<u>(59,410,913)</u>	<u>(46,540,007)</u>	<u>(39,967,906)</u>	<u>(37,557,388)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 440,229,736</u>	<u>\$ 400,447,075</u>	<u>\$ 373,538,973</u>	<u>\$ 327,897,757</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	<u>\$ 0.298</u>	<u>\$ 0.32</u>	<u>\$ 0.35</u>	<u>\$ 0.35</u>
ADJUSTED TAX LEVY*	<u>\$ 1,311,885</u>	<u>\$ 1,281,430</u>	<u>\$ 1,307,388</u>	<u>\$ 1,147,643</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>94.69 %</u>	<u>98.96 %</u>	<u>99.28 %</u>	<u>99.40 %</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 – No maintenance tax has been approved by voters.

See accompanying independent auditor's report.



**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JUNE 30, 2021**

SERIES - 2011 REFUNDING

Due During Fiscal Years Ending June 30	Principal Due September 15	Interest Due September 15/ March 15	Total
2022	\$ 395,000	\$ 4,305	\$ 399,305
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
	<u>\$ 395,000</u>	<u>\$ 4,305</u>	<u>\$ 399,305</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JUNE 30, 2021**

S E R I E S - 2 0 1 4

Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2022	\$ 180,000	\$ 51,152	\$ 231,152
2023	185,000	49,324	234,324
2024	185,000	47,020	232,020
2025	190,000	44,338	234,338
2026	195,000	41,333	236,333
2027	200,000	38,023	238,023
2028	205,000	34,428	239,428
2029	210,000	30,557	240,557
2030	210,000	26,462	236,462
2031	215,000	22,169	237,169
2032	220,000	17,644	237,644
2033	225,000	12,882	237,882
2034	230,000	7,887	237,887
2035	235,000	2,667	237,667
	<u>\$ 2,885,000</u>	<u>\$ 425,886</u>	<u>\$ 3,310,886</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JUNE 30, 2021**

SERIES - 2020 REFUNDING

Due During Fiscal Years Ending June 30	Principal Due September 15	Interest Due September 15/ March 15	Total
2022	\$ 600,000	\$ 53,689	\$ 653,689
2023	610,000	46,248	656,248
2024	615,000	38,714	653,714
2025	625,000	31,088	656,088
2026	630,000	23,370	653,370
2027	635,000	15,590	650,590
2028	640,000	7,749	647,749
2029	310,000	4,907	314,907
2030			
2031			
2032			
2033			
2034			
2035			
	<u>\$ 4,665,000</u>	<u>\$ 221,355</u>	<u>\$ 4,886,355</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JUNE 30, 2021**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 1,175,000	\$ 109,146	\$ 1,284,146
2023	795,000	95,572	890,572
2024	800,000	85,734	885,734
2025	815,000	75,426	890,426
2026	825,000	64,703	889,703
2027	835,000	53,613	888,613
2028	845,000	42,177	887,177
2029	520,000	35,464	555,464
2030	210,000	26,462	236,462
2031	215,000	22,169	237,169
2032	220,000	17,644	237,644
2033	225,000	12,882	237,882
2034	230,000	7,887	237,887
2035	235,000	2,667	237,667
	<u>\$ 7,945,000</u>	<u>\$ 651,546</u>	<u>\$ 8,596,546</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
ANALYSIS OF CHANGES IN LONG-TERM DEBT  
FOR THE YEAR ENDED JUNE 30, 2021**

Description	Original Bonds Issued	Bonds Outstanding July 1, 2020
Harris County Water Control and Improvement District No. 36 Waterworks and Sewer System Unlimited Tax and Revenue Refunding Bonds - Series 2011	\$ 3,580,000	\$ 775,000
Harris County Water Control and Improvement District No. 36 Unlimited Tax Bonds - Series 2014	3,885,000	3,060,000
Harris County Water Control and Improvement District No. 36 Unlimited Tax Refunding Bonds - Series 2020	5,230,000	5,230,000
<b>TOTAL</b>	<b>\$ 12,695,000</b>	<b>\$ 9,065,000</b>
 Bond Authority:	 Tax Bonds	 Refunding Bonds
Amount Authorized by Voters	\$ 34,500,000	\$ 41,420,000
Amount Issued	23,385,000	5,230,000
Remaining to be Issued	\$ 11,115,000	\$ 36,190,000
 Debt Service Fund cash and investment balances as of June 30, 2021:		 \$ 1,707,957
Average annual debt service payment (principal and interest) for remaining term of all debt:		\$ 614,039

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 June 30, 2021</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 380,000	\$ 12,753	\$ 395,000	The Independent BankersBank Irving, TX
	175,000	52,434	2,885,000	Wells Fargo Bank N.A. Houston, TX
	<u>565,000</u>	<u>53,170</u>	<u>4,665,000</u>	Regions Bank Houston, TX
<u>\$ - 0 -</u>	<u>\$ 1,120,000</u>	<u>\$ 118,357</u>	<u>\$ 7,945,000</u>	

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND – FIVE YEARS**

	Amounts		
	2021	2020	2019
<b>REVENUES</b>			
Water Service	\$ 3,911,126	\$ 3,729,862	\$ 3,798,531
Wastewater Service	910,515	914,771	899,046
Solid Waste Disposal	607,349	588,340	580,421
Penalty and Interest	73,564	36,843	57,168
Tap Connection and Inspection Fees	174,363	170,910	142,018
Investment Revenues	20,376	20,485	10,927
Grant Revenues	206,491	171,295	6,200
Sales Tax Revenues	723,644	685,574	616,862
Miscellaneous Revenues	168,985	194,521	172,126
<b>TOTAL REVENUES</b>	<b>\$ 6,796,413</b>	<b>\$ 6,512,601</b>	<b>\$ 6,283,299</b>
<b>EXPENDITURES</b>			
Personnel	\$ 3,619,175	\$ 2,230,544	\$ 2,043,862
Professional Services	299,603	195,749	324,515
Contracted Services	687,587	651,318	707,834
Purchased Water Service	913,170	874,180	827,969
Purchased Wastewater Service	360,620	297,057	293,968
Repairs and Maintenance	124,936	168,588	156,707
Utilities	171,404	200,883	207,581
Other	466,458	438,605	483,368
Capital Outlay	803,375	513,332	152,713
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,446,328</b>	<b>\$ 5,570,256</b>	<b>\$ 5,198,517</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (649,915)</b>	<b>\$ 942,345</b>	<b>\$ 1,084,782</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In/(Out)	\$ (475,000)	\$ (50,000)	\$ (186,000)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,124,915)</b>	<b>\$ 892,345</b>	<b>\$ 898,782</b>
<b>BEGINNING FUND BALANCE</b>	<b>12,164,519</b>	<b>11,272,174</b>	<b>10,373,392</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 11,039,604</b>	<b>\$ 12,164,519</b>	<b>\$ 11,272,174</b>

See accompanying independent auditor's report.



		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 3,875,473	\$ 3,664,810	57.5 %	57.3 %	60.5 %	59.7 %	55.0 %
852,928	841,665	13.5	14.1	14.3	13.1	12.6
551,076	535,950	8.9	9.0	9.2	8.5	8.0
57,159	55,153	1.1	0.6	0.9	0.9	0.8
217,149	136,825	2.6	2.6	2.3	3.3	2.1
4,067	10,383	0.3	0.3	0.2	0.1	0.2
196,274	636,411	3.0	2.6	0.1	3.0	9.6
597,982	668,998	10.6	10.5	9.8	9.2	10.0
142,755	111,411	2.5	3.0	2.7	2.2	1.7
<u>\$ 6,494,863</u>	<u>\$ 6,661,606</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 1,866,940	\$ 1,745,003	53.3 %	34.2 %	32.5 %	28.7 %	26.2 %
335,373	285,030	4.4	3.0	5.1	5.2	4.3
798,635	745,271	10.1	10.0	11.3	12.3	11.2
867,042	829,258	13.4	13.4	13.2	13.3	12.4
330,969	277,228	5.3	4.5	4.7	5.1	4.2
143,947	143,384	1.9	2.6	2.5	2.2	2.2
199,310	182,422	2.5	3.1	3.3	3.1	2.7
507,109	355,166	6.9	6.7	7.7	7.8	5.3
447,959	1,051,957	11.8	7.9	2.4	6.9	15.8
<u>\$ 5,497,284</u>	<u>\$ 5,614,719</u>	<u>109.6 %</u>	<u>85.4 %</u>	<u>82.7 %</u>	<u>84.6 %</u>	<u>84.3 %</u>
<u>\$ 997,579</u>	<u>\$ 1,046,887</u>	<u>(9.6) %</u>	<u>14.6 %</u>	<u>17.3 %</u>	<u>15.4 %</u>	<u>15.7 %</u>
<u>\$ (247,000)</u>	<u>\$ (141,000)</u>					
\$ 750,579	\$ 905,887					
<u>9,622,813</u>	<u>8,716,926</u>					
<u>\$ 10,373,392</u>	<u>\$ 9,622,813</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
DEBT SERVICE FUND – FIVE YEARS**

	Amounts		
	2021	2020	2019
<b>REVENUES</b>			
Property Taxes	\$ 1,328,786	\$ 1,266,803	\$ 1,328,332
Penalty and Interest	62,101	60,038	70,597
Investment Revenues	1,230	1,151	317
Miscellaneous Revenues	<u>                    </u>	<u>2,920</u>	<u>2,426</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,392,117</u>	<u>\$ 1,330,912</u>	<u>\$ 1,401,672</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 97,004	\$ 92,379	\$ 96,195
Debt Service Principal	1,120,000	1,070,000	1,055,000
Debt Service Interest and Fees	120,607	228,574	250,038
Bond Issuance Costs	<u>                    </u>	<u>117,830</u>	<u>                    </u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,337,611</u>	<u>\$ 1,508,783</u>	<u>\$ 1,401,233</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 54,506</u>	<u>\$ (177,871)</u>	<u>\$ 439</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In/(Out)	\$ 475,000	\$ 50,000	\$ 186,000
Refunding Bond Proceeds	<u>                    </u>	5,230,000	<u>                    </u>
Payment to Refunded Bond Escrow Agent	<u>                    </u>	<u>(5,107,265)</u>	<u>                    </u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 475,000</u>	<u>\$ 172,735</u>	<u>\$ 186,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 529,506	\$ (5,136)	\$ 186,439
<b>BEGINNING FUND BALANCE</b>	<u>1,178,451</u>	<u>1,183,587</u>	<u>997,148</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 1,707,957</u>	<u>\$ 1,178,451</u>	<u>\$ 1,183,587</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>3,703</u>	<u>3,689</u>	<u>3,664</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>3,673</u>	<u>3,658</u>	<u>3,641</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 1,125,797	\$ 1,116,343	95.4 %	95.2 %	94.8 %	94.9 %	95.6 %
54,803	48,478	4.5	4.5	5.0	4.6	4.1
180	705	0.1	0.1			0.1
<u>5,235</u>	<u>2,727</u>		<u>0.2</u>	<u>0.2</u>	<u>0.5</u>	<u>0.2</u>
\$ <u>1,186,015</u>	\$ <u>1,168,253</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 84,496	\$ 84,098	7.0 %	6.9 %	6.9 %	7.1 %	7.2 %
1,025,000	1,000,000	80.4	80.4	75.2	86.4	85.6
271,144	290,615	8.7	17.2	17.8	22.9	24.9
			<u>8.9</u>			
\$ <u>1,380,640</u>	\$ <u>1,374,713</u>	<u>96.1 %</u>	<u>113.4 %</u>	<u>99.9 %</u>	<u>116.4 %</u>	<u>117.7 %</u>
\$ <u>(194,625)</u>	\$ <u>(206,460)</u>	<u>3.9 %</u>	<u>(13.4) %</u>	<u>0.1 %</u>	<u>(16.4) %</u>	<u>(17.7) %</u>
\$ 247,000	\$ 141,000					
<u>247,000</u>	<u>141,000</u>					
\$ 52,375	\$ (65,460)					
<u>944,773</u>	<u>1,010,233</u>					
\$ <u>997,148</u>	\$ <u>944,773</u>					
<u>3,669</u>	<u>3,620</u>					
<u>3,648</u>	<u>3,598</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 36  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
JUNE 30, 2021**

District Mailing Address - Harris County Water Control and Improvement District No. 36  
903 Hollywood Street  
Houston, TX 77015

District Telephone Number - (713) 453-5493

<b>Board Members</b>	Term of Office (Elected or <u>Appointed</u> )	Fees of Office for the year ended <u>June 30, 2021</u>	Expense Reimbursements for the year ended <u>June 30, 2021</u>	<u>Title</u>
Ronald Holder	05/18 05/22 (Elected)	\$ 7,200	\$ 192	President
Gerry Parra	05/20 05/24 (Elected)	\$ 7,650	\$ 286	Vice President/ Investment Officer
Maria Koukoulakis	05/18 05/22 (Elected)	\$ 7,350	\$ 17	Secretary
Felix Eddy, Jr.	05/20 05/24 (Elected)	\$ 5,550	\$ -0-	Assistant Secretary
Eddie Cantu	05/20 05/24 (Elected)	\$ 6,900	\$ 132	Director

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

Submission Date of most recent District Registration Form: February 18, 2020

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) on July 14, 2003. Fees of office are the amount 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. 36  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
JUNE 30, 2021**

<b>Employees:</b>	<u>Date Hired</u>	<u>Fees/Compensation for the fiscal year ended June 30, 2021</u>	<u>Title</u>
Regina Duncan	07/26/99	\$ 116,129	General Manager
<b>Consultants:</b>			
Johnson Petrov LLP	1998	\$ 91,123	General Counsel/ Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	06/23/99	\$ 30,000	Auditor
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/25/96	\$ 24,072	Delinquent Tax Attorney
SAMCO Capital Markets	01/10/01	\$ 2,500	Financial Advisor
A & S Engineering, Inc.	08/25/20	\$ 201,423	Engineer
MA Engineers, Inc.	05/07/10	\$ 106,346	Prior Engineer
Bob Leared Interests	1998	\$ 51,329	Tax Collector

See accompanying independent auditor's report.

