HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Water Control and Improvement District No. 36 (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide 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.

Other Information

Management is responsible for the Other Supplementary Information included in the annual report. The Other Supplementary Information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the Other Supplementary Information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

October 28, 2025

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

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, 2025. 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, deferred inflows of resources, and deferred outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current 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.

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") which includes the budgetary comparison schedule for the General Fund as well as the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of District Contributions. Supplementary Information, to comply with Commission requirements, and Other Supplementary Information is also included in this report.

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 $47,425,439 as of June 30, 2025. A portion of the District's net position reflects its net investment in capital assets which includes 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 on the following page.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Changes in the Statement of Net Position

	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 26,589,649	$ 25,170,343	$ 1,419,306
Capital Assets (Net of Accumulated Depreciation)	32,877,065	33,438,981	(561,916)
Total Assets	$ 59,466,714	$ 58,609,324	$ 857,390
Deferred Outflows of Resources	$ 654,625	$ 853,858	$ (199,233)
Bonds Payable	$ 10,500,000	$ 11,765,000	$ 1,265,000
Other Liabilities	1,846,168	1,832,202	(13,966)
Total Liabilities	$ 12,346,168	$ 13,597,202	$ 1,251,034
Deferred Inflows of Resources	$ 349,732	$ 402,177	$ 52,445
Net Position:			
Net Investment in Capital Assets	$ 28,453,799	$ 28,283,705	$ 170,094
Restricted	1,857,403	1,764,274	93,129
Unrestricted	17,114,237	15,415,824	1,698,413
Total Net Position	$ 47,425,439	$ 45,463,803	$ 1,961,636

The following table provides a summary of the District's operations for the years ended June 30, 2025, and June 30, 2024.

Summary of Changes in the Statement of Activities

	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 1,460,517	$ 1,413,889	$ 46,628
Sales Taxes	736,919	738,561	(1,642)
Charges for Services	6,809,793	6,906,934	(97,141)
Other Revenues	1,363,240	1,148,027	215,213
Total Revenues	$ 10,370,469	$ 10,207,411	$ 163,058
Expenses for Services	8,408,833	8,941,202	532,369
Change in Net Position	$ 1,961,636	$ 1,266,209	$ 695,427
Net Position, Beginning of Year	45,463,803	44,197,594	1,266,209
Net Position, End of Year	$ 47,425,439	$ 45,463,803	$ 1,961,636

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2025, were $23,775,063, an increase of $1,228,143 from the prior year. The General Fund fund balance increased by $1,682,758, as a result of service revenues and sales tax revenues exceeding current year operating expenditures. The Debt Service Fund fund balance increased by $78,375, primarily due to the structure of the District's outstanding debt. The Capital Projects Fund fund balance decreased by $532,990, primarily due to capital expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the current fiscal year to reflect anticipated decreases in water and wastewater service revenues, a minor decrease in anticipated miscellaneous revenues, minor changes in anticipated operating and administrative costs, and a decrease in capital outlay. Actual revenues were $581,473 more than budgeted revenues, actual expenditures were $845,182 less than budgeted expenditures, and a transfer in of $249,603 was recorded. The result was a positive variance of $1,676,258. See the budget to actual comparison for variances by category.

CAPITAL ASSETS

Capital assets as of June 30, 2025, total $32,877,065 (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
- Waxahachie & Brownwood Water Plants-Electrical Improvements
- Lift Station Replacements
- Facility SCADA Improvements
- Haymarket/Timberwood Lift Station Improvements

Completed Projects/Purchases:

- Wastewater System Improvements, Phase IV
- Office East building-Generator
- Forcemain for Haden Road Lift Station
- Harris County Fresh Water Supply District No. 51 Generator electrical upgrades

CAPITAL ASSETS (Continued)

Capital Assets At Year-End

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 1,031,329	$ 1,031,329	$
Construction in Progress	1,155,232	823,495	331,737
Capital Assets Subject to Depreciation:			
Building, Vehicles and Equipment	6,677,637	6,653,034	24,603
Water System	19,608,357	19,608,357	
Wastewater System	27,665,527	26,977,154	688,373
Capacity Interest in Shared Facilities	2,082,611	2,047,539	35,072
Less Accumulated Depreciation	(25,343,628)	(23,701,927)	(1,641,701)
Total Net Capital Assets	$ 32,877,065	$ 33,438,981	$ (561,916)

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 $10,500,000. All bonds are private placements. The changes in the debt position of the District during the current fiscal year are summarized in the following table:

Bond Debt Payable, July 1, 2024	$ 11,765,000
Less: Bond Principal Paid	(1,265,000)
Bond Debt Payable, June 30, 2025	$ 10,500,000

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, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 1,573,450	$ 67,787
Investments	15,352,820	1,548,412
Receivables:		
Property Taxes		201,695
Penalty and Interest on Delinquent Taxes		
Service Accounts	576,417	
Due from City of Houston	184,770	
Net Pension Asset		
Prepaid Costs - Security	30,178	
Advance for Water Authority Operations	78,758	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 17,796,393	$ 1,817,894
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Plan Charges	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 17,796,393	$ 1,817,894

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 10,817	$ 1,652,054	$	$ 1,652,054
6,145,662	23,046,894		23,046,894
	201,695		201,695
		92,672	92,672
	576,417		576,417
	184,770		184,770
		726,211	726,211
	30,178		30,178
	78,758		78,758
		1,031,329	1,031,329
		1,155,232	1,155,232
		30,690,504	30,690,504
$ 6,156,479	$ 25,770,766	$ 33,695,948	$ 59,466,714
$ -0-	$ -0-	$ 654,625	$ 654,625
$ 6,156,479	$ 25,770,766	$ 34,350,573	$ 60,121,339

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, 2025

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 417,147	$ 1,003
Accrued Compensated Absences	140,428	
Accrued Interest Payable		
Security Deposits	1,155,685	
Long-term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 1,713,260	$ 1,003
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$	$ 201,695
Pension Plan Income		
TOTAL DEFERRED INFLOWS OF RESOURCES	$ -0-	$ 201,695
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 30,178	$
Operating Advances	78,758	
Restricted for Authorized Construction		
Restricted for Debt Service		1,615,196
Unassigned	15,974,197	
TOTAL FUND BALANCES	$ 16,083,133	$ 1,615,196
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 17,796,393	$ 1,817,894
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 79,745	$ 497,895	$	$ 497,895
	140,428		140,428
		52,160	52,160
	1,155,685		1,155,685
		1,285,000	1,285,000
		9,215,000	9,215,000
$ 79,745	$ 1,794,008	$ 10,552,160	$ 12,346,168
$	$ 201,695	$ (201,695)	$
		349,732	349,732
$ -0-	$ 201,695	$ 148,037	$ 349,732
$	$ 30,178	$ (30,178)	$
	78,758	(78,758)	
6,076,734	6,076,734	(6,076,734)	
	1,615,196	(1,615,196)	
	15,974,197	(15,974,197)	
$ 6,076,734	$ 23,775,063	$ (23,775,063)	$ - 0 -
$ 6,156,479	$ 25,770,766		
		$ 28,453,799	$ 28,453,799
		1,857,403	1,857,403
		17,114,237	17,114,237
		$ 47,425,439	$ 47,425,439

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, 2025

Total Fund Balances - Governmental Funds		$ 23,775,063
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Net pension assets, pension liabilities, and pension related deferred charges are recorded in the government-wide financial statements.		1,031,104
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		32,877,065
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		294,367
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	$ (52,160)	
Bonds Payable	(10,500,000)	(10,552,160)
Total Net Position - Governmental Activities		$ 47,425,439

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 ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$	$ 1,456,832
Water Service	4,700,809	
Wastewater Service	940,915	
Solid Waste Disposal	920,475	
Penalty and Interest	78,656	62,741
Connection and Inspection Fees	100,525	
Investment Revenues	638,542	45,421
Grant Revenues	198,804	
Sales Taxes	736,919	
Miscellaneous Revenues	175,782	
TOTAL REVENUES	$ 8,491,427	$ 1,564,994
EXPENDITURES/EXPENSES		
Service Operations:		
Personnel	$ 2,122,146	$
Professional Services	503,451	21,757
Contracted Services	1,121,944	64,705
Purchased Water Service	1,371,361	
Purchased Wastewater Service	404,933	
Repairs and Maintenance	265,111	
Utilities	210,298	
Depreciation		
Other	633,934	9,307
Capital Outlay	425,094	
Debt Service:		
Bond Principal		1,265,000
Bond Interest		188,086
TOTAL EXPENDITURES/EXPENSES	$ 7,058,272	$ 1,548,855
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 1,433,155	$ 16,139
OTHER FINANCING SOURCES (USES)		
Transfers In/(Out)	$ 249,603	$ 62,236
NET CHANGE IN FUND BALANCES	$ 1,682,758	$ 78,375
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2024	14,400,375	1,536,821
FUND BALANCES/NET POSITION - JUNE 30, 2025	$ 16,083,133	$ 1,615,196

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 1,456,832	$ 3,685	$ 1,460,517
	4,700,809		4,700,809
	940,915		940,915
	920,475		920,475
	141,397	5,672	147,069
	100,525		100,525
304,641	988,604		988,604
	198,804		198,804
	736,919		736,919
50	175,832		175,832
$ 304,691	$ 10,361,112	$ 9,357	$ 10,370,469
$	$ 2,122,146	$ (15,655)	$ 2,106,491
	525,208	(128,849)	396,359
	1,186,649		1,186,649
	1,371,361		1,371,361
	404,933		404,933
	265,111		265,111
	210,298		210,298
		1,641,701	1,641,701
	643,241		643,241
525,842	950,936	(950,936)	
	1,265,000	(1,265,000)	
	188,086	(5,397)	182,689
$ 525,842	$ 9,132,969	$ (724,136)	$ 8,408,833
$ (221,151)	$ 1,228,143	$ 733,493	$ 1,961,636
$ (311,839)	$ -0-	$ -0-	$ -0-
$ (532,990)	$ 1,228,143	$ (1,228,143)	$
		1,961,636	1,961,636
6,609,724	22,546,920	22,916,883	45,463,803
$ 6,076,734	$ 23,775,063	$ 23,650,376	$ 47,425,439

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, 2025

Net Change in Fund Balances - Governmental Funds	$ 1,228,143
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.	3,685
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	5,672
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.	(1,641,701)
Governmental funds report capital outlay 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.	1,079,785
The changes in the pension related assets and liabilities as well as deferred inflows and outflows of resources are recorded in the government-wide financial statements.	15,655
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.	1,265,000
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.	5,397
Change in Net Position - Governmental Activities	$ 1,961,636

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

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.

<u>Financial Statement Presentation</u>

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

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each to be major funds. The General Fund accounts for resources not required to be 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.

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.

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 over periods ranging from 3 to 45 years.

Budgeting

An annual 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 budgeted 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.

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.

NOTE 3. LONG-TERM DEBT

The following table summarized bonds payable activity for the current fiscal year.

	July 1, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	$ 11,765,000	$ -0-	$ 1,265,000	$ 10,500,000

Amount Due Within One Year	$ 1,285,000
Amount Due After One Year	9,215,000
Total Bonds Payable	$ 10,500,000

All bonds are private placement bonds. The District's bonds payable at June 30, 2025, consist of the following:

	Series 2014	Refunding Series 2020	Series 2021
Amount Outstanding - June 30, 2025	$2,145,000	$2,215,000	$6,140,000
Interest Rates	1.62%-2.27%	1.23%	1.77%
Maturity Dates – Serially Beginning/Ending	September 1, 2025/2034	September 15, 2025/2028	September 1, 2025/2036
Interest Payment Dates	September 1/ March 1	September 15/ March 15	September 1/ March 1
Callable Dates	March 1, 2026 (1)	Callable at Any Time (1)	Callable at Any Time (1)

(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.

As of June 30, 2025, the District had authorized but unissued bonds in the amount of $3,615,000 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.

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 1,285,000	$ 169,310	$ 1,454,310
2027	1,300,000	150,034	1,450,034
2028	1,320,000	130,279	1,450,279
2029	1,005,000	115,070	1,120,070
2030	705,000	97,395	802,395
2031-2035	3,755,000	281,579	4,036,579
2036-2037	1,130,000	20,089	1,150,089
	$ 10,500,000	$ 963,756	$ 11,463,756

During the year ended June 30, 2025, the District levied an ad valorem debt service tax rate of $0.2358 per $100 of assessed valuation, which resulted in a tax levy of $1,470,050 on the adjusted taxable valuation of $623,431,012 for the 2024 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.

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 each five-year anniversary of the date of delivery of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $1,652,054 and the bank balance was $1,989,916. 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, 2025, as follows:

	Cash
GENERAL FUND	$ 1,573,450
DEBT SERVICE FUND	67,787
CAPITAL PROJECTS FUND	10,817
TOTAL DEPOSITS	$ 1,652,054

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.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas State Comptroller of Public Accounts has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of June 30, 2025, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 15,352,820	$ 15,352,820
DEBT SERVICE FUND		
TexPool	1,548,412	1,548,412
CAPITAL PROJECTS FUND		
TexPool	6,145,662	6,145,662
TOTAL INVESTMENTS	$ 23,046,894	$ 23,046,894

Credit risk is the risk that the issuer or other counterparty for an investment will not fulfill its obligations. As of June 30, 2025, the District's investments in TexPool were rated AAAm by Standard and 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 TexPool to have maturities of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District unless there have been significant changes in values.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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.

NOTE 6. CAPITAL ASSETS

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

	July 1, 2024	Increases	Decreases	June 30, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 1,031,329	$	$	$ 1,031,329
Construction in Progress	823,495	1,079,785	748,048	1,155,232
Total Capital Assets Not Being Depreciated	$ 1,854,824	$ 1,079,785	$ 748,048	$ 2,186,561
Capital Assets Subject to Depreciation				
Building, Vehicles and Equipment	$ 6,653,034	$ 24,603	$	$ 6,677,637
Water System	19,608,357			19,608,357
Wastewater System	26,977,154	688,373		27,665,527
Capacity Interest in North Channel				
Capacity in NCWA Facilities	1,185,276			1,185,276
Capacity in HC FWSD 51 Facilities	862,263	35,072		897,335
Total Capital Assets Subject to Depreciation	$ 55,286,084	$ 748,048	$ - 0 -	$ 56,034,132
Accumulated Depreciation				
Building, Vehicles and Equipment	$ 3,744,685	$ 395,655	$	$ 4,140,340
Water System	6,281,244	468,791		6,750,035
Wastewater System	12,553,477	724,386		13,277,863
Capacity Interest in North Channel				
Capacity in NCWA Facilities	691,844	29,632		721,476
Capacity in HC FWSD 51 Facilities	430,677	23,237		453,914
Total Accumulated Depreciation	$ 23,701,927	$ 1,641,701	$ - 0 -	$ 25,343,628
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 31,584,157	$ (893,653)	$ - 0 -	$ 30,690,504
Total Capital Assets, Net of Accumulated Depreciation	$ 33,438,981	$ 186,132	$ 748,048	$ 32,877,065

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 $1,371,361 during the fiscal year ended June 30, 2025. 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, 2024. Separate financial statements may be obtained by contacting the Authority's attorney.

NOTE 8. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)

North Channel Water Authority (Continued)

Total Assets	$ 17,579,247
Total Liabilities	3,276,093
Total Net Position	$ 14,303,154
Operating Revenues	$ 13,319,398
Operating Expenses	12,456,263
Operating Income	$ 863,135
Total Non-Operating Revenues (Expenses)	236,555
Change in Net Position	$ 1,099,690
Net Position, Beginning of Year	13,203,464
Net Position, End of Year	$ 14,303,154

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, 2025, 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	2,550,000	40.48
TOTAL	6,300,000	100.00%

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, 2025, the District’s share of the Plant’s operating expenditures was $404,933.

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, 2024, (the most recently available audited financial statements). Separate financial statements may be obtained by contacting District No. 51's attorney.

Total Assets	$	262,940
Total Liabilities		143,062
Total Fund Balance (Reserves)	$	119,878
Total Revenues	$	1,572,026
Total Expenditures		1,572,026
Net Change in Fund Balance	$	- 0 -
Beginning Fund Balance		119,878
Ending Fund Balance (Reserves)	$	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; after 20 years of service, employees receive 30 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 $138,646 for accrued compensated absences. The increase in the current year was $1,782 for a balance of $140,428 at year end.

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 890 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.

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, 2024, the valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled but not yet receiving benefits	1
Active employees	13
Total	19

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 12.00% for the months of the 2024 accounting year and a rate of 10.04% for the months of the 2025 accounting year. The deposit rate payable by the employee members for calendar years 2025 and 2024 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 contributions to TCDRS for the year ended June 30, 2025 was $157,331; and were equal to the required contributions. The employees' contributions to TCDRS for the year ended June 30, 2025, were $99,289.

Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	12/31/24
Actuarial cost method	entry age (level percentage of pay)
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
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Actuarial Assumptions:	
Investment return[1]	7.5%
Projected salary increases	Varies by age and service
Inflation	2.50%
Cost-of-living adjustments	0.0%

[1]Includes inflation at the stated rate, net of expenses

NOTE 10. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by the TCDRS actuary, Milliman, and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2024. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Mortality rates were based on the following:

Depositing members – 135% of Pub-2010 General Employees Amount-Weighted Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirees, beneficiaries and non-depositing members – 135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males, and 120% of the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Disabled retirees – 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

NOTE 10. PENSION PLAN (Continued)

Discount Rate (Continued)

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. The funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act are such that a depletion is not projected to occur.

Since the 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 of the employer is equal to the long-term assumed rate of return on investments. For GASB 68 this long-term assumed rate of return is net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60% which 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 2025 information for a 10-year time horizon. Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption a 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. Estimated geometric real rates of return for each major asset class are summarized on the following page.

NOTE 10. PENSION PLAN (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	13.00 %	5.35 %
Global Equities	4.00	5.15
International Equities-Developed Markets	6.00	4.75
International Equities-Emerging Markets	0.00	4.75
Investment-Grade Bonds	3.00	2.55
Strategic Credit	9.00	3.70
Direct Lending	16.00	6.85
Distressed Debt	4.00	6.80
REIT Equities	2.00	3.95
Master Limited Partnerships (MLPs)	2.00	4.95
Commodities	2.00	1.00
Private Real Estate Partnerships	6.00	5.75
Private Equity	25.00	8.15
Hedge Funds	6.00	3.60
Cash Equivalents	2.00	1.10
	100.00 %	

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	$ 6,609,923	$ 5,859,525	$ 5,222,907
Fiduciary net position	6,585,736	6,585,736	6,585,736
Net pension liability (asset)	$ 24,187	$ (726,211)	$ (1,362,829)

NOTE 10. PENSION PLAN (Continued)

Changes in Net Pension Liability/(Asset)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2024, are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2023	$ 5,319,409	$ 5,883,177	$ (563,768)
Changes for the year:			
Service Costs	264,959		264,959
Interest on total pension liability	417,555		417,555
Effect of plan changes			
Effect of economic/demographic gains or losses	41,401		41,401
Effect of assumption changes or inputs			
Refund of contributions	(1,230)	(1,230)	
Benefit payments	(182,569)	(182,569)	
Administrative Expense		(3,585)	3,585
Member contributions		103,562	(103,562)
Net investment income		601,750	(601,750)
Employer contributions		177,535	(177,535)
Other		7,096	(7,096)
Balances of December 31, 2024	$ 5,859,525	$ 6,585,736	$ (726,211)

Deferred Inflows/Outflows of Resources

As of December 31, 2024, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 144,699	$ 807
Changes of assumptions	102,907	2,357
Differences between projected and actual earnings	295,060	346,568
Contributions subsequent to the measurement date	111,959	
Total	$ 654,625	$ 349,732

NOTE 10. PENSION PLAN (Continued)

Deferred Inflows/Outflows of Resources (Continued)

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:	
2025	$ 20,668
2026	141,198
2027	(8,936)
2028	18,148
2029	15,939
Thereafter	5,917

NOTE 11. GRANT PROGRAMS

On August 23, 2022, 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 phase IV wastewater system improvements. Total grant funds allocated to the District are $636,001. The District is required by the grant contract to spend $193,638 of its own funds toward the engineering and construction costs of the project. An amendment to this grant contract was approved which increased the required leverage amount to $423,999. Harris County will also contribute administration and inspection services at a cost of $19,080 for this project. As of June 30, 2025, the District has recorded $789,512 in engineering and construction costs related to this project. This project was in progress at year-end.

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 agrees 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 agrees 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 $736,919 in sales tax revenue from the City of Houston.

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.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2025

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, 2025

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Water Service	$ 4,703,750	$ 4,573,750	$ 4,700,809	$ 127,059
Wastewater Service	950,000	920,000	940,915	20,915
Solid Waste Disposal	883,900	883,900	920,475	36,575
Penalty and Interest	69,000	69,000	78,656	9,656
Connection and Inspection Fees	69,000	69,000	100,525	31,525
Investment Revenues	330,000	330,000	638,542	308,542
Sales Tax Revenues	750,000	750,000	736,919	(13,081)
Miscellaneous Revenues	117,500	115,500	175,782	60,282
TOTAL REVENUES	$ 7,873,150	$ 7,711,150	$ 8,292,623	$ 581,473
EXPENDITURES				
Service Operations:				
Personnel	$ 2,494,000	$ 2,494,000	$ 2,122,146	$ 371,854
Professional Services	765,500	765,500	503,451	262,049
Contracted Services	1,101,400	1,101,400	1,121,944	(20,544)
Purchased Water Service	1,450,000	1,450,000	1,371,361	78,639
Purchased Wastewater Service	460,000	460,000	404,933	55,067
Repairs and Maintenance	279,500	279,500	265,111	14,389
Utilities	160,200	160,200	210,298	(50,098)
Other	739,500	737,500	633,934	103,566
Capital Outlay	416,550	256,550	226,290 *	30,260
TOTAL EXPENDITURES	$ 7,866,650	$ 7,704,650	$ 6,859,468	$ 845,182
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 6,500	$ 6,500	$ 1,433,155	$ 1,426,655
OTHER FINANCING SOURCES(USES)				
Transfers In	$ -0-	$ -0-	$ 249,603	$ 249,603
NET CHANGE IN FUND BALANCE	$ 6,500	$ 6,500	$ 1,682,758	$ 1,676,258
FUND BALANCE - JULY 1, 2024	14,400,375	14,400,375	14,400,375	
FUND BALANCE - JUNE 30, 2025	$ 14,406,875	$ 14,406,875	$ 16,083,133	$ 1,676,258

* Net of grant revenues of $198,804

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, 2025

	Year Ended December 31,			
	2015	2016	2017	2018
Total Pension Liability				
Service Cost	$ 122,623	$ 144,404	$ 175,048	$ 191,866
Interest on total pension liability	62,548	84,680	127,101	164,274
Effect of plan changes	60,465	389,289	116,508	129,926
Effect of assumption changes or inputs	9,138		4,701	
Effect of economic/demographic (gains) or losses	(148,950)	(8,061)	18,751	23,429
Benefit payments/refunds of contributions				
Net change in total pension liability	$ 105,824	$ 610,312	$ 442,109	$ 509,495
Total pension liability, beginning	677,960	783,784	1,394,096	1,836,205
Total pension liability, ending (a)	$ 783,784	$ 1,394,096	$ 1,836,205	$ 2,345,700
Fiduciary Net Position				
Employer contributions	$ 105,929	$ 115,372	$ 207,537	$ 244,227
Member contributions	67,779	71,406	79,083	86,869
Investment income net of investment expenses	(5,541)	28,869	93,373	(14,769)
Benefit payments/refunds of contributions				
Administrative Expense	(219)	(314)	(659)	(1,057)
Other	(26)	15,091	3,834	9,963
Net change in fiduciary net position	$ 167,922	$ 230,424	$ 383,168	$ 325,233
Fiduciary net position, beginning	209,763	377,685	608,109	991,277
Fiduciary net position, ending (b)	$ 377,685	$ 608,109	$ 991,277	$ 1,316,510
Net pension liability/(asset), ending = (a) - (b)	$ 406,099	$ 785,987	$ 844,928	$ 1,029,190
Fiduciary net position as a percentage of total pension liability	48.19%	43.62%	53.99%	56.12%
Pensionable covered payroll	$ 968,271	$ 1,020,082	$ 1,129,757	$ 1,240,988
Net pension liability as a percentage of covered payroll	41.94%	77.05%	74.79%	82.93%

See accompanying independent auditor's report.

2019	2020	2021	2022	2023	2024
$ 213,205	$ 200,973	$ 239,928	$ 255,100	$ 268,042	$ 264,959
206,319	250,590	297,267	337,215	377,108	417,555
112,066	124,945			18,699	
	230,357	(4,713)			
66,931	28,011	34,066	28,654	45,096	41,401
(23,993)	(56,093)	(56,093)	(56,093)	(163,878)	(183,799)
$ 574,528	$ 778,783	$ 510,455	$ 564,876	$ 545,067	$ 540,116
2,345,700	2,920,228	3,699,011	4,209,466	4,774,342	5,319,409
$ 2,920,228	$ 3,699,011	$ 4,209,466	$ 4,774,342	$ 5,319,409	$ 5,859,525
$ 311,295	$ 1,910,571	$ 178,790	$ 146,716	$ 177,058	$ 177,535
107,396	89,072	94,457	99,904	103,542	103,562
215,796	204,315	934,720	(326,834)	571,547	601,750
(23,993)	(56,093)	(56,093)	(56,093)	(163,878)	(183,799)
(1,478)	(3,030)	(2,866)	(3,041)	(3,072)	(3,585)
13,784	57,704	7,293	31,253	7,925	7,096
$ 622,800	$ 2,202,539	$ 1,156,301	$ (108,095)	$ 693,122	$ 702,559
1,316,510	1,939,310	4,141,849	5,298,150	5,190,055	5,883,177
$ 1,939,310	$ 4,141,849	$ 5,298,150	$ 5,190,055	$ 5,883,177	$ 6,585,736
$ 980,918	$ (442,838)	$ (1,088,684)	$ (415,713)	$ (563,768)	$ (726,211)
66.41%	111.97%	125.86%	108.71%	110.60%	112.39%
$ 1,534,231	$ 1,272,457	$ 1,349,388	$ 1,427,199	$ 1,479,169	$ 1,479,457
63.94%	-34.80%	-80.68%	-29.13%	-38.11%	-49.09%

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36

SCHEDULE OF DISTRICT CONTRIBUTIONS

JUNE 30, 2025

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2016	$ 105,929	$ 105,929	$ - 0 -	$ 968,271	10.9%
2017	$ 115,372	$ 115,372	$ - 0 -	$ 1,020,082	11.3%
2018	$ 207,537	$ 207,537	$ - 0 -	$ 1,129,757	18.4%
2019	$ 244,227	$ 244,227	$ - 0 -	$ 1,240,988	19.7%
2020	$ 311,295	$ 311,295	$ - 0 -	$ 1,534,231	20.3%
2021	$ 264,926	$ 1,910,571	$ (1,645,645)	$ 1,272,457	150.1%
2022	$ 113,920	$ 203,920	$ (90,000)	$ 1,366,189	14.9%
2023	$ 154,902	$ 154,902	$ - 0 -	$ 1,506,827	10.3%
2024	$ 163,129	$ 188,129	$ (25,000)	$ 1,466,947	12.8%
2025	$ 157,331	$ 157,331	$ - 0 -	$ 1,418,404	11.1%

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36
SCHEDULE OF DISTRICT CONTRIBUTIONS
JUNE 30, 2025

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.

<u>Methods and assumptions used to determine contribution rates:</u>

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.7 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions from 2015 through current	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions from 2015 through current*	2015 and 2016: Employer contributions reflect that the prior service matching rate was increased to 20% and 25%, respectively. 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: Employer contributions reflect that the current service matching rate was increased to 210% and the prior service matching rate was increased to 50%. 2020: Employer contributions reflect that the current service matching rate was increased to 215% and the prior service matching rate was increased to 55% 2021: Employer contributions reflect that the current service matching rate was increased to 220% and the prior service matching rate was increased to 60% 2022 and 2023: No changes in plan provisions were reflected in the Schedule. 2024: Employer contributions reflect that the current service matching rate was increased to 225% for future benefits.

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2025

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36

SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025

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

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

2. RETAIL SERVICE PROVIDERS

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

The following rates are based on the rate order effective April 8, 2025.

	Minimum Charge	Minimum Usage	Flat Rate	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 58.51*	3,000	N	$ 8.71	3,001 to 8,000
				$ 10.21	8,001 to 13,000
				$ 12.76	13,001 and up
WASTEWATER:	$ 10.25	3,000	N	$ 1.85	3,001 and up
SURCHARGE: Commission Regulatory Assessments	0.5% water and wastewater charges				

District employs winter averaging for wastewater usage? ______ Yes X No

Total charges per 10,000 gallons usage: Water: $122.48 Wastewater: $23.20 Surcharge: $0.63

* Includes solid waste collection and mass notification system charges.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS (Unaudited):

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	3,876	3,623	x 1.0	3,623
1"	68	61	x 2.5	153
1½"	14	14	x 5.0	70
2"	66	65	x 8.0	520
3"	3	3	x 15.0	45
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	4,034	3,773		4,746
Total Wastewater Connections	3,740	3,740	x 1.0	3,740

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

Gallons pumped into system:	443,421,000	
Gallons billed to customers:	290,281,000	Water Accountability Ratio: 63.3% (Gallons billed and sold/Gallons pumped)
Gallons purchased:	459,163,000	From: North Channel Water Authority
Gallons sold:	343,000	To: Harris County Fresh Water Supply District No. 47

See accompanying independent auditor's report.

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

Does the District have Debt Service standby fees? Yes ___ No _X_

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

5. **LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes _X_ No ______

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _______ Not at all _X_

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

Entirely _X_ 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 _X_

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36

GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

PERSONNEL EXPENDITURES (Including Benefits)		
Salaries	$	1,420,186
Payroll Taxes		113,437
Pension and Individual Retirement Account		159,131
Insurance		429,392
TOTAL PERSONNEL EXPENDITURES (Including Benefits)	$	2,122,146
PROFESSIONAL FEES:		
Auditing	$	30,000
Engineering		285,382
Other Professional Fees		6,500
Legal		181,569
TOTAL PROFESSIONAL FEES	$	503,451
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	1,371,361
Purchased Wastewater Service		404,933
TOTAL PURCHASED SERVICES FOR RESALE	$	1,776,294
CONTRACTED SERVICES:		
Answering Service	$	3,257
Janitorial		9,917
Phone System		7,336
Security		173,141
Security Services		25,289
Solid Waste Disposal		903,004
TOTAL CONTRACTED SERVICES	$	1,121,944
UTILITIES:		
Electric	$	126,089
Water		2,508
Gas		757
Street lights		58,185
Telephone		22,759
TOTAL UTILITIES	$	210,298

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

REPAIRS AND MAINTENANCE	$	265,111
ADMINISTRATIVE EXPENDITURES:		
Analysis	$	13,801
Credit Card Fees		73,604
Data Processing		122,442
Dues and Seminars		36,878
Director Fees of Office		30,696
Insurance		96,740
Mass Notification		4,416
Memberships and Subscriptions		4,037
Office Supplies and Postage		55,880
Public Relations		11,046
Travel and Meetings		2,740
TOTAL ADMINISTRATIVE EXPENDITURES	$	452,280
CAPITAL OUTLAY	$	425,094
OTHER EXPENDITURES:		
Gas and Other Fuels	$	16,519
Connection and Inspection Fees		77,927
Labor		46,531
Permit Fees		34,502
Uniforms		3,249
Other		2,926
TOTAL OTHER EXPENDITURES	$	181,654
TOTAL EXPENDITURES	$	7,058,272

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, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0005	Varies	Daily	$ 15,352,820	$ - 0 -
DEBT SERVICE FUND					
TexPool	XXXX0004	Varies	Daily	$ 1,548,412	$ - 0 -
CAPITAL PROJECTS FUND					
TexPool	XXXX0003	Varies	Daily	$ 6,145,662	$ - 0 -
TOTAL - ALL FUNDS				$ 23,046,894	$ - 0 -

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, 2025

	Debt Service Taxes	
TAXES RECEIVABLE -		
JULY 1, 2024	$ 198,010	
Adjustments to Beginning Balance	(9,533)	$ 188,477
Original 2024 Tax Levy	$ 1,245,082	
Adjustment to 2024 Tax Levy	224,968	1,470,050
TOTAL TO BE ACCOUNTED FOR		$ 1,658,527
TAX COLLECTIONS:		
Prior Years	$ 87,004	
Current Year	1,369,828	1,456,832
TAXES RECEIVABLE - JUNE 30, 2025		$ 201,695
TAXES RECEIVABLE BY YEAR:		
2024		$ 100,222
2023		26,438
2022		12,772
2021		9,421
2020		8,381
2019		5,999
2018		5,579
2017		4,725
2016		3,944
2015		3,764
2014		3,217
2013		2,354
2012 and prior		14,879
TOTAL		$ 201,695

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, 2025

	2024	2023	2022	2021
PROPERTY VALUATIONS:				
Land	$ 328,384,403	$ 239,732,589	$ 224,561,192	$ 195,143,991
Improvements	337,494,740	407,851,837	326,791,666	270,641,010
Personal Property	84,749,446	73,201,152	63,846,786	71,990,317
Exemptions	(127,197,577)	(120,275,413)	(94,984,306)	(70,937,278)
TOTAL PROPERTY VALUATIONS	$ 623,431,012	$ 600,510,165	$ 520,215,338	$ 466,838,040
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.2358	$ 0.2383	$ 0.2667	$ 0.2859
ADJUSTED TAX LEVY*	$ 1,470,050	$ 1,431,016	$ 1,387,414	$ 1,334,690
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	93.18 %	98.15 %	99.08 %	99.29 %

* 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, 2025

	SERIES-2014		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
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
2036			
2037			
	$ 2,145,000	$ 234,052	$ 2,379,052

See accompanying independent auditor’s report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2020 REFUNDING		
Due During Fiscal Years Ending June 30	Principal Due September 15	Interest Due September 15/ March 15	Total
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			
2036			
2037			
	$ 2,215,000	$ 51,616	$ 2,266,616

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2021		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 15/ March 15	Total
2026	$ 460,000	$ 104,607	$ 564,607
2027	465,000	96,421	561,421
2028	475,000	88,102	563,102
2029	485,000	79,606	564,606
2030	495,000	70,933	565,933
2031	505,000	62,083	567,083
2032	515,000	53,056	568,056
2033	525,000	43,852	568,852
2034	535,000	34,471	569,471
2035	550,000	24,868	574,868
2036	560,000	15,045	575,045
2037	570,000	5,044	575,044
	$ 6,140,000	$ 678,088	$ 6,818,088

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 1,285,000	$ 169,310	$ 1,454,310
2027	1,300,000	150,034	1,450,034
2028	1,320,000	130,279	1,450,279
2029	1,005,000	115,070	1,120,070
2030	705,000	97,395	802,395
2031	720,000	84,252	804,252
2032	735,000	70,700	805,700
2033	750,000	56,734	806,734
2034	765,000	42,358	807,358
2035	785,000	27,535	812,535
2036	560,000	15,045	575,045
2037	570,000	5,044	575,044
	$ 10,500,000	$ 963,756	$ 11,463,756

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36
CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2025

Description	Original Bonds Issued	Bonds Outstanding July 1, 2024
Harris County Water Control and Improvement District No. 36 Unlimited Tax Bonds - Series 2014	$ 3,885,000	$ 2,335,000
Harris County Water Control and Improvement District No. 36 Unlimited Tax Refunding Bonds - Series 2020	5,230,000	2,840,000
Harris County Water Control and Improvement District No. 36 Unlimited Tax Bonds - Series 2021	7,500,000	6,590,000
TOTAL	$ 16,615,000	$ 11,765,000

Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	$ 34,500,000	$ 41,420,000
Amount Issued	(30,885,000)	(5,230,000)
Remaining to be Issued	$ 3,615,000	$ 36,190,000

Debt Service Fund cash and investment balances as of June 30, 2025:	$ 1,616,199
Average annual debt service payment for remaining term of all bond debt:	$ 955,313

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

See accompanying independent auditor's report.

	Current Year Transactions				
		Retirements			
Bonds Sold		Principal	Interest	Bonds Outstanding June 30, 2025	Paying Agent
$		$ 190,000	$ 44,338	$ 2,145,000	Computershare Trust Company, N.A. Houston, TX
		625,000	31,088	2,215,000	Regions Bank Houston, TX
		450,000	112,660	6,140,000	Zions Bancorporation, N.A. Houston, Tx
$ - 0 -		$ 1,265,000	$ 188,086	$ 10,500,000	

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		
	2025	2024	2023
REVENUES			
Water Service	$ 4,700,809	$ 4,864,295	$ 4,371,594
Wastewater Service	940,915	948,026	916,613
Solid Waste Disposal	920,475	865,670	839,044
Penalty and Interest	78,656	64,339	66,642
Connection and Inspection Fees	100,525	96,694	150,650
Investment Revenues	638,542	513,380	97,702
Grant Revenues	198,804	83,062	239,760
Sales Tax Revenues	736,919	738,561	806,501
Miscellaneous Revenues	175,782	150,143	257,081
TOTAL REVENUES	$ 8,491,427	$ 8,324,170	$ 7,745,587
EXPENDITURES			
Personnel	$ 2,122,146	$ 2,225,509	$ 2,222,922
Professional Services	503,451	557,150	257,391
Contracted Services	1,121,944	1,037,337	973,350
Purchased Water Service	1,371,361	1,160,698	1,211,946
Purchased Wastewater Service	404,933	452,005	403,690
Repairs and Maintenance	265,111	703,030	263,159
Utilities	210,298	230,245	166,391
Other	633,934	657,576	581,759
Capital Outlay	425,094	588,773	825,987
TOTAL EXPENDITURES	$ 7,058,272	$ 7,612,323	$ 6,906,595
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,433,155	$ 711,847	$ 838,992
OTHER FINANCING SOURCES (USES)			
Transfers In/(Out)	$ 249,603	$ - 0 -	$ 421,073
NET CHANGE IN FUND BALANCE	$ 1,682,758	$ 711,847	$ 1,260,065
BEGINNING FUND BALANCE	14,400,375	13,688,528	12,428,463
ENDING FUND BALANCE	$ 16,083,133	$ 14,400,375	$ 13,688,528

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
$ 3,981,686	$ 3,911,126	55.4 %	58.4 %	56.5 %	57.8 %	57.5 %
913,663	910,515	11.1	11.4	11.8	13.3	13.5
721,451	607,349	10.8	10.4	10.8	10.5	8.9
62,204	73,564	0.9	0.8	0.9	0.9	1.1
98,150	174,363	1.2	1.1	1.9	1.4	2.6
20,855	20,376	7.5	6.2	1.3	0.3	0.3
7,948	206,491	2.3	1.0	3.1	0.1	3.0
880,355	723,644	8.7	8.9	10.4	12.8	10.6
199,501	168,985	2.1	1.8	3.3	2.9	2.5
$ 6,885,813	$ 6,796,413	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 2,045,928	$ 3,619,175	25.0 %	26.7 %	28.7 %	29.7 %	53.3 %
240,652	299,603	5.9	6.7	3.3	3.5	4.4
815,576	687,587	13.2	12.5	12.6	11.8	10.1
1,009,962	913,170	16.1	13.9	15.6	14.7	13.4
313,845	360,620	4.8	5.4	5.2	4.6	5.3
211,519	124,936	3.1	8.4	3.4	3.1	1.9
169,198	171,404	2.5	2.8	2.1	2.5	2.5
541,297	466,458	7.5	7.9	7.5	7.9	6.9
148,977	803,375	5.0	7.1	10.7	2.2	11.8
$ 5,496,954	$ 7,446,328	83.1 %	91.4 %	89.1 %	80.0 %	109.6 %
$ 1,388,859	$ (649,915)	16.9 %	8.6 %	10.9 %	20.0 %	(9.6) %
$ - 0 -	$ (475,000)					
$ 1,388,859	$ (1,124,915)					
11,039,604	12,164,519					
$ 12,428,463	$ 11,039,604					

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		
	2025	2024	2023
REVENUES			
Property Taxes	$ 1,456,832	$ 1,384,153	$ 1,349,594
Penalty and Interest	62,741	56,351	52,971
Investment Revenues	45,421	51,946	38,495
Miscellaneous Revenues			8,593
TOTAL REVENUES	$ 1,564,994	$ 1,492,450	$ 1,449,653
EXPENDITURES			
Tax Collection Expenditures	$ 95,019	$ 104,072	$ 96,652
Debt Service Principal	1,265,000	1,240,000	1,265,000
Debt Service Interest and Fees	188,836	207,021	224,912
TOTAL EXPENDITURES	$ 1,548,855	$ 1,551,093	$ 1,586,564
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 16,139	$ (58,643)	$ (136,911)
OTHER FINANCING SOURCES (USES)			
Transfers In/(Out)	$ 62,236	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 78,375	$ (58,643)	$ (136,911)
BEGINNING FUND BALANCE	1,536,821	1,595,464	1,732,375
ENDING FUND BALANCE	$ 1,615,196	$ 1,536,821	$ 1,595,464
TOTAL ACTIVE RETAIL WATER CONNECTIONS	3,773	3,763	3,741
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	3,740	3,729	3,707

See accompanying independent auditor's report.

2022	2021	2025	2024	2023	2022	2021
		Percentage of Total Revenues				
$ 1,316,517	$ 1,328,786	93.1 %	92.7 %	93.1 %	92.1 %	95.4 %
48,626	62,101	4.0	3.8	3.6	3.4	4.5
3,155	1,230	2.9	3.5	2.7	0.2	0.1
60,933				0.6	4.3	
$ 1,429,231	$ 1,392,117	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 90,760	$ 97,004	6.1 %	7.0 %	6.7 %	6.4 %	7.0 %
1,175,000	1,120,000	80.8	83.1	87.3	82.2	80.4
139,053	120,607	12.1	13.9	15.5	9.7	8.7
$ 1,404,813	$ 1,337,611	99.0 %	104.0 %	109.5 %	98.3 %	96.1 %
$ 24,418	$ 54,506	1.0 %	(4.0) %	(9.5) %	1.7 %	3.9 %
$ - 0 -	$ 475,000					
$ 24,418	$ 529,506					
1,707,957	1,178,451					
$ 1,732,375	$ 1,707,957					
3,716	3,703					
3,682	3,673					

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025

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

District Telephone Number - (713) 453-5493

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended June 30, 2025	Expense Reimbursements for the year ended June 30, 2025	Title
Gerry Parra	05/24 05/28 (Elected)	$ 5,653	$ 572	President
Ronald Holder	05/22 05/26 (Elected)	$ 6,095	$ 249	Vice President/ Investment Officer
Maria Koukoulakis	05/22 05/26 (Elected)	$ 5,432	$ -0-	Secretary
Eddie Cantu	05/24 05/28 (Elected)	$ 6,758	$ 550	Assistant Secretary
Tammy Eason	05/24 05/28 (Elected)	$ 6,758	$ -0-	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. The most recent submission date of the District Registration Form was on May 15, 2024.

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 amounts actually paid to a Director during the District's current fiscal year.

No directors were paid more than the allowed amount on a calendar year basis.

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

JUNE 30, 2025

Employees:	Date Hired	Fees/Compensation for the fiscal year ended June 30, 2025	Title
Regina Duncan	07/26/99	$ 138,162	General Manager
Consultants:			
Johnson Petrov LLP	1998	$ 186,035	General Counsel/ Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	06/23/99	$ 30,000	Auditor
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/25/96	$ 19,357	Delinquent Tax Attorney
SAMCO Capital Markets	01/10/01	$ 3,500	Financial Advisor
A & S Engineering, Inc.	08/25/20	$ 613,067	Engineer
BLICO, Inc.	1998	$ 70,816	Tax Collector

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36

OTHER SUPPLEMENTARY INFORMATION

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36
PRINCIPAL TAXPAYERS
JUNE 30, 2025
(UNAUDITED)

Taxpayer	Type of Property	Taxable Value by Tax Year 2024		Taxable Value by Tax Year 2023
JD Fields & Company	Business	$ 31,009,909		$ 24,185,840
Wal Mart Real Estate	Business	12,350,000		12,000,000
Fields 40 Acres LLC	Business	12,004,911		9,800,000
Mullins Don R	Residence	7,124,318		7,011,246
SSC Evergreen LLC	Business	6,700,000		6,650,000
Wal Mart Store US01137G	Business	6,493,586		7,627,235
EAN Holdings	Business	5,916,495		5,032,532
Centerpoint Energy Hou El	Business	5,719,740		4,736,720
Elevated 13925 LLC	Business	5,625,000		6,990,000
MCH-GC Realty LLC	Business	5,049,197		(a)
Hayden Center LLC	Business	(a)		4,775,000
	Total	$ 97,993,156		$ 88,808,573
	Percent of Assessed Valuation	15.72	%	14.79

(a) not a principal taxpayer in respective year.

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36
ASSESSED VALUE BY CLASSIFICATION
JUNE 30, 2025
(UNAUDITED)

Classification of Assessed Valuation (a)

	2024		2023	
Type of Property	Taxable Value	%	Taxable Value	%
Single Family Real Residential	$ 220,662,491	35.39	$ 222,318,652	37.31
Mobile Homes Real Residential	63,725,755	10.22	53,005,247	8.90
Multi-Family Real Residential	42,860,012	6.87	44,505,670	7.47
Two-Family Real Residential	4,116,594	0.66	4,373,079	0.73
Three-Family Residential	223,433	0.04	219,361	0.03
Vacant Lots/Tracts Real	2,772,735	0.44	1,956,996	0.33
Vacant Commercil Real	7,140,126	1.14	6,956,223	1.17
Vacant Real	11,515,625	1.85	10,128,852	1.70
Commercial Real	170,966,345	27.42	165,493,567	27.77
Gas Companies	1,600,320	0.26	1,360,835	0.23
Electric Companies	5,719,740	0.92	4,736,720	0.79
Telephone Companies	779,647	0.12	759,624	0.13
Pipelines	501,030	0.08	397,940	0.07
Major Cable Television Systems	2,334,710	0.37	2,132,800	0.36
Commercial Tangible	37,451,643	6.01	34,267,709	5.75
Industrial Tangible	35,488,917	5.69	28,362,608	4.76
Mobile Homes Tangible	14,566,263	2.34	13,686,846	2.30
Dealer Inventory	1,142,919	0.18	1,178,795	0.20
Total Appraised Value	$ 623,568,305	100.0	$ 595,841,524	100.0

(a) Reflects classification of assessed valuation as supplied by the Harris Central Appraisal District ("HCAD") prior to adjustments and exemptions. Such value may differ from the original certified assessed valuation and any supplements or adjustments thereto, as supplied by HCAD.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 36

ESTIMATED OVERLAPPING DEBT
JUNE 30, 2025
(UNAUDITED)

Taxing Body	Gross Debt Amount	As of	Overlapping Debt %	Amount of Overlapping Debt
Channelview ISD	$ 251,425,000	06/30/25	0.03	$ 75,428
Galena Park ISD	387,109,938	06/30/25	5.11	19,781,318
Harris County	2,424,019,039	06/30/25	0.07	1,696,813
Harris County Department of Education	28,960,000	06/30/25	0.07	20,272
Harris County Flood Control District	968,445,000	06/30/25	0.07	677,911
Harris County Hospital District	867,820,000	06/30/25	0.07	607,474
Port of Houston Authority	406,509,397	06/30/25	0.07	284,557
San Jacinto Community College District	505,569,308	06/30/25	0.68	3,437,871
			Total Overlapping Debt:	$ 26,581,644
Harris County WCID No. 36		06/30/25		$ 10,500,000
			Total District and Overlapping Debt:	$ 37,081,644
			Total Direct and Overlapping Debt % of A.V.:	5.74%
			Total Direct and Overlapping Debt per Capita:	$ 2,931

Overlapping Entity	2024 Tax Rate Per $100 A.V.
Channelview ISD	$ 0.990400
Galena Park ISD	1.171910
Harris County	0.385290
Harris County Department of Education	0.004799
Harris County Flood Control District	0.048970
Harris County Hospital District	0.163480
Port of Houston Authority	0.006150
San Jacinto Community College District	0.154868
The District	0.235800
Total	$ 3.161667

See accompanying independent auditor's report.