HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

Information Required by Section 26.18, Texas Tax Code and
Section 2051.202, Texas Government Code

Date: July 16, 2026

(1) Name and term of office of each member of the governing body:

Ben A. Solis	05/04/2024 – 05/06/2028
Darrell A. Barroso	05/02/2026 – 05/04/2030
Lary J. Cangelose	05/04/2024 – 05/06/2028
Jon Morgan	05/04/2024 – 05/06/2028
John Turner	07/08/2026 – 05/04/2030

(2) Mailing address, physical address, e-mail address, and telephone number:

Mailing address:
2727 Allen Parkway, Suite 1100
Houston, Texas 77019
713-652-6500
91061@smithmur.com

Physical address:
13205 Cypress N Houston
Cypress, Texas 77429

(3) a. Official contact information for each member of the governing body:

Same as Item (2) above.

b. Name of General Manager or Executive Director:

Jerry Homan
Harris County FWSD No. 61
P. O. Box 325
Cypress, TX 77429
281/469-9405

c. Name, mailing address and telephone number of person representing District's utility operator:

Jerry Homan
Harris County FWSD No. 61
P. O. Box 325
Cypress, TX 77429
281/469-9405

d. Name, mailing address and telephone number of person representing District's tax assessor-collector:

Norma Catherman
Harris County FWSD No. 61
P. O. Box 325
Cypress, TX 77429
281/469-9405

(4) District's budget for the preceding two years:

The budgets for the fiscal years ending on December 31, 2024 and December 31, 2025 are attached.

(5) Proposed or adopted budget for the current year:

The budget for the fiscal year ending December 31, 2026 is attached.

(6) Change in amount of District budget from the preceding year to current year, by dollar amount and percentage:

The change in amount of budgeted revenues from 2025 to 2026 was $521,767; or 6.05854%

(7) Amount of property tax revenue budgeted for maintenance and operations for the preceding two years and the current year:

The information is referenced in the attached budgets.

(8) Amount of property tax revenue budgeted for debt service for the preceding two years and the current year:

The District does not budget for debt service.

(9) Tax rate for maintenance and operations adopted by the taxing unit for the current year and preceding two years:

2026: Not adopted as of the date of this report.
2025: $0.00
2024: $0.00

(10) The tax rate for debt service adopted by the taxing unit for the current year and preceding two years:

2026: Not adopted as of the date of this report.
2025: $0.26
2024: $0.26

(11) This information required by Section 26.18 is applicable only to school districts.

(12) Tax rate for maintenance and operations proposed by the taxing unit for the current year:

As of the date of this report, no proposed tax rate has been established for the current year.

(13) Tax rate for debt service proposed by the taxing unit for the current year:

As of the date of the report, no proposed tax rate has been established for the current year.

(14) This information required by Section 26.18 is applicable only to school districts.

(15) The most recent financial audit of the District.

The audit for the fiscal year ending on December 31, 2025 is attached.

(16) Rate of District's ad valorem tax, if any*:*

The District's ad valorem tax rate for 2025 is $0.26 per $100 assessed valuation.

(17) Rate of District's sales and use tax, if any: n/a

(18) Notice of tax rate hearing required under Chapter 26, Tax Code or Section 49.236, Water Code:

The notice of tax rate hearing is attached and has been posted on this website.

(19) District's meeting schedule and location:

Monthly on second and fourth Wednesday at 5:30 p.m. at 13205 Cypress N Houston, Cypress, Texas 77429

(20) Residents of the District have the right to request the designation of a meeting location within the District under Section 49.062(g), Water Code.

The Board's regular meetings are held within the District as listed in (19) above. Nevertheless, under Texas law, the following information is required to be posted: A description of this process can be found at https://www.tceq.texas.gov/downloads/water-districts/forms/form-20863.pdf

(21) Meeting notices and approved minutes:

Each notice of a meeting and approved minutes for meetings conducted in the current calendar year and the immediately preceding calendar year are posted on this website.

	Revenues	2025 Budget	2026 Budget	2025 Monthly	2026 Monthly	Total Budget	Actual	Variance	Notes
30100	Water Sales Customers	850,000	850,000	70,833	70,833			0	Same
30800	Misc. Water Sales (Transient)	7,000	15,000	583	1,250			0	Increase 8,000
30900	Water Sales MUD No. 248	137,648	141,777	11,471	11,815			0	CPI Increase 3.0%
31100	Sewer Sales Customers	1,500,000	1,500,000	125,000	125,000			0	Same
31500	Sewer Sales MUD No. 69	279,072	338,577	23,256	28,215			0	Actual + CPI Increase 3.0%
31700	Sewer Sales MUD No. 222	315,000	343,071	26,250	28,589			0	Actual + CPI Increase 3.0%
31800	Sewer Sales MUD No. 248	444,709	458,050	37,059	38,171			0	CPI Increase 3.0%
31900	Scrap Metal/Old Equipment Sales	0		0	0			0	
32000	Connection Fee/ Reconnect Fee	10,000	10,000	833	833			0	Same
32100	Miscellaneous Income/Fees/Penalties	70,000	70,000	5,833	5,833			0	Same
32300	Interest Income	350,000	250,000	29,167	20,833			0	Decrease 100,000
33000	TWA Water - Sewer	14,500	15,000	1,208	1,250			0	Increase 500.00
33100	Tap Fees	25,000	40,000	2,083	3,333			0	Increase 15,000
33300	NHCRWA Assessments	2,210,000	2,600,000	184,167	216,667			0	Increase 390,000
33400	Maintenance Charge MUD No. 248	13,338	13,738	1,112	1,145			0	CPI Increase 3.0%
33401	Equipment Charge	41,040	42,271	3,420	3,523			0	CPI Increase 3.0%
33410	Infrastructure Rehabilitation MUD No. 248	225,720	232,491	18,810	19,374			0	CPI Increase 3.0%
33411	Infrastructure Rehabilitation - Sewer	127,224	131,040	10,602	10,920			0	CPI Increase 3.0%
33500	Meter Rental	1,500	1,500	125	125			0	Same
33600	Grease Trap	9,000	10,000	750	833			0	Increase 1,000
36000	SPA Capital Income	264,000	280,000	22,000	23,333			0	Increase 16,000
36001	SPA Operating Income	1,056,000	1,120,000	88,000	93,333			0	Increase 64,000
36100	Property Tax Coll. Charge	66,000	66,000	5,500	5,500			0	Same
37300	Easement & Annexation Reimbursement	0		0	0			0	
37400	Operating Income MUD 248	333,458	343,461	27,788	28,622			0	CPI Increase 3.0%
37500	Annex & Utility Commitment	1,000	1,000	83	83			0	Same
30500	Water Sales MUD No.69			0	0			0	
30600	Water Sales Timberlake ID			0	0			0	
30700	Water Sales MUD No. 222			0	0			0	
30920	Water Sales MUD No. 188			0	0			0	
	Total Revenues	**8,351,209**	**8,872,976**	**695,934**	**739,415**			**0**	

	Expenses Offset By SPA	2025 Budget	2026 Budget	2025 Monthly	2026 Monthly	Total Budget	Actual	Variance	Notes
42021	Utilities Water No. 1	35,000	26,250	2,917	2,188			0	Decrease 25%
42022	Utilities Water No. 2 (Well #2&3)	110,000	82,500	9,167	6,875			0	Decrease 25%
42023	Utilities Water No. 3	60,000	45,000	5,000	3,750			0	Decrease 25%
42020	Utilities Water No. 4	65,000	48,750	5,417	4,063			0	Decrease 25%
42031	Utilities STP No. 1	125,000	125,000	10,417	10,417			0	Same
42032	Utilities STP No. 2	180,000	190,000	15,000	15,833			0	Increase 10,000
42041	Utilities Oakcliff Lift Station	4,000	4,000	333	333			0	Same
42042	Utilities Crossbend Village Lift Station	360	360	30	30			0	Same
42043	Utilities Lift Station #2	2,500	2,500	208	208			0	Same
42044	Utilities Lift Station #3	1,080	1,080	90	90			0	Same
42045	Utilities Elevated Storage No.2	459	459	38	38			0	Same
42046	Utilities Eldridge Lift Station	1,750	1,750	146	146			0	Same
42048	Utilities Wortham Landing Lift Station	2,000	2,000	167	167			0	Same
42049	Utilities Wortham Falls Lift Station	1,800	1,800	150	150			0	Same
42050	Utilities Ravensway Lake Lift Station	800	800	67	67			0	Same
84200	Utilities Admin. Office Building	8,000	8,000	667	667			0	Same
47021	Chemicals Water No. 1	14,500	10,875	1,208	906			0	Decrease 25%
47022	Chemicals Water No. 2	24,000	18,000	2,000	1,500			0	Decrease 25%
47023	Chemicals Water No. 3	20,000	15,000	1,667	1,250			0	Decrease 25%
47024	Chemicals HG WTR2 Well 3	20,000	15,000	1,667	1,250			0	Decrease 25%
47025	Chemicals Water No. 4	55,000	41,250	4,583	3,438			0	Decrease 25%
47031	Chemicals STP No. 1	5,000	15,000	417	1,250			0	Increase 10,000
47032	Chemicals STP No. 2	15,000	30,000	1,250	2,500			0	Increase 15,000
48133	Retention Pond Maintenance	175,000	175,000	14,583	14,583			0	Same
48150	Security	5,000	6,000	417	500			0	Increase 1,000
	Total Expenses Offset By SPA	**931,249**	**866,374**	**77,604**	**72,198**			0	
43031	Sludge Removal STP No. 1	85,000	90,000	7,083	7,500			0	Increase 5,000
43032	Sludge Removal STP No. 2	170,000	180,000	14,167	15,000			0	Increase 10,000
44000	Lab Testing Distribution	25,000	30,000	2,083	2,500			0	Increase 5,000
44001	Lab Testing Collections	15,000	15,000	1,250	1,250			0	Same
44031	Lab Testing STP I	28,000	28,000	2,333	2,333			0	Same
44032	Lab Testing STP 2	30,000	30,000	2,500	2,500			0	Same
45000	Repairs & Maint.. Dist. & Improvements	65,000	75,000	5,417	6,250			0	Increase 10,000

	Expenses	2025 Budget	2026 Budget	2025 Monthly	2026 Monthly	Total Budget	Actual	Variance	Notes
45001	Repairs & Maint.. Coll & Improvements	25,000	25,000	2,083	2,083			0	Same
45021	Repairs & Maint.. Water Plant 1	10,000	10,000	833	833			0	Same
45022	Repairs & Maint.. Water Plant 2	25,000	25,000	2,083	2,083			0	Same
45024	Repairs & Maint.. Water Plant 3	20,000	20,000	1,667	1,667			0	Same
45025	Repairs & Maint.. Water Plant 4	12,000	12,000	1,000	1,000			0	Same
45031	Repairs & Maint.. STP No. 1	55,000	55,000	4,583	4,583			0	Same
45032	Repairs & Maint... STP No.2	75,000	75,000	6,250	6,250			0	Same
45033	Repairs & Maint... Wortham Falls	2,000	2,000	167	167			0	Same
45034	Repairs & Maint... Ravensway	3,000	3,000	250	250			0	Same
45041	Repairs & Maint... Oakcliff Lift Station	4,000	4,000	333	333			0	Same
45042	Repairs & Maint... Crossbend Village L/S	2,000	2,000	167	167			0	Same
45043	Repairs & Maint.. Lift Station 2	2,000	2,000	167	167			0	Same
45044	Repairs & Maint.. Lift Station 3	2,000	2,000	167	167			0	Same
45045	Repairs & Maint.. Elevated 2	2,500	2,500	208	208			0	Same
45046	Repairs & Maint.. Eldridge Lift Station	3,000	3,000	250	250			0	Same
45047	Repairs & Maint.. Wortham Landing L/S	4,000	10,000	333	833			0	Increase 6,000
49000	Truck Repair	15,000	15,000	1,250	1,250			0	Same
49010	Truck Fuel	50,000	45,000	4,167	3,750			0	Decrease 5,000
49011	Truck Purchase	0	40,000	0	3,333			0	Increase 40,000
49012	Field Equipment Repair	25,000	35,000	2,083	2,917			0	Increase 10,000
49013	Diesel Fuel	50,000	50,000	4,167	4,167			0	Same
49200	Cellular Services	15,000	15,000	1,250	1,250			0	Same
50100	Employee Payroll	1,841,100	1,914,744	153,425	159,562			0	Increase 4%
56010	TCDRS	144,179	149,946	12,015	12,496				Increase 4%
50300	Health & Disability Insurance	747,478	779,620	62,290	64,968			0	Increase 4.3%
51100	TEC	10,200	10,608	850	884			0	Increase 4%

	Expenses	2025 Budget	2026 Budget	2025 Monthly	2026 Monthly	Total Budget	Actual	Variance	Notes
51200	FICA Employer	120,596	125,420	10,050	10,452			0	Increase 4%
51300	Medicare Employer	29,356	30,530	2,446	2,544			0	Increase 4%
71100	Engineering Fees	175,000	175,000	14,583	14,583			0	Same
71200	Accounting Fees	35,000	35,000	2,917	2,917			0	Same
71201	Audit Fees	28,000	28,000	2,333	2,333			0	Same
71300	Attorney Fees	200,000	200,000	16,667	16,667			0	Same
71420	Permit Fees Water	16,000	16,000	1,333	1,333			0	Same
71430	Permit Fees Sewer	50,000	50,000	4,167	4,167			0	Same
71600	NHC Regional Water Authority	2,320,500	2,700,000	193,375	225,000			0	Increase (16.4%)
71610	Website Expense	3,000	3,000	250	250				Same
71650	Texas Water Assessment	17,000	17,000	1,417	1,417			0	Same
72400	Bank Service Charges	1,500	1,500	125	125			0	Same
72600	Education/license/travel/membership	35,000	35,000	2,917	2,917			0	Same
72800	Meetings And Events	35,000	35,000	2,917	2,917			0	Same
72900	Election Expense	0	20,000	0	1,667			0	Increase 20,000
73500	Equipment Purchase Office	5,000	5,000	417	417			0	Same
73600	Equipment/Tools Purchase Field	10,000	10,000	833	833			0	Same
73700	Safety Equipment	5,000	5,000	417	417			0	Same
74100	Office/Communications/Network	35,000	35,000	2,917	2,917			0	Same
74400	General Insurance	165,486	200,000	13,791	16,667			0	Increase (20.8%)
75400	Uniforms	18,000	20,000	1,500	1,667			0	Increase 2,000
75500	Physicals & Employee Medical	2,000	2,000	167	167			0	Same
76100	Office Expense	30,000	30,000	2,500	2,500			0	Same
76200	Computer / Software Expense	75,000	60,000	6,250	5,000			0	Decrease 15,000
77000	Rubbish Removal	25,000	30,000	2,083	2,500			0	Increase 5,000
77700	Postage	32,000	35,000	2,667	2,917			0	Increase 3,000
78400	Miscellaneous Operations	20,000	20,000	1,667	1,667			0	Same
84500	Repairs & Maintenance Building	40,000	40,000	3,333	3,333			0	Same
	Total Expenses	**8,022,144**	**8,585,242**	**668,512**	**715,437**	**0**	**0**	**0**	

		2025 Budget	2026 Budget											
	Excess Revenues	329,065	287,734											
	SPA Capital	264,000	280,000											
		65,065	7,734											

	Revenues	2024 Budget	2025 Budget	2024 Monthly	2025 Monthly	Total Budget	Actual	Variance	Notes
30100	Water Sales Customers	900,000	850,000	75,000	70,833			0	Decrease 50,000
30800	Misc. Water Sales (Transient)	5,000	7,000	417	583			0	Increase 2,000
30900	Water Sales MUD No. 248	134,160	137,514	11,180	11,460			0	CPI Increase 2.5%
31100	Sewer Sales Customers	1,422,000	1,500,000	118,500	125,000			0	Increase 78,000 Adj.
31500	Sewer Sales MUD No. 69	272,000	278,800	22,667	23,233			0	CPI Increase 2.5%
31700	Sewer Sales MUD No. 222	240,000	315,000	20,000	26,250			0	Increase 31.25% (New Contract)
31800	Sewer Sales MUD No. 248	433,440	454,526	36,120	37,877			0	CPI Increase 2.5%
31900	Scrap Metal/Old Equipment Sales	0	0	0	0				Same
32000	Connection Fee/ Reconnect Fee	12,000	10,000	1,000	833			0	Decrease 2,000
32100	Miscellaneous Income/Fees/Penalties	70,000	70,000	5,833	5,833			0	Same
32300	Interest Income	370,000	350,000	30,833	29,167			0	Decrease 20,000
33000	TWA Water - Sewer	16,000	14,500	1,333	1,208			0	Decrease 1,500
33100	Tap Fees	65,000	25,000	5,417	2,083			0	Decrease 40,000
33300	NHCRWA Assessments	2,372,500	2,210,000	197,708	184,167			0	Decrease 162,500
33400	Maintenance Charge MUD No. 248	13,000	13,325	1,083	1,110			0	CPI Increase 2.5%
33401	Equipment Charge	40,000	41,000	3,333	3,417				CPI Increase 2.5%
33410	Infrastructure Rehabilitation MUD No. 248	220,000	225,500	18,333	18,792			0	CPI Increase 2.5%
33411	Infrastructure Rehabilitation - Sewer	124,000	127,100	10,333	10,592				CPI Increase 2.5%
33500	Meter Rental	1,000	1,500	83	125			0	Increase 500.00
33600	Grease Trap	8,000	9,000	667	750			0	Increase 1,000
36000	SPA Capital Income	528,000	264,000	44,000	22,000			0	Decrease 264,000
36001	SPA Operating Income	792,000	1,056,000	66,000	88,000			0	Increase 264,000
36100	Property Tax Coll. Charge	66,000	66,000	5,500	5,500			0	Same
37300	Easement & Annexation Reimbursement	0	0	0	0			0	Same
37400	Operating Income MUD 248	260,000	333,125	21,667	27,760			0	CPI Increase 2.5% + Adjustment
37500	Annex & Utility Commitment	1,000	1,000	83	83			0	Same
30500	Water Sales MUD No.69	0		0	0			0	
30600	Water Sales Timberlake ID	0		0	0			0	
30700	Water Sales MUD No. 222	0		0	0			0	
30920	Water Sales MUD No. 188	0		0	0			0	
	Total Revenues	**8,365,100**	**8,359,890**	**697,092**	**696,658**			**0**	

	Expenses Offset By SPA	2024 Budget	2025 Budget	2024 Monthly	2025 Monthly	Total Budget	Actual	Variance	Notes
42021	Utilities Water No. 1	35,000	35,000	2,917	2,917			0	Same
42022	Utilities Water No. 2 (Well #2&3)	88,200	110,000	7,350	9,167			0	Increase 21,800
42023	Utilities Water No. 3	51,710	60,000	4,309	5,000			0	Increase 8,290
42020	Utilities Water No. 4	63,700	65,000	5,308	5,417			0	Increase 1,300
42031	Utilities STP No. 1	110,000	125,000	9,167	10,417			0	Increase 15,000
42032	Utilities STP No. 2	185,000	180,000	15,417	15,000			0	Decrease 5,000
42041	Utilities Oakcliff Lift Station	3,000	4,000	250	333			0	Increase 1,000
42042	Utilities Crossbend Village Lift Station	360	360	30	30			0	Same
42043	Utilities Lift Station #2	2,200	2,500	183	208			0	Increase 300.00
42044	Utilities Lift Station #3	1,080	1,080	90	90			0	Same
42045	Utilities Elevated Storage No.2	459	459	38	38			0	Same
42046	Utilities Eldridge Lift Station	1,750	1,750	146	146			0	Same
42048	Utilities Wortham Landing Lift Station	1,230	2,000	103	167			0	Increase 770.00
42049	Utilities Wortham Falls Lift Station	1,500	1,800	125	150			0	Increase 300.00
42050	Utilities Ravensway Lake Lift Station	800	800	67	67			0	Same
84200	Utilities Admin. Office Building	8,000	8,000	667	667			0	Same
47021	Chemicals Water No. 1	10,000	14,500	833	1,208			0	Increase 4,500
47022	Chemicals Water No. 2	13,100	24,000	1,092	2,000			0	Increase 10,900
47023	Chemicals Water No. 3	18,216	20,000	1,518	1,667			0	Increase 1,784
47024	Chemicals HG WTR2 Well 3	12,074	20,000	1,006	1,667			0	Increase 7,926
47025	Chemicals Water No. 4	27,600	55,000	2,300	4,583			0	Increase 27,400
47031	Chemicals STP No. 1	9,200	5,000	767	417			0	Decrease 4,200
47032	Chemicals STP No. 2	16,100	15,000	1,342	1,250			0	Decrease 1,100
48133	Retention Pond Maintenance	190,000	175,000	15,833	14,583			0	Decrease 15,000
48150	Security	25,000	5,000	2,083	417			0	Decrease 20,000
	Total Expenses Offset By SPA	**875,279**	**931,249**	**72,940**	**77,604**			0	
43031	Sludge Removal STP No. 1	75,000	85,000	6,250	7,083			0	Increase 10,000
43032	Sludge Removal STP No. 2	155,000	170,000	12,917	14,167			0	Increase 15,000
44000	Lab Testing Distribution	30,000	25,000	2,500	2,083			0	Decrease 5,000
44001	Lab Testing Collections	15,000	15,000	1,250	1,250			0	Same
44031	Lab Testing STP I	24,000	28,000	2,000	2,333			0	Increase 4,000
44032	Lab Testing STP 2	28,000	30,000	2,333	2,500			0	Increase 2,000
45000	Repairs & Maint.. Dist. & Improvements	65,000	65,000	5,417	5,417			0	Same

	Expenses	2024 Budget	2025 Budget	2024 Monthly	2025 Monthly	Total Budget	Actual	Variance	Notes
45001	Repairs & Maint.. Coll & Improvements	25,000	25,000	2,083	2,083			0	Same
45021	Repairs & Maint.. Water Plant 1	10,000	10,000	833	833			0	Same
45022	Repairs & Maint.. Water Plant 2	17,000	25,000	1,417	2,083			0	Increase 8,000
45024	Repairs & Maint.. Water Plant 3	20,000	20,000	1,667	1,667			0	Same
45025	Repairs & Maint.. Water Plant 4	12,000	12,000	1,000	1,000			0	Same
45031	Repairs & Maint.. STP No. 1	55,000	55,000	4,583	4,583			0	Same
45032	Repairs & Maint... STP No.2	75,000	75,000	6,250	6,250			0	Same
45033	Repairs & Maint... Wortham Falls	2,000	2,000	167	167			0	Same
45034	Repairs & Maint... Ravensway	3,000	3,000	250	250			0	Same
45041	Repairs & Maint... Oakcliff Lift Station	4,000	4,000	333	333			0	Same
45042	Repairs & Maint... Crossbend Village L/S	2,000	2,000	167	167			0	Same
45043	Repairs & Maint.. Lift Station 2	2,000	2,000	167	167			0	Same
45044	Repairs & Maint.. Lift Station 3	2,000	2,000	167	167			0	Same
45045	Repairs & Maint.. Elevated 2	2,500	2,500	208	208			0	Same
45046	Repairs & Maint.. Eldridge Lift Station	3,000	3,000	250	250			0	Same
45047	Repairs & Maint.. Wortham Landing L/S	4,000	4,000	333	333			0	Same
49000	Truck Repair	15,000	15,000	1,250	1,250			0	Same
49010	Truck Fuel	75,000	50,000	6,250	4,167			0	Decrease 25,000
49011	Truck Purchase	100,000	0	8,333	0			0	Decrease 100,000
49012	Field Equipment Repair	25,000	25,000	2,083	2,083			0	Same
49013	Diesel Fuel	22,000	50,000	1,833	4,167			0	Increase 28,000
49200	Cellular Services	12,000	15,000	1,000	1,250			0	Increase 3,000
50100	Employee Payroll	1,700,000	1,839,400	141,667	153,283			0	Increase 8.2%
56010	TCDRS	133,130	144,046	11,094	12,004				Increase 8.2%
50300	Health & Disability Insurance	724,412	747,478	60,368	62,290			0	Increase 23,066
51100	TEC	9,419	10,200	785	850			0	Increase 8.2%

	Expenses	2024 Budget	2025 Budget	2024 Monthly	2025 Monthly	Total Budget	Actual	Variance	Notes
51200	FICA Employer	111,354	120,485	9,280	10,040			0	Increase 8.2%
51300	Medicare Employer	27,107	29,329	2,259	2,444			0	Increase 8.2%
71100	Engineering Fees	175,000	175,000	14,583	14,583			0	Same
71200	Accounting Fees	35,000	35,000	2,917	2,917			0	Same
71201	Audit Fees	24,000	28,000	2,000	2,333			0	Increase 4,000
71300	Attorney Fees	200,000	200,000	16,667	16,667			0	Same
71420	Permit Fees Water	16,000	16,000	1,333	1,333			0	Same
71430	Permit Fees Sewer	50,000	50,000	4,167	4,167			0	Same
71600	NHC Regional Water Authority	2,352,000	2,320,500	196,000	193,375			0	Decrease 31,500
71610	Website Expense	2,500	3,000	208	250				Increase 500
71650	Texas Water Assessment	15,554	17,000	1,296	1,417			0	Increase 1,446
72400	Bank Service Charges	1,500	1,500	125	125			0	Same
72600	Education/license/travel/membership	35,000	35,000	2,917	2,917			0	Same
72800	Meetings And Events	35,000	35,000	2,917	2,917			0	Same
72900	Election Expense	20,000	0	1,667	0			0	Decrease 20,000
73500	Equipment Purchase Office	5,000	5,000	417	417			0	Same
73600	Equipment/Tools Purchase Field	20,000	10,000	1,667	833			0	Decrease 10,000
73700	Safety Equipment	5,000	5,000	417	417			0	Same
74100	Office/Communications/Network	40,000	35,000	3,333	2,917			0	Decrease 5,000
74400	General Insurance	163,096	165,486	13,591	13,791			0	Increase 2,390
75400	Uniforms	15,000	18,000	1,250	1,500			0	Increase 3,000
75500	Physicals & Employee Medical	2,000	2,000	167	167			0	Same
76100	Office Expense	30,000	30,000	2,500	2,500			0	Same
76200	Computer / Software Expense	30,000	75,000	2,500	6,250			0	Increase 45,000 (New Computers, Software)
77000	Rubbish Removal	25,000	25,000	2,083	2,083			0	Same
77700	Postage	32,000	32,000	2,667	2,667			0	Same
78400	Miscellaneous Operations	20,000	20,000	1,667	1,667			0	Same
84500	Repairs & Maintenance Building	25,000	40,000	2,083	3,333			0	Increase 15,000
	Total Expenses	**7,833,851**	**8,020,173**	**652,821**	**668,348**	**0**	**0**	**0**	

		2024 Budget	2025 Budget										
	Excess Revenues	531,249	339,717										
	SPA Capital	528,000	264,000										
		3,249	75,717										

	Revenues	2023 Budget	2024 Budget	2023 Monthly	2024 Monthly	Total Budget	Actual	Variance	Notes
30100	Water Sales Customers	897,600	900,000	74,800	75,000			0	Increase 2,400
30800	Misc. Water Sales (Transient)	5,000	5,000	417	417			0	Same
30900	Water Sales MUD No. 248	130,000	134,160	10,833	11,180			0	CPI Increase 3.2%
31100	Sewer Sales Customers	1,422,000	1,422,000	118,500	118,500			0	Same
31500	Sewer Sales MUD No. 69	272,000	272,000	22,667	22,667			0	Same
31700	Sewer Sales MUD No. 222	240,000	240,000	20,000	20,000			0	Same
31800	Sewer Sales MUD No. 248	420,000	433,440	35,000	36,120			0	CPI Increase 3.2%
31900	Scrap Metal/Old Equipment Sales	0	0	0	0				Same
32000	Connection Fee/ Reconnect Fee	12,000	12,000	1,000	1,000			0	Same
32100	Miscellaneous Income/Fees/Penalties	70,000	70,000	5,833	5,833			0	Same
32300	Interest Income	175,000	370,000	14,583	30,833			0	Increase 112%
33000	TWA Water - Sewer	16,000	16,000	1,333	1,333			0	Same
33100	Tap Fees	65,000	65,000	5,417	5,417			0	Same
33300	NHCRWA Assessments	3,250,000	2,372,500	270,833	197,708			0	Decrease 28% + Adjustment
33400	Maintenance Charge MUD No. 248	12,500	13,000	1,042	1,083			0	CPI Increase 3.2%
33401	Equipment Charge	38,539	40,000	3,212	3,333				CPI Increase 3.2%
33410	Infrastructure Rehabilitation MUD No. 248	212,582	220,000	17,715	18,333			0	CPI Increase 3.2%
33411	Infrastructure Rehabilitation - Sewer	119,761	124,000	9,980	10,333				CPI Increase 3.2%
33500	Meter Rental	1,000	1,000	83	83			0	Same
33600	Grease Trap	8,000	8,000	667	667			0	Same
36000	SPA Capital Income	528,000	528,000	44,000	44,000			0	Same
36001	SPA Operating Income	792,000	792,000	66,000	66,000			0	Same
36100	Property Tax Coll. Charge	66,000	66,000	5,500	5,500			0	Same
37300	Easement & Annexation Reimbursement	0	0	0	0			0	Same
37400	Operating Income MUD 248	217,400	260,000	18,117	21,667			0	CPI Increase 3.2% + Adjustment
37500	Annex & Utility Commitment	1,000	1,000	83	83			0	Same
30500	Water Sales MUD No.69	0	0	0	0			0	
30600	Water Sales Timberlake ID	0	0	0	0			0	
30700	Water Sales MUD No. 222	0	0	0	0			0	
30920	Water Sales MUD No. 188	0	0	0	0			0	
	Total Revenues	**8,971,382**	**8,365,100**	**747,615**	**697,092**			**0**	

	Expenses Offset By SPA	2023 Budget	2024 Budget	2023 Monthly	2024 Monthly	Total Budget	Actual	Variance	Notes
42021	Utilities Water No. 1	25,467	35,000	2,122	2,917			0	Increase 37%
42022	Utilities Water No. 2 (Well #2&3)	73,482	88,200	6,124	7,350			0	Increase 20%
42023	Utilities Water No. 3	43,092	51,710	3,591	4,309			0	Increase 20%
42020	Utilities Water No. 4	53,056	63,700	4,421	5,308			0	Increase 20%
42031	Utilities STP No. 1	98,640	110,000	8,220	9,167			0	Increase 11.5%
42032	Utilities STP No. 2	162,000	185,000	13,500	15,417			0	Increase 14%
42041	Utilities Oakcliff Lift Station	3,000	3,000	250	250			0	Same
42042	Utilities Crossbend Village Lift Station	360	360	30	30			0	Same
42043	Utilities Lift Station #2	1,103	2,200	92	183			0	Increase 100%
42044	Utilities Lift Station #3	1,080	1,080	90	90			0	Same
42045	Utilities Elevated Storage No.2	459	459	38	38			0	Same
42046	Utilities Eldridge Lift Station	1,516	1,750	126	146			0	Increase 15%
42048	Utilities Wortham Landing Lift Station	1,230	1,230	103	103			0	Same
42049	Utilities Wortham Falls Lift Station	1,500	1,500	125	125			0	Same
42050	Utilities Ravensway Lake Lift Station	800	800	67	67			0	Same
84200	Utilities Admin. Office Building	7,000	8,000	583	667			0	Increase 14%
47021	Chemicals Water No. 1	8,349	10,000	696	833			0	Increase 20%
47022	Chemicals Water No. 2	10,942	13,100	912	1,092			0	Increase 20%
47023	Chemicals Water No. 3	15,180	18,216	1,265	1,518			0	Increase 20%
47024	Chemicals HG WTR2 Well 3	10,062	12,074	839	1,006			0	Increase 20%
47025	Chemicals Water No. 4	23,000	27,600	1,917	2,300			0	Increase 20%
47031	Chemicals STP No. 1	9,200	9,200	767	767			0	Same
47032	Chemicals STP No. 2	16,100	16,100	1,342	1,342			0	Same
48133	Retention Pond Maintenance	200,000	190,000	16,667	15,833			0	Decrease 5%
48150	Security	5,000	25,000	417	2,083			0	Increase 20,000 (New Camera System-Admin. Office)
	Total Expenses Offset By SPA	**771,618**	**875,279**	**64,302**	**72,940**			0	
43031	Sludge Removal STP No. 1	75,000	75,000	6,250	6,250			0	Same
43032	Sludge Removal STP No. 2	155,000	155,000	12,917	12,917			0	Same
44000	Lab Testing Distribution	25,000	30,000	2,083	2,500			0	Increase 20%
44001	Lab Testing Collections	15,000	15,000	1,250	1,250			0	Same
44031	Lab Testing STP I	24,000	24,000	2,000	2,000			0	Same
44032	Lab Testing STP 2	28,000	28,000	2,333	2,333			0	Same
45000	Repairs & Maint.. Dist. & Improvements	65,000	65,000	5,417	5,417			0	Same

	Expenses	2023 Budget	2024 Budget	2023 Monthly	2024 Monthly	Total Budget	Actual	Variance	Notes
45001	Repairs & Maint.. Coll & Improvements	25,000	25,000	2,083	2,083			0	Same
45021	Repairs & Maint.. Water Plant 1	10,000	10,000	833	833			0	Same
45022	Repairs & Maint.. Water Plant 2	15,000	17,000	1,250	1,417			0	Increase 14%
45024	Repairs & Maint.. Water Plant 3	20,000	20,000	1,667	1,667			0	Same
45025	Repairs & Maint.. Water Plant 4	10,000	12,000	833	1,000			0	Increase 20%
45031	Repairs & Maint.. STP No. 1	45,000	55,000	3,750	4,583			0	Increase 22%
45032	Repairs & Maint... STP No.2	75,000	75,000	6,250	6,250			0	Same
45033	Repairs & Maint... Wortham Falls	2,000	2,000	167	167			0	Same
45034	Repairs & Maint... Ravensway	3,000	3,000	250	250			0	Same
45041	Repairs & Maint... Oakcliff Lift Station	4,000	4,000	333	333			0	Same
45042	Repairs & Maint... Crossbend Village L/S	2,000	2,000	167	167			0	Same
45043	Repairs & Maint.. Lift Station 2	2,000	2,000	167	167			0	Same
45044	Repairs & Maint.. Lift Station 3	2,000	2,000	167	167			0	Same
45045	Repairs & Maint.. Elevated 2	2,500	2,500	208	208			0	Same
45046	Repairs & Maint.. Eldridge Lift Station	3,000	3,000	250	250			0	Same
45047	Repairs & Maint.. Wortham Landing L/S	4,000	4,000	333	333			0	Same
49000	Truck Repair	12,000	15,000	1,000	1,250			0	Increase 25%
49010	Truck Fuel	65,000	75,000	5,417	6,250			0	Increase 16%
49011	Truck Purchase	40,000	100,000	3,333	8,333			0	Increase 150% - Two Trucks
49012	Field Equipment Repair	20,000	25,000	1,667	2,083			0	Increase 25%
49013	Diesel Fuel	22,000	22,000	1,833	1,833			0	Same
49200	Cellular Services	12,000	12,000	1,000	1,000			0	Same
50100	Employee Payroll	1,600,000	1,700,000	133,333	141,667			0	Increase 6%
56010	TCDRS	125,595	133,130	10,466	11,094				Increase 6%
50300	Health & Disability Insurance	672,869	724,412	56,072	60,368			0	Increase 7.7% Increase
51100	TEC	8,886	9,419	741	785			0	Increase 6%

	Expenses	2023 Budget	2024 Budget	2023 Monthly	2024 Monthly	Total Budget	Actual	Variance	Notes
51200	FICA Employer	105,051	111,354	8,754	9,280			0	Increase 6%
51300	Medicare Employer	25,573	27,107	2,131	2,259			0	Increase 6%
71100	Engineering Fees	175,000	175,000	14,583	14,583			0	Same
71200	Accounting Fees	25,000	35,000	2,083	2,917			0	Increase 40%
71201	Audit Fees	24,000	24,000	2,000	2,000			0	Same
71300	Attorney Fees	150,000	200,000	12,500	16,667			0	Increase 33%
71420	Permit Fees Water	16,000	16,000	1,333	1,333			0	Same
71430	Permit Fees Sewer	50,000	50,000	4,167	4,167			0	Same
71600	NHC Regional Water Authority	3,459,000	2,352,000	288,250	196,000			0	Decrease 32%
71610	Website Expense	2,500	2,500	208	208				Same
71650	Texas Water Assessment	15,554	15,554	1,296	1,296			0	Same
72400	Bank Service Charges	1,500	1,500	125	125			0	Same
72600	Education/license/travel/membership	35,000	35,000	2,917	2,917			0	Same
72800	Meetings And Events	30,000	35,000	2,500	2,917			0	Increase 17%
72900	Election Expense	0	20,000	0	1,667			0	Increase 20,000 - Election
73500	Equipment Purchase Office	5,000	5,000	417	417			0	Same
73600	Equipment/Tools Purchase Field	20,000	20,000	1,667	1,667			0	Same
73700	Safety Equipment	5,000	5,000	417	417			0	Same
74100	Office/Communications/Network	18,000	40,000	1,500	3,333			0	Increase 120%
74400	General Insurance	151,664	163,096	12,639	13,591			0	Increase 8%
75400	Uniforms	14,000	15,000	1,167	1,250			0	Increase 7%
75500	Physicals & Employee Medical	2,000	2,000	167	167			0	Same
76100	Office Expense	30,000	30,000	2,500	2,500			0	Same
76200	Computer Expense	18,000	30,000	1,500	2,500			0	Increase 67% - Computer Upgrades
77000	Rubbish Removal	20,000	25,000	1,667	2,083			0	Increase 25%
77700	Postage	32,000	32,000	2,667	2,667			0	Same
78400	Miscellaneous Operations	20,000	20,000	1,667	1,667			0	Same
84500	Repairs & Maintenance Building	25,000	25,000	2,083	2,083			0	Same
	Total Expenses	**8,436,310**	**7,833,851**	**703,026**	**652,821**	**0**	**0**	**0**	

		2023 Budget	2024 Budget										
	Excess Revenues	535,072	531,249										
	SPA Capital	528,000	528,000										
		7,072	3,249										

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

T A B L E O F C O N T E N T S

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

Mike M. McCall
(retired)
Debbie Gibson
(retired)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Fresh Water
Supply District No. 61
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Fresh Water Supply District No. 61 (the "District") as of and for the year ended December 31, 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 December 31, 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.

Houston | Austin | Dallas
13100 Wortham Center Drive, Suite 235, Houston, Texas 77065-5610 713-462-0341

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, the Schedule of Changes in Net Pension Asset and Related Ratios and the Schedule of District Contributions 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 Fresh Water Supply District No. 61

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

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

April 8, 2026

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025

Management's discussion and analysis of Harris County Fresh Water Supply District No. 61's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 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 the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes all of the District's assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net 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, 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 explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $50,148,429 as of December 31, 2025.

A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 29,978,740	$ 36,989,866	$ (7,011,126)
Capital Assets (Net of Accumulated Depreciation)	54,532,420	47,005,020	7,527,400
Total Assets	$ 84,511,160	$ 83,994,886	$ 516,274
Deferred Outflows of Resources	$ 319,125	$ 339,903	$ (20,778)
Bonds Payable	$ 29,164,052	$ 31,767,504	$ 2,603,452
Other Liabilities	1,272,804	1,591,605	318,801
Total Liabilities	$ 30,436,856	$ 33,359,109	$ 2,922,253
Deferred Inflows of Resources	$ 4,245,000	$ 4,109,688	$ (135,312)
Net Position:			
Net Investment in Capital Assets	$ 37,984,150	$ 34,409,571	$ 3,574,579
Restricted	6,256,416	5,334,937	921,479
Unrestricted	5,907,863	7,121,484	(1,213,621)
Total Net Position	$ 50,148,429	$ 46,865,992	$ 3,282,437

The following table provides a summary of the District's operations for the years ended December 31, 2025, and December 31, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 3,934,250	$ 3,960,857	$ (26,607)
Charges for Services	6,044,035	5,846,618	197,417
Other Revenues	4,670,104	7,392,734	(2,722,630)
Total Revenues	$ 14,648,389	$ 17,200,209	$ (2,551,820)
Expenses for Services	11,365,952	11,192,368	(173,584)
Change in Net Position	$ 3,282,437	$ 6,007,841	$ (2,725,404)
Net Position, Beginning of Year	46,865,992	40,858,151	6,007,841
Net Position, End of Year	$ 50,148,429	$ 46,865,992	$ 3,282,437

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2025, were $24,224,850, a decrease of $6,736,820 from the prior year.

The General Fund fund balance decreased by $1,205,468, primarily due to operating costs and capital outlay exceeding tax and service revenues.

The Debt Service Fund fund balance increased by $1,009,474, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by $6,540,826 due to capital outlay exceeding investment revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the fiscal year. Actual revenues were $4,348 less than budgeted revenues. Actual expenditures were $17,394 less than budgeted expenditures. In addition, contributions from Texas Department of Transportation of $1,174,621 for the utility relocation, and transfers of $2,458,200 to the Capital Projects Fund had not been budgeted. This resulted in a negative budget variance of $1,270,533.

CAPITAL ASSETS

Capital assets as of December 31, 2025, total $54,532,420 (net of accumulated depreciation) and include land, buildings, trucks and equipment as well as the water and wastewater systems. Significant capital asset activity includes various water and wastewater improvements and utility relocation. Additional information on the District's capital assets can be found in Note 6 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 6,540,727	$ 3,643,192	$ 2,897,535
Construction in Progress	10,026,605	9,033,423	993,182
Capital Assets, Net of Accumulated Depreciation:			
Water System	16,820,150	14,785,039	2,035,111
Wastewater System	19,439,422	17,660,659	1,778,763
Buildings	1,395,081	1,448,141	(53,060)
Trucks and Equipment	310,435	434,566	(124,131)
Total Net Capital Assets	$ 54,532,420	$ 47,005,020	$ 7,527,400

LONG-TERM DEBT ACTIVITY

At year-end, the District had bond debt payable of $29,245,000. The changes in the debt position of the District during the fiscal year ended December 31, 2025, are summarized as follows:

Bond Debt Payable, January 1, 2025	$	31,850,000
Less: Bond Principal Paid		2,605,000
Bond Debt Payable, December 31, 2025	$	29,245,000

The District's Series 2017, Series 2019 Refunding and Series 2020 bonds have an underlying rating of "A1" by Moody's. The Series 2019 Refunding and Series 2020 bonds carry an insured rating of "AA/A1" by virtue of bond insurance issued by Assured Guaranty. The Series 2017 bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual. The Series 2016 Refunding bonds are not rated. The above ratings reflect all changes through December 31, 2025.

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 Fresh Water Supply District No. 61, c/o Smith, Murdaugh, Little & Bonham, LLP, 2727 Allen Parkway, Suite 1100, Houston, Texas 77019.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 21,207	$ 1,745,249
Investments	4,749,875	6,060,261
Receivables:		
Property Taxes		2,720,882
Penalty and Interest on Delinquent Taxes		
Service Accounts	416,856	
Other		3,179
Due from Other Funds	512,850	
Prepaid Costs	28,537	
Due from Other Governmental Units	1,582,175	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 7,311,500	$ 10,529,571
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pensions	$	$
Deferred Charges on Refunding Bonds		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ - 0 -	$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 7,311,500	$ 10,529,571

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 5,182	$ 1,771,638	$	$ 1,771,638
12,431,030	23,241,166		23,241,166
	2,720,882		2,720,882
		198,775	198,775
	416,856		416,856
15,532	18,711		18,711
852,252	1,365,102	(1,365,102)	
	28,537		28,537
	1,582,175		1,582,175
		6,540,727	6,540,727
		10,026,605	10,026,605
		37,965,088	37,965,088
$ 13,303,996	$ 31,145,067	$ 53,366,093	$ 84,511,160
$	$	$ 255,438	$ 255,438
		63,687	63,687
$ - 0 -	$ - 0 -	$ 319,125	$ 319,125
$ 13,303,996	$ 31,145,067	$ 53,685,218	$ 84,830,285

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

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2025

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 89,787	$
Accrued Interest Payable		
Compensated Absences		
Due to Other Funds	850,752	7,000
Security Deposits	646,378	
Net Pension Liability		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 1,586,917	$ 7,000
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$	$ 4,574,399
Deferred Inflows - Pensions		
TOTAL DEFERRED INFLOWS OF RESOURCES	$ - 0 -	$ 4,574,399
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 28,537	$
Restricted for Authorized Construction		
Restricted for Debt Service		5,948,172
Unassigned	5,696,046	
TOTAL FUND BALANCES	$ 5,724,583	$ 5,948,172
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 7,311,500	$ 10,529,571
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
$ 244,551	$ 334,338	$	$ 334,338
		226,837	226,837
		24,107	24,107
507,350	1,365,102	(1,365,102)	
	646,378		646,378
		41,144	41,144
		2,685,000	2,685,000
		26,479,052	26,479,052
$ 751,901	$ 2,345,818	$ 28,091,038	$ 30,436,856
$	$ 4,574,399	$ (336,306)	$ 4,238,093
		6,907	6,907
$ - 0 -	$ 4,574,399	$ (329,399)	$ 4,245,000
$	$ 28,537	$ (28,537)	$
12,552,095	12,552,095	(12,552,095)	
	5,948,172	(5,948,172)	
	5,696,046	(5,696,046)	
$ 12,552,095	$ 24,224,850	$ (24,224,850)	$ - 0 -
$ 13,303,996	$ 31,145,067		
		$ 37,984,150	$ 37,984,150
		6,256,416	6,256,416
		5,907,863	5,907,863
		$ 50,148,429	$ 50,148,429

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

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Fund Balances - Governmental Funds		$ 24,224,850
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		54,532,420
Portions of the change in net pension asset that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources.		207,387
The difference between the net carrying amount of refunded bonds and the reacquisition price is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		63,687
Deferred inflows of resources related to property tax revenues and uncollected penalty and interest receivables on delinquent taxes for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		535,081
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	$ (226,837)	
Compensated Absences	(24,107)	
Bonds Payable Within One Year	(2,685,000)	
Bonds Payable After One Year	(26,479,052)	(29,414,996)
Total Net Position - Governmental Activities		$ 50,148,429

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

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$	$ 4,036,765
Water Service	999,652	
Wastewater Service	2,692,316	
Regional Water Authority Fees	1,881,979	
Sales Tax Revenue	1,284,175	
Penalty and Interest	77,352	122,515
Tap Connection and Inspection Fees	276,508	
Investment Revenues	268,770	304,455
Miscellaneous Revenues	866,109	59,698
TOTAL REVENUES	$ 8,346,861	$ 4,523,433
EXPENDITURES/EXPENSES		
Service Operations:		
Personnel	$ 2,876,079	$
Professional Fees	355,460	46,520
Contracted Services	39,895	99,300
Utilities	637,825	
Regional Water Authority Assessment	2,028,772	
Repairs and Maintenance	945,844	
Depreciation		
Other	1,201,181	20,441
Capital Outlay	183,694	
Debt Service:		
Bond Principal		2,605,000
Bond Interest		742,698
TOTAL EXPENDITURES/EXPENSES	$ 8,268,750	$ 3,513,959
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 78,111	$ 1,009,474
OTHER FINANCING SOURCES (USES)		
Transfers In(Out)	$ (2,458,200)	$
Contributed by Other Governmental Unit	1,174,621	
TOTAL OTHER FINANCING SOURCES (USES)	$ (1,283,579)	$ - 0 -
NET CHANGE IN FUND BALANCES	$ (1,205,468)	$ 1,009,474
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2025	6,930,051	4,938,698
FUND BALANCES/NET POSITION - DECEMBER 31, 2025	$ 5,724,583	$ 5,948,172

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 4,036,765	$ (102,515)	$ 3,934,250
	999,652		999,652
	2,692,316		2,692,316
	1,881,979		1,881,979
	1,284,175		1,284,175
	199,867	(6,287)	193,580
	276,508		276,508
712,276	1,285,501		1,285,501
	925,807	1,174,621	2,100,428
$ 712,276	$ 13,582,570	$ 1,065,819	$ 14,648,389
$	$ 2,876,079	$ 8,153	$ 2,884,232
20,041	422,021	129,583	551,604
	139,195		139,195
	637,825		637,825
	2,028,772		2,028,772
	945,844		945,844
		2,217,717	2,217,717
255	1,221,877		1,221,877
9,691,006	9,874,700	(9,874,700)	
	2,605,000	(2,605,000)	
	742,698	(3,812)	738,886
$ 9,711,302	$ 21,494,011	$ (10,128,059)	$ 11,365,952
$ (8,999,026)	$ (7,911,441)	$ 11,193,878	$ 3,282,437
$ 2,458,200	$	$	$
	1,174,621	(1,174,621)	
$ 2,458,200	$ 1,174,621	$ (1,174,621)	$ - 0 -
$ (6,540,826)	$ (6,736,820)	$ 6,736,820	$
		3,282,437	3,282,437
19,092,921	30,961,670	15,904,322	46,865,992
$ 12,552,095	$ 24,224,850	$ 25,923,579	$ 50,148,429

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

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Governmental Funds	$	(6,736,820)
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.		(102,515)
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.		(6,287)
The changes in the net pension asset as well as deferred inflows and outflows of resources - pension are recorded as pension expense in the government-wide financial statements.		(8,153)
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.		(2,217,717)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		9,745,117
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.		2,605,000
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.		3,812
Change in Net Position - Governmental Activities	$	3,282,437

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

NOTE 1. CREATION OF DISTRICT

Harris County Fresh Water Supply District No. 61 was created by an order of Commissioner's Court of Harris County, Texas, on May 22, 1967. The District was reorganized as a Municipal Utility District on July 23, 1975, in accordance with the Texas Water Code, Chapter 54. The Board of Directors held its first meeting on May 25, 1967, and the first bonds were sold on August 10, 1967. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality (the "Commission"). The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services. In addition, the District is empowered, if approved by the electorate, the Texas Water Commission and other governmental entities having jurisdiction; to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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 Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

* Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

* Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

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

Governmental Funds

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

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

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include 2024 taxes collected during the period October 1, 2024, to December 31, 2025. In addition, taxes collected from January 1, 2025, to December 31, 2025 for the 2023 and prior tax levies are included in revenue. The 2025 tax levy has been fully deferred.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Machinery and Equipment	5-20

Budgeting

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

Compensated Absences

The District permits employees to accumulate earned but unused vacation pay benefits up to five days to be carried over into the next year. Upon resignation, an employee may receive pay for any unused accrued vacation provided they have worked for the District at least one continuous year.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

The District has 21 full-time employees and two part-time employees. The District has established a Section 457 Deferred Compensation arrangement for its employees. Each employee may elect to defer a portion of their salary. Effective January 1, 2018, the District entered into pension plan with the Texas County and District Retirement System (TCDRS). See Note 12. The District provides neither administrative services nor investment advice to the plans and, therefore, no fiduciary relationship exists between the District and these plans. The District has elected to pay Social Security for its employees. The Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only. Directors do not participate in the pension plan.

Measurement Focus

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

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

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

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

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

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

	Refunding Series 2016	Series 2017
Amount Outstanding – December 31, 2025	$ 1,315,000	$ 8,295,000
Interest Rates	1.92%	2.25% - 3.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2028	September 1, 2026/2030
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2024*	September 1, 2025*

	Refunding Series 2019	Series 2020
Amount Outstanding – December 31, 2025	$ 4,635,000	$ 15,000,000
Interest Rates	2.00% - 3.00%	2.00% - 2.25%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2030	September 1, 2031/2040
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2025*	September 1, 2026*

NOTE 3. LONG-TERM DEBT (Continued)

* Or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Series 2016 Refunding term bonds due September 1, 2028, are private placement bonds with The Independent Bankers Bank and are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules. Series 2017 term bonds due September 1, 2029, are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules. Series 2020 term bonds due September 1, 2032, September 1, 2035, September 1, 2037 and September 1, 2040 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules.

The following is a summary of transactions regarding bonds payable for the year ended December 31, 2025:

	January 1, 2025	Additions	Retirements	December 31, 2025
Bonds Payable	$ 31,850,000	$	$ 2,605,000	$ 29,245,000
Unamortized Discounts	(205,894)		(23,307)	(182,587)
Unamortized Premiums	123,398		21,759	101,639
Bonds Payable, Net	$ 31,767,504	$ -0-	$ 2,603,452	$ 29,164,052

Amount Due Within One Year	$ 2,685,000
Amount Due After One Year	26,479,052
Bonds Payable, Net	$ 29,164,052

As of December 31, 2025, the District had authorized but unissued bonds in the amount of $1,610,000 for utility facilities and $13,670,000 for refunding bonds. On May 6, 2017, the District's voters authorized the issuance of $30,000,000 of unlimited tax or refunding bonds. The $15,000,000 of unlimited tax or refunding bonds remain unissued at year-end.

As of December 31, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 2,685,000	$ 680,511	$ 3,365,511
2027	2,760,000	624,250	3,384,250
2028	2,840,000	563,428	3,403,428
2029	2,925,000	491,787	3,416,787
2030	3,035,000	407,113	3,442,113
2031-2035	7,040,000	1,305,613	8,345,613
2036-2040	7,960,000	540,182	8,500,182
	$ 29,245,000	$ 4,612,884	$ 33,857,884

NOTE 3. LONG-TERM DEBT (Continued)

During the year ended December 31, 2025, the District levied an ad valorem debt service tax rate of $0.26 per $100 of assessed valuation, which resulted in a tax levy of $4,238,093 on the adjusted taxable valuation of $1,632,252,225 for the 2025 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 each nationally recognized municipal securities information depository and the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

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

NOTE 5. DEPOSITS AND INVESTMENTS

<u>Deposits</u>

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 $1,771,638 and the bank balance was $2,401,758. The District was not exposed to custodial credit risk at year-end.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2025, as listed below:

	Cash
GENERAL FUND	$ 21,207
DEBT SERVICE FUND	1,745,249
CAPITAL PROJECTS FUND	5,182
TOTAL DEPOSITS	$ 1,771,638

Investments

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

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

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities, Inc. provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodia, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J. P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level 1 investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

As of December 31, 2025, the District had the following investments:

		Maturities in Years			
Fund and Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
GENERAL FUND					
TexSTAR	$ 4,749,875	$ 4,749,875	$	$	$
DEBT SERVICE FUND					
TexPool	6,048,479	6,048,479			
TexSTAR	11,782	11,782			
CAPITAL PROJECTS FUND					
TexPool	12,431,030	12,431,030			
TOTAL INVESTMENTS	$ 23,241,166	$ 23,241,166	$ - 0 -	$ - 0 -	$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2025, the District's investments in TexPool and TexSTAR were rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and TexSTAR to have maturities of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025:

	January 1, 2025	Increases	Decreases	December 31, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 3,643,192	$ 2,897,535	$	$ 6,540,727
Construction in Progress	9,033,423	9,745,116	8,751,934	10,026,605
Total Capital Assets Not Being Depreciated	$ 12,676,615	$ 12,642,651	$ 8,751,934	$ 16,567,332
Capital Assets Subject to Depreciation				
Water System	$ 29,618,355	$ 3,223,723	$	$ 32,842,078
Wastewater System	35,029,642	2,608,891		37,638,533
Building	2,097,560			2,097,560
Trucks and Equipment	1,209,384	21,786		1,231,170
Total Capital Assets Subject to Depreciation	$ 67,954,941	$ 5,854,400	$ - 0 -	$ 73,809,341
Accumulated Depreciation				
Water System	$ 14,833,316	$ 1,188,612	$	$ 16,021,928
Wastewater System	17,368,983	830,128		18,199,111
Building	649,419	53,060		702,479
Trucks and Equipment	774,818	145,917		920,735
Total Accumulated Depreciation	$ 33,626,536	$ 2,217,717	$ - 0 -	$ 35,844,253
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 34,328,405	$ 3,636,683	$ - 0 -	$ 37,965,088
Total Capital Assets, Net of Accumulated Depreciation	$ 47,005,020	$ 16,279,334	$ 8,751,934	$ 54,532,420

NOTE 7. REGIONAL WATER AUTHORITY FEES

The North Harris County Regional Water Authority was created by House Bill 2965, Acts of the 76th Legislature, Regular Session 1999, and was confirmed by an election held on January 15, 2000. The Authority is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Authority is empowered to, among others powers, "acquire or develop surface water and groundwater supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporation, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." In accordance with this provision, the Authority establishes a well pumpage fee per 1,000 gallons of water pumped from each regulated well. The current rate is $2.60 per 1,000 gallons of water pumped. During the current fiscal year, the District recorded well pumpage fees in the amount of $2,028,772.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three fiscal years.

NOTE 9. STRATEGIC PARTNERSHIP AGREEMENT WITH THE CITY OF HOUSTON

The District is party to a Strategic Partnership Agreement with the City of Houston (the "City") effective March 31, 2005 pursuant to which the City has annexed a portion of the District for limited purposes and has agreed for a 30-year period not to annex the District for full purposes without the District's consent. The City levies a $.01 sales tax on sales to consumers within the Limited Annexation area, and the District receives one half of the proceeds of the City's tax. The agreement ends on March 31, 2035, after which the City may (1) renew the agreement, (2) allow the agreement to expire and not annex the District, or (3) may annex the District under Texas Law. The District is not aware of any plans for the City to annex the District on or after March 31, 2035. During the current fiscal year, the District recorded $1,284,175 in sales tax revenues.

NOTE 10. CONTRACTS WITH OTHER ENTITIES

Sewage Treatment

The District is providing sewage treatment service to Harris County Municipal Utility District No. 69 (District No. 69). This contract is effective for 40 years commencing July 11, 1973. The rate charged to District No. 69 is $0.50 less than the current rate charged to District customers. This contract was amended May 12, 2004 and states that this agreement will remain in force until December 31, 2053. District No. 69 agreed to pay the District the total amount of $495,402 in two payments. The first payment of $247,701 was received in May 2004 and the second payment of $247,701 was paid July 1, 2005. On April 23, 2025, the contract was amended and restated whereas District No. 69 has previously purchased 31.25% of the available wastewater treatment capacity in the Barwood Wastewater Treatment Plant, which is owned by the District, with such capacity currently constituting 500,000 gallons per day. The amended and restated agreement is effective January 1, 2025, and shall continue with full force and effect for a period of forty (40) years. During the year ended December 31, 2025, the District received revenues of $329,000 for sewage treatment.

Harris County Municipal Utility District No. 248 (District No. 248) has purchased wastewater treatment plant capacity in the District's regional wastewater plant in the total amount of 256,250 gallons per day. Per the April 20, 2000 agreement, District No. 248 agrees to pay a monthly usage charge in the amount of ninety percent of the current in-district wastewater fee to the District. On June 10, 2020, the District entered into a Wastewater Treatment Agreement with District No. 248 to clarify the wastewater treatment agreement between the districts and for District No. 248 to purchase an additional 110 ESFC in the amount of $2,500 per ESFC, for a total of $275,000. During the year ended December 31, 2025, the District received revenues of $432,352.

In addition, Harris County Municipal Utility District No. 222 (District No. 222) has purchased wastewater treatment capacity in the District's regional wastewater plant in the total amount of 800,000 gallons per day. District No. 222 pays a monthly usage charge to the District. On December 11, 2024, the agreement was revised to reflect current operational and financial matters related to District No. 222’s capacity ownership. During the year ended December 31, 2025, the District received revenues of $295,738.

NOTE 10. CONTRACTS WITH OTHER ENTITIES (Continued)

Water Supply Contracts

On August 30, 2000, the District entered into a long term water supply contract with Harris County Municipal Utility District No. 248 (District No. 248). The contract allows District No. 248 to purchase 400 equivalent single family connections of water supply (ESFC's), resulting in a permanent water supply of an amount not to exceed 140,000 gallons per day, at a cost of $500,000. The purchase of these connections has been completed. The District will furnish water supply to District No. 248 from existing surplus supply, and no construction of additional facilities is anticipated for these connections. The District has agreed to allow District No. 248, at its option, to purchase in no less than 100 ESFC increments, additional existing capacity in excess of 400 ESFC's, up to a maximum of 800 ESFC's. District No. 248 will pay the sum of $1,250.00 per ESFC for additional capacity, in no less than 100 ESFC increments. District No. 248 agrees to give the District six months (180 days) advance notice of any additional capacity purchase, to allow for construction in the event any additional facilities are needed to supply the new connections. The purchase of any and/or all of these additional ESFC's must be made no later than June 15, 2005. The contract has been amended on June 13, 2001, March 12, 2003, December 8, 2004, February 28, 2007, April 30, 2008, and February 19, 2014. District No. 248 currently owns 2,500 connections for a total of 788,000 gallons of capacity. On April 30, 2008, the Districts amended the agreement to include a "Rehabilitation Fee" to be paid to the District for future rehabilitation of the water production and distribution facilities. The fee is based upon a monthly calculation. On February 12, 2020, the District entered into a Water Supply Agreement with District No. 248 to clarify the water supply agreement between the districts and for District No. 248 to purchase an additional 116 ESFC in the amount of $2,500 per ESFC, for a total of $290,000. The term of this contract is 40 years from the effective date. During the year ended December 31, 2025, the District received revenues of $135,774.

On August 13, 2003, the District entered into a Water Service Agreement with Emerald Forest Utility District (Emerald Forest) to provide 35,000 gallons per day. Emerald Forest will pay a capital payment of $75,000. The District will monitor the usage for a two year period and if the usage ever exceeds 35,000 gallons per day, the agreement requires Emerald Forest to purchase an additional 5,000 gallons per day at an additional $11,000 capital payment. Emerald Forest is responsible for payment of surface water fees to the North Harris County Regional Water Authority.

Emergency Interconnect and Interim Water Supply Agreement

On May 18, 2022, the District approved an Emergency Interconnect and Interim Water Supply Agreement with Timberlake Improvement District. Under the terms of the agreement, the price to be paid for water delivered shall be at the rate of $1.50 per one thousand (1,000) gallons of actual usage, as determined by the meter at the Interconnect Facilities, during the Emergency or Temporary Period plus any additional fees incurred by the supplying District that are imposed by the North Harris County Regional Water Authority. The term of the agreement is for a period of 15 years from the date of execution, unless pursuant to mutual written consent of the districts.

NOTE 10. CONTRACTS WITH OTHER ENTITIES (Continued)

Emergency Interconnect and Interim Water Supply Agreement (Continued)

On April 23, 2025, the District approved an Emergency Interconnect and Interim Water Supply Agreement with District No. 69. Under the terms of the agreement, the price to be paid for water delivered shall be at the rate of $1.75 per one thousand (1,000) gallons of actual usage, as determined by the meter at the Interconnect Facilities, during the Emergency Period plus any additional fees incurred by the supplying District that are imposed by the Authority. The term of this agreement is for a period of one year, unless pursuant to mutual written consent of the districts.

NOTE 11. INTERFUND RECEIVABLES AND LIABILITIES AND TRANSFERS

As of December 31, 2025, the District had the following interfund liabilities: the General Fund owed the Capital Projects Fund $850,752 for the remaining funds transferred to the Capital Projects Fund to fund the construction of the North Eldridge Parkway Expansion and costs related to the Wortham Falls detention improvement. The Capital Projects Fund owed the General Fund $507,350 pending the Magellan Pipeline Company litigation. The Debt Service Fund owed the General Fund $5,500 for tax assessor and collections fees paid. The Debt Service Fund owed the Capital Projects Fund $1,500 for costs related to the Series 2019 Refunding bond sale. The General Fund transferred $2,458,200 to the Capital Projects Fund for the Barwood and Tower Oaks Utility Relocations project with Harris County.

NOTE 12. PENSION PLAN

Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional 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 TCDRS issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available at www.tcdrs.org.

Benefits Provided

The plan provisions are adopted by the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 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 contributions in the plan to receive any employer-financed benefit.

NOTE 12. PENSION PLAN (Continued)

Benefits Provided (Continued)

Members who withdraw their personal contributions 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 credits. 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.

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled but not yet receiving benefits	5
Active employees	21

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 8.88% for the months of the 2025 accounting. The deposit rate payable by the employee members for calendar years 2025 is 6.00% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

For the District's accounting year ended December 31, 2025, the annual pension cost for the TCDRS plan for its employees was $162,471; the actual contributions were $162,471. The employees contributed $109,778 to the plan for the 2025 fiscal year.

NOTE 12. PENSION PLAN (Continued)

Actuarial Assumptions

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

Actuarial valuation date	12/31/24
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	16.9 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return [1]	7.50%
Projected salary increases [1]	4.70%
Inflation	2.50%
Cost-of-living adjustments	0.00%

[1] Includes inflation at the stated rate

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by 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 Mortality 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 Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

NOTE 12. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Disabled retirees – 160% of Pub-2010 General Disables Retirees Amount-Weighted Mortality Table for males and 125% 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 used to measure the total pension asset was 7.6%. The discount rate used in the previous year was 7.6%.

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

1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.

2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.

3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the actuary has used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

NOTE 12. PENSION PLAN (Continued)

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 at a minimum of every four years and is based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

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-Development	6.00%	4.75%
International Equities-Emerging	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%

NOTE 12. PENSION PLAN (Continued)

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	$ 1,528,715	$ 1,463,853	64,862
Changes for the year:			
Service Costs	230,785		230,785
Interest on the Total Pension Liability	133,474		133,474
Effect of Economic/Demographic Gains or Losses	28,314		28,314
Benefit Payments	(6,643)	(6,643)	
Administrative Expenses		(1,020)	1,020
Member Contributions		101,222	(101,222)
Net investment income		154,353	(154,353)
Employer Contributions		147,954	(147,954)
Other		13,782	(13,782)
Balances of December 31, 2024	$ 1,914,645	$ 1,873,501	$ 41,144

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 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	$ 2,196,653	$ 1,914,645	$ 1,679,071
Fiduciary Net Position	1,873,501	1,873,501	1,873,501
Net Pension Liability/(Asset)	$ 323,152	$ 41,144	$ (194,430)

NOTE 12. PENSION PLAN (Continued)

As of December 31, 2025, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of resources		Deferred Outflows of resources	
Differences between expected and actual experience	$	2,982	$	76,612
Changes of assumptions				16,355
Net difference between projected and actual earnings		3,925		
Contributions paid to TCDRS subsequent to the measurement date				162,471
Total	$	6,907	$	255,438

$162,471 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2025 (i.e. to be recognized in the District's financial statements dated December 31, 2026). Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2025	$	17,124
2026		36,669
2027		6,163
2028		6,013
2029		12,733
Thereafter		7,358

NOTE 13. STANDARD UTILITY AGREEMENT

Effective September 7, 2021, the District entered into a utility agreement with the State of Texas, acting by and through the Texas Transportation Commission (the "State"). The State deemed it necessary to make certain highway improvements which required the removal and/or relocation of certain facilities. The State agrees to reimburse the District seventy-five percent of construction and engineering costs and one-hundred percent of legal, appraisal and related acquisition costs. During the current fiscal year, the District recorded revenue in the amount of $1,174,621 in relation to this agreement.

NOTE 14. USE OF SURPLUS FUNDS

On August 13, 2025, the District approved the use of surplus Capital Projects Fund monies in the amount of $7,387,408, to pay Harris County for the District's share of the relocation costs of water and sanitary sewer lines located in the Barwood and Tower Oaks Meadows subdivisions, the relocations of which are necessitated by Harris County drainage improvement projects.

NOTE 15. COMPENSATED ABSENCES

The District provides vacation to eligible full-time employees. New employees will start accruing from their start date, after orientation is completed, however, they will not be eligible to use their vacation time until after six months of service. Each full-time employee will accrue vacation time based on their length of employment. Vacation time must be pre-approved by immediate Supervisor and General Manager on a first come first serve basis. Vacation requests shall be submitted two weeks in advance. Up to five days of unused vacation may be carried over into the next year unless approved by General Manager.

The following is a summary of transactions regarding the compensated absences for the year ended December 31, 2025:

	January 1, 2025	Net Change	December 31, 2025
Compensated Absences	$ - 0 -	$ 24,107	$ 24,107

The District expects $19,286 of compensated absences to be expensed within one year.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Water Service	$ 994,648	$ 999,652	$ 5,004
Wastewater Service	2,538,781	2,692,316	153,535
Regional Water Authority Fee	2,210,000	1,881,979	(328,021)
Sales Tax Revenue	1,320,000	1,284,175	(35,825)
Penalty and Interest	70,000	77,352	7,352
Tap Connection and Inspection Fees	34,000	276,508	242,508
Investment Revenues	350,000	268,770	(81,230)
Miscellaneous Revenues	833,780	866,109	32,329
TOTAL REVENUES	$ 8,351,209	$ 8,346,861	$ (4,348)
EXPENDITURES			
Service Operations:			
Personnel	$ 2,892,909	$ 2,876,079	$ 16,830
Professional Fees	403,000	355,460	47,540
Contracted Services	40,000	39,895	105
Utilities	647,749	637,825	9,924
Regional Water Authority Assessment	2,320,500	2,028,772	291,728
Repairs and Maintenance	566,500	945,844	(379,344)
Other	1,151,486	1,201,181	(49,695)
Capital Outlay	264,000	183,694	80,306
TOTAL EXPENDITURES	$ 8,286,144	$ 8,268,750	$ 17,394
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 65,065	$ 78,111	$ 13,046
OTHER FINANCING SOURCES(USES)			
Transfers In(Out)	$	$ (2,458,200)	$ (2,458,200)
Contributed by Other Governmental Unit		1,174,621	1,174,621
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ (1,283,579)	$ (1,283,579)
NET CHANGE IN FUND BALANCE	$ 65,065	$ (1,205,468)	$ (1,270,533)
FUND BALANCE - JANUARY 1, 2025	6,930,051	6,930,051	
FUND BALANCE - DECEMBER 31, 2025	$ 6,995,116	$ 5,724,583	$ (1,270,533)

See accompanying independent auditor's report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2025

	Measurement Date 12/31/2024	Measurement Date 12/31/2023	Measurement Date 12/31/2022	Measurement Date 12/31/2021	Measurement Date 12/31/2020
Total Pension Liability					
Service Cost	$ 230,785	$ 217,620	$ 191,830	$ 190,772	$ 168,496
Interest (on the Total Pension Liability)	133,474	106,285	80,709	61,207	43,009
Difference between expected and actual experience	28,314	26,491	42,995	3,009	2,816
Changes of assumptions				2,824	40,378
Benefit payments, including refunds of employee contributions	(6,643)	(4,991)	(4,619)		(5,083)
Net change in total pension liability	$ 385,930	$ 345,405	$ 310,915	$ 257,812	$ 249,616
Total pension liability, beginning	1,528,715	1,183,310	872,395	614,583	364,967
Total pension liability, ending (a)	$ 1,914,645	$ 1,528,715	$ 1,183,310	$ 872,395	$ 614,583
Plan Fiduciary Net Position					
Contributions - employer	$ 147,954	$ 139,441	$ 134,236	$ 102,024	$ 102,171
Contributions - employee	101,222	97,397	91,629	77,782	77,901
Net investment income	154,353	122,941	(72,679)	149,021	38,206
Benefit payments, including refunds of employee contributions	(6,643)	(4,991)	(4,619)	0	(5,083)
Administrative Expense	(1,020)	(764)	(643)	(497)	(428)
Other	13,782	12,048	31,916	5,258	5,214
Net Change in plan fiduciary net position	$ 409,648	$ 366,072	$ 179,840	$ 333,588	$ 217,981
Plan Fiduciary net position, beginning	1,463,853	1,097,781	917,941	584,353	366,372
Plan Fiduciary net position, ending (b)	$ 1,873,501	$ 1,463,853	$ 1,097,781	$ 917,941	$ 584,353
Net Pension Liability/(Asset), Ending = (a) - (b)	$ 41,144	$ 64,862	$ 85,529	$ (45,546)	$ 30,230
Plan fiduciary net position as a percentage of the total pension liability	97.85%	95.76%	92.77%	105.22%	95.08%
Covered-employee payroll	$ 1,687,041	$ 1,623,290	$ 1,527,147	$ 1,296,364	$ 1,298,356
Net pension liability as a percentage of covered employee payroll	2.44%	4.00%	5.60%	-3.51%	2.33%

A full 10-year schedule will be displayed as it becomes available.

See accompanying independent auditor's report.

Measurement Date 12/31/2019	Measurement Date 12/31/2018
$ 159,988	$ 167,321
26,445	13,553
13,036	(13,426)
	0
(1,950)	
$ 197,519	$ 167,448
167,448	
$ 364,967	$ 167,448
$ 97,498	$ 89,534
74,331	68,260
26,780	1,762
(1,950)	0
(279)	(132)
5,867	4,701
$ 202,247	$ 164,125
164,125	
$ 366,372	$ 164,125
$ (1,405)	$ 3,323
100.38%	98.02%
$ 1,238,856	$ 1,137,665
-0.11%	0.29%

See accompanying independent auditor's report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
DECEMBER 31, 2025

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2018	$ 89,534	$ 89,534	$ -0-	$ 1,137,665	7.87%
2019	$ 97,498	$ 97,498	$ -0-	$ 1,238,856	7.87%
2020	$ 95,819	$ 102,171	$ (6,352)	$ 1,298,356	7.87%
2021	$ 95,542	$ 102,024	$ (6,482)	$ 1,296,364	7.87%
2022	$ 134,236	$ 134,236	$ -0-	$ 1,527,147	8.79%
2023	$ 139,441	$ 139,441	$ -0-	$ 1,623,290	8.59%
2024	$ 147,954	$ 147,954	$ -0-	$ 1,687,041	8.77%
2025	$ 162,471	$ 162,471	$ -0-	$ 1,829,628	8.88%

A full 10-year schedule will be displayed as it becomes available.

See accompanying independent auditor’s report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 1. NET PENSION LIABILITY - TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation Date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16.9 years (based on contribution rate calculated in 12/31/24 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 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, projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022:New investment return and inflation assumptions were reflected.
Changes in Plan Provisions reflected in Schedule*	2015: Not applicable, prior to TCDRS participation. 2016: Not applicable, prior to TCDRS participation. 2017: Not applicable, prior to TCDRS participation. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in the Schedule. 2024: No changes in plan provisions were reflected in the Schedule.

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

See accompanying independent auditor's report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

DECEMBER 31, 2025

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2025

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

X	Retail Water	X	Wholesale Water	X	Drainage
X	Retail Wastewater	X	Wholesale Wastewater		Irrigation
	Parks/Recreation		Fire Protection		Security
	Solid Waste/Garbage	X	Flood Control		Roads
	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):

Based on the rate order effective May 22, 2024.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 4.00	4,000	N	$ 1.125	4,001-10,000
				$ 1.25	10,001-20,000
				$ 1.50	20,000 and up
WASTEWATER:	$ 15.50	Flat	Y		
SURCHARGE:					
Regional Water Authority				$ 2.60	per 1,000
Commission Regulatory Assessments	0.5% of actual water and sewer				

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

Total monthly charges per 10,000 gallons usage: Water: $10.75 Wastewater: $15.50 Surcharge: $26.13

See accompanying independent auditor's report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 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"	3,710	3,672	x 1.0	3,672
1"	102	92	x 2.5	230
1½"	38	35	x 5.0	175
2"	129	128	x 8.0	1,024
3"	8	8	x 15.0	120
4"	7	7	x 25.0	175
6"	17	17	x 50.0	850
8"	16	15	x 80.0	1,200
10"	3	3	x 115.0	345
Total Water Connections	4,030	3,977		7,791
Total Wastewater Connections*	3,934	3,934	x 1.0	3,934

* Includes Municipal Utility Districts No. 69, No. 222, and No. 248. Sewer connections are reported as SFE

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

Gallons pumped into system:	780,297,000	Water Accountability Ratio: 92.7% (Gallons billed and maintenance/Gallons pumped)
Gallons billed to customers:	724,004,000	

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 extra territorial 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__

See accompanying independent auditor's report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2025

PERSONNEL EXPENDITURES (Including Benefits)	$	2,876,079
PROFESSIONAL FEES:		
Auditing	$	28,250
Engineering		147,931
Legal		179,279
TOTAL PROFESSIONAL FEES	$	355,460
CONTRACTED SERVICES:		
Bookkeeping	$	33,798
Security		6,097
TOTAL CONTRACTED SERVICES	$	39,895
UTILITIES:		
Electricity	$	589,001
Telephone		48,824
TOTAL UTILITIES	$	637,825
REPAIRS AND MAINTENANCE	$	945,844
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	34,639
Insurance		199,153
Office Supplies and Postage		147,203
Travel and Meetings		81,247
Other		30,501
TOTAL ADMINISTRATIVE EXPENDITURES	$	492,743
CAPITAL OUTLAY	$	183,694

See accompanying independent auditor’s report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2025

OTHER EXPENDITURES:	
Chemicals	$ 162,288
Communications	14,911
Equipment/Tools	25,417
Fuel	50,025
Laboratory Fees	104,699
Permit Fees	47,543
Regional Water Authority Assessment	2,028,772
Regulatory Assessment	15,178
Sludge Hauling	218,030
Uniforms	23,016
Other	47,331
TOTAL OTHER EXPENDITURES	$ 2,737,210
TOTAL EXPENDITURES	$ 8,268,750

Number of persons employed by the District 21 Full-Time 2 Part-Time

See accompanying independent auditor's report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
INVESTMENTS
DECEMBER 31, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexSTAR	XXXX4141	Varies	Daily	$ 3,288,188	$
TexSTAR	XXXX4140	Varies	Daily	1,461,687	
TOTAL GENERAL FUND				$ 4,749,875	$ - 0 -
DEBT SERVICE FUND					
TexPool	XXXX0009	Varies	Daily	$ 6,048,479	$
TexSTAR	XXXX7900	Varies	Daily	11,782	
TOTAL DEBT SERVICE FUND				$ 6,060,261	$ - 0 -
CAPITAL PROJECTS FUND					
TexPool	XXXX0015	Varies	Daily	$ 12,348,432	$
TexPool	XXXX0019	Varies	Daily	7,113	
TexPool	XXXX0018	Varies	Daily	75,485	
TOTAL CAPITAL PROJECTS FUND				$ 12,431,030	$ - 0 -
TOTAL - ALL FUNDS				$ 23,241,166	$ - 0 -

See accompanying independent auditor’s report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025

	Debt Service Taxes	
TAXES RECEIVABLE -		
JANUARY 1, 2025	$ 2,725,055	
Adjustments to Beginning Balance	(21,493)	$ 2,703,562
Original 2025 Tax Levy	$ 3,962,197	
Adjustment to 2025 Tax Levy	275,896	4,238,093
TOTAL TO BE ACCOUNTED FOR		$ 6,941,655
TAX COLLECTIONS:		
Prior Years	$ 2,367,256	
Current Year	1,853,517	4,220,773
TAXES RECEIVABLE - DECEMBER 31, 2025		$ 2,720,882
TAXES RECEIVABLE BY YEAR:		
2025		$ 2,384,576
2024		85,130
2023		36,318
2022		72,388
2021		28,796
2020		48,302
2019		19,462
2018 and Prior		45,910
TOTAL		$ 2,720,882

See accompanying independent auditor's report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	$ 483,640,145	$ 459,072,680	$ 431,285,692	$ 397,056,307
Improvements	1,268,437,974	1,254,261,725	1,234,958,022	1,098,427,046
Personal Property	143,571,679	111,426,582	142,066,955	116,539,360
Exemptions	(263,397,573)	(250,510,791)	(244,888,437)	(213,386,257)
TOTAL PROPERTY VALUATIONS	$ 1,632,252,225	$ 1,574,250,196	$ 1,563,422,232	$ 1,398,636,456
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.26	$ 0.26	$ 0.26	$ 0.28
Maintenance	0.00	0.00	0.00	0.00
TOTAL TAX RATES PER $100 VALUATION	$ 0.26	$ 0.26	$ 0.26	$ 0.28
ADJUSTED TAX LEVY*	$ 4,238,093	$ 4,105,214	$ 4,054,082	$ 3,928,539
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	43.73 %	97.93 %	99.10 %	98.16 %

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

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES-2016 REFUNDING		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2026	$ 425,000	$ 25,248	$ 450,248
2027	440,000	17,088	457,088
2028	450,000	8,640	458,640
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
	$ 1,315,000	$ 50,976	$ 1,365,976

See accompanying independent auditor's report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES-2017		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2026	$ 1,160,000	$ 234,175	$ 1,394,175
2027	1,195,000	208,075	1,403,075
2028	1,230,000	178,200	1,408,200
2029	2,310,000	141,300	2,451,300
2030	2,400,000	72,000	2,472,000
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
	$ 8,295,000	$ 833,750	$ 9,128,750

See accompanying independent auditor's report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES-2019 REFUNDING		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2026	$ 1,100,000	$ 105,025	$ 1,205,025
2027	1,125,000	83,025	1,208,025
2028	1,160,000	60,525	1,220,525
2029	615,000	34,425	649,425
2030	635,000	19,050	654,050
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
	$ 4,635,000	$ 302,050	$ 4,937,050

See accompanying independent auditor’s report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES-2020		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2026	$	$ 316,063	$ 316,063
2027		316,062	316,062
2028		316,063	316,063
2029		316,062	316,062
2030		316,063	316,063
2031	1,340,000	316,062	1,656,062
2032	1,375,000	289,262	1,664,262
2033	1,405,000	261,763	1,666,763
2034	1,440,000	233,663	1,673,663
2035	1,480,000	204,863	1,684,863
2036	1,515,000	175,263	1,690,263
2037	1,555,000	143,069	1,698,069
2038	1,590,000	110,025	1,700,025
2039	1,630,000	74,250	1,704,250
2040	1,670,000	37,575	1,707,575
	$ 15,000,000	$ 3,426,108	$ 18,426,108

See accompanying independent auditor’s report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

Due During Fiscal Years Ending December 31	ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 2,685,000	$ 680,511	$ 3,365,511
2027	2,760,000	624,250	3,384,250
2028	2,840,000	563,428	3,403,428
2029	2,925,000	491,787	3,416,787
2030	3,035,000	407,113	3,442,113
2031	1,340,000	316,062	1,656,062
2032	1,375,000	289,262	1,664,262
2033	1,405,000	261,763	1,666,763
2034	1,440,000	233,663	1,673,663
2035	1,480,000	204,863	1,684,863
2036	1,515,000	175,263	1,690,263
2037	1,555,000	143,069	1,698,069
2038	1,590,000	110,025	1,700,025
2039	1,630,000	74,250	1,704,250
2040	1,670,000	37,575	1,707,575
	$ 29,245,000	$ 4,612,884	$ 33,857,884

See accompanying independent auditor's report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2025

Description		Original Bonds Issued	Bonds Outstanding January 1, 2025
Harris County Fresh Water Supply District No. 61 Unlimited Tax Refunding Bonds - Series 2016		$ 7,390,000	$ 1,725,000
Harris County Fresh Water Supply District No. 61 Unlimited Tax Bonds - Series 2017		11,250,000	9,425,000
Harris County Fresh Water Supply District No. 61 Unlimited Tax Refunding Bonds - Series 2019		8,540,000	5,700,000
Harris County Fresh Water Supply District No. 61 Unlimited Tax Bonds - Series 2020		15,000,000	15,000,000
TOTAL		$ 42,180,000	$ 31,850,000
Bond Authority:	Tax and Refunding Bonds	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	$ 30,000,000	$ 75,545,000	$ 36,000,000
Amount Issued	15,000,000	73,935,000	22,330,000
Remaining to be Issued	$ 15,000,000	$ 1,610,000	$ 13,670,000

Debt Service Fund cash and investment balances as of December 31, 2025:	$ 7,805,510
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,257,192

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

See accompanying independent auditor’s report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	December 31, 2025	Paying Agent
	$ 410,000	$ 32,885	$ 1,315,000	The Independent Bankers Bank Houston, TX
	1,130,000	256,775	8,295,000	Amegy Bank, N.A. Houston, TX
	1,065,000	136,975	4,635,000	The Bank of New York Mellon Trust Co., N.A. Dallas, TX
		316,063	15,000,000	Zions Bancorporation, N.A. Houston, TX
$ - 0 -	$ 2,605,000	$ 742,698	$ 29,245,000	

See accompanying independent auditor's report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Water Service	$ 999,652	$ 1,165,070	$ 1,065,778
Wastewater Service	2,692,316	2,343,681	2,350,859
Regional Water Authority Fee	1,881,979	2,215,596	2,866,022
Sales Tax Revenues	1,284,175	1,287,579	1,253,307
Penalty and Interest	77,352	46,293	32,519
Tap Connection and Inspection Fees	276,508	32,031	60,307
Investment Revenues	268,770	434,929	408,833
Miscellaneous Revenues	866,109	1,103,109	924,301
TOTAL REVENUES	$ 8,346,861	$ 8,628,288	$ 8,961,926
EXPENDITURES			
Personnel	$ 2,876,079	$ 2,693,583	$ 2,592,235
Professional Fees	355,460	361,067	440,817
Contracted Services	39,895	55,072	40,382
Utilities	637,825	631,320	684,188
Regional Water Authority Assessment	2,028,772	2,522,233	3,216,651
Repairs and Maintenance	945,844	660,397	620,898
Other	1,201,181	1,236,430	1,059,595
Capital Outlay	183,694	588,769	512,150
TOTAL EXPENDITURES	$ 8,268,750	$ 8,748,871	$ 9,166,916
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 78,111	$ (120,583)	$ (204,990)
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$ (2,458,200)	$ 83,584	$
Contributed by Other Governmental Unit	1,174,621		1,701,645
TOTAL OTHER FINANCING SOURCES (USES)	$ (1,283,579)	$ 83,584	$ 1,701,645
NET CHANGE IN FUND BALANCE	$ (1,205,468)	$ (36,999)	$ 1,496,655
BEGINNING FUND BALANCE	6,930,051	6,967,050	5,470,395
ENDING FUND BALANCE	$ 5,724,583	$ 6,930,051	$ 6,967,050

See accompanying independent auditor’s report.

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
$ 1,029,584	$ 954,935	12.0 %	13.5 %	11.8 %	11.8 %	11.7 %
2,280,821	2,222,862	32.3	27.2	26.2	25.9	27.5
3,178,433	2,831,678	22.5	25.7	32.0	36.1	35.0
1,311,299	1,154,103	15.4	14.9	14.0	14.9	14.3
43,317	38,465	0.9	0.5	0.4	0.5	0.5
206,012	34,078	3.3	0.4	0.7	2.3	0.4
9,325		3.2	5.0	4.6	0.1	
739,225	855,558	10.4	12.8	10.3	8.4	10.6
$ 8,798,016	$ 8,091,679	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 2,457,345	$ 2,161,049	34.5 %	31.2 %	28.9 %	27.9 %	26.7 %
549,253	377,838	4.3	4.2	4.9	6.2	4.7
29,427	25,565	0.5	0.6	0.5	0.3	0.3
527,323	669,986	7.6	7.3	7.6	6.0	8.3
3,554,783	3,083,139	24.3	29.2	35.9	40.4	38.1
693,336	673,241	11.3	7.7	6.9	7.9	8.3
954,290	799,754	14.4	14.3	11.8	10.8	9.9
2,492,805	1,724,419	2.2	6.8	5.7	28.3	21.3
$ 11,258,562	$ 9,514,991	99.1 %	101.3 %	102.2 %	127.8 %	117.6 %
$ (2,460,546)	$ (1,423,312)	0.9 %	(1.3) %	(2.2) %	(27.8) %	(17.6) %
$	$					
858,938	1,532,882					
$ 858,938	$ 1,532,882					
$ (1,601,608)	$ 109,570					
7,072,003	6,962,433					
$ 5,470,395	$ 7,072,003					

See accompanying independent auditor’s report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 4,036,765	$ 3,902,586	$ 3,864,236
Penalty and Interest	122,515	51,076	126,980
Investment Revenues	304,455	327,231	251,606
Miscellaneous Revenues	59,698	59,121	24,500
TOTAL REVENUES	$ 4,523,433	$ 4,340,014	$ 4,267,322
EXPENDITURES			
Tax Collection Expenditures	$ 164,636	$ 189,397	$ 183,021
Debt Service Principal	2,605,000	2,530,000	2,450,000
Debt Service Interest and Fees	744,323	809,330	883,475
TOTAL EXPENDITURES	$ 3,513,959	$ 3,528,727	$ 3,516,496
NET CHANGE IN FUND BALANCE	$ 1,009,474	$ 811,287	$ 750,826
BEGINNING FUND BALANCE	4,938,698	4,127,411	3,376,585
ENDING FUND BALANCE	$ 5,948,172	$ 4,938,698	$ 4,127,411
TOTAL ACTIVE RETAIL WATER CONNECTIONS	3,977	3,964	3,979
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	3,934	3,958	3,979

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
$ 3,489,921	$ 3,346,338	89.3 %	89.9 %	90.5 %	97.7 %	95.8 %
46,214	69,704	2.7	1.2	3.0	1.3	2.0
24,832	1,289	6.7	7.5	5.9	0.7	
10,493	76,918	1.3	1.4	0.6	0.3	2.2
$ 3,571,460	$ 3,494,249	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 149,288	$ 168,711	3.6 %	4.4 %	4.3 %	4.2 %	4.8 %
2,380,000	2,320,000	57.6	58.3	57.4	66.6	66.4
944,671	933,993	16.5	18.6	20.7	26.5	26.7
$ 3,473,959	$ 3,422,704	77.7 %	81.3 %	82.4 %	97.3 %	97.9 %
$ 97,501	$ 71,545	22.3 %	18.7 %	17.6 %	2.7 %	2.1 %
3,279,084	3,207,539					
$ 3,376,585	$ 3,279,084					
3,970	3,957					
3,970	3,957					

See accompanying independent auditor's report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2025

District Mailing Address - Harris County Fresh Water Supply District No. 61
c/o Smith, Murdaugh, Little & Bonham, LLP
2727 Allen Parkway, Suite 1100, Houston, Texas 77019

District Telephone Number - (281) 469-9405

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2025	Expense Reimbursements for the year ended December 31, 2025	Title
Jon Morgan	05/24 05/28 (Elected)	$ 7,200	$ 66	President
Ben Solis	05/24 05/28 (Elected)	$ 7,293	$ 50	Vice President
Darrell A. Barroso	05/22 05/26 (Elected)	$ 7,200	$ 210	Secretary
Mike Kelley	05/22 05/26 (Elected)	$ 7,200	$ 512	Treasurer
Lary J. Cangelose	05/24 05/28 (Elected)	$ 5,746	$ -0-	Assistant Secretary

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

Submission date of most recent District Registration Form: August 19, 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). Fees of Office are the amounts actually paid to a Director during the District's current fiscal year. One Director went over the limit of $7,200 and the overpayment will be deducted in 2026.

See accompanying independent auditor's report.

HARRIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 61
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2025

Consultants:	Date Hired	Fees for the year ended December 31, 2025	Title
Smith, Murdaugh, Little & Bonham, LLP	05/22/67	$ 188,199 $ 43,720	General Counsel Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	12/17/14	$ 28,250	Auditor
Myrtle Cruz	05/18/22	$ 21,623	District Funds Manager
Robert W. Baird & Company	02/18/15	$ -0-	Financial Advisor
Lockwood Andrews & Newnam, Inc.	09/93	$ 803,457	Engineer
Key Personnel:			
Jerry Homan	10/13/94	Salaried Employee	General Manager/ Investment Officer
Brian Breeding	03/21/11	Salaried Employee	Assistant General Manager
Pam Magee	09/27/88	Salaried Employee	Office Manager/ Investment Officer

See accompanying independent auditor's report.