

**HARRIS COUNTY WATER CONTROL  
AND IMPROVEMENT DISTRICT NO. 136**  
(Harris County, Texas)

**PRELIMINARY OFFICIAL STATEMENT**  
DATED: APRIL 27, 2026

**\$3,250,000**  
**WATERWORKS AND SEWER SYSTEM COMBINATION**  
**UNLIMITED TAX AND REVENUE BONDS**  
**SERIES 2026**

**BIDS DUE: 11:00 A.M., HOUSTON TIME**  
**BONDS AWARDED: 6:00 P.M., HOUSTON TIME**  
**MONDAY, JUNE 1, 2026**  
**HOUSTON, TEXAS**





## PRELIMINARY OFFICIAL STATEMENT DATED APRIL 27, 2026

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, THE BONDS ARE VALID OBLIGATIONS OF THE DISTRICT AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "LEGAL MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Bonds will be designated "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS - Qualified Tax-Exempt Obligations."

**NEW ISSUE** - Book-Entry Only

Rating: S&P Global Ratings (Underlying)... "BBB+" (stable outlook)  
See "SALE AND DISTRIBUTION OF THE BONDS - Municipal Bond Insurance and Ratings" herein

**\$3,250,000**  
**HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 136**  
**(A political subdivision of the State of Texas located within Harris County, Texas)**  
**WATERWORKS AND SEWER SYSTEM COMBINATION**  
**UNLIMITED TAX AND REVENUE BONDS, SERIES 2026**

**Dated: June 1, 2026**

**Due: September 1, as shown on  
the inside cover**

**Interest Accrual Date: Date of Delivery**

Principal of the above bonds (the "Bonds") is payable to the registered owner thereof (the "Registered Owner") at the principal payment office of the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Houston, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected June 30, 2026) (the "Date of Delivery"), and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until the earlier of maturity or prior redemption. The Bonds are issued in denominations of \$5,000 or any integral multiple thereof.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS - Book-Entry-Only System."

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**See Maturity Schedule on the inside cover**

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The Bonds are subject to redemption prior to maturity at the option of Harris County Water Control and Improvement District No. 136 (the "District"), as a whole or in part, on September 1, 2031, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

The Bonds constitute the fifth series of bonds issued by the District for the purpose of acquiring and constructing the water supply and distribution, wastewater collection and treatment and storm drainage/detention system (the "System") to serve the District. Following the issuance of the Bonds, the total of the District's direct bonded indebtedness, consisting of the Outstanding Bonds (defined in this Official Statement under the caption "THE BONDS - Outstanding Bonds and Payment Record") and the Bonds, will be \$8,055,000. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. SEE "INVESTMENT CONSIDERATIONS." Voters in the District authorized a total of \$15,000,000 principal amount of bonds for the purpose of acquiring and constructing components of the System. Following the issuance of the Bonds, \$5,110,000 for the System will remain authorized but unissued. See "THE BONDS - Issuance of Additional Debt." The Bonds, when issued, constitute valid and legally binding obligations of the District, payable from the proceeds of an ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District and are further payable from and secured by a pledge of and lien on certain Net Revenues (as defined herein), if any, of the District's System, to the extent and upon the conditions described herein. The System is not expected to produce sufficient Net Revenues to make significant contributions, if any, to future debt service payments. See "THE BONDS - Source of Payment."

Neither the State of Texas, the City of Houston, Texas, Harris County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the full faith and credit nor the taxing power of the State of Texas, the City of Houston, Texas, or Harris County, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered when, as and if issued by the District and accepted by the Underwriter, subject among other things to the approval of the Attorney General of Texas; and Radcliffe Adams Barner PLLC, Houston, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about June 30, 2026.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

## MATURITY SCHEDULE

CUSIP Prefix (a): 414521

<u>Principal Amount</u>	<u>Maturity (Due September 1)</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (b)</u>	<u>CUSIP Suffix (a)</u>
2041 (c)	\$145,000			
2042 (c)	155,000			
2043 (c)	160,000			
2044 (c)	170,000			
2045 (c)	180,000			
2046 (c)	190,000			
2047 (c)	200,000			
2048 (c)	210,000			
2049 (c)	225,000			
2050 (c)	235,000			
2051 (c)	250,000			
2052 (c)	260,000			
2053 (c)	275,000			
2054 (c)	290,000			
2055 (c)	305,000			

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- (a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Global Services and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District (hereinafter defined), the Financial Advisor (defined herein), nor the Underwriter (defined herein) take any responsibility for the accuracy of CUSIP numbers.
- (b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter. Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriter for public offerings, and which subsequently may be changed.
- (c) Subject to optional redemption as described on the front cover.

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## USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District.

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, resolutions, contracts, audits, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Financial Advisor.

This Official Statement contains, in part, estimates, assumptions, and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in the Official Statement until delivery of the Bonds to the Underwriter (as hereinafter defined), and thereafter only as described under "SOURCES OF INFORMATION - Updating of Official Statement."

Neither the District nor the Underwriter makes any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which generally can be identified with words or phrases such as "anticipates," "believes," "could," "estimates," "expects," "foresees," "may," "predict," "should," "will," or other words or phrases of similar import. All statements included in this Official Statement that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made in light of experience and perceptions of historical trends, current conditions, and expected future developments as well as other factors the District believes are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including, without limitation, the information discussed under "INVESTMENT CONSIDERATIONS" in this Official Statement, as well as additional factors beyond the District's control. The important investment considerations and assumptions described under that caption and elsewhere herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement are qualified by these cautionary statements.

## SALE AND DISTRIBUTION OF THE BONDS

### Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost to the District, which was tendered by \_\_\_\_\_ (referred to herein as the "Underwriter" or the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITY SCHEDULE" at a price of \_\_\_\_\_ % of the principal amount thereof, which resulted in a net effective interest rate of \_\_\_\_\_ %, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

## **Prices and Marketability**

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose the term “public” shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. The District has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Underwriter at the yields specified on the cover page. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

The District has no control over the reoffering yields or prices of the Bonds or over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked prices of the Bonds may be greater than the difference between the bid and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold, or traded in the secondary market.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

## **Securities Laws**

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

## **Municipal Bond Insurance and Ratings**

Applications have been made to Assured Guaranty Inc. (“AG”) and Build America Mutual Assurance Company (“BAM”) to issue a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies other than S&P Global Ratings (“S&P”), a division of S&P Global Inc., will be at the option and expense of the Underwriter. The Underwriter understands, by submission of its bid, that the Underwriter is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond guaranty insurance policy, and the payment of fees in connection with such ratings except the S&P rating fees as described below. S&P has assigned an underlying rating of “BBB+” (stable outlook) to the Bonds. If the Underwriter chooses to purchase municipal bond guaranty insurance on the Bonds, separate rating(s), including a rating by S&P, may at the election of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds a guaranty insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of both the underlying rating of S&P and the S&P rating associated with the guaranty insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Official Statement under the caption “LEGAL MATTERS - No Material Adverse Change,” if the Underwriter elects to purchase municipal guaranty insurance on the Bonds, the rating of the insurer’s

creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

### **BOND INSURANCE INVESTMENT CONSIDERATIONS**

As is stated above under the caption "Municipal Bond Insurance and Ratings," applications have been made to insurers to issue a commitment for municipal bond guaranty insurance on the Bonds. If the Underwriter purchases such municipal bond guaranty insurance on the Bonds as set forth under such caption, in the event of default of the payment of principal of or interest on the Bonds when all or some become due, any owner of the Bonds shall have a claim under the municipal bond guaranty insurance policy (the "Policy") for such payments.

In the event that an insurer is unable to make payment of principal and interest on the Bonds as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event that an insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event would not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of any such insurer and its claims paying ability. An insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of an insurer and the ratings on bonds insured by any such insurer, including the Bonds, would not be subject to downgrade. Such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The obligations of an insurer are contractual obligations and in an event of default by any such insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District, nor to the knowledge of the District the Underwriter, has made independent investigation into the claims paying ability of any potential insurer of the Bonds and no assurance or representation regarding the financial strength or projected financial strength of any potential insurer is made by either the District or the Underwriter. Therefore, when making an investment decision, potential investors should carefully consider the ability of the District to pay the principal of and interest on the Bonds and the claims paying ability of any potential insurer, particularly over the life of the investment. See "SALE AND DISTRIBUTION OF THE BONDS - Municipal Bond Insurance and Ratings" above for further information regarding the District's application for municipal bond guaranty insurance on the Bonds.

## OFFICIAL STATEMENT SUMMARY

The following summary of certain information contained herein is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement.

### THE BONDS

The Issuer.....	Harris County Water Control and Improvement District No. 136 (the “District”), a political subdivision of the State of Texas, is located in Harris County, Texas. See “THE DISTRICT.”
The Issue .....	The \$3,250,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2026 (the “Bonds”), are dated June 1, 2026, and mature on September 1 in each of the years and in the principal amounts indicated on the inside cover page of this Official Statement. Interest on the Bonds accrues from the Date of Delivery (as defined herein), at the rates shown on the inside cover hereof, and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. The Bonds are subject to redemption, in whole or from time to time in part, on September 1, 2031, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See “THE BONDS - General.” The Bonds will be issued pursuant to a Bond Order (the “Bond Order”) adopted by the Board of Directors of the District. The Bonds are being issued under the authority of Chapters 49 and 54, Texas Water Code, as amended.
Book-Entry-Only System.....	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (as defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS - Book-Entry-Only System”).
Source of Payment .....	The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District, and are further payable from and secured by a pledge of and lien on the net revenues (“Net Revenues”), if any, of the District's Waterworks and Sewer System (the “System”), to the extent and upon the conditions described herein. The System is not expected to produce sufficient Net Revenues to make significant contributions, if any, to future debt service payments. The Bonds are obligations of the District and are not obligations of Harris County, Texas, the City of Houston, Texas, the State of Texas or any political subdivision other than the District. See “THE BONDS - Source of Payment.”
Principal Use of Bond Proceeds.....	Proceeds of the sale of the Bonds will be used by the District to finance the District's cost of (i) Hydropneumatic Tank 1 re-coat, utility relocation in Treaschwig ROW, sanitary sewer investigation and rehabilitation, and Treaschwig Joint Powers Board wastewater treatment plant improvements ; (ii) pay certain engineering, survey and technical costs related to the aforementioned projects; and (iii) pay

for administrative and issuance costs, legal fees, fiscal agent fees, fees to the Attorney General of Texas and the TCEQ, and certain financing costs related to the issuance of the Bonds. See “THE BONDS - Use and Distribution of Bond Proceeds.”

Payment Record .....

The Bonds constitute the fifth series of unlimited tax and revenue bonds to be issued by the District for the purpose of acquiring or constructing the System. The District has previously issued Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1971 (the “Series 1971 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1973 (the “Series 1973 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2010 (the “Series 2010 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2017 (the “Series 2017 Bonds”), and Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2017 (the “Series 2017 Refunding Bonds”). Collective reference is made in this Official Statement to all of such bonds previously issued by the District as the “Prior Bonds.” The District has never defaulted in the timely payment of principal of and interest on the Prior Bonds. As of the date of issuance of the Bonds, the aggregate principal amount of the Prior Bonds, which will not have been defeased or otherwise paid by the District, will be \$4,805,000 (the “Outstanding Bonds”), and the aggregate principal amount of the District’s total direct bonded indebtedness, including the Bonds, will be \$8,055,000. See “DISTRICT DEBT - Debt Service Requirement Schedule.” In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the sale of the Bonds, the District expects to finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See “THE BONDS - Issuance of Additional Debt,” and - “Use and Distribution of Bond Proceeds,” “THE SYSTEM - Description,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Authorized but Unissued Bonds.....

\$5,110,000 bonds for the System will remain authorized but unissued after issuance of the Bonds. See “THE BONDS - Authority for Issuance” and “Issuance of Additional Debt.”

Municipal Bond Insurance and Ratings .....

Applications have been made to Assured Guaranty Inc. (“AG”) and Build America Mutual Assurance Company (“BAM”) to issue a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies other than S&P Global Ratings (“S&P”), a division of S&P Global Inc., will be at the option and expense of the Underwriter. The Underwriter understands, by submission of its bid, that the Underwriter is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond guaranty insurance policy, and the payment of fees in connection with such ratings except the S&P rating fees as described below. S&P has assigned an underlying rating of “BBB+” (stable outlook) to the Bonds. If the Underwriter chooses to purchase municipal bond

guaranty insurance on the Bonds, separate rating(s), including a rating by S&P, may at the election of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds a guaranty insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of both the underlying rating of S&P and the S&P rating associated with the guaranty insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Official Statement under the caption “LEGAL MATTERS - No Material Adverse Change,” if the Underwriter elects to purchase municipal guaranty insurance on the Bonds, the rating of the insurer’s creditworthiness by any rating agency does not and will not in any manner affect the District’s financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District’s financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

Qualified Tax-Exempt Obligations .....	The Bonds will be designated “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS - Qualified Tax-Exempt Obligations.”
Legal Opinion.....	Radcliffe Adams Barner PLLC, Houston, Texas, Bond Counsel. See “LEGAL MATTERS.”
Disclosure Counsel.....	McCall, Parkhurst & Horton L.L.P., Houston, Texas.

**THE DISTRICT**

Description .....	Harris County Water Control and Improvement District No. 136, a political subdivision of the State of Texas, was created by the Texas Water Rights Commission (now the Texas Commission on Environmental Quality - the “TCEQ” or the “Commission”) on May 20, 1970. The District was converted to a municipal utility district on February 26, 1980. The District contains approximately 294.1 acres of land. The District is located approximately seventeen (17) miles north of the central business district of Houston, Texas, in the northern portion of Harris County, Texas. The District can be accessed from IH-45 by traveling east on FM 1960, then northeast along Treschwig Road. The District is located entirely within the extraterritorial jurisdiction of the City of Houston and within the Spring Independent School District. See “THE DISTRICT - Description” and “APPENDIX A - LOCATION MAP.”
Authority .....	The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See “THE DISTRICT - Authority.”
Development of the District .....	Development which has occurred to date in the District includes the completion of the development of an aggregate of 987 single-family residential lots on all 987 of which single-family residences have been constructed and sold to home purchasers. Such 987 single-family residences are located in Birnam Wood Section 1, Spring Place,

Fairfax Sections 1 and 2, Sylvania Springs, and Fairfax Village Sections 1 and 2. Such seven (7) platted sections contain an aggregate of approximately 285 acres of land. Three retail strip shopping centers have been constructed on approximately 3 acres of land located within the District. In addition, the Spring Independent School District has constructed the Mildred Jenkins Elementary School on land located within the District. The 36-unit Esperanza at Birnam Woods Apartments have been constructed on approximately 3.2 acres located in the District. The remaining acres within the District are located within certain major thoroughfare or drainage channel rights-of-way, sites on which District facilities are located, or are otherwise not available for development. The District financed its cost of the construction or acquisition of water supply and distribution, wastewater collection and treatment, and storm drainage facilities (the "System") to serve the aforementioned 987 single-family residential lots that have been developed within the District with portions of the proceeds of the sale of the Prior Bonds.

### **INVESTMENT CONSIDERATIONS**

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS SHOULD CAREFULLY EXAMINE THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING THEIR INVESTMENT DECISIONS, ESPECIALLY THE PORTION OF THE OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS."

**SELECTED FINANCIAL INFORMATION**  
**(Unaudited)**

2025 Assessed Valuation.....	\$ 203,756,211 (a)
(As of January 1, 2025)	
See "TAX DATA" and "TAXING PROCEDURES"	
Direct Debt:	
Outstanding Bonds.....	\$ 4,805,000
The Bonds .....	<u>3,250,000</u>
Total .....	\$ 8,055,000 (b)
Estimated Overlapping Debt .....	\$ <u>15,641,227</u>
Total Direct and Estimated Overlapping Debt .....	\$ <u>23,696,227</u>
Ratio of Direct Debt	
: as a percentage of 2025 Assessed Valuation.....	3.95 %
Ratio of Direct and Estimated Overlapping Debt	
: as a percentage of 2025 Assessed Valuation.....	11.63 %
Debt Service Fund Balance as of March 23, 2026 .....	\$ 655,241 (c)
General Fund Balance as of March 23, 2026.....	\$ 6,232,893
2025 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax.....	\$0.20
Maintenance Tax .....	<u>0.50</u>
Total .....	\$ 0.70 (d)
Average Percentage of Total Tax Collections (2015-2024) as of March 31, 2026 .....	99.60 %
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027-2040).....	\$ 609,005 (d)
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2040) .....	\$ 630,063 (d)
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027-2040) at 95% Tax Collections	
Based Upon 2025 Assessed Valuation.....	\$ 0.32 (d)
Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2040) at 95% Tax Collections	
Based Upon 2025 Assessed Valuation.....	\$ 0.33 (d)

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- (a) As of January 1, 2025, and comprises the District's 2025 tax roll. All property located in the District is valued on the tax rolls by the Harris Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). See "TAXING PROCEDURES."
  - (b) See "DISTRICT DEBT." In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the sale of the Bonds, the District expects to finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE BONDS - Issuance of Additional Debt," and - "Use and Distribution of Bond Proceeds," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."
  - (c) Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of its debt service payments that were due on March 1, 2026, on the Outstanding Bonds. The District's initial debt service requirement on the Bonds, consisting of an interest payment thereon, is due on March 1, 2027.
  - (d) The District levied a debt service tax rate of \$0.20 per \$100 of Assessed Valuation and a maintenance tax of \$0.50 per \$100 of Assessed Valuation for 2025. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2025 tax levies of all units of government which levy taxes against the property located within the District, including the District's 2025 total tax rate of \$0.70 per \$100 of Assessed Valuation, is \$2.709906 per \$100 of Assessed Valuation. Such aggregate levies are higher than the aggregate tax levies of some municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of most municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "TAX DATA" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

## OFFICIAL STATEMENT

**\$3,250,000**

**HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 136  
WATERWORKS AND SEWER SYSTEM COMBINATION  
UNLIMITED TAX AND REVENUE BONDS  
SERIES 2026**

### THE BONDS

#### General

This Official Statement provides certain information with respect to the issuance by Harris County Water Control and Improvement District No. 136 (the “District”) of its \$3,250,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2026 (the “Bonds”).

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the order (the “Bond Order”) of the Board of Directors of the District (the “Board”) authorizing the issuance of the Bonds. A copy of the Bond Order may be obtained from the District upon written request made to the District’s Bond Counsel, Radcliffe Adams Barner PLLC, 3355 West Alabama Street, Suite 350, Houston, Texas 77098.

The Bonds are dated June 1, 2026, with interest payable on March 1, 2027, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. Interest on the Bonds initially accrues from the initial date of delivery (the “Date of Delivery”), and thereafter, from the most recent Interest Payment Date. The Bonds are fully registered bonds maturing on September 1 as shown under “MATURITY SCHEDULE” on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the registered owners (the “Registered Owners”) at maturity or redemption upon presentation to the principal payment office of the paying agent/registrars, initially The Bank of New York Mellon Trust Company, N.A., in Houston, Texas, or any successor paying agent/registrars (the “Paying Agent,” “Registrar” or “Paying Agent/Registrar”). Interest on the Bonds is based on a 360-day year of twelve 30-day months. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described below under “Book-Entry-Only System.”

#### Book-Entry-Only System

*This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, (“DTC”) while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither the District or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.*

*The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the

District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

### **Use of Certain Terms in Other Sections of this Official Statement**

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and, (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

### **Record Date**

The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date.

### **Assignments, Transfers and Exchanges**

In the event the book-entry-only system is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. At any time after the date of delivery of the Bonds to the Initial Purchaser (the "Initial Delivery"), any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in denominations of \$5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date. The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or on receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

### **Redemption Provisions**

The Bonds are subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2031, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given by the Registrar at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are optionally redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity. If fewer than all of the Bonds within one maturity are to be redeemed, the Registrar shall select the Bonds to be redeemed by lot or other method of random selection (or by DTC

in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

### **Replacement of Registrar**

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. In order to act as Paying Agent/Registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking institution, organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority.

### **Authority for Issuance**

At an election held within the District on May 10, 2008, the voters of the District authorized a total of \$15,000,000 unlimited tax and revenue bonds for acquiring or constructing water, sanitary sewer and drainage facilities (the "System"). Following the issuance of the Bonds, \$5,110,000 bonds for the System will remain authorized but unissued. See "Issuance of Additional Debt" below.

The Bonds are issued pursuant to the Bond Order, and Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution.

### **Outstanding Bonds and Payment Record**

The Bonds constitute the fifth series of unlimited tax and revenue bonds to be issued by the District for the purpose of acquiring or constructing the System. The District has previously issued Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1971 (the "Series 1971 Bonds"), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1973 (the "Series 1973 Bonds"), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2010 (the "Series 2010 Bonds"), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2017 (the "Series 2017 Bonds"), and Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds"). Collective reference is made in this Official Statement to all of such bonds previously issued by the District as the "Prior Bonds." The District has never defaulted in the timely payment of principal of and interest on the Prior Bonds. As of the date of issuance of the Bonds, the aggregate principal amount of the Prior Bonds, which will not have been defeased or otherwise paid by the District, will be \$4,805,000 (the "Outstanding Bonds"), and the aggregate principal amount of the District's total direct bonded indebtedness, including the Bonds, will be \$8,055,000. See "DISTRICT DEBT - Debt Service Requirement Schedule." In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the sale of the Bonds, the District expects to finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "Issuance of Additional Debt" and "Use and Distribution of Bond Proceeds" below, "THE SYSTEM - Description," and "INVESTMENT CONSIDERATIONS - Future Debt."

### **Source of Payment**

The Bonds, together with the Outstanding Bonds and any additional bonds payable in whole or in part from taxes, are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District, and are further payable from and secured by a pledge of and lien on the Net Revenues, if any, of the System, to the extent and upon the conditions described herein. The System is not expected to produce sufficient Net Revenues to make significant contributions, if any, to future debt service payments. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Registrar fees and Appraisal District fees. Tax proceeds, after deduction for collection costs, will be placed in the debt service fund and used solely to pay principal of and interest on the Outstanding Bonds, the Bonds, and on additional bonds payable from taxes which may be issued, and Paying Agent/Registrar fees.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Harris County, the City of Houston, Texas, or any entity other than the District.

### **Issuance of Additional Debt**

Following the issuance of the Bonds, \$5,110,000 in bonds for waterworks, wastewater, and drainage facilities and refunding bonds in an amount not to exceed one and one-half (1.5) times the amount of bonds outstanding at any given time will remain authorized but unissued, as approved by the District's voters at an election held on May 10, 2008. The District has reserved the right in the Bond Order to issue additional bonds.

The District has the right to issue the aforementioned bonds without the necessity of further voter authorization. Before issuing any additional bonds for waterworks, sanitary sewer, and drainage facilities, the District would have to obtain approval of the Texas Commission on Environmental Quality (the "TCEQ") for the issuance of such bonds and the projects to be financed thereby. Since the District has not financed all components of the System which it currently expects to finance, the District anticipates issuing additional bonds for such purposes as future development in the District necessitates. The District expects to finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt." Based on present engineering cost estimates, in the opinion of the District's consulting engineer, Langford Engineering, Inc. (the "Engineer"), the aforementioned \$5,110,000 authorized but unissued bonds for the System will be adequate to finance the extension of waterworks, wastewater and drainage facilities to serve all of the remaining undeveloped portions of the District. If additional bonds are issued in the future and property values have not increased proportionally, such issuance may increase gross debt to property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "INVESTMENT CONSIDERATIONS - Future Debt."

The District has the right to issue such additional tax bonds, revenue bonds, or combination tax and revenue bonds as may be hereafter approved by the voters of the District. The District also has the right to issue revenue notes, bond anticipation notes and tax anticipation notes without the necessity of voter approval. In addition, the District has the right to enter into contracts and to pledge its taxing power to secure any payments the District is required to make under such a contract, provided the provisions of the contract are approved by the voters of the District. The District further has the right to issue refunding bonds, in addition to the refunding bonds described above, with additional voter approval. The Bond Order places no limitation on the amount of additional bonds which may be issued by the District.

The District also is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) preparation of a detailed park plan; (b) authorization of park bonds by the qualified voters in the District; (c) approval of the park project and bonds by the TCEQ; and (d) approval of the bonds by the Attorney General of Texas. If the District issues park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not more than three percent of the value of the taxable property in the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered calling such an election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Under certain circumstances the District also is authorized to construct roads. If additional debt obligations are issued in the future by the District for road purposes, such issuance will increase the debt/property ratios and might adversely affect the investment security of the Bonds. The District has not considered calling a road bond election.

## **Funds**

The Bond Order confirms the District's fund for debt service on the Bonds and any additional unlimited tax bonds issued by the District. The Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds and any additional unlimited tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds and any of the District's other duly authorized bonds payable in whole or in part from taxes. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/ Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

## **No Arbitrage Certificate**

The District will certify that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

## **Annexation and Consolidation**

The District lies entirely within the extraterritorial jurisdiction of the City of Houston (the "City"). Under Texas statutes, the District may be annexed in whole, but not in part, by the City, upon compliance with various requirements of Chapter 43, Texas Local Government Code, as amended, without the District's consent, in which case the City must dissolve the District and assume the assets, functions and obligations of the District, including the Bonds and any other bonded indebtedness of the District existing at the time of annexation. When any bonds or other obligations of the District payable in whole or in part from ad valorem taxes have been assumed by the City, the City is required to levy and cause to be collected, upon all taxable property within the City, taxes sufficient to pay principal of and interest on any such bonds or obligations as they become due and payable. The City may issue refunding bonds in its own name to refund any bonds or obligations so assumed. No representation is made with respect to whether the City will ever annex the District and assume its debt nor with respect to the ability of the City to pay such debt service obligations if it were to annex the District.

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

## **Registered Owners' Remedies**

Pursuant to Texas law, the Bond Order provides that in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Order into the Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Order, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction

compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions, including requiring the District to levy adequate taxes to make payments on the Bonds. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

Except for the remedy of mandamus, the Bond Order does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. In addition, certain traditional legal remedies also may not be available. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See "Bankruptcy Limitation to Registered Owners' Rights" below and "INVESTMENT CONSIDERATIONS - Registered Owners' Remedies and Bankruptcy."

### **Bankruptcy Limitation to Registered Owners' Rights**

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. §901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

The District may not be placed into bankruptcy involuntarily.

### **Legal Investment and Eligibility to Secure Public Funds in Texas**

The following is quoted from Section 49.186 of the Texas Water Code, and is applicable to the District:

“(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market

value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.” The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

### **Defeasance**

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book entry form and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality of those currently permitted under Texas law.

### **Use and Distribution of Bond Proceeds**

Proceeds of the sale of the Bonds will be used by the District to finance the District’s cost of (i) Hydropneumatic Tank 1 re-coat, utility relocation in Treaschwig ROW, sanitary sewer investigation and rehabilitation, and Treaschwig Joint Powers Board wastewater treatment plant improvements ; (ii) pay certain engineering, survey and technical costs related to the aforementioned projects; and (iii) pay for administrative and issuance costs, legal fees, fiscal agent fees, fees to the Attorney General of Texas and the TCEQ, and certain financing costs related to the issuance of the Bonds.

<b>I. Construction Costs</b>	<b><u>District's Share</u></b>
A. Developer Contribution Items - None	
B. District Items	
1. Re-coat Hydropneumatic Tank 1	\$40,000
2. Utility Relocation in Treaschwig ROW	338,567
3. Sanitary Sewer Investigation & Rehabilitation	1,665,765
4. Wastewater Treatment Plant – Improvements	230,371
5. Contingencies	306,650
6. Engineering, Survey and Technical	<u>352,647</u>
Total District Items	<u>\$2,934,000</u>
 <b>TOTAL CONSTRUCTION COSTS</b>	 <b>\$2,934,000</b>
 <b>II. Non-Construction Costs</b>	
A. Legal Fees	\$65,000
B. Fiscal Advisor Fees	65,000
C. Bond Discount	97,500
D. Bond Issuance Expenses	37,125
E. Bond Application Report Costs	40,000
F. Attorney General Fee	3,250
G. TCEQ Bond Issuance Fee	8,125
H. Contingencies *	<u>0</u>
 <b>TOTAL NON-CONSTRUCTION COSTS</b>	 <b><u>\$316,000</u></b>
 <b>TOTAL BOND ISSUE REQUIREMENTS</b>	 <b><u>\$3,250,000</u></b>

\* The TCEQ directed that any surplus funds resulting from the sale of the Bonds at a lower interest rate than proposed be shown as a contingency line item. The use of these funds is subject to approval by the TCEQ.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for lawful uses. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional approval and the issuance of additional bonds may be required. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to cover the costs of the above described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

## THE DISTRICT

### Authority

The District is a municipal utility district created pursuant to an order of the Texas Water Rights Commission, a predecessor of the TCEQ, dated May 20, 1970, as a water control and improvement district pursuant to the authority of Chapter 51, Texas Water Code, and Article XVI, Section 59 of the Texas Constitution. The District converted to a municipal utility district on February 26, 1980, under the authority of Chapter 54, Texas Water Code. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54, Texas Water Code, as amended. The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, and drainage facilities and to provide such facilities and services to the customers of the District. The District, if approved by the voters within the District, the TCEQ, and other governmental entities having jurisdiction, may establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District. Under certain circumstances the District also is authorized to construct, develop and maintain park and recreational facilities and to construct roads. The District is subject to the continuing supervision of the TCEQ in certain matters.

## Description

The District contains approximately 294.1 acres of land. The District is located approximately seventeen (17) miles north of the central business district of Houston, Texas, in the northern portion of Harris County, Texas. The District can be accessed from IH-45 by traveling east on FM 1960, then northeast along Treschwig Road. The District is located entirely within the extraterritorial jurisdiction of the City of Houston and within the Spring Independent School District. See “APPENDIX A - LOCATION MAP.”

## Management of the District

The District is governed by the Board of Directors, consisting of five (5) directors. The Board of Directors has control over and management supervision of all affairs of the District. Directors serve four-year staggered terms, and elections are held within the District in May of even numbered years. The current members and officers of the Board, along with their respective positions and terms of office, are listed below.

<u>Name</u>	<u>Position</u>	<u>Term Expires in May</u>
Greg Pavlicek	President	2028
Robb Clark	Vice President	2026
Sharon Bruton	Secretary	2028
David Ferrier	Assistant Secretary	2028
Jerzy Cupial	Director	2026

The District does not have a general manager, but has contracted for services, or employs directly, as follows:

**Bookkeeper** - The District's bookkeeper is Myrtle Cruz, Inc.

**Tax Assessor/Collector** - The District has engaged Assessments of the Southwest, Inc., Houston, Texas, as the District's Tax Assessor/Collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Harris Central Appraisal District and bills and collects such levy.

**Consulting Engineer** - The District has engaged Langford Engineering, Inc., Houston, Texas, as Consulting Engineer on a contract basis to provide engineering services to the District.

**Auditor** - The District has engaged McCall Gibson Swedlund Barfoot Ellis PLLC, to audit its financial statements for the year ending December 31, 2026. A copy of the District's audit for the fiscal year ended December 31, 2025, is included as “APPENDIX B” to this Official Statement.

**Financial Advisor** - The District has engaged Rathmann & Associates, L.P. as financial advisor (the “Financial Advisor”) to the District. The fee paid to the Financial Advisor for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fee is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”). Rathmann & Associates, L.P.'s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through <http://www.sec.gov/edgar/searchedgar/companysearch.html>.

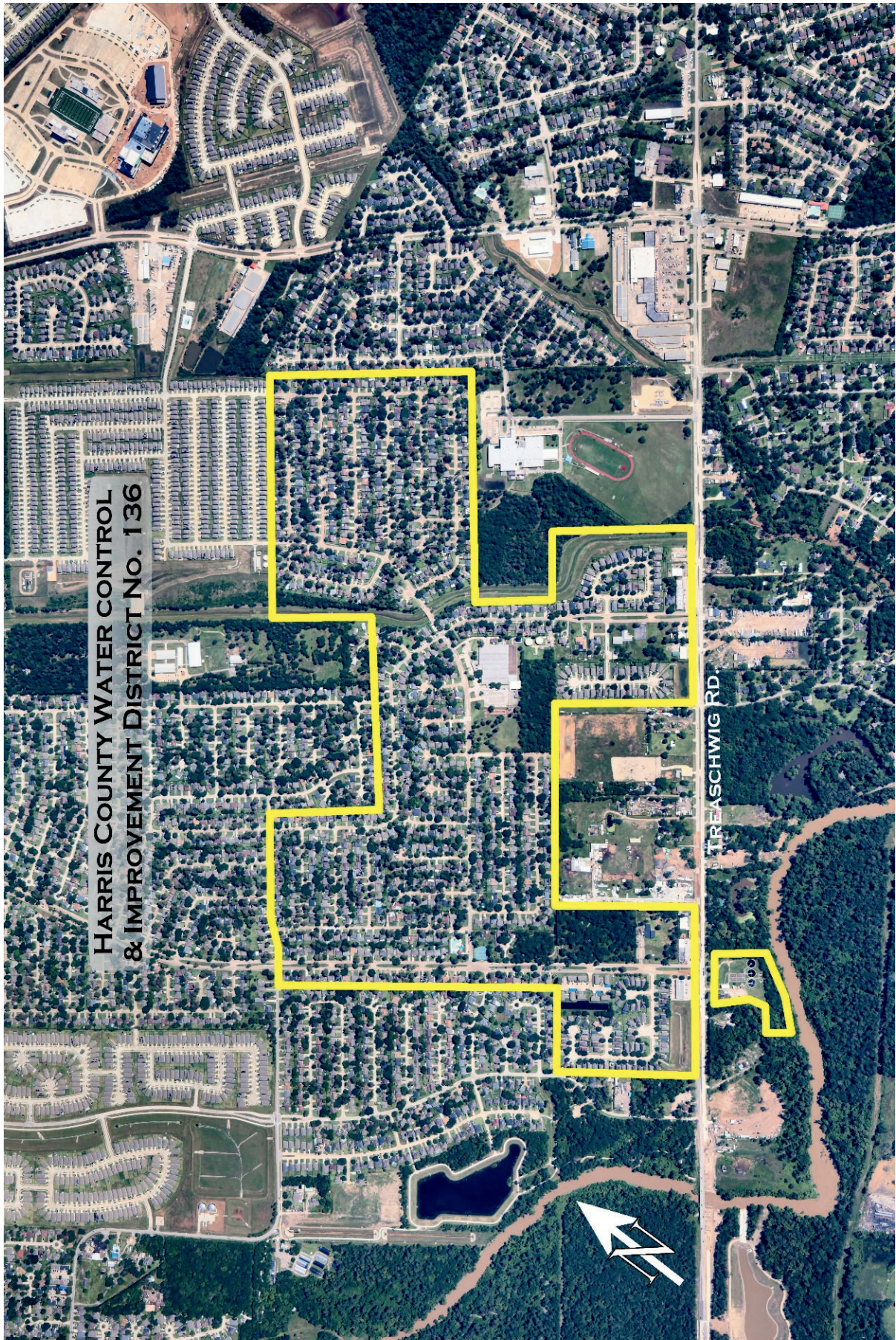
**Disclosure Counsel** - McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District. The fees to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds.

**Attorney** - The District has engaged Radcliffe Adams Barner PLLC, Houston, Texas, as general counsel to the District and as bond counsel (“Bond Counsel”) in connection with the issuance of the Bonds. The fees to be paid to Bond Counsel in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. See “LEGAL MATTERS.”

### **DEVELOPMENT OF THE DISTRICT**

Development which has occurred to date in the District includes the completion of the development of an aggregate of 987 single-family residential lots on all 987 of which single-family residences have been constructed and sold to home purchasers. Such 987 single-family residences are located in Birnam Wood Section 1, Spring Place, Fairfax Sections 1 and 2, Sylvania Springs, and Fairfax Village Sections 1 and 2. Such seven platted sections contain an aggregate of approximately 285 acres of land. Three retail strip shopping centers have been constructed on approximately 3 acres of land located within the District. In addition, the Spring Independent School District has constructed the Mildred Jenkins Elementary School on land located within the District. The 36-unit Esperanza at Birnam Woods Apartments have been constructed on approximately 3.2 acres located in the District. The remaining acres within the District are located within certain major thoroughfare or drainage channel rights-of-way, sites on which District facilities are located, or are otherwise not available for development. The District financed its cost of the construction or acquisition of water supply and distribution, wastewater collection and treatment, and storm drainage facilities (the “System”) to serve the aforementioned 987 single-family residential lots that have been developed within the District with portions of the proceeds of the sale of the Prior Bonds.

AERIAL PHOTOGRAPH OF THE DISTRICT  
(taken May 2026)



HARRIS COUNTY WATER CONTROL  
& IMPROVEMENT DISTRICT NO. 136

TREASCHWIG RD.

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT  
(taken May 2026)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT  
(taken May 2026)



## DISTRICT DEBT

### Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements of the Outstanding Bonds and the principal and estimated interest requirements of the Bonds.

Year Ending December 31	Current Total Debt Service	Plus: The Bonds		New Total Debt Service
		Principal	Interest*	
2026	\$408,413			\$408,413
2027	410,650		\$208,542	619,192
2028	412,200		178,750	590,950
2029	418,400		178,750	597,150
2030	418,738		178,750	597,488
2031	423,675		178,750	602,425
2032	418,050		178,750	596,800
2033	422,225		178,750	600,975
2034	425,500		178,750	604,250
2035	428,200		178,750	606,950
2036	429,950		178,750	608,700
2037	441,125		178,750	619,875
2038	446,875		178,750	625,625
2039	446,875		178,750	625,625
2040	451,313		178,750	630,063
2041		\$145,000	178,750	323,750
2042		155,000	170,775	325,775
2043		160,000	162,250	322,250
2044		170,000	153,450	323,450
2045		180,000	144,100	324,100
2046		190,000	134,200	324,200
2047		200,000	123,750	323,750
2048		210,000	112,750	322,750
2049		225,000	101,200	326,200
2050		235,000	88,825	323,825
2051		250,000	75,900	325,900
2052		260,000	62,150	322,150
2053		275,000	47,850	322,850
2054		290,000	32,725	322,725
2055		305,000	16,775	321,775
	\$6,402,189	\$3,250,000	\$4,137,742	\$13,789,931

Average Annual Requirements: (2027-2040) ..... \$609,005  
 Maximum Annual Requirement: (2040) ..... \$630,063

\* Interest is estimated at 5.5% per annum for purposes of illustration.

**Bonded Indebtedness**

2025 Assessed Valuation.....		\$	203,756,211 (a)
(As of January 1, 2025)			
See "TAX DATA" and "TAXING PROCEDURES"			
Direct Debt:			
Outstanding Bonds.....		\$	4,805,000
The Bonds .....			<u>3,250,000</u>
Total .....		\$	8,055,000 (b)
Estimated Overlapping Debt .....		\$	<u>15,641,227</u>
Total Direct and Estimated Overlapping Debt .....		\$	<u>23,696,227</u>
Ratio of Direct Debt			
: as a percentage of 2025 Assessed Valuation.....			3.95 %
Ratio of Direct and Estimated Overlapping Debt			
: as a percentage of 2025 Assessed Valuation.....			11.63 %
Debt Service Fund Estimated as of Delivery of the Bonds .....		\$	655,241 (c)
General Fund Balance as of March 23, 2026.....		\$	6,232,893
2025 Tax Rate per \$100 of Assessed Valuation			
Debt Service Tax .....	\$0.20		
Maintenance Tax .....	<u>0.50</u>		
Total .....		\$	0.70 (d)

- 
- (a) As of January 1, 2025, and comprises the District's 2025 tax roll. All property located in the District is valued on the tax rolls by the Harris Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). See "TAXING PROCEDURES."
  - (b) In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the sale of the Bonds, the District expects to finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE BONDS - Issuance of Additional Debt," and - "Use and Distribution of Bond Proceeds," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."
  - (c) Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of its debt service payments that were due on March 1, 2026, on the Outstanding Bonds. The District's initial debt service requirement on the Bonds, consisting of an interest payment thereon, is due on March 1, 2027.
  - (d) The District levied a debt service tax rate of \$0.20 per \$100 of Assessed Valuation and a maintenance tax of \$0.50 per \$100 of Assessed Valuation for 2025. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2025 tax levies of all units of government which levy taxes against the property located within the District, including the District's 2025 total tax rate of \$0.70 per \$100 of Assessed Valuation, is \$2.709906 per \$100 of Assessed Valuation. Such aggregate levies are higher than the aggregate tax levies of some municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of most municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District.

See “TAX DATA” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

**Estimated Direct and Overlapping Debt Statement**

The following statement indicates the direct and estimated overlapping debt of the District. The table includes the estimated amount of indebtedness of governmental entities overlapping the District, defined as outstanding bonds payable from ad valorem taxes, and the estimated percentages and amounts of such indebtedness attributable to property located within the District. This information is based upon data secured from the individual jurisdictions and/or the Texas Municipal Reports published by the Municipal Advisory Council of Texas. The calculations by which the statement was derived were made in part by comparing the reported assessed valuation of the property in the overlapping taxing jurisdictions with the Assessed Valuation of property within the District. No effect has been given to the tax burden levied by any applicable taxing jurisdiction for maintenance and operational or other purposes.

<u>Taxing Jurisdiction</u>	<u>Debt as of April 1, 2026</u>	<u>Estimated Overlapping Percent</u>	<u>Amount</u>
Harris County <sup>(a)</sup>	\$2,473,654,736	0.0296%	\$732,354
Harris County Department of Education	28,960,000	0.0296%	8,574
Harris County Flood Control District	861,580,000	0.0296%	255,081
Harris County Hospital District	937,165,000	0.0296%	277,458
Port of Houston Authority	386,074,397	0.0296%	114,302
Spring Independent School District	1,300,200,000	1.0807%	14,051,419
Lone Star College System	342,055,000	0.0591%	<u>202,040</u>
<b>TOTAL ESTIMATED OVERLAPPING DEBT</b>			<b>\$15,641,227</b>
<b>TOTAL DIRECT DEBT <sup>(b)</sup></b>			<b><u>8,055,000</u></b>
<b>TOTAL DIRECT AND ESTIMATED OVERLAPPING DEBT</b>			<b>\$23,696,227</b>
<b>Ratio of Total Direct and Estimated Overlapping Debt to:</b>			
		<u>% of 2025 Assessed Valuation</u>	
Direct Debt.....		3.95%	
Direct and Overlapping Debt .....		11.63%	

(a) Harris County Toll Bonds are considered to be self-supporting and are not included in this schedule.

(b) See “Bonded Indebtedness” above.

Under Texas law ad valorem taxes levied by each taxing authority other than the District create a lien which is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above also are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administration and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy and collect ad valorem taxes for operation and maintenance purposes in an amount not to exceed \$0.50 per \$100 of Assessed Valuation, and such taxes have been authorized by the duly qualified voters of the District. The District has levied a maintenance tax of \$0.50 per \$100 of Assessed Valuation for 2025. See “TAX DATA - Maintenance Tax” and - “Tax Rate Distribution.”

## TAX DATA

### Debt Service Tax

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Outstanding Bonds, the Bonds and any future tax-supported bonds which may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation at January 1 of that year. The Board covenants in the Bond Order to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds when due. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. The District levied a debt service tax rate of \$0.20 per \$100 of Assessed Valuation for 2025.

### Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. The District voters have authorized the levy of such a maintenance tax for operation and maintenance of the System in an amount not to exceed \$0.50 per \$100 of Assessed Valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, and any tax supported bonds which may be issued in the future. The District has levied a maintenance tax of \$0.50 per \$100 of Assessed Valuation for 2025. See "Tax Rate Distribution" below.

### Tax Rate Distribution

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Debt Service	\$0.20	\$0.20	\$0.22	\$0.25	\$0.30
Maintenance & Operations	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>
Total	\$0.70	\$0.70	\$0.72	\$0.75	\$0.80

## Analysis of Tax Base

The following table illustrates the composition of property located within the District for the past five years.

<u>Type of Property</u>	<u>2025</u>		<u>2024</u>		<u>2023</u>	
	<u>Assessed Valuation</u>	<u>%</u>	<u>Assessed Valuation</u>	<u>%</u>	<u>Assessed Valuation</u>	<u>%</u>
Land	\$52,368,931	25.70%	\$51,733,177	25.79%	\$51,733,927	26.50%
Improvements	174,277,602	85.53%	180,071,847	89.76%	183,903,357	94.20%
Personal Property	3,395,034	1.67%	3,411,434	1.70%	3,065,461	1.57%
Exemptions	<u>(26,285,356)</u>	<u>-12.90%</u>	<u>(34,598,886)</u>	<u>-17.25%</u>	<u>(43,475,628)</u>	<u>-22.27%</u>
TOTAL	\$203,756,211	100.00%	\$200,617,572	100.00%	\$195,227,117	100.00%

<u>Type of Property</u>	<u>2022</u>		<u>2021</u>	
	<u>Assessed Valuation</u>	<u>%</u>	<u>Assessed Valuation</u>	<u>%</u>
Land	\$47,678,894	28.23%	\$24,307,653	17.38%
Improvements	152,826,973	90.48%	132,595,000	94.80%
Personal Property	2,821,342	1.67%	2,581,342	1.85%
Exemptions	<u>(34,412,201)</u>	<u>-20.37%</u>	<u>(19,613,438)</u>	<u>-14.02%</u>
TOTAL	\$168,915,008	100.00%	\$139,870,557	100.00%

## Historical Values and Tax Collection History

The following statement of tax collections sets forth, in condensed form, the historical Assessed Valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District's annual audited financial statements, for more complete information.

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate<sup>(a)</sup></u>	<u>Total Levy</u>	<u>% Collections</u>	
				<u>Current &amp; Prior Years<sup>(b)</sup></u>	<u>Year Ended 09/30</u>
2015	\$82,415,200	\$0.74	\$609,872	99.83%	2016
2016	91,852,535	\$0.79	725,635	99.78	2017
2017	101,436,615	\$0.81	821,637	99.83	2018
2018	107,278,075	\$0.83	890,408	99.77	2019
2019	122,593,982	\$0.83	1,017,530	99.75	2020
2020	130,308,995	\$0.82	1,068,534	99.26	2021
2021	139,870,557	\$0.80	1,118,964	99.72	2022
2022	168,915,008	\$0.75	1,266,863	99.67	2023
2023	195,224,117	\$0.72	1,405,614	99.71	2024
2024	200,617,572	\$0.70	1,404,323	98.90	2025
2025	203,756,211	\$0.70(c)	1,425,543	90.66(c)	2026

(a) Per \$100 of Assessed Valuation.

(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through March 31, 2026.

(c) The District has levied a debt service tax rate of \$0.20 per \$100 of Assessed Valuation and a maintenance tax of \$0.50 per \$100 of Assessed Valuation for 2025. In process of collection.

## Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2025 Assessed Valuation. The calculations also assume collection of 95% of taxes levied, no use of other legally available District funds

on hand, and the sale of no additional bonds by the District. As outlined above under the caption “Historical Values and Tax Collection History,” the District has, as of March 31, 2026, collected an average annual percentage of its property taxes of 99.60% for the period 2015 through 2024.

Average Annual Debt Service Requirements (2027-2040).....	\$609,005
Tax Rate of \$0.32 on the 2025 Assessed Valuation (\$203,756,211) produces .....	\$619,418
Maximum Annual Debt Service Requirement (2040) .....	\$630,063
Tax Rate of \$0.33 on the 2025 Assessed Valuation (\$203,756,211) produces .....	\$638,776

The District levied a debt service tax rate of \$0.20 per \$100 of Assessed Valuation and a maintenance tax of \$0.50 per \$100 of Assessed Valuation for 2025. As the above table indicates, the 2025 debt service tax rate of \$0.20 per \$100 of Assessed Valuation will not be sufficient to pay the Average Annual Debt Service Requirements and the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds assuming taxable values in the District at the level of the 2025 Assessed Valuation, assuming collection of 95% of taxes levied, the use of no other legally available District funds on hand, and the issuance of no additional bonds by the District. However, as is illustrated in this Official Statement under the caption “TAX DATA - Historical Values Tax Collection History,” the District has collected an average of 99.60% of its 2015 through 2024 tax levies as of March 31, 2026. Moreover, the District’s Debt Service Fund balance was \$655,241 as of March 23, 2026. Although neither Texas law nor the Bond Order requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see “APPENDIX B - FINANCIAL REPORT OF THE DISTRICT”). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the rate which the District levied for 2025 –\$0.20 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

### Principal 2025 Property Owners

Based upon information supplied by the District’s Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2025. The information reflects the composition of property ownership reflected on the District’s 2025 tax roll.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Valuation 2025 Tax Roll</u>	<u>% of 2025 Tax Roll</u>
Esperanza Birnam Woods LLC	Land and Improvements	\$3,838,269	1.88%
FKH Sfr Propco B Hld LP	Land and Improvements	1,547,774	0.76%
Centerpoint Energy Houston	Personal Property	1,362,340	0.67%
Kahlon Corp	Land and Improvements	1,299,348	0.64%
J & A Villa Properties LLC	Land and Improvements	1,261,270	0.62%
Tricon Sfr 2020 2 Borrower LLC	Land and Improvements	1,212,051	0.60%
Triepic LLC	Land and Improvements	875,100	0.43%
Rickys Rentals LLC	Land and Improvements	785,304	0.39%
Homeowner	Land and Improvements	648,267	0.32%
Homeowner	Land and Improvements	<u>627,761</u>	<u>0.31%</u>
		\$13,457,484	6.61%

## Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2025 taxes levied upon property located within the District plus the District's 2025 tax rate. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

<b><u>Taxing Jurisdiction</u></b>	<b><u>2025 Tax Rate Per \$100 of A.V.</u></b>
The District *	\$0.700000
Harris County	0.380960
Harris County Department of Education	0.004798
Harris County Flood Control District	0.187610
Harris County Hospital District	0.049660
Port of Houston Authority	0.005900
Spring Independent School District	1.136900
Lone Star College System	0.106000
Harris County Emergency Service District No. 7	0.100000
Harris County Emergency Service District No. 11	0.038078
Total Tax Rate	\$2.709906

\* The District levied a debt service tax rate of \$0.20 per \$100 of Assessed Valuation and a maintenance tax of \$0.50 per \$100 of Assessed Valuation for 2025.

## TAXING PROCEDURES

### Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, against all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, the Outstanding Bonds and any additional bonds payable from taxes which the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully above under the caption "THE BONDS - Source of Payment." The Board is also authorized to levy and collect annual ad valorem taxes for the administration and maintenance of the District and the System and for the payment of certain contractual obligations if such taxes are authorized by vote of the District's electors at an election. The District's electors have authorized the levy of such a maintenance tax in an amount not to exceed \$0.50 per \$100 of Assessed Valuation. See "TAX DATA - Maintenance Tax."

### Exempt Property

Except for certain exemptions provided by Texas law, all real property and tangible personal property and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made by the Harris Central Appraisal District (the "Appraisal District") described below to assess taxes against tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt real property include: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; nonprofit cemeteries; and certain property owned by qualified charitable, religious, veterans, fraternal, or educational organizations. Partially exempt to the

maximum extent of between \$5,000 and \$12,000 of assessed value, depending upon the disability rating of the veteran, is property owned by a disabled veteran or by the spouse or certain children of a deceased disabled veteran or a veteran who died while on active duty. Totally exempt is property owned by a veteran who receives a disability rating of 100%. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces, (ii) a first responder as defined under Texas law, who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. Also partially exempt, if approved by the Board or at an election called by the Board upon petition of at least 20% of the number of the qualified voters who voted in the District's preceding election, are residence homesteads of certain persons who are disabled or at least 65 years old to the extent of \$15,000 of appraised value or such higher amount as the Board or the District's voters may approve. The District's tax assessor is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District.

The Board may exempt up to 20% of the market value of residential homesteads from ad valorem taxation. Such exemption would be in addition to any other applicable exemptions provided by law. However, if ad valorem taxes have previously been pledged for the payment of debt and the cessation of the levy would impair the obligation of the contract by which the debt was created, then the Board may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged. To date the Board has not voted to exempt any percentage of the market value of residential homesteads from ad valorem taxation, but no representation may be made that the Board will not determine to grant such exemption in the future.

A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for the tax year 2012 and subsequent years.

Harris County may designate all or part of the area within the District as a reinvestment zone, and the District or Harris County may thereafter enter into tax abatement agreements with owners of real property within the zone. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction, and by the District, for a period of up to 10 years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. None of the area within the District has been designated as a reinvestment zone to date. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by other taxing jurisdictions.

## **County-Wide Appraisal District**

The Texas Property Tax Code (the “Property Tax Code”) establishes an appraisal district and an appraisal review board in each county of the State of Texas. The appraisal district is governed by a board of directors elected by the governing bodies of cities, towns, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the appraisal district and of the county. The District is entitled to vote upon and participate in the selection of members of the board of directors of the Appraisal District. The board of directors selects a chief appraiser to manage the appraisal office of the appraisal district. All taxing units within Harris County, including the District, are included in the Appraisal District. The Appraisal District is responsible for appraising property within the District, subject to review by the Harris County Appraisal Review Board (the “Appraisal Review Board”). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax rolls and tax rate. The valuation and assessment of taxable property within the District is governed by the Property Tax Code.

Under current Texas law, the District is responsible for the levy and collection of its taxes and will continue to be so responsible unless the Board of Directors of the District, or the qualified voters of the District or of Harris County at an election held for such purpose, determines to transfer such functions to the Appraisal District or another taxing unit.

## **Assessment and Levy**

Generally, all taxable property in the District (other than any qualifying agricultural and timberland) must be appraised at 100% of market value as of January 1 of each tax year, subject to review and approval by the Appraisal Review Board. However, houses held for sale by a developer or builder which remain unoccupied, are not leased or rented and produce no income, are required to be assessed at the price for which they would sell as a unit to a purchaser who would continue the owner’s business. See “TAX DATA - Principal 2025 Property Owners.” The Property Tax Code requires each appraisal district to implement a plan providing for reappraisal of all real property in the appraisal district at least once every three years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

The Property Tax Code permits land designated for agricultural use or timberland to be appraised at its value based on the land’s capacity to produce agricultural or timber products rather than at its fair market value. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use designation must apply for the designation, and the appraiser is required by the Property Tax Code to act on each claimant’s right to the designation individually. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including for three years for agricultural use and for five years for open space and timberland, prior to the loss of the designation.

The chief appraiser must give written notice on May 15, or as soon thereafter as practicable, to each owner if the appraised value of his property is greater than it was in the preceding year, if the appraised value of the property is greater than the value rendered by the property owner, or if the property was not on the appraisal roll in the preceding year. In addition, the chief appraiser must give written notice to each property owner whose property was reappraised in the current year or if ownership of the property changed during the preceding year. The Appraisal Review Board has the ultimate responsibility for determining the value of all taxable property within the District; however, any owner who has timely filed notice with the Appraisal Review Board may appeal the final determination by the Appraisal Review Board by filing suit in Texas district court. Prior to such appeal and prior to the delinquency date, however, the owner must pay the tax due on the amount of value of the property involved that is not in dispute or the amount of tax paid in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. In the event of such suit, the value of the property is determined by the court, or a jury if requested by any party. Additionally, the District is entitled to challenge certain matters before the Appraisal Review Board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records, or the grant in whole or in part of a partial exemption. The District may not, however, protest a valuation of individual property. After the District receives the certified appraisal roll, the rate of taxation is set by the Board based upon the assessed valuation of property within the District as of the preceding January 1 and the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations.

## **Disaster Exemption**

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the Governor. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

## **District and Taxpayer Remedies**

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in Texas state district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

The Property Tax Code establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

## **Rollback of Operation and Maintenance Tax Rate**

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build out that the district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as “Low Tax Rate Districts.” Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build out of the district are classified as “Developed Districts.” Districts that do not meet either of the classifications previously discussed are classified herein as “Developing Districts.” The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

### *Low Tax Rate Districts*

Low Tax Rate Districts that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, may be required to hold a rollback election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Low Tax Rate District is the current year’s debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the district in that year, subject to certain homestead exemptions.

### *Developed Districts*

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as

calculated and described in Section 26.013 of the Tax Code, may be required to hold a rollback election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

#### *Developing Districts*

Districts that do not meet the classification of a Low Tax Rate District or a Developed District are classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If a rollback election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the district in that year, subject to certain homestead exemptions.

#### *The District*

A determination as to a district's status as a Low Tax Rate District, Developed District or Developing District will be made on an annual basis, at the time a district sets its tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new rollback election calculation. For the 2025 tax year, a determination was made that the District is classified as a Developing District.

### **Collection**

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due on receipt of the tax bill and become delinquent after January 31 of the following year. However, a person who is (i) 65 years of age or older; (ii) disabled or (iii) qualifies as a disabled veteran under Texas law is entitled by law to pay current taxes on his residential homestead in installments or to receive a deferral or abatement of delinquent taxes without penalty during the time he owns or occupies his property as his residential homestead. The date of the delinquency may be postponed if the tax bills are mailed after September 30 (if the Board has authorized discounts for early payment) or otherwise after January 10. So long as the Board has not transferred responsibility for collection of the taxes to another taxing unit or the Appraisal District, the Board may permit payment without penalty or interest of the final tax installment by July 1, if one-half of taxes assessed for the current year are paid prior to December 1. The Board may approve a 3% discount for taxes paid in October, 2% for November and 1% for December. Delinquent taxes are subject to a 6% penalty for the first month of delinquency, 1% for each month thereafter to July 1 and 12% total if any taxes are unpaid on July 1. Delinquent taxes also accrue interest at the rate of 1% per month during the period they remain outstanding. In addition, the Board may impose a further penalty on all taxes, penalties, and interest unpaid on July 1 which is used to defray the cost of engaging an attorney for collection of delinquent taxes.

### **District's Rights in the Event of Tax Delinquencies**

Taxes levied by the District are a personal obligation of the person who owns or acquires the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year upon the property. The District's tax lien is on a parity with the tax liens of the other jurisdictions levying taxes on property within the District. Whether a lien of the United States is

on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. In the absence of such federal law, the District's tax lien takes priority over a lien of the United States. In the event a taxpayer fails to make timely payment of taxes due the District, the District may file suit at any time after taxes become delinquent to foreclose its lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may also be adversely affected by the amount of taxes owed to other federal, state and local taxing jurisdictions, by the effects of market conditions on the foreclosure sales price, by the taxpayer's redemption rights (a taxpayer may redeem property within two (2) years for residence homesteads or land designated for agricultural use and within six (6) months for all other types of real property after the purchaser's deed issued at the foreclosure sale is filed in the county records), or by bankruptcy proceedings which restrain or stay the collection of a taxpayer's debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court. See "INVESTMENT CONSIDERATIONS - Principal Land Owners' Obligations to the District."

### **Tax Payment Installments after Disaster**

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

Additionally, the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdictions discretion, to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

## **THE SYSTEM**

### **Regulation**

The water supply and distribution, wastewater collection and treatment and storm drainage facilities serving land within the District (the "System") have been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the City of Houston, Harris County, the Harris County Flood Control District, and the TCEQ.

Operation of the System is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision. According to the District's Engineer, the total number of equivalent single-family connections ("ESFC") projected for the District at the full development of its approximate 294.1 acres is 1,045 with a total estimated equivalent population of 3,135. A description of portions of the System follows, and is based upon information supplied by the District's Engineer.

## **Description**

The District financed the cost of acquiring, constructing and rehabilitating components of the System to serve Birnam Wood, Sections 1 and 7, Spring Place, Fairfax, Sections 1 and 2, Sylvania Springs, Fairfax Village and Fairfax Village, Section 2 with the proceeds of the Prior Bonds. There are \$8,360,000 in bonds authorized but unissued for waterworks, wastewater and drainage facilities. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

## **Water Supply**

The District has constructed a 850 gallon per minute ("gpm") water well (Water Well No. 1), and a 1,200 gpm water well (Water Well No. 2), three (3) booster pumps totalling 1,500 gpm, two (2) hydropneumatic tanks totalling 25,000 gallons of capacity, and two (2) 420,000 gallon ground storage tanks. These water supply facilities were financed with portions of the proceeds of the Prior Bonds, and are capable of serving a minimum of 1,250 ESFC according to TCEQ design criteria with the hydropneumatic tank capacity being the limiting factor.

The District has five (5) interconnects with Harris County Municipal Utility District No. 43 and one (1) interconnect with Timberlane Utility District.

## **Subsidence and Conversion to Surface Water Supply**

The District is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 2001, the Texas legislature created the North Harris County Regional Water Authority ("Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Harris County. The District is located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District is included within the Authority's GRP.

The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP. The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees to be paid by the District for groundwater pumped by the District or for surface water received by the District from the Authority), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the District and the amount of surface water, if any, received by the District from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2035 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required: (i) through the year 2024, to limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority's GRP; (ii) beginning in the year 2025, to limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority's GRP; and (iii) beginning in the year 2035, and continuing thereafter, to limit groundwater withdrawals to no more than 20% of the total annual water demand of the water users within the Authority's GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total annual water demand within the Authority's GRP. In the event of such Authority failure to comply, the

Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against the District.

The District cannot predict the amount or level of fees and charges, which may be due the Authority in the future, but anticipates the need to pass such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. The District has not made improvements to the System to allow for conversion to surface water. The District has been notified that conversion should occur in late 2029.

### **Wastewater Treatment**

The District owns capacity in an existing 2.0 MGD wastewater treatment plant that is administered by the Treschwig Joint Powers Board (“TJPB”). The District owns 21.39% of the total capacity of the facility (0.4278 MGD). The remaining capacity is owned by Tattor Road Municipal Utility District, Harris County Municipal Utility District No. 43, Postwood Municipal Utility District and the Aldine Independent School District. This wastewater treatment plant is located within the boundaries of the District. The District’s share of the wastewater treatment plant is adequate to serve 1,426 ESFCs based on a design criterion of 300 gallons per day ESFC.

### **100-Year Flood Plain**

According to the District's Engineer, the Federal Emergency Management Agency's (“FEMA”) Flood Insurance Rate Map, (“FIRM”) Community Panel No. 48201C0290N, dated June 9, 2014, indicates that the only areas in the District that are located in the designated 100-year flood plain are in the vicinity of Cypress Creek and Wild Cow Gulch. Such land located within the District that is located within the designated 100-year flood plain includes approximately 19 lots located in Fairfax Village, Section 1, a commercial reserve and a District lift station site.

### **Stormwater Drainage**

All storm drainage within the District discharges into Cypress Creek or Wild Cow Gulch.

## Waterworks and Sewer System Operating Statement

The following statement summarizes the operating history of the District's System for the fiscal years ended December 31, 2022, through 2025. The summary has been condensed from information contained in the District's audited financial statements, to which reference is made for more complete and further information. The derivation of Net Revenues which follows excludes depreciation expenses. See "APPENDIX B - ANNUAL FINANCIAL REPORT."

	Fiscal Year Ended December 31			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>GENERAL FUND REVENUES</b>				
Property Taxes	\$997,671	\$972,445	\$841,635	\$699,672
Water Service	319,605	309,684	317,057	302,041
Wastewater Service	451,009	430,651	421,200	390,008
Regional Water Authority Fee	211,646	268,730	300,266	338,996
Penalty and Interest	20,808	24,689	30,293	49,205
Security Fees	153,135	153,898	154,156	155,503
Investment Revenues	248,548	267,117	221,757	59,566
Miscellaneous Revenues	55,292	46,461	23,031	29,505
<b>TOTAL REVENUES</b>	<u>\$ 2,457,714</u>	<u>\$ 2,473,675</u>	<u>\$ 2,309,395</u>	<u>\$ 2,024,496</u>
<b>EXPENDITURES</b>				
Professional Fees	\$176,314	\$155,860	\$99,590	\$100,006
Contracted Services	526,591	526,380	509,832	492,572
Purchased Wastewater Service	181,752	211,213	281,161	179,293
Utilities	47,154	32,638	35,414	33,070
Regional Water Authority Assessment	206,882	291,376	336,328	356,467
Repairs and Maintenance	410,434	361,046	274,406	286,819
Other	132,127	113,628	87,882	83,237
Capital Outlay	342,471		33,965	39,331
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,023,725</u>	<u>\$ 1,692,141</u>	<u>\$ 1,658,578</u>	<u>\$ 1,570,795</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>\$ 433,989</u>	<u>\$ 781,534</u>	<u>\$ 650,817</u>	<u>\$ 453,701</u>

Net Revenues are pledged to the payment of the Bonds and are basically defined by the Bond Order as all income that is derived from the ownership and operation of the District's System as the same is purchased, constructed or otherwise acquired, which remains after deducting the operation and maintenance expenses of the System, but not including income derived from contracts that is pledged for payment of any special project bonds that may be issued. The District does not expect that the operation of its System will produce Net Revenues sufficient to make significant contributions, if any, to the District's debt service requirements. The District's General Fund balance at December 31, 2025, was \$5,843,163 and at March 23, 2026 (unaudited), was \$6,232,893.

## INVESTMENT CONSIDERATIONS

### General

The Bonds, which are obligations of District and not of the State of Texas; Harris County, Texas; the City of Houston, Texas; or any political subdivision other than the District, are secured by an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property located within the District, and are further payable from and secured by a pledge of and lien on certain Net Revenues, if any, derived from the operation of the District's waterworks and sewer system (the "System"), to the extent and upon the conditions described herein. See "THE BONDS - Source of Payment." The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District (i) to collect from the property owners within the District taxes levied against all taxable property located within the District or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities, and (ii) to generate Net Revenues from the operation of the System. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners or that the System will produce sufficient Net Revenues to make significant contributions, if any, to future debt service payments. See "Production of Net Revenues" below. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below.

### Factors Affecting Taxable Values and Tax Payments

**Economic Factors:** A substantial percentage of the assessed valuation of the property located within the District is attributable to the current market value of the single-family and multi-family residences that have been constructed within the District. The maintenance of or the potential increase in taxable valuation of the District are directly related to the vitality of the residential housing industry, and can be significantly affected by factors such as interest rates, construction costs, energy availability and costs and the prosperity and demographic characteristics of the urban center to which the marketing of such single-family residences is directed. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Declines in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the values of existing homes (see "Potential Effects of Oil Price Volatility on the Houston Area"). Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although development of the District has occurred as is described in this Official Statement under the caption "DEVELOPMENT OF THE DISTRICT" and "THE SYSTEM," the District cannot predict whether the taxable valuation of District property will be maintained at any particular level of valuation.

**National Economy:** The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, employment levels and general economic conditions. Although development in the District has occurred as is described in this Official Statement under the captions "DEVELOPMENT OF THE DISTRICT" and "THE SYSTEM," the District cannot predict whether the taxable valuation of District property will be maintained at any particular level of valuation. The District cannot predict what impact, if any, a downturn in the local housing markets or in the national housing and financial markets may have on the Houston market generally and the District specifically. See "TAXING PROCEDURES."

**Credit Markets and Liquidity in the Financial Markets:** Interest rates and the availability of mortgage and development funding have a direct impact on residential and commercial development activity and the construction of homes and commercial projects, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale and at which commercial developers are able to finance new commercial projects. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District and of homebuilders to initiate the construction of new homes for sale and of commercial developers to initiate the construction of commercial projects. Because of the numerous and changing factors affecting the

availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued development and/or home construction or the construction of new commercial projects within the District. In addition, since the District is located approximately 25 miles north of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and in real estate and financial markets in the United States could adversely affect development and homebuilding plans or the construction of future commercial buildings in the District and restrain the growth of the District's property tax base.

### **Maximum Impact on District Tax Rates**

Assuming no further development in the District other than the development which has occurred to date, the value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds will be \$630,063 (2040), and the Average Annual Debt Service Requirements will be \$609,005 (2027 through 2040, inclusive). The 2025 Assessed Valuation of property within the District is \$203,756,211. Assuming no increase to or decrease from the 2025 Assessed Valuation, the issuance of no additional bonds by the District, and no use of other legally available District funds, tax rates of \$0.33 and \$0.32 per \$100 of Assessed Valuation at a 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. The District levied a debt service tax rate of \$0.20 per \$100 of Assessed Valuation and a maintenance tax of \$0.50 per \$100 of Assessed Valuation for 2025. The 2025 debt service tax rate of \$0.20 per \$100 of Assessed Valuation will not be sufficient to pay the Average Annual Debt Service Requirements and the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds assuming taxable values in the District at the level of the 2025 Assessed Valuation, assuming collection of 95% of taxes levied, the use of no other legally available District funds on hand, and the issuance of no additional bonds by the District. However, as is illustrated in this Official Statement under the caption "TAX DATA - Historical Values Tax Collection History," the District has collected an average of 99.60% of its 2015 through 2024 tax levies as of March 31, 2026. Moreover, the District's Debt Service Fund balance was \$655,241 as of March 23, 2026. Although neither Texas law nor the Bond Order requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see "APPENDIX B - FINANCIAL REPORT OF THE DISTRICT"). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the rate which the District levied for 2025 - \$0.20 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "TAX DATA - Tax Rate Calculations."

Increases in the District's tax rate to levels higher than the total tax rate of \$0.70 per \$100 of Assessed Valuation which the District has levied for 2025 may have an adverse impact upon future development within the District, the future construction of homes and other taxable improvements within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a Registered Owner of the District's obligations to collect sufficient taxes may be a costly and lengthy processes. See "TAXING PROCEDURES - District's Rights in the Event of Tax Delinquencies."

As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2025 tax levies of all units of government which levy taxes against the property located within the District plus the District's 2025 tax rate is \$2.709906 per \$100 of Assessed Valuation. Such aggregate levies are higher than the aggregate of the tax levies of some municipal utility districts located within the Houston metropolitan area, including the area of the District, but they are within the range of the aggregate levies of most municipal utility districts in the Houston metropolitan area in the area of the District which are in stages of development comparable with the District. One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District, and the tax rates levied by other overlapping

jurisdictions, are subject to numerous uncertainties and variables, and thus the District can give no assurance that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. To the extent that the District's composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

### **Production of Net Revenues**

The Net Revenues, if any, to be derived from the operation of the System are entirely dependent upon sales of water and sewer services to current and future residents and users of the System and related operating expenses. The District does not expect that the operation of the System will produce Net Revenues sufficient to make a significant contribution, if any, to the District's debt service requirements. The District's General Fund balance at December 31, 2025, was \$5,843,163 and at March 23, 2026 (unaudited), was \$6,232,893. An audit of the District's accounts for the fiscal year ended December 31, 2025, is included as "APPENDIX B" to this Official Statement. See "WATERWORKS AND SEWER SYSTEM OPERATIONS - Waterworks and Sewer System Operating Statement."

### **Tax Collection Limitations**

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (i) cumbersome, time-consuming, and expensive collection procedures, (ii) a bankruptcy court's stay of tax collection procedures against a taxpayer, (iii) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (iv) the taxpayer's right to redeem the property within two years of foreclosure. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. See "TAXING PROCEDURES - District's Rights in the Event of Tax Delinquencies."

### **Registered Owners' Remedies and Bankruptcy**

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. Even if Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS - Bankruptcy Limitation to Registered Owners' Rights."

The District may not be placed into bankruptcy involuntarily.

## **Marketability**

The District has no understanding (other than the initial reoffering yields) with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. There is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold or traded in the secondary market. See “SALE AND DISTRIBUTION OF THE BONDS.”

## **Future Debt**

The District has reserved in the Bond Order the right to issue the remaining \$5,110,000 bonds authorized but unissued for waterworks, wastewater and drainage facilities, and such additional bonds as may hereafter be approved by both the Board of Directors and voters of the District. The District also has reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining bonds authorized for waterworks, sanitary sewer and drainage facilities, including bonds that have been authorized for refunding purposes, which have heretofore been authorized by voters of the District may be issued by the District from time to time as needed. The issuance of the aforementioned \$5,110,000 bonds for waterworks, wastewater and drainage facilities is also subject to TCEQ approval. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See “THE BONDS - Issuance of Additional Debt.”

## **Continuing Compliance with Certain Covenants**

The Bond Order contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds for federal income tax purposes. Failure of the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See “LEGAL MATTERS - Tax Exemption.”

## **Approval of the Bonds**

As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. See “THE BONDS - Use and Distribution of Bond Proceeds.” In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the security of the Bonds as an investment, nor have the foregoing authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

## **Environmental Regulations**

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District are subject to complex environmental laws and regulations at the federal, state and local levels that may require or prohibit certain activities that affect the environment, such as:

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future

compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

### *Air Quality Issues*

Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight-county Houston-Galveston-Brazoria area (“HGB Area”)—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”), and the EPA’s most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the “2015 Ozone Standard”). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

The HGB Area is currently designated as a “severe” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB Area is currently designated as a “moderate” nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2024. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA’s ozone standards, the TCEQ has established a state implementation plan (“SIP”) for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA’s attainment deadlines. These additional controls could have a negative impact on the HGB Area’s economic growth and development.

### *Water Supply & Discharge Issues*

Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the HGB Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the

TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the "waters of the United States." The District must obtain a permit from the United States Army Corps of Engineers ("USACE") if operations of the District require that wetlands be filled, dredged, or otherwise altered.

In 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. Subsequently, the EPA and USACE issued a final rule amending the definition of "waters of the United States" under the CWA to conform with the Supreme Court's decision.

While the *Sackett* decision and subsequent regulatory action removed a great deal of uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

## **Extreme Weather Events**

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

The greater Houston area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e., "500 year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. However, according to District officials, the District's System did not sustain any material damage due to Hurricane Harvey and there was no interruption of water or sanitary sewer service. Further, according to District officials, after investigation, the District experienced street flooding, and minor water penetration in approximately 54 homes located in the Fairfax Village and Birnam Wood subdivisions and approximately five (5) businesses along Treschwig Road. The 54 homes represent less than six percent (6%) of the total of 995 completed homes located in the District as of August 31, 2017.

If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase in the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property

within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

#### *Specific Flood Type Risks*

Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system, which may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

#### *Coastal (or Storm Surge) Flood*

Coastal, or storm surge, flooding occurs when sea levels or water levels in estuarial rivers, bayous and channels rise to abnormal levels in coastal areas, over and above the regular astronomical tide, caused by forces generated from a severe storm's wind, waves, and low atmospheric pressure. Storm surge is extremely dangerous, because it is capable of flooding large swaths of coastal property and causing catastrophic destruction. This type of flooding may be exacerbated when storm surge coincides with a normal high tide.

#### **Potential Effects of Oil Price Volatility on the Houston Area**

The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or construction activity within the District. The District cannot predict the impact that negative conditions in the oil industry could have on property values in the District.

#### **Changes in Tax Legislation**

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

#### **Cybersecurity**

The District's consultants use digital technologies to collect taxes, hold funds and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District's consultants are considered targets for cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District's finances. Insurance to protect against such breaches is limited.

### **LEGAL MATTERS**

#### **Legal Opinion**

The District will furnish the Underwriter a transcript of certain certified proceedings held incident to the authorization and issuance of the Bonds, including a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District. The District will also furnish the legal opinion of Radcliffe Adams Barner PLLC ("Bond Counsel") to the effect that, based upon an examination of such transcript, the Bonds are legal, valid and binding obligations of the District and to the effect that the interest on the Bonds is exempt from federal income taxation under

existing statutes, regulations, published rulings and court decisions. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

The opinion of Bond Counsel is expected to be reproduced on the back panel of the Bonds. The failure to print such legal opinion on any Bond shall not constitute cause for a failure or refusal by the Underwriters to accept delivery of and pay for the Bonds.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS” (except for information under the subheadings “Book-Entry-Only System” and “Use and Distribution of Bond Proceeds”), “THE DISTRICT - Management of the District - Attorney,” “TAXING PROCEDURES,” “LEGAL MATTERS - Legal Opinions,” “ - No Arbitrage,” “ - Tax Exemption,” “ - Tax Accounting Treatment of Discount and Premium on Certain Bonds,” and “ - Qualified Tax-Exempt Obligations” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law, the provisions of the documents referred to therein and conforms to the provisions of the Order of the TCEQ approving the Bonds and to the requirements of the City of Houston with respect to the sale of the Bonds. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Radcliffe Adams Barner PLLC, also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

#### **No Arbitrage**

The District will certify on the date the Bonds are delivered and paid for that based upon all facts and estimates now known or reasonably expected to be in existence, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be “arbitrage bonds” under Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations prescribed from time to time thereunder. Furthermore, all officers, employees and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District have been authorized to certify to the facts, circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District will covenant in the Bond Order that it will make such use of the proceeds of the Bonds, regulate investments of proceeds of the Bonds and take such other and further actions and follow such procedures, including without limitation, calculation of the yield on the Bonds, as may be required so that the Bonds will not become “arbitrage bonds” under the Code and the regulations prescribed from time to time thereunder.

#### **No-Litigation Certificate**

The District will furnish the Initial Purchaser a certificate, executed by the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

#### **No Material Adverse Change**

The obligations of the Underwriters to take up and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale. If the Underwriter elects to

purchase bond insurance, the rating of the Insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

## **Tax Exemption**

Delivery of the Bonds is subject to an opinion of Radcliffe Adams Barner PLLC, Bond Counsel, to the effect that, as of the date of issuance of the Bonds, pursuant to section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended, existing regulations, published rulings, and court decisions, (1) interest on the Bonds will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes assuming continuing compliance by the District with the provisions of the Bond Order and the No Arbitrage Certificate subsequent to the issuance of the Bonds; however, such interest is taken into account in determining the adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on such corporations, and (2) the Bonds will not be "specified private activity bonds" and, accordingly, the interest thereon will not be included as an item of tax preference under Section 57(a)(5) of the Code. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering such opinion, Bond Counsel will rely upon representations and certifications of the District made in a certificate pertaining to the use, expenditure, and investment of the proceeds of the Bonds and certain other funds and will assume continuing compliance by the District with the representations and warranties in and covenants of the Bond Order and the No Arbitrage Certificate subsequent to the issuance of the Bonds. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "IRS"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law to the extent deemed relevant to render such opinions and the representations and covenants referenced above. The IRS has an ongoing audit program to determine whether interest on selected state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to the likelihood that the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures, the IRS is likely to treat the District as the taxpayer, and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Under the Code, taxpayers are required to report on their returns the amount of tax exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, state, or local tax consequences under present law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, "S" corporations with "subchapter C" earnings and profits, owners of interests in FASIT and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry (or who have paid or incurred certain expenses all allocable to) tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

## **Tax Accounting Treatment of Discount and Premium on Certain Bonds**

The initial public offering price of certain of the Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

However, such interest may be required to be taken into account in determining the amount of branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, "S" corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of interests in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain of the Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bond. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser may be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain or decrease the amount of any loss to be recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the state and local tax consequences of owning Premium Bonds.

## **Qualified Tax-Exempt Obligations**

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The Bonds will be designated "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2026 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2026.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20 percent disallowance of allocable interest expense.

## **SOURCES OF INFORMATION**

### **General**

The information contained in this Official Statement has been obtained primarily from the District's records, the Harris Central Appraisal District, the Engineer, and other sources believed to be reliable; however, no representation is made by the District as to the accuracy or completeness of the information contained herein, except as described below under "Certification of Official Statement." The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The District's financial statements for the year ended December 31, 2025, were audited by McCall Gibson Swedlund Barfoot Ellis PLLC, and have been included herein as "APPENDIX B." McCall Gibson Swedlund Barfoot Ellis PLLC, have agreed to the publication of such financial statements in this Official Statement.

### **Experts**

The information contained in this Official Statement relating to engineering, to the description of the System generally and, in particular, the engineering information included in the section captioned "THE SYSTEM" has been provided by Langford Engineering, Inc., Houston, Texas. Such information has been included herein in reliance upon the authority of Langford Engineering, Inc. as an expert in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning principal taxpayers, tax collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" has been provided by the Harris Central Appraisal District and Assessments of the Southwest, Inc. The District has included certain information herein in reliance upon such firm's authority as an expert in the field of tax assessing and real property appraisal.

### **Certification as to Official Statement**

At the time of payment for and delivery of the Bonds, the District will furnish the Underwriter a certificate, executed by the President or Vice President and Secretary or Assistant Secretary of the Board, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the information, descriptions and statements of or pertaining to the District contained in this Official Statement, on the date thereof and on the date of delivery were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (c) insofar as the descriptions and statements, including financial data contained in this Official Statement, of or pertaining to entities other than the District and their activities are concerned, such statements and data have been obtained from sources which the District believes to be reliable and that the District has no reason to believe that they are untrue in any material respect or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; however, the District has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District.

## **Updating of Official Statement**

If, subsequent to the date of the Official Statement, to and including the date the Underwriter is no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), the District learns, or is notified by the Underwriter, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the "end of the underwriting period."

## **CONTINUING DISCLOSURE OF INFORMATION**

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) of the SEC regarding the District's continuing disclosure obligations because the District does not have more than \$10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds. As required by the exemption, in the Bond Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information vendors. This information will be available to securities brokers and others who subscribe to receive the information from the information vendors.

## **Annual Reports**

The District will provide certain financial information and operating data which is customarily prepared by the District and is publicly available, annually to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement in "APPENDIX B" (the "Audit").

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is December 31. Accordingly, it must provide updated information by the last day of June in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

## **Event Notices**

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to

the tax status of the Bonds, or other events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of SEC Rule 15c2-12; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of SEC Rule 15c2-12 or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the SEC Rule 15c2-12, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

### **Availability of Information**

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB through its EMMA system at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Limitations and Amendments**

The District has agreed to update information and to provide notices of events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement, or from any statement made pursuant to its agreement, although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

### **Compliance With Prior Undertakings**

The District is in compliance with all continuing disclosure agreements in connection with SEC Rule 15c2-12.

### **Official Statement “Deemed Final”**

For purposes of compliance with SEC Rule 15c2-12, this document, as the same may be supplemented or corrected by the District from time to time, may be treated as an “official statement” with respect to the Bonds described herein “deemed final” by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

The Official Statement, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a “final official statement” of the District with respect to the Bonds, as that term is defined in SEC Rule 15c2-12.

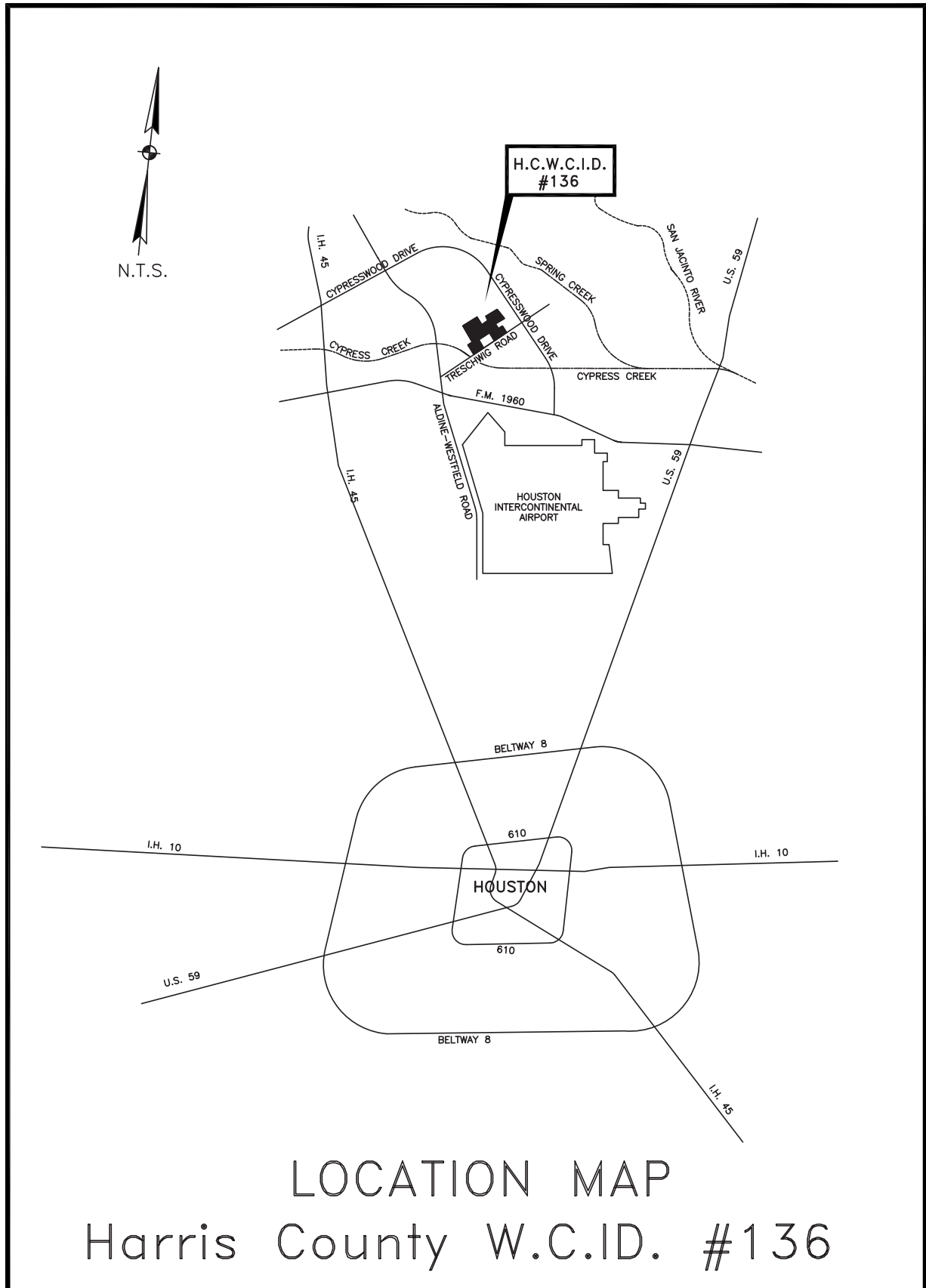
This Official Statement was approved by the Board of Directors of Harris County Water Control and Improvement District No. 136 as of the date shown on the first page hereof.

President, Board of Directors  
Harris County Water Control and Improvement  
District No. 136

ATTEST:

Secretary, Board of Directors  
Harris County Water Control and Improvement  
District No. 136

APPENDIX A  
LOCATION MAP





**APPENDIX B**

**HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 136**

**HARRIS COUNTY, TEXAS**

**FINANCIAL REPORT OF THE DISTRICT**

**DECEMBER 31, 2025**



**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2025**



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# *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 Water Control and  
Improvement District No. 136  
Harris County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Water Control and Improvement District No. 136 (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.

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

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

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

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

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

### **Required Supplementary Information**

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

### **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

March 23, 2026

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

Management’s discussion and analysis of Harris County Water Control and Improvement District No. 136’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 two governmental fund types. The General Fund accounts for maintenance taxes, 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 related cost of assessing and collecting taxes.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**FUND FINANCIAL STATEMENTS (Continued)**

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”) and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,687,891 as of December 31, 2025.

A portion of the District’s net position reflects its net investment in capital assets (land and land improvements, construction in progress, buildings and water and wastewater facilities less any debt used to acquire those assets that are still outstanding). The District uses these assets to provide water and wastewater services.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

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

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 8,117,093	\$ 7,629,374	\$ 487,719
Capital Assets (Net of Accumulated Depreciation)	5,078,139	4,957,391	120,748
Total Assets	\$ 13,195,232	\$ 12,586,765	\$ 608,467
Deferred Outflows of Resources	\$ 64,215	\$ 70,224	\$ (6,009)
Bonds Payable	\$ 4,819,982	\$ 5,047,946	\$ 227,964
Other Liabilities	325,281	325,371	90
Total Liabilities	\$ 5,145,263	\$ 5,373,317	\$ 228,054
Deferred Inflows of Resources	\$ 1,426,293	\$ 1,398,814	\$ (27,479)
Net Position:			
Net Investment in Capital Assets	\$ 322,372	\$ (20,331)	\$ 342,703
Restricted	477,684	463,531	14,153
Unrestricted	5,887,835	5,441,658	446,177
Total Net Position	\$ 6,687,891	\$ 5,884,858	\$ 803,033

The following table provides a summary of the District's operations for the years ending December 31, 2025 and December 31, 2024. The District's net position increased by \$803,033 during the current fiscal year.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,415,796	\$ 1,405,036	\$ 10,760
Charges for Services	1,187,546	1,211,169	(23,623)
Other Revenues	333,520	345,906	(12,386)
Total Revenues	\$ 2,936,862	\$ 2,962,111	\$ (25,249)
Expenses for Services	2,133,829	2,163,424	29,595
Change in Net Position	\$ 803,033	\$ 798,687	\$ 4,346
Net Position, Beginning of Year	5,884,858	5,086,171	798,687
Net Position, End of Year	\$ 6,687,891	\$ 5,884,858	\$ 803,033

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

The District's combined fund balances as of December 31, 2025, were \$6,344,021, an increase of \$434,415 from the prior year.

The General Fund fund balance increased by \$433,989, primarily due to tax, service revenues and investment revenues exceeding operating expenditures and capital outlay.

The Debt Service Fund fund balance increased by \$426, due to the structure of the District's long-term debt.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was amended. Actual revenues were \$86,714 more than budgeted revenues and actual expenditures were \$213,061 less than budgeted expenditures resulting in a positive budget variance of \$299,775. See the budget to actual comparison for more information.

**CAPITAL ASSETS**

Capital assets as of December 31, 2025, totaled \$5,078,139 (net of accumulated depreciation) and includes land and land improvements, construction in progress and buildings as well as the water and wastewater systems. 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	\$ 231,507	\$ 231,507	\$
Construction in Progress	398,674	56,203	342,471
Capital Assets, Net of Accumulated Depreciation:			
Buildings	4,534	5,675	(1,141)
Water System	2,527,983	2,687,882	(159,899)
Wastewater System	1,915,441	1,976,124	(60,683)
Total Net Capital Assets	\$ 5,078,139	\$ 4,957,391	\$ 120,748

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**LONG-TERM DEBT ACTIVITY**

As of December 31, 2025, the District had total bond debt of \$4,805,000. The changes in the debt position of the District during the year ended December 31, 2025, are summarized as follows:

Bond Debt Payable, January 1, 2025	\$ 5,030,000
Less: Bond Principal Paid	<u>225,000</u>
Bond Debt Payable, December 31, 2025	<u>\$ 4,805,000</u>

The District’s bonds carry an underlying rating of “BBB+”. The Series 2017 bonds have an insured rating of “AA” with Build America Mutual Assurance Company. The Series 2017 Refunding bonds have an insured rating of “AA” with Assured Guaranty.

**CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS**

The adopted budget for fiscal year 2026 projects a General Fund fund balance increase of \$452,526.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Water Control and Improvement District No. 136, c/o Radcliffe Adams Barner PLLC, 3355 W. Alabama Street, Suite 350, Houston, Texas 77098

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2025**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 466,631	\$ 289,204
Investments	5,324,357	466,188
Receivables:		
Property Taxes	891,434	360,088
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Doubtful Accounts of \$2,000)	209,530	
Accrued Interest	19,215	
Due from Other Funds	179,541	
Prepaid Costs	29,635	
Due from Other Governmental Units	21,659	
Advance for Wastewater Treatment Plant Operations	13,262	
Capital Assets:		
Land and Land Improvements		
Construction in Progress		
Buildings and Water and Wastewater Systems		
<b>TOTAL ASSETS</b>	<b>\$ 7,155,264</b>	<b>\$ 1,115,480</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding	\$ - 0 -	\$ - 0 -
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 7,155,264</b>	<b>\$ 1,115,480</b>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 755,835	\$	\$ 755,835
5,790,545		5,790,545
1,251,522		1,251,522
	18,261	18,261
209,530		209,530
19,215		19,215
179,541	(179,541)	
29,635	7,629	37,264
21,659		21,659
13,262		13,262
	231,507	231,507
	398,674	398,674
	4,447,958	4,447,958
<u>\$ 8,270,744</u>	<u>\$ 4,924,488</u>	<u>\$ 13,195,232</u>
<u>\$ - 0 -</u>	<u>\$ 64,215</u>	<u>\$ 64,215</u>
<u>\$ 8,270,744</u>	<u>\$ 4,988,703</u>	<u>\$ 13,259,447</u>

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2025**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 57,028	\$
Accrued Interest Payable		
Due to Other Funds		179,541
Due to Taxpayers		9,229
Security Deposits	199,256	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	\$ 256,284	\$ 188,770
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 1,055,817	\$ 425,852
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 29,635	\$
For Wastewater Treatment Plant Operations	13,262	
Restricted for Debt Service		500,858
Unassigned	5,800,266	
<b>TOTAL FUND BALANCES</b>	\$ 5,843,163	\$ 500,858
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	\$ 7,155,264	\$ 1,115,480
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 57,028	\$	\$ 57,028
	59,768	59,768
179,541	(179,541)	
9,229		9,229
199,256		199,256
	230,000	230,000
	<u>4,589,982</u>	<u>4,589,982</u>
<u>\$ 445,054</u>	<u>\$ 4,700,209</u>	<u>\$ 5,145,263</u>
<u>\$ 1,481,669</u>	<u>\$ (55,376)</u>	<u>\$ 1,426,293</u>
\$ 29,635	\$ (29,635)	\$
13,262	(13,262)	
500,858	(500,858)	
<u>5,800,266</u>	<u>(5,800,266)</u>	
<u>\$ 6,344,021</u>	<u>\$ (6,344,021)</u>	<u>\$ - 0 -</u>
<u>\$ 8,270,744</u>		
	\$ 322,372	\$ 322,372
	477,684	477,684
	<u>5,887,835</u>	<u>5,887,835</u>
	<u>\$ 6,687,891</u>	<u>\$ 6,687,891</u>

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2025**

Total Fund Balances - Governmental Funds \$ 6,344,021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Prepaid bond insurance in governmental activities is not a current financial resource and, therefore, is not reported as an asset in the governmental funds. 7,629

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 5,078,139

Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District. 73,637

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	\$ (59,768)	
Deferred Charges on Refunding Bonds	64,215	
Bonds Payable	<u>(4,819,982)</u>	<u>(4,815,535)</u>
Total Net Position - Governmental Activities		<u>\$ 6,687,891</u>

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
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
<b>REVENUES</b>		
Property Taxes	\$ 997,671	\$ 399,617
Water Service	319,605	
Wastewater Service	451,009	
Regional Water Authority Fees	211,646	
Penalty and Interest	20,808	25,777
Security Fees	153,135	
Investment Revenues	248,548	26,819
Miscellaneous Revenues	55,292	2,861
	<u>\$ 2,457,714</u>	<u>\$ 455,074</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 176,314	\$ 10,395
Contracted Services	526,591	30,081
Purchased Wastewater Service	181,752	
Utilities	47,154	
Regional Water Authority Assessment	206,882	
Repairs and Maintenance	410,434	
Depreciation		
Other	132,127	3,134
Capital Outlay	342,471	
Debt Service:		
Bond Principal		225,000
Bond Interest		186,038
	<u>\$ 2,023,725</u>	<u>\$ 454,648</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 433,989</b>	<b>\$ 426</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JANUARY 1, 2025</b>	<u>5,409,174</u>	<u>500,432</u>
<b>FUND BALANCES/NET POSITION - DECEMBER 31, 2025</b>	<u>\$ 5,843,163</u>	<u>\$ 500,858</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 1,397,288	\$ 18,508	\$ 1,415,796
319,605		319,605
451,009		451,009
211,646		211,646
46,585	5,566	52,151
153,135		153,135
275,367		275,367
58,153		58,153
\$ 2,912,788	\$ 24,074	\$ 2,936,862
\$ 186,709	\$	\$ 186,709
556,672		556,672
181,752		181,752
47,154		47,154
206,882		206,882
410,434		410,434
	221,723	221,723
135,261		135,261
342,471	(342,471)	
225,000	(225,000)	
186,038	1,204	187,242
\$ 2,478,373	\$ (344,544)	\$ 2,133,829
\$ 434,415	\$ (434,415)	\$
	803,033	803,033
5,909,606	(24,748)	5,884,858
\$ 6,344,021	\$ 343,870	\$ 6,687,891

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
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	\$	434,415
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.		18,508
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		5,566
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.		(221,723)
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.		342,471
Governmental funds report bond discounts and premiums as other financing sources/uses in the year paid. However, in the Statement of Net Position, the bond discounts and premiums as well as deferred charges on refundings are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		(3,045)
Governmental funds report bond insurance as expenditures in the year paid. However, in the Statement of Net Position, the bond insurance is amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		(714)
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.		225,000
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.		2,555
		<hr style="width: 100%; border: 0.5px solid black;"/>
Change in Net Position - Governmental Activities	\$	<u>803,033</u>

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 1. CREATION OF DISTRICT**

Harris County Water Control and Improvement District No. 136 of Harris County, Texas (the “District”) was created as a water control and improvement district on May 20, 1970, in accordance with Texas Water Code Chapter 51. The District converted to a municipal utility district on February 26, 1980. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code and under the supervision of the Texas Commission on Environmental Quality (the “Commission”), the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service and storm sewer drainage for the residents of the District. Further, the District has the ability under the Texas Water Code to provide garbage and recycling collection and to construct parks and recreational facilities. The Board of Directors held its first meeting on June 19, 1970, and the first bonds were sold on December 17, 1971.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

The District has entered into an agreement for wastewater treatment with Tattor Road Municipal District, Postwood Municipal Utility District, Harris County Municipal Utility District No. 43 and Aldine Independent School District. Oversight responsibility of the wastewater treatment plant is by the Treschwig Joint Powers Board. Additional disclosure concerning this joint venture is provided in Note 8.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

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

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”).

GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement 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 funds financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

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

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

Governmental Funds

The District has two major governmental funds.

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

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

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.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

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

Basis of Accounting

Property taxes considered available by the District and included in revenue include the 2024 tax levy collections during the period October 1, 2024 to December 31, 2025 and taxes collected from January 1, 2025 to December 31, 2025 for the 2023 and prior tax levies. The 2025 tax levy has been fully deferred to meet operating expenditures of the 2026 fiscal year.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of December 31, 2025, the Debt Service Fund owed the General Fund \$179,541 for maintenance tax collections.

Capital Assets

Capital assets, which include land and land improvements, construction in progress, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as an expenditure 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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

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

Budgeting

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

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service determined that directors are considered to be “employees” for federal payroll tax purposes only.

Measurement Focus

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

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

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

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

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

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

Measurement Focus (Continued)

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

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

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

Accounting Estimates

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

**NOTE 3. LONG-TERM DEBT**

The following is a summary of transactions regarding the changes in the long-term liabilities for the year ended December 31, 2025:

	January 1, 2025	Additions	Retirements	December 31, 2025
Bonds Payable	\$ 5,030,000	\$	\$ 225,000	\$ 4,805,000
Bond Discounts	(65,243)		(4,155)	(61,088)
Bond Premiums	83,189		7,119	76,070
Bonds Payable, net	<u>\$ 5,047,946</u>	<u>\$ -0-</u>	<u>\$ 227,964</u>	<u>\$ 4,819,982</u>
		Amount Due Within One Year		\$ 230,000
		Amount Due After One Year		<u>4,589,982</u>
		Bonds Payable, net		<u>\$ 4,819,982</u>

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

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

	Series 2017	Series 2017 Refunding
Amount Outstanding – December 31, 2025	\$ 3,055,000	\$ 1,750,000
Interest Rates	2.75% - 3.75%	4.00%
Maturity Date	September 1, 2026/2040	September 1, 2026/2036
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2024*	September 1, 2024*

\* Callable at the option of the District as a whole or in part on the call option date or any date thereafter, at par plus accrued interest to the date of redemption. Series 2017 bonds due September 1, 2026, September 1, 2028, September 1, 2030, September 1, 2032, September 1, 2034, September 1, 2038 and September 1, 2040 are subject to mandatory redemption by random selection beginning September 1, 2025, September 1, 2027, September 1, 2029, September 1, 2031, September 1, 2033, September 1, 2035 and September 1, 2039, respectively. Series 2017 refunding bonds due September 1, 2026, September 1, 2028, September 1, 2030, September 1, 2032, September 1, 2034 and September 1, 2036 are subject to mandatory redemption by random selection beginning September 1, 2025, September 1, 2027, September 1, 2029, September 1, 2031, September 1, 2033 and September 1, 2035, respectively.

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

Fiscal Year	Principal	Interest	Total
2026	\$ 230,000	\$ 178,412	\$ 408,412
2027	240,000	170,650	410,650
2028	250,000	162,200	412,200
2029	265,000	153,400	418,400
2030	275,000	143,738	418,738
2031-2035	1,560,000	557,650	2,117,650
2036-2040	1,985,000	231,137	2,216,137
	\$ 4,805,000	\$ 1,597,187	\$ 6,402,187

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

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

As of December 31, 2025, the District had authorized but unissued tax and revenue bonds in the amount of \$8,360,000 and refunding bonds authorization not to exceed one and one-half times the amount of bonds outstanding at any given time.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount and are further payable from and secured by a pledge of net revenues of the District.

During the year ended December 31, 2025, the District levied an ad valorem debt service tax rate of \$0.20 per \$100 of assessed valuation, which resulted in a tax levy of \$407,513 on the adjusted taxable valuation of \$203,756,211 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. See Note 7 for the maintenance tax levy.

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

**NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS**

For the bonds sold, 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 be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

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 with respect to the District to 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.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

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

At fiscal year end, the carrying amount of the District’s deposits was \$1,445,835 and the bank balance was \$1,535,970. Of the bank balance, \$1,434,343 was covered by federal depository insurance and the remaining balance was covered by collateral pledged in the name of the District and held in a third-party depository. 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	Certificates of Deposit	Total
GENERAL FUND	\$ 466,631	\$ 690,000	\$ 1,156,631
DEBT SERVICE FUND	289,204		289,204
<b>TOTAL DEPOSITS</b>	<b>\$ 755,835</b>	<b>\$ 690,000</b>	<b>\$ 1,445,835</b>

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: preservation and safety of principal, first; liquidity, second; yield, third; understanding the suitability of the investment to the District’s financial requirements, fourth; and diversification of the investment portfolio, fifth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

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

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, and (12) certain qualified governmental investment pools.

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 investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

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. Custodial, 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 I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR

The District's certificates of deposit are recorded at acquisition cost.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

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

Investments (Continued)

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

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$3,614,608	\$3,614,608	\$	\$	\$
TexStar	1,019,749	1,019,749			
Certificates of Deposit	690,000	690,000			
<u>DEBT SERVICE FUND</u>					
TexPool	466,188	466,188			
<b>TOTAL INVESTMENTS</b>	<u><u>\$5,790,545</u></u>	<u><u>\$5,790,545</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>

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 investment in TexPool and TexSTAR were rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

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 positions can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

Restrictions

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

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 6. CAPITAL ASSETS**

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

	January 1, 2025	Increases	Decreases	December 31, 2025
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 231,507	\$	\$	\$ 231,507
Construction in Progress	<u>56,203</u>	<u>342,471</u>	<u></u>	<u>398,674</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 287,710</u>	<u>\$ 342,471</u>	<u>\$ - 0 -</u>	<u>\$ 630,181</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings	\$ 45,624	\$	\$	\$ 45,624
Water System	4,796,272			4,796,272
Wastewater System	<u>3,023,982</u>	<u></u>	<u></u>	<u>3,023,982</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 7,865,878</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 7,865,878</u>
<b>Less Accumulated Depreciation</b>				
Buildings	\$ 39,949	\$ 1,141	\$	\$ 41,090
Water System	2,108,390	159,899		2,268,289
Wastewater System	<u>1,047,858</u>	<u>60,683</u>	<u></u>	<u>1,108,541</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 3,196,197</u>	<u>\$ 221,723</u>	<u>\$ - 0 -</u>	<u>\$ 3,417,920</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 4,669,681</u>	<u>\$ (221,723)</u>	<u>\$ - 0 -</u>	<u>\$ 4,447,958</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 4,957,391</u>	<u>\$ 120,748</u>	<u>\$ - 0 -</u>	<u>\$ 5,078,139</u>

**NOTE 7. MAINTENANCE TAX**

On May 10, 2009, the voters of the District approved the increase of the levy and collection of a maintenance tax from \$0.25 (which was voted on April 2, 1977) to an amount not to exceed \$0.50 per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the year ended December 31, 2025, the District levied an ad valorem maintenance tax rate of \$0.50 per \$100 of assessed valuation, which resulted in a tax levy of \$1,018,780 on the adjusted taxable valuation of \$203,756,211 for the 2025 tax year. Consistent with the District's accounting policies, the recognition of maintenance tax revenue for the 2025 tax levy has been deferred.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 8. WASTEWATER TREATMENT FACILITY JOINT VENTURE**

On December 19, 1973, the District entered into an agreement with several other districts to construct and maintain a jointly owned and operated sewage treatment and disposal facility to serve each district’s respective customers. On April 22, 1991, the participants established a “Joint Powers Board” to oversee the operation of the Sewage Treatment Plant. The Joint Powers Board is governed by five Board Members, consisting of one Director or representative from each participant. The agreement was amended on December 16, 2003, to revise the list of participants. The agreement was amended on May 1, 2007, to change the method used to determine the number of equivalent single-family connections. The agreement was amended on August 18, 2011, to redefine certain terms and the responsibility of joint repair projects. This agreement will continue in force and effect until terminated by mutual agreement of the parties.

Each participant is billed monthly for its share of the operating costs. Certain operating costs are designated to be shared based on the respective pro-rata share of capacity, and other operating costs are shared based on the number of equivalent single-family residential connections being billed by each participant. During the current year, the District recorded \$181,752 as its share of current operating costs and maintained an operating reserve of \$13,262.

The participating entities and their respective pro rata share of capacity in the Treschwig Sewage Treatment Plant are:

Participant	Percent
Tattor Road Municipal District	29.43%
Post Wood Municipal Utility District	21.15
Harris County Water Control and Improvement District No. 136	21.39
Harris County Municipal Utility District No. 43	25.75
Aldine Independent School District	<u>2.28</u>
	<u>100.00%</u>

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 8. WASTEWATER TREATMENT FACILITY JOINT VENTURE**  
(Continued)

The following summary financial data of the Treschwig Sewage Treatment Plant (the “Plant”) is presented for the fiscal year ended March 31, 2025. Additional financial information can be obtained by contacting the Plant’s attorneys, Young & Brooks.

	Sewage Treatment Plant
Total Assets	\$ 125,717
Total Liabilities	<u>63,717</u>
Net Position	<u>\$ 62,000</u>
Total Operating Revenues	\$ 1,015,290
Total Operating Expenses	<u>1,015,290</u>
Change in Net Position	\$ -0-
Net Position – April 1, 2024	<u>62,000</u>
Net Position – March 31, 2025	<u>\$ 62,000</u>

**NOTE 9. RISK MANAGEMENT**

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

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

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

The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The fee as of December 31, 2025 was \$2.60 per 1,000 gallons of water pumped from each well. The District recorded expenditures of \$206,882 for fees assessed during the current fiscal year.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2025**

**NOTE 11. EMERGENCY WATER SUPPLY CONTRACTS**

On November 1, 2003, the District and Harris County Municipal Utility District No. 43 entered into a 40-year emergency water supply contract for the construction and operation of an emergency water supply interconnect between the districts. The agreement was amended on February 7, 2006. The supplying district bills the receiving district \$1.00 plus the supplying district's regional water authority rate per 1,000 gallons of water supplied.

On April 14, 2005, the District and Timber Lane Utility District entered into a 40-year emergency water supply contract for the construction and operation of an emergency water supply interconnect between the districts. The supplying district bills the receiving district \$1.00 plus the supplying district's regional water authority rate per 1,000 gallons of water supplied.

**NOTE 12. JOINT FACILITIES CONTRACT**

On December 9, 1974, the District and Harris County Municipal Utility District No. 43 ("District 43") entered into a Joint Facilities Contract which was amended on October 24, 1994 and April 26, 2010. Per the Joint Facilities Contract, as amended, each district agrees to pay their pro rata share of the cost of constructing, maintaining, repairing and/or upgrading certain sanitary sewer lines and storm sewer lines that benefit both districts. Each district's pro rata share of sanitary sewer line costs is based on the ratio of the number of customers as of January 1st of each year compared to the total number of customers for both districts. During the year ended December 31, 2025, there were no costs owed from District 43 related to this contract.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136**

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2025**

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 935,000	\$ 935,000	\$ 997,671	\$ 62,671
Water Service	370,000	370,000	319,605	(50,395)
Wastewater Service	410,000	410,000	451,009	41,009
Regional Water Authority Fee	260,000	260,000	211,646	(48,354)
Penalty and Interest	22,000	22,000	20,808	(1,192)
Tap Connection Fees	2,000	2,000		(2,000)
Security Fees	150,000	150,000	153,135	3,135
Investment Revenues	220,000	220,000	248,548	28,548
Miscellaneous Revenues	2,000	2,000	55,292	53,292
<b>TOTAL REVENUES</b>	<u>\$ 2,371,000</u>	<u>\$ 2,371,000</u>	<u>\$ 2,457,714</u>	<u>\$ 86,714</u>
<b>EXPENDITURES</b>				
Service Operations:				
Professional Fees	\$ 139,000	\$ 139,000	\$ 176,314	\$ (37,314)
Contracted Services	559,736	559,736	526,591	33,145
Purchased Wastewater Service	230,000	230,000	181,752	48,248
Utilities	45,000	45,000	47,154	(2,154)
Regional Water Authority Assessment	260,000	260,000	206,882	53,118
Repairs and Maintenance	428,000	428,000	410,434	17,566
Other	163,500	163,500	132,127	31,373
Capital Outlay	348,550	411,550	342,471	69,079
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,173,786</u>	<u>\$ 2,236,786</u>	<u>\$ 2,023,725</u>	<u>\$ 213,061</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 197,214	\$ 134,214	\$ 433,989	\$ 299,775
<b>FUND BALANCE - JANUARY 1, 2025</b>	<u>5,409,174</u>	<u>5,409,174</u>	<u>5,409,174</u>	
<b>FUND BALANCE - DECEMBER 31, 2025</b>	<u>\$ 5,606,388</u>	<u>\$ 5,543,388</u>	<u>\$ 5,843,163</u>	<u>\$ 299,775</u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136**

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

**DECEMBER 31, 2025**

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
SERVICES AND RATES  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

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

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order effective April 28, 2025.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 20.50	4,000	N	\$ 1.55 \$ 1.60 \$ 1.70 \$ 2.10 \$ 2.50	4,001 to 8,000 8,001 to 12,000 12,001 to 15,000 15,001 to 20,000 20,001 and up
WASTEWATER: (including garbage)	\$ 36.05		Y		
SURCHARGE: Regional Water Authority Fees		0,001	N	\$ 2.60 plus 11.5% admin fee	0,001 and up
Security Fee	\$ 12.30		Y		
District employs winter averaging for wastewater usage?					<u>      </u> <u>  X  </u> Yes      No

Total monthly charges per 10,000 gallons usage: Water: \$29.90 Wastewater: \$36.05 Surcharge: \$41.30

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
SERVICES AND RATES  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

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

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	_____	_____	x 1.0	_____
≤¾"	<u>1012</u>	<u>984</u>	x 1.0	<u>984</u>
1"	<u>13</u>	<u>13</u>	x 2.5	<u>33</u>
1½"	<u>1</u>	<u>1</u>	x 5.0	<u>5</u>
2"	<u>4</u>	<u>3</u>	x 8.0	<u>24</u>
3"	_____	_____	x 15.0	_____
4"	<u>1</u>	<u>1</u>	x 25.0	<u>25</u>
6"	<u>1</u>	<u>1</u>	x 50.0	<u>50</u>
8"	<u>1</u>	<u>1</u>	x 80.0	<u>80</u>
10"	_____	_____	x 115.0	_____
Total Water Connections	<u><u>1033</u></u>	<u><u>1004</u></u>		<u><u>1201</u></u>
Total Wastewater Connections	<u><u>1024</u></u>	<u><u>996</u></u>	x 1.0	<u><u>996</u></u>

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

Gallons pumped into system:	77,403,000	Water Accountability Ratio 90.23% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	69,844,000	

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
SERVICES AND RATES  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

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

Entirely  Partly  Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2025**

PROFESSIONAL FEES:	
Auditing	\$ 15,250
Engineering	85,253
Legal	75,811
TOTAL PROFESSIONAL FEES	<u>\$ 176,314</u>
 PURCHASED SERVICES FOR RESALE -	
Purchased Wastewater Service	<u>\$ 181,752</u>
 CONTRACTED SERVICES:	
Bookkeeping	\$ 31,855
Operations and Billing	75,697
Solid Waste Disposal	251,037
Security	168,002
TOTAL CONTRACTED SERVICES	<u>\$ 526,591</u>
 UTILITIES	<u>\$ 47,154</u>
 REPAIRS AND MAINTENANCE	<u>\$ 410,434</u>
 ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 21,216
Dues	750
Insurance	25,371
Office Supplies and Postage	24,070
Payroll Taxes	1,657
Travel and Meetings	8,052
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 81,116</u>
 CAPITAL OUTLAY	<u>\$ 342,471</u>
 OTHER EXPENDITURES:	
Chemicals	\$ 5,021
Laboratory Fees	3,185
Permit Fees	2,607
Reconnection Fees	26,860
Inspection Fees	1,900
Regional Water Authority Assessment	206,882
Regulatory Assessment	3,595
Other	7,843
TOTAL OTHER EXPENDITURES	<u>\$ 257,893</u>
 TOTAL EXPENDITURES	<u><u>\$ 2,023,725</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
INVESTMENTS  
DECEMBER 31, 2025**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 3,614,608	\$
TexStar	XXXX2220	Varies	Daily	1,019,749	
Certificate of Deposit	XXXX7932	4.15%	04/30/26	230,000	6,407
Certificate of Deposit	XXXX6282	4.15%	05/01/26	230,000	6,427
Certificate of Deposit	XXXX3554	4.18%	05/01/26	230,000	6,381
TOTAL GENERAL FUND				<u>\$ 5,324,357</u>	<u>\$ 19,215</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0005	Varies	Daily	\$ 466,188	\$ - 0 -
TOTAL - ALL FUNDS				<u>\$ 5,790,545</u>	<u>\$ 19,215</u>

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JANUARY 1, 2025	\$	835,948		\$ 337,450
Adjustments to Beginning				
Balance		11,421	\$ 847,369	\$ 343,013
Original 2025 Tax Levy	\$	940,765		\$ 376,306
Adjustment to 2025 Tax Levy		78,015	1,018,780	407,513
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,866,149		\$ 750,526
 TAX COLLECTIONS:				
Prior Years	\$	810,326		\$ 324,680
Current Year		164,389	974,715	390,438
 TAXES RECEIVABLE -				
DECEMBER 31, 2025		\$ 891,434		\$ 360,088
 TAXES RECEIVABLE BY				
YEAR:				
2025	\$	854,391		\$ 341,755
2024		13,292		5,317
2023		6,939		3,053
2022		2,781		1,390
2021		1,937		1,162
2020		4,808		3,077
2019		1,521		1,004
2018 and prior		5,765		3,330
TOTAL	\$	891,434		\$ 360,088

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 203,756,211</u>	<u>\$ 199,830,628</u>	<u>\$ 195,732,799</u>	<u>\$ 168,377,773</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.20	\$ 0.20	\$ 0.22	\$ 0.25
Maintenance	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.70</u>	<u>\$ 0.70</u>	<u>\$ 0.72</u>	<u>\$ 0.75</u>
ADJUSTED TAX LEVY*	<u>\$ 1,426,293</u>	<u>\$ 1,398,814</u>	<u>\$ 1,409,276</u>	<u>\$ 1,262,833</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>16.14 %</u>	<u>98.67 %</u>	<u>99.29 %</u>	<u>99.67 %</u>

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

Maintenance Tax – Maximum operations and maintenance tax rate of \$0.50 per \$100 of assessed valuation approved by voters on May 10, 2009.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
LONG-TERM DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2025**

S E R I E S - 2 0 1 7

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2026	\$ 115,000	\$ 108,412	\$ 223,412
2027	115,000	105,250	220,250
2028	120,000	101,800	221,800
2029	125,000	98,200	223,200
2030	125,000	94,138	219,138
2031	130,000	90,075	220,075
2032	130,000	85,850	215,850
2033	135,000	81,625	216,625
2034	140,000	76,900	216,900
2035	140,000	72,000	212,000
2036	150,000	66,750	216,750
2037	380,000	61,125	441,125
2038	400,000	46,875	446,875
2039	415,000	31,875	446,875
2040	435,000	16,312	451,312
	<u>\$ 3,055,000</u>	<u>\$ 1,137,187</u>	<u>\$ 4,192,187</u>

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
LONG-TERM DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2025**

SERIES - 2017 REFUNDING

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2026	\$ 115,000	\$ 70,000	\$ 185,000
2027	125,000	65,400.00	190,400
2028	130,000	60,400.00	190,400
2029	140,000	55,200.00	195,200
2030	150,000	49,600.00	199,600
2031	160,000	43,600.00	203,600
2032	165,000	37,200.00	202,200
2033	175,000	30,600.00	205,600
2034	185,000	23,600.00	208,600
2035	200,000	16,200.00	216,200
2036	205,000	8,200.00	213,200
2037			
2038			
2039			
2040			
	<u>\$ 1,750,000</u>	<u>\$ 460,000</u>	<u>\$ 2,210,000</u>

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
LONG-TERM DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2025**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 230,000	\$ 178,412	\$ 408,412
2027	240,000	170,650	410,650
2028	250,000	162,200	412,200
2029	265,000	153,400	418,400
2030	275,000	143,738	418,738
2031	290,000	133,675	423,675
2032	295,000	123,050	418,050
2033	310,000	112,225	422,225
2034	325,000	100,500	425,500
2035	340,000	88,200	428,200
2036	355,000	74,950	429,950
2037	380,000	61,125	441,125
2038	400,000	46,875	446,875
2039	415,000	31,875	446,875
2040	435,000	16,312	451,312
	<u>\$ 4,805,000</u>	<u>\$ 1,597,187</u>	<u>\$ 6,402,187</u>

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
CHANGE IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2025**

Description	Original Bonds Issued	Bonds Outstanding January 1, 2025
Harris County Water Control and Improvement District No. 136 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2017	\$ 3,770,000	\$ 3,165,000
Harris County Water Control and Improvement District No. 136 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2017	2,435,000	1,865,000
<b>TOTAL</b>	<b>\$ 6,205,000</b>	<b>\$ 5,030,000</b>

Bond Authority:	Tax Bonds
Amount Authorized by Voters	\$ 18,265,000
Amount Issued	9,905,000
Remaining to be Issued	\$ 8,360,000

Debt Service Fund cash and investment balances as of December 31, 2025: \$ 755,392

Average annual debt service payment (principal and interest) for remaining term  
of all debt: \$ 426,812

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

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding December 31, 2025</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 110,000	\$ 111,438	\$ 3,055,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>                    </u>	<u>115,000</u>	<u>74,600</u>	<u>1,750,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 225,000</u>	<u>\$ 186,038</u>	<u>\$ 4,805,000</u>	

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND - FIVE YEARS**

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 997,671	\$ 972,445	\$ 841,635
Water Service	319,605	309,684	317,057
Wastewater Service	451,009	430,651	421,200
Regional Water Authority Fee	211,646	268,730	300,266
Penalty and Interest	20,808	24,689	30,293
Security Fees	153,135	153,898	154,156
Investment Revenues	248,548	267,117	221,757
Miscellaneous Revenues	55,292	46,461	23,031
<b>TOTAL REVENUES</b>	<b>\$ 2,457,714</b>	<b>\$ 2,473,675</b>	<b>\$ 2,309,395</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 176,314	\$ 155,860	\$ 99,590
Contracted Services	526,591	526,380	509,832
Purchased Wastewater Service	181,752	211,213	281,161
Utilities	47,154	32,638	35,414
Regional Water Authority Assessment	206,882	291,376	336,328
Repairs and Maintenance	410,434	361,046	274,406
Other	132,127	113,628	87,882
Capital Outlay	342,471		33,965
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,023,725</b>	<b>\$ 1,692,141</b>	<b>\$ 1,658,578</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 433,989</b>	<b>\$ 781,534</b>	<b>\$ 650,817</b>
<b>OTHER FINANCING USES</b>			
Transfers Out	\$ - 0 -	\$ - 0 -	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 433,989</b>	<b>\$ 781,534</b>	<b>\$ 650,817</b>
<b>BEGINNING FUND BALANCE</b>	<b>5,409,174</b>	<b>4,627,640</b>	<b>3,976,823</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 5,843,163</b>	<b>\$ 5,409,174</b>	<b>\$ 4,627,640</b>

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
\$ 699,672	\$ 645,416	40.7 %	39.3 %	36.5 %	34.6 %	34.2 %
302,041	302,983	13.0	12.5	13.7	14.9	16.1
390,008	385,531	18.4	17.4	18.2	19.3	20.5
338,996	330,697	8.6	10.9	13.0	16.7	17.6
49,205	36,302	0.8	1.0	1.3	2.4	1.9
155,503	154,214	6.2	6.2	6.7	7.7	8.2
59,566	3,733	10.1	10.8	9.6	2.9	0.2
29,505	24,409	2.2	1.9	1.0	1.5	1.3
<u>\$ 2,024,496</u>	<u>\$ 1,883,285</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 100,006	\$ 97,933	7.2 %	6.3 %	4.2 %	4.9 %	5.2 %
492,572	433,431	21.4	21.3	22.1	24.3	23.0
179,293	147,155	7.4	8.5	12.2	8.9	7.8
33,070	32,217	1.9	1.3	1.5	1.6	1.7
356,467	338,904	8.4	11.8	14.6	17.6	18.0
286,819	235,064	16.7	14.6	11.9	14.2	12.5
83,237	67,840	5.4	4.6	3.8	4.1	3.6
39,331	63,338	13.9		1.5	1.9	3.4
<u>\$ 1,570,795</u>	<u>\$ 1,415,882</u>	<u>82.3 %</u>	<u>68.4 %</u>	<u>71.8 %</u>	<u>77.5 %</u>	<u>75.2 %</u>
<u>\$ 453,701</u>	<u>\$ 467,403</u>	<u>17.7 %</u>	<u>31.6 %</u>	<u>28.2 %</u>	<u>22.5 %</u>	<u>24.8 %</u>
<u>\$ - 0 -</u>	<u>\$ (36,041)</u>					
\$ 453,701	\$ 431,362					
<u>3,523,122</u>	<u>3,091,760</u>					
<u>\$ 3,976,823</u>	<u>\$ 3,523,122</u>					

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 399,617	\$ 428,325	\$ 421,276
Penalty and Interest	25,777	23,618	24,077
Investment Revenues	26,819	32,328	30,512
Miscellaneous Revenues	2,861		
<b>TOTAL REVENUES</b>	\$ 455,074	\$ 484,271	\$ 475,865
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 41,960	\$ 44,347	\$ 42,352
Debt Service Principal	225,000	215,000	205,000
Debt Service Interest and Fees	187,688	193,313	198,525
<b>TOTAL EXPENDITURES</b>	\$ 454,648	\$ 452,660	\$ 445,877
<b>NET CHANGE IN FUND BALANCE</b>	\$ 426	\$ 31,611	\$ 29,988
<b>BEGINNING FUND BALANCE</b>	500,432	468,821	438,833
<b>ENDING FUND BALANCE</b>	\$ 500,858	\$ 500,432	\$ 468,821
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	1,004	995	1,011
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	996	990	1,006

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
\$ 419,398	\$ 413,129	87.8 %	88.4 %	88.5 %	92.9 %	95.5 %
22,823	19,212	5.7	4.9	5.1	5.1	4.4
8,077	344	5.9	6.7	6.4	1.8	0.1
1,084		0.6			0.2	
<u>\$ 451,382</u>	<u>\$ 432,685</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 40,347	\$ 35,982	9.2 %	9.2 %	8.9 %	9.0 %	8.3 %
195,000	190,000	49.4	44.4	43.1	43.2	43.9
<u>204,375</u>	<u>211,825</u>	<u>41.2</u>	<u>39.9</u>	<u>41.7</u>	<u>45.3</u>	<u>48.9</u>
<u>\$ 439,722</u>	<u>\$ 437,807</u>	<u>99.8 %</u>	<u>93.5 %</u>	<u>93.7 %</u>	<u>97.5 %</u>	<u>101.1 %</u>
\$ 11,660	\$ (5,122)	<u>0.2 %</u>	<u>6.5 %</u>	<u>6.3 %</u>	<u>2.5 %</u>	<u>(1.1) %</u>
<u>427,173</u>	<u>432,295</u>					
<u>\$ 438,833</u>	<u>\$ 427,173</u>					
<u>1,018</u>	<u>1,017</u>					
<u>1,013</u>	<u>1,012</u>					

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
DECEMBER 31, 2025**

District Mailing Address - Harris County Water Control and Improvement District No. 136  
c/o Radcliffe Adams Barner PLLC  
3355 W. Alabama Street, Suite 350  
Houston, TX 77098

District Telephone Number - (713) 237-1221

<b>Board Members</b>	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
Greg Pavlicek	05/2024 05/2028 (Elected)	\$ 6,188	\$ 2,691	President
Robb Clark	01/2023 05/2026 (Appointed)	\$ 3,094	\$ -0-	Vice President
Sharon Bruton	05/2024 05/2028 (Elected)	\$ 3,978	\$ -0-	Secretary
David Ferrier	05/2024 05/2028 (Elected)	\$ 3,536	\$ 626	Assistant Secretary/ Treasurer
Jerzy Cupial	05/2022 05/2026 (Elected)	\$ 4,420	\$ 2,310	Director

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: January 7, 2026

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on July 24, 2023. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

**HARRIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT NO. 136  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
DECEMBER 31, 2025**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2025</u>	<u>Title</u>
Radcliffe Adams Barner PLLC	07/23/01	\$ 75,811	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	12/22/14	\$ 15,250	Auditor
Myrtle Cruz, Inc.	01/84	\$ 35,816	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/27/89	\$ 10,395	Delinquent Tax Attorney
Langford Engineering, Inc.	01/09/78	\$ 89,157	Engineer
Rathmann & Associates, L.P.	04/28/03	\$ -0-	Financial Advisor
Mary Jarmon		\$ -0-	Investment Officer
H2O Innovation (previously known as Hays Utility South Corporation)	10/20/71	\$ 461,969	Operator
Assessments of the Southwest, Inc.	12/09/83	\$ 19,373	Tax Assessor/ Collector





