HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Water Control
and Improvement District No. 113
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. 113 (the "District") as of and for the year ended May 31, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Harris County Water Control and
Improvement District No. 113

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

September 8, 2026

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2026

Management's discussion and analysis of Harris County Water Control and Improvement District No. 113's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended May 31, 2026. 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 like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

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 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 exceeded liabilities by $5,836,208 as of May 31, 2026.

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

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

	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 3,536,038	$ 3,191,697	$ 344,341
Capital Assets (Net of Accumulated Depreciation)	3,665,895	3,836,271	(170,376)
Total Assets	$ 7,201,933	$ 7,027,968	$ 173,965
Long -Term Liabilities	$ 1,192,824	$ 1,236,006	$ 43,182
Other Liabilities	172,901	189,447	16,546
Total Liabilities	$ 1,365,725	$ 1,425,453	$ 59,728
Net Position:			
Net Investment in Capital Assets	$ 2,475,142	$ 2,597,911	$ (122,769)
Restricted	46,741	58,354	(11,613)
Unrestricted	3,314,325	2,946,250	368,075
Total Net Position	$ 5,836,208	$ 5,602,515	$ 233,693

The following table provides a summary of the District's operations for the years ended May 31, 2026, and May 31, 2025.

Summary of Changes in the Statement of Activities

	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 763,383	$ 747,274	$ 16,109
Charges for Services	298,613	328,540	(29,927)
Other Revenues	246,525	231,427	15,098
Total Revenues	$ 1,308,521	$ 1,307,241	$ 1,280
Expenses for Services	1,074,828	1,051,510	(23,318)
Change in Net Position	$ 233,693	$ 255,731	$ (22,038)
Net Position, Beginning of Year	5,602,515	5,346,784	255,731
Net Position, End of Year	$ 5,836,208	$ 5,602,515	$ 233,693

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of May 31, 2026, were $3,305,304, an increase of $348,365 from the prior year.

The General Fund fund balance increased by $359,978, a result of the service revenues and property tax collections exceeding operating costs.

The Debt Service fund fund balance decreased by $16,038, primarily due to the structure of the District's outstanding debt.

The Capital Projects fund fund balance increased by $4,425 due to investment revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were $18,244 more than budgeted revenues. Actual expenditures were $124,469 less than budgeted expenditures. This resulted in a positive budget variance of $142,713. See the budget to actual comparison for further information.

CAPITAL ASSETS

Capital assets as of May 31, 2026, total $3,665,895 and include land and the water and wastewater systems.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2026	2025	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 63,378	$ 63,378	$
Capital Assets, Net of Accumulated Depreciation:			
Water System	940,267	991,926	(51,659)
Wastewater System	2,662,250	2,780,967	(118,717)
Total Net Capital Assets	$ 3,665,895	$ 3,836,271	$ (170,376)

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total bond debt payable of $1,270,000. The changes in the debt position of the District during the fiscal year ended May 31, 2026, are summarized as follows:

Bond Debt Payable, June 1, 2025	$	1,315,000
Less: Bond Principal Paid		45,000
Bond Debt Payable, May 31, 2026	$	1,270,000

The District's Series 2019 Bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty and also carry an underlying rating of "A1". Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The above ratings are as of May 31, 2026, and reflect rating changes, if any, through that date.

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. 113, c/o Smith, Murdaugh, Little & Bonham, 2727 Allen Parkway, Suite 1100, Houston, Texas 77019.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2026

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 50,920	$ 42,412
Investments	3,035,921	117,142
Receivables:		
Property Taxes	79,064	8,493
Penalty and Interest on Delinquent Taxes		
Service Accounts	38,131	
Accrued Interest	3,052	
Other	350	
Due from Other Funds	207,092	
Prepaid Costs	16,512	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 3,431,042	$ 168,047

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 3,339	$ 96,671	$	$ 96,671
114,242	3,267,305		3,267,305
	87,557		87,557
		26,460	26,460
	38,131		38,131
	3,052		3,052
	350		350
	207,092	(207,092)	
	16,512		16,512
		63,378	63,378
		3,602,517	3,602,517
$ 117,581	$ 3,716,670	$ 3,485,263	$ 7,201,933

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

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2026

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 64,387	$
Accrued Interest Payable		
Due to Other Funds		136,582
Security Deposits	52,330	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 116,717	$ 136,582
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 79,064	$ 8,493
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 16,512	$
Restricted for Authorized Construction		
Restricted for Debt Service		22,972
Assigned to 2027 Budget Deficit	282,535	
Unassigned	2,936,214	
TOTAL FUND BALANCES	$ 3,235,261	$ 22,972
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,431,042	$ 168,047
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$ 64,387	$	$ 64,387
		11,184	11,184
70,510	207,092	(207,092)	
	52,330		52,330
		45,000	45,000
		1,192,824	1,192,824
$ 70,510	$ 323,809	$ 1,041,916	$ 1,365,725
$ -0-	$ 87,557	$ (87,557)	$ - 0 -
$	$ 16,512	$ (16,512)	$
47,071	47,071	(47,071)	
	22,972	(22,972)	
	282,535	(282,535)	
	2,936,214	(2,936,214)	
$ 47,071	$ 3,305,304	$ (3,305,304)	$ - 0 -
$ 117,581	$ 3,716,670		
		$ 2,475,142	$ 2,475,142
		46,741	46,741
		3,314,325	3,314,325
		$ 5,836,208	$ 5,836,208

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

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
MAY 31, 2026

Total Fund Balances - Governmental Funds		$ 3,305,304
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		3,665,895
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.		114,017
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	$ (11,184)	
Bonds Payable	(1,237,824)	(1,249,008)
Total Net Position - Governmental Activities		$ 5,836,208

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

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED MAY 31, 2026

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 661,528	$ 92,362
Water Service	71,582	
Wastewater Service	73,410	
Regional Water Authority Fees	123,378	
Penalty and Interest	6,869	14,263
Tap Connection and Inspection Fees	6,420	
Investment Revenues	110,050	3,543
Miscellaneous Revenues	128,507	
TOTAL REVENUES	$ 1,181,744	$ 110,168
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 92,475	$ 6,354
Contracted Services	188,898	19,193
Utilities	83,718	
Regional Water Authority Assessments	129,818	
Repairs and Maintenance	214,481	
Depreciation		
Other	112,376	10,246
Debt Service:		
Bond Principal		45,000
Bond Interest		45,413
TOTAL EXPENDITURES/EXPENSES	$ 821,766	$ 126,206
NET CHANGE IN FUND BALANCES	$ 359,978	$ (16,038)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JUNE 1, 2025	2,875,283	39,010
FUND BALANCES/NET POSITION - MAY 31, 2026	$ 3,235,261	$ 22,972

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 753,890	$ 9,493	$ 763,383
	71,582		71,582
	73,410		73,410
	123,378		123,378
	21,132	2,691	23,823
	6,420		6,420
4,425	118,018		118,018
	128,507		128,507
$ 4,425	$ 1,296,337	$ 12,184	$ 1,308,521
$	$ 98,829	$	$ 98,829
	208,091		208,091
	83,718		83,718
	129,818		129,818
	214,481		214,481
		170,376	170,376
	122,622		122,622
	45,000	(45,000)	
	45,413	1,480	46,893
$ -0-	$ 947,972	$ 126,856	$ 1,074,828
$ 4,425	$ 348,365	$ (348,365)	$
		233,693	233,693
42,646	2,956,939	2,645,576	5,602,515
$ 47,071	$ 3,305,304	$ 2,530,904	$ 5,836,208

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

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2026

Net Change in Fund Balances - Governmental Funds	$	348,365
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.		9,493
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.		2,691
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.		(170,376)
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.		45,000
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.		(1,480)
Change in Net Position - Governmental Activities	$	233,693

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

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2026

NOTE 1. CREATION OF DISTRICT

Harris County Water Control and Improvement District No. 113, Harris County, Texas, was created by an order of the Texas Water Commission effective January 7, 1969 in accordance with the Texas Water Code, Chapter 51. The Board of Directors held its first meeting on October 8, 1969, and the first bonds were sold on January 27, 1970. The District is empowered, among other things, to purchase, to construct, to operate, and to maintain all works, improvements and facilities necessary for the supply of water, for the collection and processing of wastewater, for the control and diversion of storm water, and collection of garbage.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

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

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of May 31, 2026, the Debt Service Fund (Tax Account) owed the General Fund $136,082 for maintenance tax collections; the Debt Service Fund owed the General Fund $500 to reimburse for funds used to open a bank account and the Capital Projects Fund owed the General Fund $70,510 for bond issuance costs and project costs.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Capital Assets

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

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

	Years
Buildings	40
Water and sewer system	10-45
Machinery and equipment	5-20

Budgeting

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

Pensions

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

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

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. As of May 31, 2026, the District has assigned $282,535 of the General Fund fund balance for a projected budget deficit for the year ending May 31, 2027.

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.

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2026:

	June 1, 2025	Additions	Retirements	May 31, 2026
Bonds Payable	$ 1,315,000	$	$ 45,000	$ 1,270,000
Unamortized Discounts	(33,994)		(1,818)	(32,176)
Bonds Payable, Net	$ 1,281,006	$ -0-	$ 43,182	$ 1,237,824

Amount Due Within One Year	$ 45,000
Amount Due After One Year	1,192,824
Bonds Payable, Net	$ 1,237,824

The District's bonds payable at May 31, 2026, consist of the following:

	Series 2019
Amount Outstanding - May 31, 2026	$1,270,000
Interest Rates	3.00% - 3.75%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2043
Interest Payment Dates	September 1/ March 1
Callable Dates	September 1, 2024 (1)

(1) Or any date thereafter, in inverse order of maturing at a redemption price of par, including accrued interest to the date fixed for redemption. Series 2019 term bonds due September 1, 2032, 2035, 2038 and 2043, are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules.

NOTE 3. LONG-TERM DEBT (Continued)

As of May 31, 2026, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 45,000	$ 44,063	$ 89,063
2028	50,000	42,637	92,637
2029	50,000	41,138	91,138
2030	55,000	39,562	94,562
2031	55,000	37,844	92,844
2032-2036	325,000	158,563	483,563
2037-2041	405,000	92,906	497,906
2042-2044	285,000	16,406	301,406
	$ 1,270,000	$ 473,119	$ 1,743,119

As of May 31, 2026, the District had $25,000,000 authorized but unissued bonds for utility facilities and refunding purposes. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended May 31, 2026, the District levied an ad valorem maintenance tax of $0.07 per $100 of assessed valuation, which resulted in a tax levy of $94,481 on the adjusted taxable valuation of $134,973,542 for the 2025 tax year. The bond order requires the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for information concerning the District's authorization to levy a maintenance tax.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS (Continued)

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

NOTE 5. DEPOSITS AND INVESTMENTS

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 $437,550 and the bank balance was $474,880. The bank balance was fully covered by FDIC insurance. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2026, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 50,920	$ 340,879	$ 391,799
DEBT SERVICE FUND	42,412		42,412
CAPITAL PROJECTS FUND	3,339		3,339
TOTAL DEPOSITS	$ 96,671	$ 340,879	$ 437,550

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas State Comptroller of Public Accounts has oversight of the pool. Federated Investors, 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.

Certificates of deposit are valued at acquisition cost at the date of purchase.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of May 31, 2026, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 2,695,042	$ 2,695,042
Certificates of Deposit	340,879	340,879
DEBT SERVICE FUND		
TexPool	117,142	117,142
CAPITAL PROJECTS FUND		
TexPool	114,242	114,242
TOTAL INVESTMENTS	$ 3,267,305	$ 3,267,305

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2026, the District's investment in TexPool was rated AAAm by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit 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 investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2026:

	June 1, 2025	Increases	Decreases	May 31, 2026
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 63,378	$	$	$ 63,378
Capital Assets Subject to Depreciation				
Water System	$ 3,140,020	$	$	$ 3,140,020
Wastewater System	5,442,730			5,442,730
Total Capital Assets Subject to Depreciation	$ 8,582,750	$ - 0 -	$ - 0 -	$ 8,582,750
Accumulated Depreciation				
Water System	$ 2,148,094	$ 51,659	$	$ 2,199,753
Wastewater System	2,661,763	118,717		2,780,480
Total Accumulated Depreciation	$ 4,809,857	$ 170,376	$ - 0 -	$ 4,980,233
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 3,772,893	$ (170,376)	$ - 0 -	$ 3,602,517
Total Capital Assets, Net of Accumulated Depreciation	$ 3,836,271	$ (170,376)	$ - 0 -	$ 3,665,895

NOTE 7. MAINTENANCE TAX

An election held May 4, 1991, authorized a Maintenance Tax not to exceed $0.50 per $100 valuation on all property subject to taxation within the District. This authorization was amended to $0.90 by election on September 14, 2002. During the year ended May 31, 2026, the District levied an ad valorem maintenance tax of $0.50 per $100 of assessed valuation for the 2025 tax year. Based upon the assessed valuation of $134,973,542 the maintenance tax levy was $674,868. This maintenance tax is to be used by the General Fund to pay expenditures of operating or improving the District's waterworks and sanitary sewer system.

NOTE 8. RISK MANAGEMENT

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

NOTE 9. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

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

The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee is $2.60 per 1,000 gallons of water pumped from each well. The District recorded expenditures of $129,818 for fees assessed during the current fiscal year.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2026

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 670,000	$ 661,528	$ (8,472)
Water Service	70,000	71,582	1,582
Wastewater Service	195,000	73,410	(121,590)
Regional Water Authority Fee	120,000	123,378	3,378
Penalty and Interest	8,500	6,869	(1,631)
Tap Connection and Inspection Fees		6,420	6,420
Investment Revenues	100,000	110,050	10,050
Miscellaneous Revenues		128,507	128,507
TOTAL REVENUES	$ 1,163,500	$ 1,181,744	$ 18,244
EXPENDITURES			
Service Operations:			
Professional Fees	$ 88,850	$ 92,475	$ (3,625)
Contracted Services	196,200	188,898	7,302
Utilities	82,000	83,718	(1,718)
Regional Water Authority Assessments	120,000	129,818	(9,818)
Repairs and Maintenance	225,000	214,481	10,519
Other	154,185	112,376	41,809
Capital Outlay	80,000		80,000
TOTAL EXPENDITURES	$ 946,235	$ 821,766	$ 124,469
NET CHANGE IN FUND BALANCE	$ 217,265	$ 359,978	$ 142,713
FUND BALANCE - JUNE 1, 2025	2,875,283	2,875,283	
FUND BALANCE - MAY 31, 2026	$ 3,092,548	$ 3,235,261	$ 142,713

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MAY 31, 2026

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2026

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the fee schedule effective September 12, 2023

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 8.50	10,000	N	$ 1.25	10,001 to 15,000
				$ 1.50	15,000 to 20,000
				$ 2.00	20,001 to 30,000
				$ 3.00	30,000 to 40,000
				$ 4.00	40,001 and up
WASTEWATER:	$ 41.78	25,000	N	$ 0.25	25,001 and up
SURCHARGE: Regional Water Authority Fees				$ 2.86	Per 1,000 gallons used

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

Total monthly charges for 10,000 gallons usage: Water: $8.50 Wastewater: $41.78 Surcharge: $28.60

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2026

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	402	400	x 1.0	400
1"	8	8	x 2.5	20
1½"			x 5.0	
2"	4	4	x 8.0	32
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	414	412		452
Total Wastewater Connections	411	410	x 1.0	410

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

Gallons pumped into system:	50,381,000	Water Accountability Ratio: 88.3% (Gallons billed/Gallons pumped)
Gallons billed to customers:	40,543,000	
Leaks and flushing:	1,241,000	
Total Gallons Sold:	2,691,000	To: Enchanted Valley Estates

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2026

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely X Partly _____ Not at all _____

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2026

PROFESSIONAL FEES:		
Auditing	$	15,250
Engineering		23,852
Legal		53,373
TOTAL PROFESSIONAL FEES	$	92,475
CONTRACTED SERVICES:		
Bookkeeping	$	11,252
Operations and Billing		53,065
Solid Waste Disposal		124,581
TOTAL CONTRACTED SERVICES	$	188,898
UTILITIES:		
Electricity	$	75,632
Telephone		8,086
TOTAL UTILITIES	$	83,718
REPAIRS AND MAINTENANCE	$	214,481
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	12,155
Insurance		27,853
Office Supplies and Postage		20,342
Payroll Taxes		924
Other		16,707
TOTAL ADMINISTRATIVE EXPENDITURES	$	77,981

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2026

OTHER EXPENDITURES:		
Laboratory Fees	$	17,445
Permit Fees		1,086
Inspection Fees		3,158
Regional Water Authority Assessment		129,818
Sludge Hauling		12,706
TOTAL OTHER EXPENDITURES	$	164,213
TOTAL EXPENDITURES	$	821,766

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
INVESTMENTS
MAY 31, 2026

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0001	Various	Daily	$ 2,695,042	$
Certificate of Deposit	XXXX3710	2.25%	08/01/26	95,000	551
Certificate of Deposit	XXXX3895	3.95%	08/10/26	245,879	2,501
TOTAL GENERAL FUND				$ 3,035,921	$ 3,052
DEBT SERVICE FUND					
TexPool	XXXX0003	Varies	Daily	$ 117,142	$ - 0 -
CAPITAL PROJECTS FUND					
TexPool	XXXX0002	Varies	Daily	$ 114,242	$ - 0 -
TOTAL - ALL FUNDS				$ 3,267,305	$ 3,052

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2026

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JUNE 1, 2025	$ 70,967		$ 7,097	
Adjustments to Beginning Balance	(5,243)	$ 65,724	(723)	$ 6,374
Original 2025 Tax Levy	$ 628,416		$ 87,978	
Adjustment to 2025 Tax Levy	46,452	674,868	6,503	94,481
TOTAL TO BE ACCOUNTED FOR		$ 740,592		$ 100,855
TAX COLLECTIONS:				
Prior Years	$ 22,400		$ 2,884	
Current Year	639,128	661,528	89,478	92,362
TAXES RECEIVABLE - MAY 31, 2026		$ 79,064		$ 8,493
TAXES RECEIVABLE BY YEAR:				
2025		$ 35,740		$ 5,003
2024		5,970		836
2023		3,032		466
2022		3,257		490
2021		4,501		732
2020		2,835		472
2019		2,882		494
2018		3,382		
2017		2,604		
2016 and prior		14,861		
TOTAL		$ 79,064		$ 8,493

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2026

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	$ 22,094,719	$ 33,814,832	$ 33,240,268	$ 28,941,530
Improvements	121,388,504	112,962,270	109,465,464	102,260,173
Personal Property	8,138,826	6,437,965	6,298,485	6,982,319
Exemptions	(16,648,507)	(20,759,784)	(25,637,879)	(24,374,263)
TOTAL PROPERTY VALUATIONS	$ 134,973,542	$ 132,455,283	$ 123,366,338	$ 113,809,759
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.07	$ 0.07	$ 0.08	$ 0.085
Maintenance Tax	0.50	0.50	0.52	0.565
TOTAL TAX RATES PER $100 VALUATION	$ 0.57	$ 0.57	$ 0.60	$ 0.650
ADJUSTED TAX LEVY*	$ 769,349	$ 754,995	$ 740,198	$ 739,763
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	94.70 %	99.10 %	99.53 %	99.49 %

* 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 tax rate of $0.90 per $100 of assessed valuation approved by voters on September 14, 2002.

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2026

Due During Fiscal Years Ending May 31	SERIES-2019 Principal Due September	Interest Due September 1/ March 1	Total
2027	$ 45,000	$ 44,063	$ 89,063
2028	50,000	42,637	92,637
2029	50,000	41,138	91,138
2030	55,000	39,562	94,562
2031	55,000	37,844	92,844
2032	60,000	35,975	95,975
2033	60,000	34,025	94,025
2034	65,000	31,913	96,913
2035	70,000	29,550	99,550
2036	70,000	27,100	97,100
2037	75,000	24,469	99,469
2038	75,000	21,656	96,656
2039	80,000	18,750	98,750
2040	85,000	15,656	100,656
2041	90,000	12,375	102,375
2042	90,000	9,000	99,000
2043	95,000	5,531	100,531
2044	100,000	1,875	101,875
	$ 1,270,000	$ 473,119	$ 1,743,119

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2026

Description	Original Bonds Issued	Bonds Outstanding June 1, 2025
Harris County Water Control and Improvement District No. 113 Unlimited Tax Bonds-Series 2019	$ 1,515,000	$ 1,315,000

Bond Authority:	Tax and Refunding Bonds*
Amount Authorized by Voters	$ 25,000,000
Amount Issued	
Remaining to be Issued	$ 25,000,000

Debt Service Fund cash and investments balances as of May 31, 2026:	$ 159,554
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 96,840

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

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	May 31, 2026	Paying Agent
$ -0-	$ 45,000	$ 45,413	$ 1,270,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 661,528	$ 640,827	$ 637,006
Water Service	71,582	76,860	80,676
Wastewater Service	73,410	88,770	104,070
Regional Water Authority Fee	123,378	139,417	191,290
Penalty and Interest	6,869	7,574	8,084
Tap Connection and Inspection Fees	6,420	5,860	5,340
Investment Revenues	110,050	110,202	115,791
Miscellaneous Revenues	128,507	111,493	92,062
TOTAL REVENUES	$ 1,181,744	$ 1,181,003	$ 1,234,319
EXPENDITURES			
Professional Fees	$ 92,475	$ 81,173	$ 108,041
Contracted Services	188,898	195,026	168,740
Utilities	83,718	71,471	69,919
Regional Water Authority Assessment	129,818	129,305	212,898
Repairs and Maintenance	214,481	231,259	233,845
Other	112,376	97,417	102,142
Capital Outlay		136,039	11,317
TOTAL EXPENDITURES	$ 821,766	$ 941,690	$ 906,902
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 359,978	$ 239,313	$ 327,417
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$ - 0 -	$ - 0 -	$ (14,000)
NET CHANGE IN FUND BALANCE	$ 359,978	$ 239,313	$ 313,417
BEGINNING FUND BALANCE	2,875,283	2,635,970	2,322,553
ENDING FUND BALANCE	$ 3,235,261	$ 2,875,283	$ 2,635,970

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2023	2022	2026	2025	2024	2023	2022
$ 630,048	$ 610,500	55.9 %	54.3 %	51.5 %	55.7 %	62.7 %
77,541	59,258	6.1	6.5	6.6	6.8	6.1
102,404	97,879	6.2	7.5	8.4	9.0	10.1
220,457	182,254	10.4	11.8	15.5	19.5	18.7
5,700	5,574	0.7	0.7	0.7	0.5	0.6
4,980	5,040	0.5	0.5	0.4	0.4	0.5
70,593	2,429	9.3	9.3	9.4	6.2	0.2
21,515	10,394	10.9	9.4	7.5	1.9	1.1
$ 1,133,238	$ 973,328	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 83,083	$ 81,920	7.8 %	6.9 %	8.8 %	7.3 %	8.4 %
133,297	131,071	16.0	16.5	13.7	11.8	13.5
53,006	57,019	7.1	6.1	5.7	4.7	5.9
216,031	195,551	11.0	10.9	17.2	19.1	20.1
200,108	112,718	18.1	19.6	18.9	17.7	11.6
104,168	88,123	9.5	8.2	8.3	9.2	9.1
111,630			11.5	0.8	9.8	
$ 901,323	$ 666,402	69.5 %	79.7 %	73.4 %	79.6 %	68.6 %
$ 231,915	$ 306,926	30.5 %	20.3 %	26.6 %	20.4 %	31.4 %
$ - 0 -	$ - 0 -					
$ 231,915	$ 306,926					
2,090,638	1,783,712					
$ 2,322,553	$ 2,090,638					

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 92,362	$ 89,507	$ 97,495
Penalty and Interest	14,263	7,220	10,613
Investment Revenues	3,543	4,612	4,463
Miscellaneous Revenues		31	4,372
TOTAL REVENUES	$ 110,168	$ 101,370	$ 116,943
EXPENDITURES			
Tax Collection Expenditures	$ 33,618	$ 27,014	$ 29,238
Debt Service Principal	45,000	45,000	40,000
Debt Service Interest and Fees	47,588	47,213	50,163
TOTAL EXPENDITURES	$ 126,206	$ 119,227	$ 119,401
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (16,038)	$ (17,857)	$ (2,458)
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$ -0-	$ -0-	$ 14,000
NET CHANGE IN FUND BALANCE	$ (16,038)	$ (17,857)	$ 11,542
BEGINNING FUND BALANCE	39,010	56,867	45,325
ENDING FUND BALANCE	$ 22,972	$ 39,010	$ 56,867
TOTAL ACTIVE RETAIL WATER CONNECTIONS	412	387	410
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	410	385	408

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2023	2022	2026	2025	2024	2023	2022
$ 94,851	$ 99,449	83.8 %	88.3 %	83.3 %	92.1 %	89.3 %
5,487	8,765	12.9	7.1	9.1	5.3	7.9
2,522	114	3.3	4.6	3.9	2.5	0.1
124	2,970			3.7	0.1	2.7
$ 102,984	$ 111,298	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 29,130	$ 24,659	30.5 %	26.6 %	25.0 %	28.3 %	22.2 %
40,000	40,000	40.8	44.4	34.2	38.8	35.9
52,088	54,087	43.2	46.6	42.9	50.6	48.6
$ 121,218	$ 118,746	114.5 %	117.6 %	102.1 %	117.7 %	106.7 %
$ (18,234)	$ (7,448)	(14.5) %	(17.6) %	(2.1) %	(17.7) %	(6.7) %
$ -0-	$ -0-					
$ (18,234)	$ (7,448)					
63,559	71,007					
$ 45,325	$ 63,559					
410	408					
408	406					

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2026

District Mailing Address - Harris County Water Control and Improvement District No. 113
c/o Smith, Murdaugh, Little and Bonham, LLP
2727 Allen Parkway, Suite 1100
Houston, TX 77019

District Telephone Number - (713) 652-6500

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended May 31, 2026	Expense Reimbursements for the year ended May 31, 2026	Title
Darren Hoyland	05/26 - 05/30 (Elected)	$ 2,431	$ -0-	President
Carolyn Maniscalco	05/24 - 05/28 (Elected)	$ 2,652	$ -0-	Vice President
David Robicheaux	05/26 - 05/30 (Elected)	$ 2,431	$ -0-	Secretary
Scott McCorkle	05/24 - 05/28 (Elected)	$ 2,652	$ -0-	Assistant Secretary
Makonen A. Campbell	06/25 - 05/28 (Appointed)	$ 1,989	$ -0-	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: May 26, 2026

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

See accompanying independent auditor's report.

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 113
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2026

Consultants	Date Hired	Fees for the year ended May 31, 2026	Title
Smith, Murdaugh, Little & Bonham, LLP	05/08/69	$ 53,373	General Counsel
Perdue, Brandon, Fielder, Collins & Mott LLP	07/97	$ 5,499	Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	05/83	$ 15,250	Auditor
Municipal Business Services	03/87	$ 11,252	Bookkeeper
Burke Engineering, LLC	10/13/15	$ 23,852	Engineer
Masterson Advisors LLC	06/12/18	$ -0-	Financial Advisor
Bob Ideus	03/87	$ -0-	Investment Officer
Municipal Operations & Consulting, Inc.	03/01/12	$ 202,986	Operator
Bob Leared Interests	12/13/77	$ 21,025	Tax Assessor/ Collector

See accompanying independent auditor's report.