

Harris County Municipal Utility District No. 248
Information Required by Section 26.18, Texas Tax Code

Date: September 24, 2020

- (1) Name of each member of the governing body:

A. Richard Wilson
Long Nguyen
E. Paul Daigle, Jr.
Richard C. Ford
Marie Godard
- (2) Mailing address, e-mail address, and telephone number:

2727 Allen Parkway, Suite 1100
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- (3) Official contact information for each member of the governing body:

2727 Allen Parkway, Suite 1100
Houston, Texas 77019
713-652-6500
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- (4) District's budget for the preceding two years:

See attached budgets for the fiscal years ending:
March 31, 2019
March 31, 2020
- (5) Proposed or adopted budget for the current year:

See attached budget for the fiscal year ending:
March 31, 2021
- (6) Change in amount of District budget from the preceding year to current year, by dollar amount and percentage:

\$160,203 or 6.088%
- (7) Amount of property tax revenue budgeted for maintenance and operations for the preceding two years and the current year:

See attached budgets.

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

The District does not budget for debt service.

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

2019	\$0.12
2018	\$0.11

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

2019	\$0.34
2018	\$0.35

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

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

2020	\$0.13
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- (13) Tax rate for debt service proposed by the taxing unit for the current year:

2020	\$0.33
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- (14) This information required by Section 26.18 is applicable only to school districts.

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

See attached.

MARCH 14, 2018

HARRIS COUNTY MUD 248
OPERATING BUDGET
FYE 3-31-19

	PROPOSED 3/31/2019	BUDGET 3/31/2018	2018 ACTUAL (10 MONTHS)
REVENUES			
WATER	\$453,750.00	\$453,750.00	\$335,584.00
SEWER	\$493,680.00	\$493,680.00	\$357,362.00
PENALTY AND INTEREST	\$17,000.00	\$15,000.00	\$14,547.00
NHCRWA FEES	\$641,200.00	\$548,040.00	\$392,434.00
MAINTENANCE TAX	\$525,000.00	\$135,000.00	\$181,017.00
INTEREST INCOME	\$14,000.00	\$7,500.00	\$10,620.00
TAP FEES	\$20,000.00	\$50,000.00	\$10,736.00
SALES TAX	\$175,000.00	\$250,000.00	\$251,172.00
	\$2,339,630.00	\$1,952,970.00	\$1,553,472.00
EXPENDITURES			
DIRECTORS FEES	\$9,750.00	\$9,750.00	\$7,050.00
OPERATOR FEES	\$45,000.00	\$45,000.00	\$24,875.00
OFFICE EXPENSE	\$3,000.00	\$3,000.00	\$740.00
REPAIRS AND MAINTENANCE	\$225,000.00	\$225,000.00	\$89,837.00
DETENTION POND MAINTENANCE	\$125,000.00	\$125,000.00	\$74,272.00
LAB FEES	\$18,000.00	\$18,000.00	\$14,621.00
UTILITIES	\$10,000.00	\$9,000.00	\$8,850.00
LEGAL	\$92,000.00	\$90,000.00	\$78,711.00
LEGAL; - RECORDS MANAGEMENT	\$3,000.00	\$10,000.00	\$10,000.00
ENGINEERING	\$35,000.00	\$30,000.00	\$26,120.00
BOOKKEEPING	\$10,000.00	\$10,000.00	\$8,020.00
INSURANCE	\$8,000.00	\$7,000.00	\$7,080.00
PERMITS	\$2,000.00	\$2,000.00	\$1,695.00
AUDIT	\$20,000.00	\$20,000.00	\$19,200.00
PURCHASED WATER	\$158,813.00	\$158,813.00	\$105,748.00
PURCHASED SEWER SERVICE	\$508,200.00	\$508,200.00	\$399,370.00
INFRASTRUCTURE REHAB FEE	\$73,000.00	\$73,000.00	\$60,754.00
TAP COST/INSPECTIONS	\$7,000.00	\$20,000.00	\$3,927.00
TELEPHONE	\$3,500.00	\$3,000.00	\$2,705.00
TCEQ ANNUAL FEE	\$4,800.00	\$4,800.00	\$4,864.00
NHCRWA FEES	\$692,500.00	\$591,884.00	\$405,878.00
MISCELLANEOUS	\$2,500.00	\$2,500.00	\$239.00
DUES & MEETINGS	\$4,000.00	\$4,000.00	\$2,820.00
PAYROLL TAXES	\$750.00	\$750.00	\$539.00
ELECTION	\$15,000.00		\$0.00
	\$2,075,813.00	\$1,970,697.00	\$1,357,915.00
EXCESS REV/EXP FROM OPERATIONS	\$263,817.00		
CAPITAL EXPENDITURES			
SANITARY SEWER REHABILITATION	(\$170,000.00)		
EXCESS REVENUES (EXPENSES)	\$93,817.00	(\$17,727.00)	\$195,557.00

MARCH 13, 2019

HARRIS COUNTY MUD 248
OPERATING BUDGET
FYE 3-31-20

	PROPOSED 3/31/2020	2019 ESTIMATED	2019 BUDGET
REVENUES			
WATER	\$453,750.00	\$412,974.00	\$453,750.00
SEWER	\$493,680.00	\$433,852.80	\$493,680.00
PENALTY AND INTEREST	\$17,000.00	\$16,789.20	\$17,000.00
NHCRWA FEES	\$726,000.00	\$567,960.00	\$641,200.00
MAINTENANCE TAX	\$525,000.00	\$401,857.20	\$525,000.00
INTEREST INCOME	\$36,000.00	\$39,210.00	\$14,000.00
TAP FEES	\$30,000.00	\$0.00	\$20,000.00
SALES TAX	\$350,000.00	\$359,174.40	\$175,000.00
	\$2,631,430.00	\$2,231,817.60	\$2,339,630.00
EXPENDITURES			
DIRECTORS FEES	\$9,750.00	\$7,740.00	\$9,750.00
OPERATOR FEES	\$51,750.00	\$45,982.00	\$45,000.00
OFFICE EXPENSE	\$3,000.00	\$574.80	\$3,000.00
REPAIRS AND MAINTENANCE	\$225,000.00	\$58,889.00	\$225,000.00
DETENTION POND MAINTENANCE	\$135,000.00	\$120,849.60	\$125,000.00
LAB FEES	\$21,000.00	\$20,511.60	\$18,000.00
UTILITIES	\$10,000.00	\$7,084.80	\$10,000.00
LEGAL	\$110,000.00	\$106,795.20	\$92,000.00
LEGAL - RECORDS MANAGEMENT	\$3,000.00	\$3,000.00	\$3,000.00
ENGINEERING	\$50,000.00	\$107,961.60	\$35,000.00
BOOKKEEPING	\$10,000.00	\$9,459.60	\$10,000.00
INSURANCE	\$8,000.00	\$7,080.00	\$8,000.00
PERMITS	\$2,000.00	\$1,695.00	\$2,000.00
AUDIT	\$20,000.00	\$19,700.00	\$20,000.00
PURCHASED WATER	\$163,260.00	\$117,721.20	\$158,813.00
PURCHASED SEWER SERVICE	\$508,200.00	\$444,925.20	\$508,200.00
INFRASTRUCTURE REHAB FEE	\$73,000.00	\$72,904.80	\$73,000.00
TAP COST/INSPECTIONS	\$12,000.00	\$2,160.00	\$7,000.00
TELEPHONE	\$4,000.00	\$3,363.60	\$3,500.00
TCEQ ANNUAL FEE	\$4,800.00	\$4,097.00	\$4,800.00
NHCRWA FEES	\$784,200.00	\$529,669.20	\$692,500.00
MISCELLANEOUS	\$2,500.00	\$600.00	\$2,500.00
DUES & MEETINGS	\$10,000.00	\$3,876.00	\$4,000.00
PAYROLL TAXES	\$750.00	\$591.60	\$750.00
ELECTION	\$0.00	\$6,229.00	\$15,000.00
	\$2,221,210.00	\$1,703,460.80	\$2,075,813.00
EXCESS REV/EXP FROM OPERATIONS	\$410,220.00	\$528,356.80	\$263,817.00
CAPITAL EXPENDITURES			
SANITARY SEWER REHABILITATION	(\$220,000.00)	(\$108,405.00)	
EXCESS REVENUES (EXPENSES)	\$190,220.00	\$419,951.80	\$263,817.00

MARCH 11, 2020

HARRIS COUNTY MUD 248
OPERATING BUDGET
FYE 3-31-21

	PROPOSED 3/31/2021	2020 ESTIMATED
REVENUES		
WATER	\$453,750.00	\$414,788.00
SEWER	\$493,680.00	\$445,657.00
PENALTY AND INTEREST	\$17,000.00	\$15,769.00
NHCRWA FEES	\$802,203.00	\$639,358.00
MAINTENANCE TAX	\$550,000.00	\$485,495.00
INTEREST INCOME	\$45,000.00	\$55,118.00
TAP FEES	\$30,000.00	\$27,896.00
SALES TAX	\$400,000.00	\$406,699.00
	<hr/> \$2,791,633.00	<hr/> \$2,490,780.00
	=====	=====
EXPENDITURES		
DIRECTORS FEES	\$9,750.00	\$8,820.00
OPERATOR FEES	\$50,000.00	\$33,664.00
OFFICE EXPENSE	\$3,000.00	\$257.00
REPAIRS AND MAINTENANCE	\$210,000.00	\$117,796.00
DETENTION POND MAINTENANCE	\$135,000.00	\$101,203.00
LAB FEES	\$21,000.00	\$18,120.00
UTILITIES	\$8,000.00	\$6,961.00
LEGAL	\$110,000.00	\$105,631.00
LEGAL - RECORDS MANAGEMENT	\$3,000.00	\$3,000.00
ENGINEERING	\$40,000.00	\$36,402.00
ENGINEERING-TRAILS PROJECT	\$16,000.00	\$105,890.00
BOOKKEEPING	\$10,000.00	\$10,481.00
INSURANCE	\$8,500.00	\$9,173.00
PERMITS	\$2,000.00	\$2,034.00
AUDIT	\$22,000.00	\$24,120.00
PURCHASED WATER	\$163,260.00	\$124,448.00
PURCHASED SEWER SERVICE	\$508,200.00	\$457,921.00
INFRASTRUCTURE REHAB FEE	\$183,864.00	\$72,905.00
TAP COST/INSPECTIONS	\$12,000.00	\$0.00
TELEPHONE	\$5,000.00	\$4,639.00
TCEQ ANNUAL FEE	\$4,800.00	\$0.00
NHCRWA FEES	\$866,541.00	\$621,738.00
MISCELLANEOUS	\$2,500.00	\$1,410.00
DUES & MEETINGS	\$10,000.00	\$3,528.00
PAYROLL TAXES	\$750.00	\$674.00
ELECTION	\$6,500.00	\$0.00
	<hr/> \$2,411,665.00	<hr/> \$1,870,815.00
	=====	=====
EXCESS REV/EXP FROM OPERATIONS	\$379,968.00	\$619,965.00
CAPITAL EXPENDITURES		
TRAILS PROJECTS	(\$120,000.00)	(\$34,669.00)
EXCESS REVENUES (EXPENSES)	<hr/> \$259,968.00	<hr/> \$585,296.00
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Harris County Municipal Utility District No. 248

Harris County, Texas

Independent Auditor's Report and Financial Statements

March 31, 2020



Harris County Municipal Utility District No. 248
March 31, 2020

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 248
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 248 (the District), as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District as March 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Houston, Texas
September 17, 2020

Harris County Municipal Utility District No. 248

Management's Discussion and Analysis

March 31, 2020

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

Harris County Municipal Utility District No. 248

Management's Discussion and Analysis (Continued)

March 31, 2020

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental Funds

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

Harris County Municipal Utility District No. 248

Management's Discussion and Analysis (Continued)

March 31, 2020

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 8,556,657	\$ 7,818,288
Capital assets	<u>13,754,140</u>	<u>13,287,571</u>
Total assets	<u>22,310,797</u>	<u>21,105,859</u>
Deferred outflows of resources	<u>668,744</u>	<u>723,770</u>
Total assets and deferred outflows of resources	<u>\$ 22,979,541</u>	<u>\$ 21,829,629</u>
Long-term liabilities	\$ 16,171,004	\$ 16,894,483
Other liabilities	<u>544,622</u>	<u>346,645</u>
Total liabilities	<u>16,715,626</u>	<u>17,241,128</u>
Net position:		
Net investment in capital assets	(1,777,383)	(2,883,142)
Restricted	4,677,029	4,468,767
Unrestricted	<u>3,364,269</u>	<u>3,002,876</u>
Total net position	<u>\$ 6,263,915</u>	<u>\$ 4,588,501</u>

The total net position of the District increased by \$1,675,414, or about 37 percent. The majority of the increase in net position is related to property taxes revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Harris County Municipal Utility District No. 248
Management's Discussion and Analysis (Continued)
March 31, 2020

Summary of Changes in Net Position

	2020	2019
Revenues:		
Property taxes	\$ 2,209,715	\$ 2,149,983
City of Houston rebates	426,745	330,232
Charges for services	1,384,077	1,271,177
Other revenues	165,991	156,107
Total revenues	<u>4,186,528</u>	<u>3,907,499</u>
Expenses:		
Services	1,797,732	1,717,993
Depreciation	242,445	243,310
Debt service	470,937	516,056
Total expenses	<u>2,511,114</u>	<u>2,477,359</u>
Change in net position	1,675,414	1,430,140
Net position, beginning of year	<u>4,588,501</u>	<u>3,158,361</u>
Net position, end of year	<u><u>\$ 6,263,915</u></u>	<u><u>\$ 4,588,501</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended March 31, 2020, were \$7,766,834, an increase of \$434,952 from the prior year.

The general fund's fund balance increased by \$309,804, primarily due to property taxes, City of Houston rebates and service revenues being greater than service operation and capital outlay expenditures.

The debt service fund's fund balance increased by \$124,492 because property tax revenues generated were greater than bond principal and interest requirements.

The capital projects fund's fund balance increased by \$656, primarily due to interest income exceeding other expenditures.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to City of Houston rebates revenue and capital outlay expenditures being greater than anticipated, as well as service revenues, regional water fee revenues and related expenditures, purchased services and repairs and maintenance expenditures being less than anticipated. The fund balance as of March 31, 2020, was expected to be \$3,170,809 and the actual end-of-year fund balance was \$3,290,393.

Harris County Municipal Utility District No. 248
Management's Discussion and Analysis (Continued)
March 31, 2020

Capital Assets and Related Debt

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below:

Capital Assets (Net of Accumulated Depreciation)

	2020	2019
Land and improvements	\$ 6,984,287	\$ 6,984,287
Construction in progress	381,375	-
Water facilities	3,093,845	3,038,849
Wastewater facilities	<u>3,294,633</u>	<u>3,264,435</u>
Total capital assets	<u>\$ 13,754,140</u>	<u>\$ 13,287,571</u>

During the current year, additions to capital assets were as follows:

Construction in progress related to White Oak Springs and White Oak Falls Trail	\$ 381,375
Public 8-inch sanitary sewer, 4-inch sanitary sewer force main and 8-inch water line to serve Molto Properties, LLC	<u>327,639</u>
Total additions to capital assets	<u>\$ 709,014</u>

A developer within the District has constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission. As of March 31, 2020, a liability for developer-constructed completed projects of \$327,639 was recorded in the government-wide financial statements and depreciation was recorded on those assets.

Debt

The changes in the debt position of the District during the fiscal year ended March 31, 2020, are summarized as follows:

Long-term debt payable, beginning of year	\$ 16,894,483
Increases in long-term debt	327,639
Decreases in long-term debt	<u>(1,051,118)</u>
Long-term debt payable, end of year	<u>\$ 16,171,004</u>

Harris County Municipal Utility District No. 248
Management's Discussion and Analysis (Continued)
March 31, 2020

At March 31, 2020, the District had \$21,650,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's bonds carry an "A-" underlying rating. The Series 2015 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Municipal Assurance Corp.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City for full purposes without the District's consent, except as set forth below.

Strategic Partnership Agreement

Effective June 18, 2004, the District and the City entered into a Strategic Partnership Agreement (the Agreement) under which the City annexed a tract of land (the tract) within the boundaries of the District for limited purposes. The District continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments and the services provided by the City, the District agrees to continue to provide and develop water, sewer and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 30 years.

Harris County Municipal Utility District No. 248
Statement of Net Position and Governmental Funds Balance Sheet
March 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 168,336	\$ 60,539	\$ 11,616	\$ 240,491	\$ -	\$ 240,491
Certificates of deposit	435,000	490,000	-	925,000	-	925,000
Short-term investments	3,114,506	3,775,970	71,500	6,961,976	-	6,961,976
Receivables:						
Property taxes	44,613	172,032	-	216,645	-	216,645
Service accounts	101,684	-	-	101,684	-	101,684
Tax rebates	46,394	-	-	46,394	-	46,394
Accrued penalty and interest	-	-	-	-	61,783	61,783
Accrued interest	2,525	159	-	2,684	-	2,684
Interfund receivable	-	86,404	-	86,404	(86,404)	-
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	6,984,287	6,984,287
Construction in progress	-	-	-	-	381,375	381,375
Infrastructure	-	-	-	-	6,388,478	6,388,478
Total assets	3,913,058	4,585,104	83,116	8,581,278	13,729,519	22,310,797
Deferred Outflows of Resources						
Deferred amount on debt refundings	0	0	0	0	668,744	668,744
Total assets and deferred outflows of resources	\$ 3,913,058	\$ 4,585,104	\$ 83,116	\$ 8,581,278	\$ 14,398,263	\$ 22,979,541

Harris County Municipal Utility District No. 248
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
March 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 292,819	\$ 19,747	\$ -	\$ 312,566	\$ -	\$ 312,566
Retainage payable	29,263	-	-	29,263	-	29,263
Accrued interest payable	-	-	-	-	33,227	33,227
Customer deposits	168,076	-	-	168,076	-	168,076
Due to others	1,490	-	-	1,490	-	1,490
Interfund payable	86,404	-	-	86,404	(86,404)	-
Long-term liabilities:						
Due within one year	-	-	-	-	1,100,000	1,100,000
Due after one year	-	-	-	-	15,071,004	15,071,004
Total liabilities	578,052	19,747	0	597,799	16,117,827	16,715,626
Deferred Inflows of Resources						
Deferred property tax revenues	44,613	172,032	0	216,645	(216,645)	0
Fund Balances/Net Position						
Fund balances:						
Restricted:						
Water, sewer and drainage	-	-	83,116	83,116	(83,116)	-
Unlimited tax bonds	-	4,393,325	-	4,393,325	(4,393,325)	-
Assigned, capital expenditures	120,000	-	-	120,000	(120,000)	-
Unassigned	3,170,393	-	-	3,170,393	(3,170,393)	-
Total fund balances	3,290,393	4,393,325	83,116	7,766,834	(7,766,834)	0
Total liabilities, deferred inflows of resources and fund balances	\$ 3,913,058	\$ 4,585,104	\$ 83,116	\$ 8,581,278		
Net position:						
Net investment in capital assets					(1,777,383)	(1,777,383)
Restricted for debt service					4,593,913	4,593,913
Restricted for capital projects					83,116	83,116
Unrestricted					3,364,269	3,364,269
Total net position					\$ 6,263,915	\$ 6,263,915

Harris County Municipal Utility District No. 248
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended March 31, 2020

	General	Debt	Capital			Statement
	Fund	Service	Projects	Total	Adjustments	of
		Fund	Fund			Activities
Revenues						
Property taxes	\$ 558,315	\$ 1,568,534	\$ -	\$ 2,126,849	\$ 82,866	\$ 2,209,715
City of Houston rebates	426,745	-	-	426,745	-	426,745
Water service	384,315	-	-	384,315	-	384,315
Sewer service	413,733	-	-	413,733	-	413,733
Regional water fee	586,029	-	-	586,029	-	586,029
Penalty and interest	17,340	4,066	-	21,406	20,434	41,840
Tap connection and inspection fees	1,910	-	-	1,910	-	1,910
Investment income	56,182	64,492	1,567	122,241	-	122,241
Total revenues	2,444,569	1,637,092	1,567	4,083,228	103,300	4,186,528
Expenditures/Expenses						
Service operations:						
Purchased services	558,489	-	-	558,489	-	558,489
Regional water fee	595,880	-	-	595,880	-	595,880
Professional fees	176,423	3,530	-	179,953	-	179,953
Contracted services	104,199	35,148	-	139,347	-	139,347
Repairs and maintenance	271,431	-	-	271,431	-	271,431
Other expenditures	46,968	4,753	911	52,632	-	52,632
Capital outlay	381,375	-	-	381,375	(381,375)	-
Depreciation	-	-	-	-	242,445	242,445
Debt service:						
Principal retirement	-	1,055,000	-	1,055,000	(1,055,000)	-
Interest and fees	-	414,169	-	414,169	56,768	470,937
Total expenditures/expenses	2,134,765	1,512,600	911	3,648,276	(1,137,162)	2,511,114
Excess of Revenues Over Expenditures	309,804	124,492	656	434,952	(434,952)	
Change in Net Position					1,675,414	1,675,414
Fund Balances/Net Position						
Beginning of year	2,980,589	4,268,833	82,460	7,331,882	-	4,588,501
End of year	\$ 3,290,393	\$ 4,393,325	\$ 83,116	\$ 7,766,834	\$ 0	\$ 6,263,915

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Harris County Municipal Utility District No. 248 (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective May 2, 1984, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. 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 is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of 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 amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Investments and Investment Income

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended March 31, 2020, include collections during the current period or within 60 days of year-end related to the 2019 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended March 31, 2020, the 2019 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 13,754,140
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	216,645
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	61,783

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	\$ 668,744
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(33,227)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(16,171,004)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (1,502,919)</u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ 434,952
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense in the current year.	138,930
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	1,055,000
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities.	103,300
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(56,768)</u>
Change in net position of governmental activities.	<u>\$ 1,675,414</u>

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At March 31, 2020, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their 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, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

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 registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool.

At March 31, 2020, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 6,692,773	\$ 6,692,773	\$ -	\$ -	\$ -
Money market mutual fund	269,203	269,203	-	-	-
Totals	<u>\$ 6,961,976</u>	<u>\$ 6,961,976</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2020, the District's investments in TexPool and the money market mutual fund were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at March 31, 2020, as follows:

Carrying value:	
Deposits	\$ 1,165,491
Investments	<u>6,961,976</u>
Total	<u>\$ 8,127,467</u>

Included in the following statement of net position captions:

Cash	\$ 240,491
Certificates of deposit	925,000
Short-term investments	<u>6,961,976</u>
Total	<u>\$ 8,127,467</u>

Investment Income

Investment income of \$122,241 for the year ended March 31, 2020, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended March 31, 2020, is presented below.

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 6,984,287	\$ -	\$ 6,984,287
Construction in progress	-	381,375	381,375
Total capital assets, non-depreciable	6,984,287	381,375	7,365,662
Capital assets, depreciable:			
Water production and distribution facilities	4,153,489	164,713	4,318,202
Wastewater collection and treatment facilities	5,269,781	162,926	5,432,707
Total capital assets, depreciable	9,423,270	327,639	9,750,909
Less accumulated depreciation:			
Water production and distribution facilities	(1,114,640)	(109,717)	(1,224,357)
Wastewater collection and treatment facilities	(2,005,346)	(132,728)	(2,138,074)
Total accumulated depreciation	(3,119,986)	(242,445)	(3,362,431)
Total governmental activities, net	\$ 13,287,571	\$ 466,569	\$ 13,754,140

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended March 31, 2020, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 5,365,000	\$ -	\$ 300,000	\$ 5,065,000	\$ 320,000
Direct placement bonds	11,575,000	-	755,000	10,820,000	780,000
Less discounts on bonds	45,517	-	3,882	41,635	-
	16,894,483	0	1,051,118	15,843,365	1,100,000
Due to developer	-	327,639	-	327,639	-
Total governmental activities long-term liabilities	\$ 16,894,483	\$ 327,639	\$ 1,051,118	\$ 16,171,004	\$ 1,100,000

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

General Obligation Bonds

	Series 2011	Series 2015
Amounts outstanding, March 31, 2020	\$380,000	\$4,685,000
Interest rates	3.75% to 4.50%	2.00% to 3.50%
Maturity dates, serially beginning/ending	September 1, 2020/2022	September 1, 2020/2035
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2020	September 1, 2025
	Refunding Series 2016**	Refunding Series 2017**
Amounts outstanding, March 31, 2020	\$8,350,000	\$2,470,000
Interest rates	2.31%	2.36%
Maturity dates, serially beginning/ending	September 1, 2020/2030	September 1, 2020/2030
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2025	September 1, 2026

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

**Direct placement bonds.

During a prior year, the District defeased part of its Series 2011 bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the District's long-term liabilities. As of March 31, 2020, the amount of defeased debt outstanding but removed from long term liabilities amounted to \$1,405,000.

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation and direct placement bonds outstanding at March 31, 2020.

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2020

Year	General Obligation Bonds		Direct Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2021	\$ 320,000	\$ 142,996	\$ 780,000	\$ 242,146	\$ 1,485,142
2022	335,000	133,533	810,000	223,739	1,502,272
2023	355,000	123,384	835,000	204,693	1,518,077
2024	230,000	115,674	1,000,000	183,416	1,529,090
2025	240,000	110,441	1,035,000	159,789	1,545,230
2026-2030	1,395,000	448,426	5,415,000	418,446	7,676,872
2031-2035	1,780,000	216,529	945,000	10,994	2,952,523
2036	410,000	7,175	-	-	417,175
Total	<u>\$ 5,065,000</u>	<u>\$ 1,298,158</u>	<u>\$ 10,820,000</u>	<u>\$ 1,443,223</u>	<u>\$ 18,626,381</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Bonds voted	\$ 49,970,000
Bonds sold	28,320,000
Refunding bonds voted	14,970,000
Refunding bonds authorization issued	5,545,000

Due to Developer

A developer within the District has constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission. As of March 31, 2020, a liability for developer-constructed completed projects of \$327,639 was recorded in the government-wide financial statements and depreciation was recorded on those assets.

Note 5: Significant Bond Order and Commission Requirements

- A. The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended March 31, 2020, the District levied an ad valorem debt service tax at the rate of \$0.3400 per \$100 of assessed valuation, which resulted in a tax levy of \$1,749,437 on the taxable valuation of \$514,540,422 for the 2019 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$1,498,723 of which \$199,362 has been paid and \$1,299,361 is due September 1, 2020.

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

- B. The Bond Orders state that so long as any of the bonds or coupons remain outstanding, the District covenants that it will at all times keep insured such parts of the system as are customarily insured by municipal corporations and political subdivisions in Texas operating like properties in similar locations under the same circumstances with a responsible insurance company or companies against risk, accidents, or casualties against which and to the extent insurance is customarily carried by such municipal corporations and political subdivisions; provided, however, that at any time while any contractor engaged in construction work shall be fully responsible therefore, the District shall not be required to carry such insurance. At March 31, 2020, the District had real and personal property insurance in the amount of \$1,246,000 and general and pollution liability insurance with an aggregate limit of \$3,000,000 each.

Note 6: Maintenance Taxes

At an election held November 6, 1984, voters authorized a maintenance tax not to exceed \$1.00 per \$100 valuation on all property within the District subject to taxation. During the year ended March 31, 2020, the District levied an ad valorem maintenance tax at the rate of \$0.1200 per \$100 of assessed valuation, which resulted in a tax levy of \$617,449 on the taxable valuation of \$514,540,422 for the 2019 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Strategic Partnership Agreement

Effective June 18, 2004, the District and the City entered into a Strategic Partnership Agreement (the Agreement) under which the City annexed a tract of land (the tract) within the boundaries of the District for limited purposes. The District continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments and the services provided by the City, the District agrees to continue to provide and develop water, sewer and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 30 years. During the current year, the District recorded \$426,745 in revenues related to the Agreement.

Note 8: Regional Water Authority

The District is within the boundaries of the North Harris County Regional Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of March 31, 2020, the Authority was billing Harris County Fresh Water Supply District No. 61 (District No. 61) \$3.85 per 1,000 gallons of water pumped from its wells and sold to the District.

Note 9: Contracts With Other Districts

Permanent Wastewater Treatment Service

On November 16, 1983, the District's landowners entered into a contract for financing, construction and operation of regional waste treatment facilities with District No. 61, which was assigned to the District on June 27, 1984. The contract has subsequently been amended. Under the terms of the contract, District No. 61 is the owner and operator of the facilities and the participants are beneficial owners to the extent of their right to use their reserved capacity in the facilities. Construction costs are shared based on each participant's pro rata share of the capacity being constructed at the time. During a prior year, the Phase II expansion of the facility was completed. The District acquired 125,000 gallons-per-day (gpd) of capacity in association with this expansion. Sewer usage charges incurred by the District totaled \$442,024 during the current year, based on costs budgeted by District No. 61.

On September 25, 2002, the District entered into a contract to purchase up to 126,000 gpd of additional wastewater treatment capacity from District No. 61 for \$2.76 per gpd. Payments were to be made in installments, upon completion of the District's pending annexation of the specific property to be served by the additional capacity. On March 12, 2003, the District entered into another contract with District No. 61 under which the District agreed to purchase up to an additional 114,750 gpd at a price of \$2.76 per gpd, as development progresses within the District, but no later than December 31, 2007. During prior years, the District purchased 1,646 equivalent single-family connections (ESFCs) for a total of \$1,000,536, which were partially funded by developer advances.

On September 9, 2009, the District purchased an additional 850 ESFCs from District No. 61 for \$934,290 funded by the Series 2009 bond sale.

Subsequent to year-end, the District and District No. 61 amended the wastewater treatment contract to allow the District to purchase additional wastewater treatment capacity from District No. 61 for \$2,500 per ESFC.

Permanent Water Supply

On August 30, 2000, the District entered into a water supply contract with District No. 61, as amended, whereby the District, for \$500,000, purchased capacity in the existing District No. 61 water supply facilities sufficient to serve 400 ESFCs. Under a second amendment to the contract dated March 12, 2003, the District has the option to purchase capacity to serve an additional 850 ESFCs, in no less than 100 connection increments, for \$1,250 per ESFC, but no later than December 31, 2009. During prior years, the District purchased 1,650 ESFCs for \$1,437,500, which were

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2020

partially funded by developer advances. On September 9, 2009, the District purchased an additional 850 ESFCs from District No. 61 for \$1,062,500 funded by the Series 2009 bond sale.

On February 12, 2020, the District and District No. 61 entered into a Water Supply Agreement for the purchase of additional water capacity in District No. 61's water supply facilities. This agreement supersedes the August 30, 2000, water supply contract and all amendments. Under the agreement, in addition to the 2,500 ESFCs previously purchased, the District agrees to purchase 116 ESFCs for \$2,500 per ESFC. The District also has the option to purchase up to 356 ESFCs in additional capacity, in no less than 100 connection increments, for \$2,500 per ESFC, but no later than December 31, 2029. The current rate for water supplied per the agreement is \$0.69 per 1,000 gallons and is subject to adjustment once each year on January 1, by 100 percent of the increase of the most recently published Consumer Price Index, unless such option to increase is not exercised by District No. 61. During the current year, the District incurred water usage charges of \$116,465.

Note 10: Risk Management

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

Note 11: Uncertainties

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position and results of operations of the District. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 12: Change in Accounting Principle

In 2020, the District adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, by separating information regarding direct borrowings and direct placements of debt from other debt. In addition, the debt maturities schedule (Note 4) has been disaggregated.

Required Supplementary Information

Harris County Municipal Utility District No. 248
Budgetary Comparison Schedule – General Fund
Year Ended March 31, 2020

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 525,000	\$ 558,315	\$ 33,315
City of Houston rebates	350,000	426,745	76,745
Water service	453,750	384,315	(69,435)
Sewer service	493,680	413,733	(79,947)
Regional water fee	726,000	586,029	(139,971)
Penalty and interest	17,000	17,340	340
Tap connection and inspection fees	30,000	1,910	(28,090)
Investment income	36,000	56,182	20,182
	<hr/>	<hr/>	<hr/>
Total revenues	2,631,430	2,444,569	(186,861)
	<hr/>	<hr/>	<hr/>
Expenditures			
Service operations:			
Purchased services	671,460	558,489	112,971
Regional water fee	784,200	595,880	188,320
Professional fees	183,000	176,423	6,577
Contracted services	61,750	104,199	(42,449)
Repairs and maintenance	454,000	271,431	182,569
Other expenditures	54,800	46,968	7,832
Tap connections	12,000	-	12,000
Capital outlay	220,000	381,375	(161,375)
	<hr/>	<hr/>	<hr/>
Total expenditures	2,441,210	2,134,765	306,445
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over Expenditures	190,220	309,804	119,584
	<hr/>	<hr/>	<hr/>
Fund Balance, Beginning of Year	2,980,589	2,980,589	-
	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	<u>\$ 3,170,809</u>	<u>\$ 3,290,393</u>	<u>\$ 119,584</u>

Harris County Municipal Utility District No. 248

Notes to Required Supplementary Information

March 31, 2020

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2020.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Other Information

Harris County Municipal Utility District No. 248
Other Schedules Included Within This Report
March 31, 2020

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 12-26
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Harris County Municipal Utility District No. 248

Schedule of Services and Rates

Year Ended March 31, 2020

1. Services provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other _____		

2. Retail service providers

a. Retail rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water:	\$ 8.00	4,000	N	\$ 2.13	4,001	to	10,000
				\$ 2.25	10,001	to	20,000
				\$ 2.50	20,001	to	No Limit
Wastewater:	\$ 7.00	4,000	N	\$ 1.75	4,001	to	No Limit
Regional water fee:	\$ 3.85	1	N	\$ 3.85	1	to	No Limit

Surcharge: 0.50% of bill

Does the District employ winter averaging for wastewater usage?

Yes ☐ No ☒

Total charges per 10,000 gallons usage (including fees):	Water	\$ 59.28	Wastewater	\$ 17.50
--	-------	----------	------------	----------

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	677	649	x1.0	649
1"	25	25	x2.5	63
1 1/2"	11	10	x5.0	50
2"	35	35	x8.0	280
3"	-	-	x15.0	-
4"	5	5	x25.0	125
6"	2	2	x50.0	100
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	755	726		1,267
Total wastewater	735	735	x1.0	735

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	155,520
Gallons billed to customers:	155,120
Water accountability ratio (gallons billed/gallons pumped):	99.74%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 248

Schedule of General Fund Expenditures

Year Ended March 31, 2020

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	20,100	
Legal		119,093	
Engineering		36,780	
Financial advisor		450	176,423
Purchased Services for Resale			
Bulk water and wastewater service purchases			558,489
Regional Water Fee			595,880
Contracted Services			
Bookkeeping		10,146	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		94,053	104,199
Utilities			-
Repairs and Maintenance			271,431
Administrative Expenditures			
Directors' fees		7,650	
Office supplies		-	
Insurance		7,644	
Other administrative expenditures		31,674	46,968
Capital Outlay			
Capitalized assets		381,375	
Expenditures not capitalized		-	381,375
Debt Service			
Debt defeasance			-
Tap Connection Expenditures			-
Solid Waste Disposal			-
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
Total expenditures		\$	2,134,765

Harris County Municipal Utility District No. 248

Schedule of Temporary Investments

March 31, 2020

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 4010948	0.30%	10/14/20	\$ 95,000	\$ 130
No. 4010955	0.30%	10/14/20	95,000	130
No. 226496	1.95%	07/06/20	245,000	2,265
TexPool	0.55%	Demand	2,845,303	-
Money Market Mutual Fund	1.57%	Demand	269,203	-
			<u>3,549,506</u>	<u>2,525</u>
Debt Service Fund				
Certificates of Deposit				
No. 41206	1.05%	08/10/20	245,000	82
No. 7754	1.00%	10/16/20	245,000	77
TexPool	0.55%	Demand	3,775,970	-
			<u>4,265,970</u>	<u>159</u>
Capital Projects Fund				
TexPool	0.55%	Demand	71,500	0
Totals			<u>\$ 7,886,976</u>	<u>\$ 2,684</u>

Harris County Municipal Utility District No. 248

Analysis of Taxes Levied and Receivable

Year Ended March 31, 2020

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 22,287	\$ 111,492
Additions and corrections to prior years' taxes	<u>(36,808)</u>	<u>(120,363)</u>
Adjusted receivable, beginning of year	<u>(14,521)</u>	<u>(8,871)</u>
 2019 Original Tax Levy	562,579	1,593,972
Additions and corrections	<u>54,870</u>	<u>155,465</u>
Adjusted tax levy	<u>617,449</u>	<u>1,749,437</u>
Total to be accounted for	602,928	1,740,566
Tax collections: Current year	(590,708)	(1,673,672)
Prior years	<u>32,393</u>	<u>105,138</u>
Receivable, end of year	<u>\$ 44,613</u>	<u>\$ 172,032</u>
 Receivable, by Years		
2019	\$ 26,741	\$ 75,765
2018	1,284	4,087
2017	12,731	43,979
2016	2,313	37,785
2015	282	3,598
2014	552	2,484
2013	285	1,672
2012	199	1,371
2011	215	1,137
2010	<u>11</u>	<u>154</u>
Receivable, end of year	<u>\$ 44,613</u>	<u>\$ 172,032</u>

Harris County Municipal Utility District No. 248
Analysis of Taxes Levied and Receivable (Continued)
Year Ended March 31, 2020

	2019	2018	2017	2016
Property Valuations				
Land	\$ 80,095,943	\$ 79,521,461	\$ 75,928,347	\$ 72,641,467
Improvements	394,049,760	356,220,814	348,721,792	322,550,193
Personal property	68,647,652	91,831,365	90,852,972	82,580,006
Exemptions	<u>(28,252,933)</u>	<u>(34,186,268)</u>	<u>(25,032,151)</u>	<u>(23,255,323)</u>
Total property valuations	<u>\$ 514,540,422</u>	<u>\$ 493,387,372</u>	<u>\$ 490,470,960</u>	<u>\$ 454,516,343</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.3400	\$ 0.3500	\$ 0.3800	\$ 0.4900
Maintenance tax rates*	<u>0.1200</u>	<u>0.1100</u>	<u>0.1100</u>	<u>0.0300</u>
Total tax rates per \$100 valuation	<u>\$ 0.4600</u>	<u>\$ 0.4600</u>	<u>\$ 0.4900</u>	<u>\$ 0.5200</u>
Tax Levy	<u>\$ 2,366,886</u>	<u>\$ 2,270,690</u>	<u>\$ 2,408,922</u>	<u>\$ 2,364,286</u>
Percent of Taxes Collected to Taxes Levied**	<u>96%</u>	<u>99%</u>	<u>98%</u>	<u>98%</u>

*Maximum tax rate approved by voters: \$1.00 on November 6, 1984

**Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

Harris County Municipal Utility District No. 248
Schedule of Long-term Debt Service Requirements by Years
March 31, 2020

Due During Fiscal Years Ending March 31	Series 2011		Total
	Principal Due September 1	Interest Due September 1, March 1	
2021	\$ 120,000	\$ 14,250	\$ 134,250
2022	125,000	8,887	133,887
2023	<u>135,000</u>	<u>3,038</u>	<u>138,038</u>
Totals	<u>\$ 380,000</u>	<u>\$ 26,175</u>	<u>\$ 406,175</u>

Harris County Municipal Utility District No. 248
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2020

Due During Fiscal Years Ending March 31	Series 2015		Total
	Principal Due September 1	Interest Due September 1, March 1	
2021	\$ 200,000	\$ 128,746	\$ 328,746
2022	210,000	124,646	334,646
2023	220,000	120,346	340,346
2024	230,000	115,674	345,674
2025	240,000	110,441	350,441
2026	255,000	104,494	359,494
2027	265,000	97,663	362,663
2028	280,000	90,169	370,169
2029	290,000	82,331	372,331
2030	305,000	73,769	378,769
2031	320,000	64,394	384,394
2032	340,000	54,494	394,494
2033	355,000	44,069	399,069
2034	375,000	32,884	407,884
2035	390,000	20,688	410,688
2036	410,000	7,175	417,175
Totals	<u>\$ 4,685,000</u>	<u>\$ 1,271,983</u>	<u>\$ 5,956,983</u>

Harris County Municipal Utility District No. 248
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2020

Due During Fiscal Years Ending March 31	Refunding Series 2016		
	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 695,000	\$ 184,857	\$ 879,857
2022	720,000	168,515	888,515
2023	740,000	151,652	891,652
2024	765,000	134,269	899,269
2025	785,000	116,365	901,365
2026	815,000	97,886	912,886
2027	835,000	78,829	913,829
2028	865,000	59,194	924,194
2029	895,000	38,866	933,866
2030	605,000	21,541	626,541
2031	630,000	7,277	637,277
Totals	<u>\$ 8,350,000</u>	<u>\$ 1,059,251</u>	<u>\$ 9,409,251</u>

Harris County Municipal Utility District No. 248
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2020

Due During Fiscal Years Ending March 31	Refunding Series 2017		
	Principal Due September 1	Interest Due September 1, March 1	Total
2021	\$ 85,000	\$ 57,289	\$ 142,289
2022	90,000	55,224	145,224
2023	95,000	53,041	148,041
2024	235,000	49,147	284,147
2025	250,000	43,424	293,424
2026	260,000	37,406	297,406
2027	270,000	31,152	301,152
2028	280,000	24,662	304,662
2029	290,000	17,936	307,936
2030	300,000	10,974	310,974
2031	315,000	3,717	318,717
Totals	<u>\$ 2,470,000</u>	<u>\$ 383,972</u>	<u>\$ 2,853,972</u>

Harris County Municipal Utility District No. 248
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2020

Due During Fiscal Years Ending March 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 1,100,000	\$ 385,142	\$ 1,485,142
2022	1,145,000	357,272	1,502,272
2023	1,190,000	328,077	1,518,077
2024	1,230,000	299,090	1,529,090
2025	1,275,000	270,230	1,545,230
2026	1,330,000	239,786	1,569,786
2027	1,370,000	207,644	1,577,644
2028	1,425,000	174,025	1,599,025
2029	1,475,000	139,133	1,614,133
2030	1,210,000	106,284	1,316,284
2031	1,265,000	75,388	1,340,388
2032	340,000	54,494	394,494
2033	355,000	44,069	399,069
2034	375,000	32,884	407,884
2035	390,000	20,688	410,688
2036	410,000	7,175	417,175
Totals	<u>\$ 15,885,000</u>	<u>\$ 2,741,381</u>	<u>\$ 18,626,381</u>

Harris County Municipal Utility District No. 248

Changes in Long-term Bonded Debt

Year Ended March 31, 2020

	Bond	
	Series 2011	Series 2015
Interest rates	3.75% to 4.50%	2.00% to 3.50%
Dates interest payable	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2020/2022	September 1, 2020/2035
Bonds outstanding, beginning of current year	\$ 490,000	\$ 4,875,000
Retirements, principal	110,000	190,000
Bonds outstanding, end of current year	<u>\$ 380,000</u>	<u>\$ 4,685,000</u>
Interest paid during current year	<u>\$ 19,000</u>	<u>\$ 132,646</u>

Paying agent's name and address:

Series 2011 - Wells Fargo Bank Texas, N.A., Houston, Texas

Series 2015 - Amegy Bank National Association, Houston, Texas

Series 2016 - Whitney Bank, N.A., Houston, Texas

Series 2017 - Zions First National Bank, Salt Lake City, Utah

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 49,970,000	0	\$ 14,970,000
Amount of authorization issued	\$ 28,320,000	0	\$ 5,545,000
Remaining authorization to be issued	<u>\$ 21,650,000</u>	<u>0</u>	<u>\$ 9,425,000</u>

Debt service fund cash and temporary investment balances as of March 31, 2020: \$ 4,326,509

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,164,149

Issues

Refunding Series 2016	Refunding Series 2017	Totals
2.31%	2.36%	
September 1/ March 1	September 1/ March 1	
September 1, 2020/2030	September 1, 2020/2030	
\$ 9,025,000	\$ 2,550,000	\$ 16,940,000
<u>675,000</u>	<u>80,000</u>	<u>1,055,000</u>
<u>\$ 8,350,000</u>	<u>\$ 2,470,000</u>	<u>\$ 15,885,000</u>
<u>\$ 200,681</u>	<u>\$ 59,236</u>	<u>\$ 411,563</u>

Harris County Municipal Utility District No. 248

Comparative Schedule of Revenues and Expenditures – General Fund

Five Years Ended March 31,

	Amounts				
	2020	2019	2018	2017	2016
General Fund					
Revenues					
Property taxes	\$ 558,315	\$ 521,719	\$ 521,422	\$ 186,941	\$ 81,408
City of Houston rebates	426,745	366,420	314,100	342,373	222,405
Water service	384,315	355,934	371,959	378,762	461,294
Sewer service	413,733	376,454	417,977	405,883	483,679
Regional water fee	586,029	538,789	450,750	398,987	375,061
Penalty and interest	17,340	18,548	19,619	17,721	16,844
Tap connection and inspection fees	1,910	1,980	1,930	14,901	204,669
Investment income	56,182	48,156	18,677	6,977	3,278
Other income	-	-	-	40,145	11,000
Total revenues	<u>2,444,569</u>	<u>2,228,000</u>	<u>2,116,434</u>	<u>1,792,690</u>	<u>1,859,638</u>
Expenditures					
Service operations:					
Purchased services	558,489	540,605	580,261	611,700	701,238
Regional water fee	595,880	507,664	464,029	401,258	386,807
Professional fees	176,423	237,743	152,271	144,826	162,551
Contracted services	104,199	66,901	66,140	66,251	92,691
Repairs and maintenance	271,431	272,990	270,657	242,170	251,669
Other expenditures	46,968	44,674	49,530	50,271	51,909
Tap connections	-	-	-	32,979	66,594
Capital outlay	381,375	51,079	39,684	-	47,425
Debt service:					
Principal retirement	-	-	-	-	1,265,000
Interest and fees	-	-	-	-	16,138
Debt defeasance	-	-	-	975,000	-
Total expenditures	<u>2,134,765</u>	<u>1,721,656</u>	<u>1,622,572</u>	<u>2,524,455</u>	<u>3,042,022</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>309,804</u>	<u>506,344</u>	<u>493,862</u>	<u>(731,765)</u>	<u>(1,182,384)</u>
Other Financing Sources					
Interfund transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>745,840</u>	<u>36,365</u>
Excess (Deficiency) of Revenues and Transfers In Over Expenditures and Transfers Out	<u>309,804</u>	<u>506,344</u>	<u>493,862</u>	<u>14,075</u>	<u>(1,146,019)</u>
Fund Balance, Beginning of Year	<u>2,980,589</u>	<u>2,474,245</u>	<u>1,980,383</u>	<u>1,966,308</u>	<u>3,112,327</u>
Fund Balance, End of Year	<u>\$ 3,290,393</u>	<u>\$ 2,980,589</u>	<u>\$ 2,474,245</u>	<u>\$ 1,980,383</u>	<u>\$ 1,966,308</u>
Total Active Retail Water Connections	<u>726</u>	<u>750</u>	<u>746</u>	<u>742</u>	<u>717</u>
Total Active Retail Wastewater Connections	<u>735</u>	<u>731</u>	<u>734</u>	<u>733</u>	<u>717</u>

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
22.8 %	23.4 %	24.6 %	10.4 %	4.4 %
17.5	16.4	14.8	19.1	11.9
15.7	16.0	17.6	21.1	24.8
16.9	16.9	19.8	22.7	26.0
24.0	24.2	21.3	22.3	20.2
0.7	0.8	0.9	1.0	0.9
0.1	0.1	0.1	0.8	11.0
2.3	2.2	0.9	0.4	0.2
-	-	-	2.2	0.6
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
22.8	24.3	27.4	34.1	37.7
24.4	22.8	21.9	22.4	20.8
7.2	10.7	7.2	8.1	8.7
4.3	3.0	3.1	3.7	5.0
11.1	12.2	12.8	13.5	13.5
1.9	2.0	2.4	2.8	2.8
-	-	-	1.8	3.6
15.6	2.3	1.9	-	2.6
-	-	-	-	68.0
-	-	-	-	0.9
-	-	-	54.4	-
<u>87.3</u>	<u>77.3</u>	<u>76.7</u>	<u>140.8</u>	<u>163.6</u>
<u><u>12.7 %</u></u>	<u><u>22.7 %</u></u>	<u><u>23.3 %</u></u>	<u><u>(40.8) %</u></u>	<u><u>(63.6) %</u></u>

Harris County Municipal Utility District No. 248
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended March 31,

	Amounts				
	2020	2019	2018	2017	2016
Debt Service Fund					
Revenues					
Property taxes	\$ 1,568,534	\$ 1,629,416	\$ 1,779,090	\$ 2,870,845	\$ 1,126,829
Penalty and interest	4,066	9,588	5,316	3,752	24,641
Investment income	64,492	60,723	28,081	9,211	3,494
Total revenues	1,637,092	1,699,727	1,812,487	2,883,808	1,154,964
Expenditures					
Current:					
Professional fees	3,530	4,881	-	-	-
Contracted services	35,148	34,542	35,107	35,973	30,940
Other expenditures	4,753	2,551	7,584	12,526	6,375
Debt service:					
Principal retirement	1,055,000	1,015,000	995,000	1,005,000	640,000
Interest and fees	414,169	446,535	399,816	616,208	505,436
Debt issuance costs	-	-	-	76,134	236,931
Total expenditures	1,512,600	1,503,509	1,437,507	1,745,841	1,419,682
Excess (Deficiency) of Revenues Over Expenditures	124,492	196,218	374,980	1,137,967	(264,718)
Other Financing Sources (Uses)					
Interfund transfers in	-	-	-	151,096	-
General obligation bonds issued	-	-	-	2,760,000	9,910,000
Deposit with escrow agent	-	-	-	(2,681,987)	(9,666,450)
Total other financing sources	0	0	0	229,109	243,550
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	124,492	196,218	374,980	1,367,076	(21,168)
Fund Balance, Beginning of Year	4,268,833	4,072,615	3,697,635	2,330,559	2,351,727
Fund Balance, End of Year	\$ 4,393,325	\$ 4,268,833	\$ 4,072,615	\$ 3,697,635	\$ 2,330,559

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
95.8 %	95.8 %	98.2 %	99.6 %	97.6 %
0.3	0.6	0.3	0.1	2.1
3.9	3.6	1.5	0.3	0.3
100.0	100.0	100.0	100.0	100.0
0.2	0.3	-	-	-
2.2	2.0	1.9	1.3	2.7
0.3	0.2	0.4	0.4	0.5
64.4	59.7	54.9	34.8	55.4
25.3	26.3	22.1	21.4	43.8
-	-	-	2.6	20.5
92.4	88.5	79.3	60.5	122.9
7.6 %	11.5 %	20.7 %	39.5 %	(22.9) %

Harris County Municipal Utility District No. 248
Board Members, Key Personnel and Consultants
Year Ended March 31, 2020

Complete District mailing address:	Harris County Municipal Utility District No. 248 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019
District business telephone number:	713.652.6500
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	August 19, 2019
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
A. Richard Wilson	Elected 05/16- 05/20	\$ 1,800	\$ 720	President
Marie Godard	Appointed 08/19- 05/20	1,200	480	Vice President
Long Nguyen	Elected 05/16- 05/20	1,500	540	Secretary
E. Paul Daigle, Jr.	Elected 05/18- 05/22	1,800	720	Treasurer
Richard Ford	Elected 05/18- 05/22	1,050	480	Director
Michael D. Yancey	Elected 05/16- 08/19	300	120	Resigned

*Fees are the amounts actually paid to a director during the District's fiscal year.

Harris County Municipal Utility District No. 248
Board Members, Key Personnel and Consultants (Continued)
Year Ended March 31, 2020

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BKD, LLP	11/25/86	\$ 20,100	Auditor
Kenneth R. Byrd	05/06/85	22,713	Tax Assessor/ Collector
Harris County Appraisal District	Legislative Action	16,971	Appraiser
Harris County FWSD No. 61	04/96	176,931	Operator
LJA Engineering, Inc.	06/27/84	130,181	Engineer
Municipal Business Services, Inc.	10/18/84	10,146	Bookkeeper
RBC Capital Markets, LLC	08/29/91	450	Financial Advisor
Smith, Murdaugh, Little & Bonham, L.L.P.	06/27/84	152,623	General Counsel
Investment Officer			
Bob Ideus	09/04	N/A	Bookkeeper