

Harris County Municipal Utility District No. 248

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

Date: September 27, 2021

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

| <u>Name:</u>        | <u>Term of office:</u> |
|---------------------|------------------------|
| A. Richard Wilson   | 5/2/2020 – 5/4/2024    |
| Marie Godard        | 5/2/2020 – 5/4/2024    |
| Long Nguyen         | 5/2/2020 – 5/4/2024    |
| E. Paul Daigle, Jr. | 5/5/2018 – 5/7/2022    |
| Richard C. Ford     | 5/5/2018 – 5/7/2022    |

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

2727 Allen Parkway, Suite 1100  
Houston, Texas 77019  
713-652-6500  
[91248@smithmur.com](mailto:91248@smithmur.com)

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

Same as Item (2) above.

b. Name of General Manager or Executive Director:

None

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

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

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

Pat Hall  
Equi-Tax, Inc.  
P.O. Box 73109  
Houston, TX 77273  
281/444-4866

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

The budgets for the fiscal years ended in 2020 and 2021 are attached.

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

The budget for the fiscal year ending in 2022 is attached.

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

| <u>2021 Budget Revenues</u> | <u>2022 Budget Revenues</u> | <u>Change in Amount</u> | <u>Percentage Change</u> |
|-----------------------------|-----------------------------|-------------------------|--------------------------|
| \$2,791,633                 | \$2,679,295                 | -\$112,338              | -4.0241%                 |

- (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:

|      |        |
|------|--------|
| 2020 | \$0.13 |
| 2019 | \$0.12 |

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

|      |        |
|------|--------|
| 2020 | \$0.33 |
| 2019 | \$0.34 |

- (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:

|      |        |
|------|--------|
| 2021 | \$0.15 |
|------|--------|

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

|      |        |
|------|--------|
| 2021 | \$0.31 |
|------|--------|

- (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.

- (16) Rate of District's sales and use tax, if any:

None.

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

The notice of tax rate hearing will be posted upon receipt.

- (18) District's meeting schedule and location:

Monthly on 2<sup>nd</sup> Wednesday at 11:30 a.m. at 2727 Allen Parkway, Ste. 1100, Houston, TX 77019

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

A description of this process can be found at:

<https://www.tceq.texas.gov/assets/public/permitting/watersupply/districts/Form-20863.pdf>

MARCH 13, 2019

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

|                                | PROPOSED<br>3/31/2020 | 2019<br>ESTIMATED | 2019<br>BUDGET |
|--------------------------------|-----------------------|-------------------|----------------|
| <b>REVENUES</b>                |                       |                   |                |
| 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 |
| <b>EXPENDITURES</b>            |                       |                   |                |
| 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

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 |

|                |                |
|----------------|----------------|
| \$2,791,633.00 | \$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       |

|                |                |
|----------------|----------------|
| \$2,411,665.00 | \$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)

|              |              |
|--------------|--------------|
| \$259,968.00 | \$585,296.00 |
|--------------|--------------|

MARCH 10, 2021

HARRIS COUNTY MUD 248  
OPERATING BUDGET  
FYE 3-31-22

|                                | PROPOSED<br>3/31/2022 | 2021<br>ESTIMATED     |
|--------------------------------|-----------------------|-----------------------|
| <b>REVENUES</b>                |                       |                       |
| WATER                          | \$385,687.00          | \$334,432.00          |
| SEWER                          | \$419,628.00          | \$374,721.00          |
| PENALTY AND INTEREST           | \$17,000.00           | \$17,096.00           |
| NHCRWA FEES                    | \$735,480.00          | \$562,720.00          |
| MAINTENANCE TAX                | \$680,000.00          | \$706,000.00          |
| INTEREST INCOME                | \$6,500.00            | \$9,055.00            |
| TAP FEES                       | \$100,000.00          | \$61,821.00           |
| SALES TAX                      | \$335,000.00          | \$344,681.00          |
|                                | <b>\$2,679,295.00</b> | <b>\$2,410,526.00</b> |
| <b>EXPENDITURES</b>            |                       |                       |
| DIRECTORS FEES                 | \$9,750.00            | \$10,620.00           |
| OPERATOR FEES                  | \$50,000.00           | \$33,500.00           |
| OFFICE EXPENSE                 | \$3,000.00            | \$3,006.00            |
| REPAIRS AND MAINTENANCE        | \$210,000.00          | \$125,234.00          |
| DETENTION POND MAINTENANCE     | \$165,000.00          | \$87,503.00           |
| LAB FEES                       | \$21,000.00           | \$15,832.00           |
| UTILITIES                      | \$8,000.00            | \$5,786.00            |
| LEGAL                          | \$110,000.00          | \$145,695.00          |
| LEGAL - RECORDS MANAGEMENT     | \$3,000.00            | \$3,000.00            |
| ENGINEERING                    | \$40,000.00           | \$54,549.00           |
| BOOKKEEPING                    | \$12,000.00           | \$11,186.00           |
| INSURANCE                      | \$9,000.00            | \$8,278.00            |
| PERMITS                        | \$2,000.00            | \$1,695.00            |
| AUDIT                          | \$22,000.00           | \$25,500.00           |
| PURCHASED WATER                | \$140,575.00          | \$108,599.00          |
| PURCHASED SEWER SERVICE        | \$361,840.00          | \$383,399.00          |
| INFRASTRUCTURE REHAB FEE       | \$291,185.00          | \$256,375.00          |
| TAP COST/INSPECTIONS           | \$40,000.00           | \$9,443.00            |
| TELEPHONE                      | \$960.00              | \$3,094.00            |
| TCEQ ANNUAL FEE                | \$4,000.00            | \$3,540.00            |
| NHCRWA FEES                    | \$795,484.00          | \$577,878.00          |
| MISCELLANEOUS                  | \$2,500.00            | \$4,333.00            |
| DUES & MEETINGS                | \$10,000.00           | \$0.00                |
| PAYROLL TAXES                  | \$750.00              | \$812.00              |
| ELECTION                       | \$0.00                | \$39,317.00           |
|                                | <b>\$2,312,044.00</b> | <b>\$1,918,174.00</b> |
| EXCESS REV/EXP FROM OPERATIONS | <b>\$367,251.00</b>   | <b>\$492,352.00</b>   |
| CAPITAL EXPENDITURES           |                       |                       |
| METER REPLACEMENT              | (\$479,000.00)        | \$0.00                |
| PARK PARTICIPATION             | (\$65,000.00)         | \$0.00                |
| EXCESS REVENUES (EXPENSES)     | <b>(\$176,749.00)</b> | <b>\$492,352.00</b>   |

# **Harris County Municipal Utility District No. 248**

Harris County, Texas

Independent Auditor's Report and Financial Statements

March 31, 2021



# Harris County Municipal Utility District No. 248

## March 31, 2021

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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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as 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 of March 31, 2021, 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 24, 2021

# **Harris County Municipal Utility District No. 248**

## **Management's Discussion and Analysis**

### **March 31, 2021**

#### **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, 2021**

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, 2021**

**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**

|   | <b>2021</b>          | <b>2020</b>          |
|---|----------------------|----------------------|
| Current and other assets                        | \$ 8,362,024         | \$ 8,556,657         |
| Capital assets                                  | <u>13,681,152</u>    | <u>13,754,140</u>    |
| Total assets                                    | <u>22,043,176</u>    | <u>22,310,797</u>    |
| Deferred outflows of resources                  | <u>612,329</u>       | <u>668,744</u>       |
| Total assets and deferred outflows of resources | <u>\$ 22,655,505</u> | <u>\$ 22,979,541</u> |
| Long-term liabilities                           | \$ 14,747,403        | \$ 16,171,004        |
| Other liabilities                               | <u>376,569</u>       | <u>544,622</u>       |
| Total liabilities                               | <u>15,123,972</u>    | <u>16,715,626</u>    |
| Net position:                                   |                      |                      |
| Net investment in capital assets                | (453,922)            | (1,777,383)          |
| Restricted                                      | 4,771,653            | 4,677,029            |
| Unrestricted                                    | <u>3,213,802</u>     | <u>3,364,269</u>     |
| Total net position                              | <u>\$ 7,531,533</u>  | <u>\$ 6,263,915</u>  |

The total net position of the District increased by \$1,267,618, or about 20 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, 2021**

**Summary of Changes in Net Position**

|                                 | <b>2021</b>  | <b>2020</b>  |
|---------------------------------|--------------|--------------|
| Revenues:                       |              |              |
| Property taxes                  | \$ 2,313,492 | \$ 2,209,715 |
| City of Houston rebates         | 363,193      | 426,745      |
| Charges for services            | 1,270,611    | 1,384,077    |
| Other revenues                  | 45,602       | 165,991      |
|                                 | <hr/>        | <hr/>        |
| Total revenues                  | 3,992,898    | 4,186,528    |
|                                 | <hr/>        | <hr/>        |
| Expenses:                       |              |              |
| Services                        | 2,010,932    | 1,797,732    |
| Depreciation                    | 268,503      | 242,445      |
| Debt service                    | 445,845      | 470,937      |
|                                 | <hr/>        | <hr/>        |
| Total expenses                  | 2,725,280    | 2,511,114    |
|                                 | <hr/>        | <hr/>        |
| Change in net position          | 1,267,618    | 1,675,414    |
| Net position, beginning of year | 6,263,915    | 4,588,501    |
|                                 | <hr/>        | <hr/>        |
| Net position, end of year       | \$ 7,531,533 | \$ 6,263,915 |
|                                 | <hr/>        | <hr/>        |

**Financial Analysis of the District's Funds**

The District's combined fund balances as of the end of the fiscal year ended March 31, 2021, were \$7,845,753, an increase of \$78,919 from the prior year.

The general fund's fund balance decreased by \$114,712, primarily due to service operations and capital outlay expenditures being greater than property taxes, City of Houston rebates and service revenues.

The debt service fund's fund balance increased by \$194,847 because property tax revenues generated were greater than bond principal and interest requirements.

The capital projects fund's fund balance decreased by \$1,216, due to other expenditures exceeding interest income.

# Harris County Municipal Utility District No. 248

## Management's Discussion and Analysis (Continued)

### March 31, 2021

#### 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 property tax revenues and capital outlay expenditures being greater than anticipated, as well as water and sewer 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, 2021, was expected to be \$3,550,361 and the actual end-of-year fund balance was \$3,175,681.

#### 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)

|                                  | <u>2021</u>          | <u>2020</u>          |
|----------------------------------|----------------------|----------------------|
| Land and improvements            | \$ 7,036,341         | \$ 6,984,287         |
| Construction in progress         | -                    | 381,375              |
| Water facilities                 | 2,987,444            | 3,093,845            |
| Wastewater facilities            | 3,165,186            | 3,294,633            |
| Park and recreational facilities | 492,181              | -                    |
|                                  | <u>          </u>    | <u>          </u>    |
| Total capital assets             | <u>\$ 13,681,152</u> | <u>\$ 13,754,140</u> |

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

|   |                   |
|---|-------------------|
| White Oak Springs and White Oak Falls trails  | \$ 136,710        |
| Public 8-inch sanitary sewer, 4-inch sanitary sewer force main<br>and 8-inch water line to serve Molto Properties | 6,751             |
| Land acquisition costs for Molto Properties   | <u>52,054</u>     |
|   | <u>          </u> |
| Total additions to capital assets   | <u>\$ 195,515</u> |

##### Debt

The changes in the debt position of the District during the fiscal year ended March 31, 2021, are summarized as follows.

**Harris County Municipal Utility District No. 248**  
**Management's Discussion and Analysis (Continued)**  
**March 31, 2021**

|   |                      |
|---|----------------------|
| Long-term debt payable, beginning of year | \$ 16,171,004        |
| Decreases in long-term debt               | <u>(1,423,601)</u>   |
| Long-term debt payable, end of year       | <u>\$ 14,747,403</u> |

At March 31, 2021, 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. In addition, the District had \$11,700,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving roads and improvements, including storm drainage in aid of those roads, to serve the Defined Area.

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.

**Contingencies**

A developer of the District is constructing facilities within the boundaries of the District. The District has agreed to reimburse the developer for these costs, plus interest, from the proceeds of future bond sales to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$1,726,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.



**Harris County Municipal Utility District No. 248**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**March 31, 2021**

|  | <b>General<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Total</b>        | <b>Adjustments</b>   | <b>Statement<br/>of Net<br/>Position</b> |
|--|-------------------------|----------------------------------|--------------------------------------|---------------------|----------------------|--|
| <b>Assets</b>  |                         |                                  |                                      |                     |                      |  |
| Cash   | \$ 80,809               | \$ 122,547                       | \$ 10,282                            | \$ 213,638          | \$ -                 | \$ 213,638                               |
| Certificates of deposit                                | 435,000                 | 490,000                          | -                                    | 925,000             | -                    | 925,000                                  |
| Short-term investments                                 | 2,913,456               | 3,896,031                        | 71,618                               | 6,881,105           | -                    | 6,881,105                                |
| Receivables:   |                         |                                  |                                      |                     |                      |  |
| Property taxes   | 38,121                  | 105,299                          | -                                    | 143,420             | -                    | 143,420                                  |
| Service accounts                                       | 102,677                 | -                                | -                                    | 102,677             | -                    | 102,677                                  |
| Tax rebates  | 67,498                  | -                                | -                                    | 67,498              | -                    | 67,498                                   |
| Accrued penalty and interest                           | -                       | -                                | -                                    | -                   | 27,246               | 27,246                                   |
| Accrued interest                                       | 1,340                   | 100                              | -                                    | 1,440               | -                    | 1,440                                    |
| Interfund receivable                                   | -                       | 86,404                           | -                                    | 86,404              | (86,404)             | -  |
| Capital assets (net of accumulated depreciation):      |                         |                                  |                                      |                     |                      |  |
| Land and improvements                                  | -                       | -                                | -                                    | -                   | 7,036,341            | 7,036,341                                |
| Infrastructure   | -                       | -                                | -                                    | -                   | 6,152,630            | 6,152,630                                |
| Parks and recreation                                   | -                       | -                                | -                                    | -                   | 492,181              | 492,181                                  |
| <b>Total assets</b>                                    | <b>3,638,901</b>        | <b>4,700,381</b>                 | <b>81,900</b>                        | <b>8,421,182</b>    | <b>13,621,994</b>    | <b>22,043,176</b>                        |
| <b>Deferred Outflows of Resources</b>                  |                         |                                  |                                      |                     |                      |  |
| Deferred amount on debt refundings                     | 0                       | 0                                | 0                                    | 0                   | 612,329              | 612,329                                  |
| <b>Total assets and deferred outflows of resources</b> | <b>\$ 3,638,901</b>     | <b>\$ 4,700,381</b>              | <b>\$ 81,900</b>                     | <b>\$ 8,421,182</b> | <b>\$ 14,234,323</b> | <b>\$ 22,655,505</b>                     |

**Harris County Municipal Utility District No. 248**  
**Statement of Net Position and Governmental Funds Balance Sheet (Continued)**  
**March 31, 2021**

|   | General<br>Fund     | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Total               | Adjustments         | Statement<br>of Net<br>Position |
|---|---------------------|-------------------------|-----------------------------|---------------------|---------------------|---------------------------------|
| <b>Liabilities</b>  |                     |                         |                             |                     |                     |                                 |
| Accounts payable  | \$ 145,745          | \$ 6,910                | \$ -                        | \$ 152,655          | \$ -                | \$ 152,655                      |
| Accrued interest payable  | -                   | -                       | -                           | -                   | 30,964              | 30,964                          |
| Customer deposits   | 175,651             | -                       | -                           | 175,651             | -                   | 175,651                         |
| Due to others   | 17,299              | -                       | -                           | 17,299              | -                   | 17,299                          |
| Interfund payable   | 86,404              | -                       | -                           | 86,404              | (86,404)            | -                               |
| Long-term liabilities:  |                     |                         |                             |                     |                     |                                 |
| Due within one year   | -                   | -                       | -                           | -                   | 1,145,000           | 1,145,000                       |
| Due after one year  | -                   | -                       | -                           | -                   | 13,602,403          | 13,602,403                      |
| Total liabilities   | <u>425,099</u>      | <u>6,910</u>            | <u>0</u>                    | <u>432,009</u>      | <u>14,691,963</u>   | <u>15,123,972</u>               |
| <b>Deferred Inflows of Resources</b>                                  |                     |                         |                             |                     |                     |                                 |
| Deferred property tax revenues  | <u>38,121</u>       | <u>105,299</u>          | <u>0</u>                    | <u>143,420</u>      | <u>(143,420)</u>    | <u>0</u>                        |
| <b>Fund Balances/Net Position</b>                                     |                     |                         |                             |                     |                     |                                 |
| Fund balances:  |                     |                         |                             |                     |                     |                                 |
| Restricted:   |                     |                         |                             |                     |                     |                                 |
| Water, sewer and drainage   | -                   | -                       | 81,900                      | 81,900              | (81,900)            | -                               |
| Unlimited tax bonds   | -                   | 4,588,172               | -                           | 4,588,172           | (4,588,172)         | -                               |
| Assigned, capital expenditures  | 544,000             | -                       | -                           | 544,000             | (544,000)           | -                               |
| Unassigned  | <u>2,631,681</u>    | <u>-</u>                | <u>-</u>                    | <u>2,631,681</u>    | <u>(2,631,681)</u>  | <u>-</u>                        |
| Total fund balances   | <u>3,175,681</u>    | <u>4,588,172</u>        | <u>81,900</u>               | <u>7,845,753</u>    | <u>(7,845,753)</u>  | <u>0</u>                        |
| Total liabilities, deferred inflows<br>of resources and fund balances | <u>\$ 3,638,901</u> | <u>\$ 4,700,381</u>     | <u>\$ 81,900</u>            | <u>\$ 8,421,182</u> |                     |                                 |
| Net position:   |                     |                         |                             |                     |                     |                                 |
| Net investment in capital assets                                      |                     |                         |                             |                     | (453,922)           | (453,922)                       |
| Restricted for debt service   |                     |                         |                             |                     | 4,689,753           | 4,689,753                       |
| Restricted for capital projects                                       |                     |                         |                             |                     | 81,900              | 81,900                          |
| Unrestricted  |                     |                         |                             |                     | <u>3,213,802</u>    | <u>3,213,802</u>                |
| Total net position  |                     |                         |                             |                     | <u>\$ 7,531,533</u> | <u>\$ 7,531,533</u>             |

**Harris County Municipal Utility District No. 248**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended March 31, 2021**

|  | General<br>Fund | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Total        | Adjustments | Statement<br>of<br>Activities |
|--|-----------------|-------------------------|-----------------------------|--------------|-------------|-------------------------------|
| <b>Revenues</b>  |                 |                         |                             |              |             |                               |
| Property taxes   | \$ 666,209      | \$ 1,720,508            | \$ -                        | \$ 2,386,717 | \$ (73,225) | \$ 2,313,492                  |
| City of Houston rebates                                      | 363,193         | -                       | -                           | 363,193      | -           | 363,193                       |
| Water service  | 351,190         | -                       | -                           | 351,190      | -           | 351,190                       |
| Sewer service  | 368,370         | -                       | -                           | 368,370      | -           | 368,370                       |
| Regional water fee   | 551,051         | -                       | -                           | 551,051      | -           | 551,051                       |
| Penalty and interest   | 18,144          | 9,590                   | -                           | 27,734       | -           | 27,734                        |
| Tap connection and inspection fees                           | 2,040           | -                       | -                           | 2,040        | -           | 2,040                         |
| Investment income  | 7,154           | 8,536                   | 138                         | 15,828       | -           | 15,828                        |
| Total revenues   | 2,327,351       | 1,738,634               | 138                         | 4,066,123    | (73,225)    | 3,992,898                     |
| <b>Expenditures/Expenses</b>                                 |                 |                         |                             |              |             |                               |
| Service operations:  |                 |                         |                             |              |             |                               |
| Purchased services   | 487,332         | -                       | -                           | 487,332      | -           | 487,332                       |
| Regional water fee   | 568,072         | -                       | -                           | 568,072      | -           | 568,072                       |
| Professional fees  | 226,845         | 17,345                  | -                           | 244,190      | 5,584       | 249,774                       |
| Contracted services  | 107,169         | 36,152                  | -                           | 143,321      | -           | 143,321                       |
| Repairs and maintenance                                      | 441,500         | -                       | -                           | 441,500      | -           | 441,500                       |
| Other expenditures   | 72,964          | 2,635                   | 1,354                       | 76,953       | 34,537      | 111,490                       |
| Tap connections  | 9,443           | -                       | -                           | 9,443        | -           | 9,443                         |
| Capital outlay   | 528,738         | -                       | -                           | 528,738      | (528,738)   | -                             |
| Depreciation   | -               | -                       | -                           | -            | 268,503     | 268,503                       |
| Debt service:  |                 |                         |                             |              |             |                               |
| Principal retirement   | -               | 1,100,000               | -                           | 1,100,000    | (1,100,000) | -                             |
| Interest and fees  | -               | 387,655                 | -                           | 387,655      | 58,190      | 445,845                       |
| Total expenditures/expenses                                  | 2,442,063       | 1,543,787               | 1,354                       | 3,987,204    | (1,261,924) | 2,725,280                     |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | (114,712)       | 194,847                 | (1,216)                     | 78,919       | (78,919)    |                               |
| <b>Change in Net Position</b>                                |                 |                         |                             |              | 1,267,618   | 1,267,618                     |
| <b>Fund Balances/Net Position</b>                            |                 |                         |                             |              |             |                               |
| Beginning of year  | 3,290,393       | 4,393,325               | 83,116                      | 7,766,834    | -           | 6,263,915                     |
| End of year  | \$ 3,175,681    | \$ 4,588,172            | \$ 81,900                   | \$ 7,845,753 | \$ 0        | \$ 7,531,533                  |

# **Harris County Municipal Utility District No. 248**

## **Notes to Financial Statements**

**March 31, 2021**

### **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. In November 2020, pursuant to Senate Bill 2521 adopted in the 86th Regular Legislative Session of the Texas Legislature (2019), the District defined an area (the Defined Area) over an approximate 131.92-acres and designated property to pay for improvements, facilities, or services that primarily benefit the Defined Area or property within the Defined Area, including road facilities.

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, 2021

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, 2021**

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.

### ***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.

# **Harris County Municipal Utility District No. 248**

## **Notes to Financial Statements**

**March 31, 2021**

### ***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 district, the rate of taxation for both the District as a whole and land within the Defined Area 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.

# Harris County Municipal Utility District No. 248

## Notes to Financial Statements

March 31, 2021

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, 2021, include collections during the current period or within 60 days of year-end related to the 2020 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, 2021, the 2020 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        |
| Parks and recreational facilities              | 10-30        |

### **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.

### **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.



# Harris County Municipal Utility District No. 248

## Notes to Financial Statements

March 31, 2021

### ***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.  | \$ 13,681,152 |
| Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements. | 143,420       |
| Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.   | 27,246        |
| Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.                                      | 612,329       |

# Harris County Municipal Utility District No. 248

## Notes to Financial Statements

March 31, 2021

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds. \$ (30,964)

Long-term debt obligations are not due and payable in the current period and are not reported in the funds. (14,747,403)

Adjustment to fund balances to arrive at net position. \$ (314,220)

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. \$ 78,919

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 noncapitalized costs and depreciation expense in the current year. 220,114

Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position. 1,100,000

Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds. (73,225)

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. (58,190)

Change in net position of governmental activities. \$ 1,267,618

## 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, 2021

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, 2021, 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, 2021, 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 | \$ 6,881,105        | \$ 6,881,105 | \$ 0 | \$ 0 | \$ 0         |

**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.

# Harris County Municipal Utility District No. 248

## Notes to Financial Statements

March 31, 2021

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2021, the District's investment in TexPool was 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, 2021, as follows:

|                 |                     |
|-----------------|---------------------|
| Carrying value: |                     |
| Deposits        | \$ 1,138,638        |
| Investments     | <u>6,881,105</u>    |
| Total           | <u>\$ 8,019,743</u> |

Included in the following statement of net position captions:

|                         |                     |
|-------------------------|---------------------|
| Cash                    | \$ 213,638          |
| Certificates of deposit | 925,000             |
| Short-term investments  | <u>6,881,105</u>    |
| Total                   | <u>\$ 8,019,743</u> |

### Investment Income

Investment income of \$15,828 for the year ended March 31, 2021, consisted of interest income.

### Note 3: Capital Assets

A summary of changes in capital assets for the year ended March 31, 2021, is presented below:

| Governmental Activities               | Balances,<br>Beginning<br>of Year | Additions     | Reclassi-<br>fications | Balances,<br>End<br>of Year |
|---------------------------------------|-----------------------------------|---------------|------------------------|-----------------------------|
| Capital assets, non-depreciable:      |                                   |               |                        |                             |
| Land and improvements                 | \$ 6,984,287                      | \$ 52,054     | \$ -                   | \$ 7,036,341                |
| Construction in progress              | <u>381,375</u>                    | <u>-</u>      | <u>(381,375)</u>       | <u>-</u>                    |
| Total capital assets, non-depreciable | <u>7,365,662</u>                  | <u>52,054</u> | <u>(381,375)</u>       | <u>7,036,341</u>            |

# Harris County Municipal Utility District No. 248

## Notes to Financial Statements

March 31, 2021

| Governmental Activities (Continued)            | Balances,<br>Beginning<br>of Year | Additions   | Reclassi-<br>fications | Balances,<br>End<br>of Year |
|--|-----------------------------------|-------------|------------------------|-----------------------------|
| Capital assets, depreciable:                   |                                   |             |                        |                             |
| Water production and distribution facilities   | \$ 4,318,202                      | \$ 3,394    | \$ -                   | \$ 4,321,596                |
| Wastewater collection and treatment facilities | 5,432,707                         | 3,357       | -                      | 5,436,064                   |
| Parks and recreational facilities              | -                                 | 136,710     | 381,375                | 518,085                     |
| Total capital assets, depreciable              | 9,750,909                         | 143,461     | 381,375                | 10,275,745                  |
| Less accumulated depreciation:                 |                                   |             |                        |                             |
| Water production and distribution facilities   | (1,224,357)                       | (109,795)   | -                      | (1,334,152)                 |
| Wastewater collection and treatment facilities | (2,138,074)                       | (132,804)   | -                      | (2,270,878)                 |
| Parks and recreational facilities              | -                                 | (25,904)    | -                      | (25,904)                    |
| Total accumulated depreciation                 | (3,362,431)                       | (268,503)   | 0                      | (3,630,934)                 |
| Total governmental activities, net             | \$ 13,754,140                     | \$ (72,988) | \$ 0                   | \$ 13,681,152               |

### Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended March 31, 2021, were as follows:

| Governmental Activities                             | Balances,<br>Beginning<br>of Year | Decreases    | Balances,<br>End<br>of Year | Amounts<br>Due in<br>One Year |
|---|-----------------------------------|--------------|-----------------------------|-------------------------------|
| Bonds payable:                                      |                                   |              |                             |                               |
| General obligation bonds                            | \$ 5,065,000                      | \$ 320,000   | \$ 4,745,000                | \$ 335,000                    |
| Direct placement bonds                              | 10,820,000                        | 780,000      | 10,040,000                  | 810,000                       |
| Less discounts on bonds                             | 41,635                            | 4,038        | 37,597                      | -                             |
|   | 15,843,365                        | 1,095,962    | 14,747,403                  | 1,145,000                     |
| Due to developer                                    | 327,639                           | 327,639      | -                           | -                             |
| Total governmental activities long-term liabilities | \$ 16,171,004                     | \$ 1,423,601 | \$ 14,747,403               | \$ 1,145,000                  |

# Harris County Municipal Utility District No. 248

## Notes to Financial Statements

### March 31, 2021

#### **General Obligation Bonds**

|  | <b>Series 2011</b>                 | <b>Series 2015</b>                 |
|--|------------------------------------|------------------------------------|
| Amounts outstanding, March 31, 2021          | \$260,000                          | \$4,485,000                        |
| Interest rates                               | 3.75% to 4.50%                     | 2.00% to 3.50%                     |
| Maturity dates, serially<br>beginning/ending | September 1,<br>2021/2022          | September 1,<br>2021/2035          |
| Interest payment dates                       | September 1/ March 1               | September 1/ March 1               |
| Callable dates*                              | September 1, 2020                  | September 1, 2025                  |
|  | <b>Refunding<br/>Series 2016**</b> | <b>Refunding<br/>Series 2017**</b> |
| Amounts outstanding, March 31, 2021          | \$7,655,000                        | \$2,385,000                        |
| Interest rates                               | 2.31%                              | 2.36%                              |
| Maturity dates, serially<br>beginning/ending | September 1,<br>2021/2030          | September 1,<br>2021/2030          |
| 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.

#### **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, 2021:

| Year      | General Obligation Bonds |                     | Direct Placement Bonds |                     | Total                |
|-----------|--------------------------|---------------------|------------------------|---------------------|----------------------|
|           | Principal                | Interest            | Principal              | Interest            |                      |
| 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      | 255,000                  | 104,494             | 1,075,000              | 135,292             | 1,569,786            |
| 2027-2031 | 1,460,000                | 408,326             | 5,285,000              | 294,148             | 7,447,474            |
| 2032-2036 | 1,870,000                | 159,310             | -                      | -                   | 2,029,310            |
| Total     | <u>\$ 4,745,000</u>      | <u>\$ 1,155,162</u> | <u>\$ 10,040,000</u>   | <u>\$ 1,201,077</u> | <u>\$ 17,141,239</u> |

# Harris County Municipal Utility District No. 248

## Notes to Financial Statements

March 31, 2021

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     |

In addition to the above-described bonds, the following bonds were voted to serve the Defined Area and are payable from the proceeds of an ad valorem tax levied solely upon all property within the Defined Area subject to taxation, without limitation as to rate or amount.

|  |               |
|--|---------------|
| Defined Area road facilities bonds voted | \$ 11,700,000 |
| Defined Area refunding bonds voted       | 11,700,000    |

### 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, 2021, the District levied an ad valorem debt service tax at the rate of \$0.3300 per \$100 of assessed valuation, which resulted in a tax levy of \$1,779,249 on the taxable valuation of \$539,166,248 for the 2020 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$1,516,563 of which \$185,782 has been paid and \$1,330,781 is due September 1, 2021.
- 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, 2021, 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, 2021, the District levied an ad valorem maintenance tax at the rate of \$0.1300 per \$100

# **Harris County Municipal Utility District No. 248**

## **Notes to Financial Statements**

**March 31, 2021**

of assessed valuation, which resulted in a tax levy of \$700,916 on the taxable valuation of \$539,166,248 for the 2020 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held on November 3, 2020, voters authorized a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on all property within the Defined Area subject to taxation. The maintenance tax will be used for the operation and maintenance of services, improvements and facilities, including roads and associated facilities, within the Defined Area.

### **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 \$363,193 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-Galveston Subsidence District, which regulates groundwater withdrawal. As of March 31, 2021, the Authority was billing Harris County Fresh Water Supply District No. 61 (District No. 61) \$4.25 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



# **Harris County Municipal Utility District No. 248**

## **Notes to Financial Statements**

**March 31, 2021**

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 \$383,681 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.

On June 10, 2020, the District and District No. 61 amended the wastewater treatment contract to allow the District to purchase an additional 110 ESFCs from District No. 61 for \$2,500 per ESFC. The contract also provides the District the option to purchase an additional 366 ESFCs in capacity. The purchase price for the additional ESFCs is \$2,500 per ESFC plus all costs relating to the design and construction of any expansion of the regional waste treatment facilities. The purchase of the additional capacity is to be made in 100 ESFC increments with the final 66 ESFCs purchased in one increment.

### ***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 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

# **Harris County Municipal Utility District No. 248**

## **Notes to Financial Statements**

**March 31, 2021**

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 \$103,651.

### **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: Contingencies**

A developer of the District is constructing facilities within the boundaries of the District. The District has agreed to reimburse the developer for these costs, plus interest, from the proceeds of future bond sales to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$1,726,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

## **Required Supplementary Information**

**Harris County Municipal Utility District No. 248**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended March 31, 2021**

|  | <b>Original<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|--|----------------------------|---------------------|---|
| <b>Revenues</b>  |                            |                     |   |
| Property taxes   | \$ 550,000                 | \$ 666,209          | \$ 116,209                                      |
| City of Houston rebates                                      | 400,000                    | 363,193             | (36,807)  |
| Water service  | 453,750                    | 351,190             | (102,560)                                       |
| Sewer service  | 493,680                    | 368,370             | (125,310)                                       |
| Regional water fee   | 802,203                    | 551,051             | (251,152)                                       |
| Penalty and interest   | 17,000                     | 18,144              | 1,144   |
| Tap connection and inspection fees                           | 30,000                     | 2,040               | (27,960)  |
| Investment income  | 45,000                     | 7,154               | (37,846)  |
|  | <u>2,791,633</u>           | <u>2,327,351</u>    | <u>(464,282)</u>                                |
| Total revenues   |                            |                     |   |
| <b>Expenditures</b>  |                            |                     |   |
| Service operations:  |                            |                     |   |
| Purchased services   | 671,460                    | 487,332             | 184,128   |
| Regional water fee   | 866,541                    | 568,072             | 298,469   |
| Professional fees  | 175,000                    | 226,845             | (51,845)  |
| Contracted services  | 60,000                     | 107,169             | (47,169)  |
| Repairs and maintenance                                      | 549,864                    | 441,500             | 108,364   |
| Other expenditures   | 60,800                     | 72,964              | (12,164)  |
| Tap connections  | 12,000                     | 9,443               | 2,557   |
| Capital outlay   | 136,000                    | 528,738             | (392,738)                                       |
|  | <u>2,531,665</u>           | <u>2,442,063</u>    | <u>89,602</u>                                   |
| Total expenditures   |                            |                     |   |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | 259,968                    | (114,712)           | (374,680)                                       |
| <b>Fund Balance, Beginning of Year</b>                       | <u>3,290,393</u>           | <u>3,290,393</u>    | <u>-</u>  |
| <b>Fund Balance, End of Year</b>                             | <u>\$ 3,550,361</u>        | <u>\$ 3,175,681</u> | <u>\$ (374,680)</u>                             |

# **Harris County Municipal Utility District No. 248**

## **Notes to Required Supplementary Information**

**March 31, 2021**

### ***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 2021.

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, 2021**

(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, 2021

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 checked="" 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 checked="" 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             | \$ 2.125                            | 4,001 to     | 10,000   |
|                     |                |               |               | \$ 2.250                            | 10,001 to    | 20,000   |
|                     |                |               |               | \$ 2.500                            | 20,001 to    | No Limit |
| Wastewater:         | \$ 7.00        | 4,000         | N             | \$ 1.75                             | 4,001 to     | No Limit |
| Regional water fee: | \$ 4.25        | 1             | N             | \$ 4.25                             | 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

\$ 63.25

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               | 639                | x1.0        | 639          |
| 1"               | 25                | 24                 | x2.5        | 60           |
| 1 1/2"           | 11                | 10                 | x5.0        | 50           |
| 2"               | 36                | 34                 | x8.0        | 272          |
| 3"               | 1                 | 1                  | x15.0       | 15           |
| 4"               | 5                 | 5                  | x25.0       | 125          |
| 6"               | 2                 | 2                  | x50.0       | 100          |
| 8"               | -                 | -                  | x80.0       | -            |
| 10"              | -                 | -                  | x115.0      | -            |
| Total water      | 757               | 715                |             | 1,261        |
| Total wastewater | 736               | 736                | x1.0        | 736          |

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

Gallons pumped into the system:

138,370

Gallons billed to customers:

132,001

Water accountability ratio (gallons billed/gallons pumped):

95.40%

\*"ESFC" means equivalent single-family connections

\*\*As to the Defined Area



**Harris County Municipal Utility District No. 248**  
**Schedule of General Fund Expenditures**  
**Year Ended March 31, 2021**

|   |    |         |                  |
|---|----|---------|------------------|
| <b>Personnel (including benefits)</b>       |    | \$      | -                |
| <b>Professional Fees</b>                    |    |         |                  |
| Auditing                                    | \$ | 25,500  |                  |
| Legal                                       |    | 170,235 |                  |
| Engineering                                 |    | 31,110  |                  |
| Financial advisor                           |    | -       | 226,845          |
| <b>Purchased Services for Resale</b>        |    |         |                  |
| Bulk water and wastewater service purchases |    |         | 487,332          |
| <b>Regional Water Fee</b>                   |    |         | 568,072          |
| <b>Contracted Services</b>                  |    |         |                  |
| Bookkeeping                                 |    | 10,883  |                  |
| General manager                             |    | -       |                  |
| Appraisal district                          |    | -       |                  |
| Tax collector                               |    | -       |                  |
| Security                                    |    | -       |                  |
| Other contracted services                   |    | 96,286  | 107,169          |
| <b>Utilities</b>                            |    |         | -                |
| <b>Repairs and Maintenance</b>              |    |         | 441,500          |
| <b>Administrative Expenditures</b>          |    |         |                  |
| Directors' fees                             |    | 10,050  |                  |
| Office supplies                             |    | 9,033   |                  |
| Insurance                                   |    | 8,278   |                  |
| Other administrative expenditures           |    | 45,603  | 72,964           |
| <b>Capital Outlay</b>                       |    |         |                  |
| Capitalized assets                          |    | 195,515 |                  |
| Expenditures not capitalized                |    | 333,223 | 528,738          |
| <b>Debt Service</b>                         |    |         |                  |
| Debt defeasance                             |    |         | -                |
| <b>Tap Connection Expenditures</b>          |    |         | 9,443            |
| <b>Solid Waste Disposal</b>                 |    |         | -                |
| <b>Fire Fighting</b>                        |    |         | -                |
| <b>Parks and Recreation</b>                 |    |         | -                |
| <b>Other Expenditures</b>                   |    |         | -                |
| Total expenditures                          |    | \$      | <u>2,442,063</u> |

# Harris County Municipal Utility District No. 248

## Schedule of Temporary Investments

March 31, 2021

|                              | Interest<br>Rate | Maturity<br>Date | Face<br>Amount      | Accrued<br>Interest<br>Receivable |
|------------------------------|------------------|------------------|---------------------|-----------------------------------|
| <b>General Fund</b>          |                  |                  |                     |                                   |
| Certificates of Deposit      |                  |                  |                     |                                   |
| No. 4010948                  | 0.30%            | 10/14/21         | \$ 95,000           | \$ 130                            |
| No. 4010955                  | 0.30%            | 10/14/21         | 95,000              | 130                               |
| No. 226496                   | 0.60%            | 04/02/21         | 245,000             | 1,080                             |
| TexPool                      | 0.02%            | Demand           | <u>2,913,456</u>    | <u>-</u>                          |
|                              |                  |                  | <u>3,348,456</u>    | <u>1,340</u>                      |
| <b>Debt Service Fund</b>     |                  |                  |                     |                                   |
| Certificates of Deposit      |                  |                  |                     |                                   |
| No. 41206                    | 0.10%            | 08/10/21         | 245,000             | 30                                |
| No. 7754                     | 0.25%            | 10/16/21         | 245,000             | 70                                |
| TexPool                      | 0.02%            | Demand           | <u>3,896,031</u>    | <u>-</u>                          |
|                              |                  |                  | <u>4,386,031</u>    | <u>100</u>                        |
| <b>Capital Projects Fund</b> |                  |                  |                     |                                   |
| TexPool                      | 0.02%            | Demand           | <u>71,618</u>       | <u>0</u>                          |
| Totals                       |                  |                  | <u>\$ 7,806,105</u> | <u>\$ 1,440</u>                   |

**Harris County Municipal Utility District No. 248**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended March 31, 2021**

|   | <b>Maintenance<br/>Taxes</b> | <b>Debt<br/>Service<br/>Taxes</b> |
|---|------------------------------|-----------------------------------|
| <b>Receivable, Beginning of Year</b>            | \$ 44,613                    | \$ 172,032                        |
| Additions and corrections to prior years' taxes | <u>(41,199)</u>              | <u>(125,474)</u>                  |
| Adjusted receivable, beginning of year          | <u>3,414</u>                 | <u>46,558</u>                     |
| <br><b>2020 Original Tax Levy</b>               | <br>691,489                  | <br>1,755,318                     |
| Additions and corrections                       | <u>9,427</u>                 | <u>23,931</u>                     |
| Adjusted tax levy                               | <u>700,916</u>               | <u>1,779,249</u>                  |
| Total to be accounted for                       | 704,330                      | 1,825,807                         |
| Tax collections: Current year                   | (671,188)                    | (1,703,785)                       |
| Prior years                                     | <u>4,979</u>                 | <u>(16,723)</u>                   |
| Receivable, end of year                         | <u><u>\$ 38,121</u></u>      | <u><u>\$ 105,299</u></u>          |
| <br><b>Receivable, by Years</b>                 |                              |                                   |
| 2020  | \$ 29,728                    | \$ 75,464                         |
| 2019  | 2,277                        | 6,450                             |
| 2018  | 1,147                        | 3,649                             |
| 2017  | 4,500                        | 15,544                            |
| 2016  | 112                          | 1,823                             |
| 2015  | 61                           | 784                               |
| 2014  | 195                          | 876                               |
| 2013  | 34                           | 202                               |
| 2012  | 34                           | 236                               |
| 2011  | 22                           | 117                               |
| 2010  | <u>11</u>                    | <u>154</u>                        |
| Receivable, end of year                         | <u><u>\$ 38,121</u></u>      | <u><u>\$ 105,299</u></u>          |

**Harris County Municipal Utility District No. 248**  
**Analysis of Taxes Levied and Receivable (Continued)**  
**Year Ended March 31, 2021**

|   | <b>2020</b>           | <b>2019</b>           | <b>2018</b>           | <b>2017</b>           |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Property Valuations</b>                          |                       |                       |                       |                       |
| Land  | \$ 86,622,026         | \$ 80,095,943         | \$ 79,521,461         | \$ 75,928,347         |
| Improvements  | 400,971,051           | 394,049,760           | 356,220,814           | 348,721,792           |
| Personal property                                   | 98,093,160            | 68,647,652            | 91,831,365            | 90,852,972            |
| Exemptions  | <u>(46,519,989)</u>   | <u>(28,252,933)</u>   | <u>(34,186,268)</u>   | <u>(25,032,151)</u>   |
| Total property valuations                           | <u>\$ 539,166,248</u> | <u>\$ 514,540,422</u> | <u>\$ 493,387,372</u> | <u>\$ 490,470,960</u> |
| <b>Tax Rates per \$100 Valuation</b>                |                       |                       |                       |                       |
| Debt service tax rates                              | \$ 0.3300             | \$ 0.3400             | \$ 0.3500             | \$ 0.3800             |
| Maintenance tax rates*                              | <u>0.1300</u>         | <u>0.1200</u>         | <u>0.1100</u>         | <u>0.1100</u>         |
| Total tax rates per \$100 valuation                 | <u>\$ 0.4600</u>      | <u>\$ 0.4600</u>      | <u>\$ 0.4600</u>      | <u>\$ 0.4900</u>      |
| <b>Tax Levy</b>                                     | <u>\$ 2,480,165</u>   | <u>\$ 2,366,886</u>   | <u>\$ 2,270,690</u>   | <u>\$ 2,408,922</u>   |
| <b>Percent of Taxes Collected to Taxes Levied**</b> | <u>96%</u>            | <u>99%</u>            | <u>99%</u>            | <u>99%</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, 2021**

| Due During<br>Fiscal Years<br>Ending March 31 | Series 2011                     |   | Total             |
|---|---------------------------------|---|-------------------|
|   | Principal<br>Due<br>September 1 | Interest Due<br>September 1,<br>March 1 |                   |
| 2022  | \$ 125,000                      | \$ 8,887                                | \$ 133,887        |
| 2023  | <u>135,000</u>                  | <u>3,038</u>                            | <u>138,038</u>    |
| Totals  | <u>\$ 260,000</u>               | <u>\$ 11,925</u>                        | <u>\$ 271,925</u> |

**Harris County Municipal Utility District No. 248**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**March 31, 2021**

| Due During<br>Fiscal Years<br>Ending March 31 | Series 2015                     |   |                     |
|---|---------------------------------|---|---------------------|
|   | Principal<br>Due<br>September 1 | Interest Due<br>September 1,<br>March 1 | Total               |
| 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>\$ 4,485,000</u>             | <u>\$ 1,143,237</u>                     | <u>\$ 5,628,237</u> |

**Harris County Municipal Utility District No. 248**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**March 31, 2021**

| Due During<br>Fiscal Years<br>Ending March 31 | Refunding Series 2016           |   |                     |
|---|---------------------------------|---|---------------------|
|   | Principal<br>Due<br>September 1 | Interest Due<br>September 1,<br>March 1 | Total               |
| 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>\$ 7,655,000</u>             | <u>\$ 874,394</u>                       | <u>\$ 8,529,394</u> |

**Harris County Municipal Utility District No. 248**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**March 31, 2021**

| Due During<br>Fiscal Years<br>Ending March 31 | Refunding Series 2017           |   |                     |
|---|---------------------------------|---|---------------------|
|   | Principal<br>Due<br>September 1 | Interest Due<br>September 1,<br>March 1 | Total               |
| 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>\$ 2,385,000</u>             | <u>\$ 326,683</u>                       | <u>\$ 2,711,683</u> |



**Harris County Municipal Utility District No. 248**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**March 31, 2021**

| Due During<br>Fiscal Years<br>Ending March 31 | Annual Requirements For All Series |                          |  |
|---|------------------------------------|--------------------------|--|
|   | Total<br>Principal<br>Due          | Total<br>Interest<br>Due | Total<br>Principal and<br>Interest Due |
| 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>\$ 14,785,000</u>               | <u>\$ 2,356,239</u>      | <u>\$ 17,141,239</u>                   |

# Harris County Municipal Utility District No. 248

## Changes in Long-term Bonded Debt

Year Ended March 31, 2021

|  | <b>Bond</b>               |                           |
|--|---------------------------|---------------------------|
|  | <b>Series 2011</b>        | <b>Series 2015</b>        |
| Interest rates                               | 3.75% to 4.50%            | 2.00% to 3.50%            |
| Dates interest payable                       | September 1/<br>March 1   | September 1/<br>March 1   |
| Maturity dates                               | September 1,<br>2021/2022 | September 1,<br>2021/2035 |
| Bonds outstanding, beginning of current year | \$ 380,000                | \$ 4,685,000              |
| Retirements, principal                       | 120,000                   | 200,000                   |
| Bonds outstanding, end of current year       | <u>\$ 260,000</u>         | <u>\$ 4,485,000</u>       |
| Interest paid during current year            | <u>\$ 14,250</u>          | <u>\$ 128,746</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:

|                                      | <b>Tax Bonds</b>     | <b>Other Bonds</b> | <b>Refunding Bonds</b> |
|--------------------------------------|----------------------|--------------------|------------------------|
| 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, 2021:

\$ 4,508,578

Average annual debt service payment (principal and interest) for remaining term of all debt:

\$ 1,142,749

Bond authority Defined Area:

|                                      | <b>Tax Bonds</b>     | <b>Refunding Bonds</b> |
|--------------------------------------|----------------------|------------------------|
| Amount authorized by voters          | \$ 11,700,000        | \$ 11,700,000          |
| Amount of authorization issued       | \$ -                 | \$ -                   |
| Remaining authorization to be issued | <u>\$ 11,700,000</u> | <u>\$ 11,700,000</u>   |

**Issues**

| <b>Refunding<br/>Series 2016</b> | <b>Refunding<br/>Series 2017</b> | <b>Totals</b>        |
|----------------------------------|----------------------------------|----------------------|
| 2.31%                            | 2.36%                            |                      |
| September 1/<br>March 1          | September 1/<br>March 1          |                      |
| September 1,<br>2021/2030        | September 1,<br>2021/2030        |                      |
| \$ 8,350,000                     | \$ 2,470,000                     | \$ 15,885,000        |
| 695,000                          | 85,000                           | 1,100,000            |
| <u>\$ 7,655,000</u>              | <u>\$ 2,385,000</u>              | <u>\$ 14,785,000</u> |
| <u>\$ 184,857</u>                | <u>\$ 57,289</u>                 | <u>\$ 385,142</u>    |

# Harris County Municipal Utility District No. 248

## Comparative Schedule of Revenues and Expenditures – General Fund

### Five Years Ended March 31,

|   | Amounts             |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2021                | 2020                | 2019                | 2018                | 2017                |
| <b>General Fund</b>   |                     |                     |                     |                     |                     |
| <b>Revenues</b>   |                     |                     |                     |                     |                     |
| Property taxes  | \$ 666,209          | \$ 558,315          | \$ 521,719          | \$ 521,422          | \$ 186,941          |
| City of Houston rebates   | 363,193             | 426,745             | 366,420             | 314,100             | 342,373             |
| Water service   | 351,190             | 384,315             | 355,934             | 371,959             | 378,762             |
| Sewer service   | 368,370             | 413,733             | 376,454             | 417,977             | 405,883             |
| Regional water fee  | 551,051             | 586,029             | 538,789             | 450,750             | 398,987             |
| Penalty and interest  | 18,144              | 17,340              | 18,548              | 19,619              | 17,721              |
| Tap connection and inspection fees  | 2,040               | 1,910               | 1,980               | 1,930               | 14,901              |
| Investment income   | 7,154               | 56,182              | 48,156              | 18,677              | 6,977               |
| Other income  | -                   | -                   | -                   | -                   | 40,145              |
| Total revenues  | <u>2,327,351</u>    | <u>2,444,569</u>    | <u>2,228,000</u>    | <u>2,116,434</u>    | <u>1,792,690</u>    |
| <b>Expenditures</b>   |                     |                     |                     |                     |                     |
| Service operations:   |                     |                     |                     |                     |                     |
| Purchased services  | 487,332             | 558,489             | 540,605             | 580,261             | 611,700             |
| Regional water fee  | 568,072             | 595,880             | 507,664             | 464,029             | 401,258             |
| Professional fees   | 226,845             | 176,423             | 237,743             | 152,271             | 144,826             |
| Contracted services   | 107,169             | 104,199             | 66,901              | 66,140              | 66,251              |
| Repairs and maintenance   | 441,500             | 271,431             | 272,990             | 270,657             | 242,170             |
| Other expenditures  | 72,964              | 46,968              | 44,674              | 49,530              | 50,271              |
| Tap connections   | 9,443               | -                   | -                   | -                   | 32,979              |
| Capital outlay  | 528,738             | 381,375             | 51,079              | 39,684              | -                   |
| Debt service:   |                     |                     |                     |                     |                     |
| Debt defeasance   | -                   | -                   | -                   | -                   | 975,000             |
| Total expenditures  | <u>2,442,063</u>    | <u>2,134,765</u>    | <u>1,721,656</u>    | <u>1,622,572</u>    | <u>2,524,455</u>    |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b>                                    | (114,712)           | 309,804             | 506,344             | 493,862             | (731,765)           |
| <b>Other Financing Sources</b>  |                     |                     |                     |                     |                     |
| Interfund transfers in  | -                   | -                   | -                   | -                   | 745,840             |
| <b>Excess (Deficiency) of Revenues and Transfers In Over Expenditures and Transfers Out</b> | (114,712)           | 309,804             | 506,344             | 493,862             | 14,075              |
| <b>Fund Balance, Beginning of Year</b>  | <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>    |
| <b>Fund Balance, End of Year</b>  | <u>\$ 3,175,681</u> | <u>\$ 3,290,393</u> | <u>\$ 2,980,589</u> | <u>\$ 2,474,245</u> | <u>\$ 1,980,383</u> |
| <b>Total Active Retail Water Connections</b>  | <u>715</u>          | <u>726</u>          | <u>750</u>          | <u>746</u>          | <u>742</u>          |
| <b>Total Active Retail Wastewater Connections</b>   | <u>736</u>          | <u>735</u>          | <u>731</u>          | <u>734</u>          | <u>733</u>          |

**Percent of Fund Total Revenues**

| <b>2021</b>    | <b>2020</b>   | <b>2019</b>   | <b>2018</b>   | <b>2017</b>     |
|----------------|---------------|---------------|---------------|-----------------|
| 28.6 %         | 22.8 %        | 23.4 %        | 24.6 %        | 10.4 %          |
| 15.6           | 17.5          | 16.4          | 14.8          | 19.1            |
| 15.1           | 15.7          | 16.0          | 17.6          | 21.1            |
| 15.8           | 16.9          | 16.9          | 19.8          | 22.7            |
| 23.7           | 24.0          | 24.2          | 21.3          | 22.3            |
| 0.8            | 0.7           | 0.8           | 0.9           | 1.0             |
| 0.1            | 0.1           | 0.1           | 0.1           | 0.8             |
| 0.3            | 2.3           | 2.2           | 0.9           | 0.4             |
| -              | -             | -             | -             | 2.2             |
| <u>100.0</u>   | <u>100.0</u>  | <u>100.0</u>  | <u>100.0</u>  | <u>100.0</u>    |
| 20.9           | 22.8          | 24.3          | 27.4          | 34.1            |
| 24.4           | 24.4          | 22.8          | 21.9          | 22.4            |
| 9.8            | 7.2           | 10.7          | 7.2           | 8.1             |
| 4.6            | 4.3           | 3.0           | 3.1           | 3.7             |
| 19.0           | 11.1          | 12.2          | 12.8          | 13.5            |
| 3.1            | 1.9           | 2.0           | 2.4           | 2.8             |
| 0.4            | -             | -             | -             | 1.8             |
| 22.7           | 15.6          | 2.3           | 1.9           | -               |
| -              | -             | -             | -             | 54.4            |
| <u>104.9</u>   | <u>87.3</u>   | <u>77.3</u>   | <u>76.7</u>   | <u>140.8</u>    |
| <u>(4.9) %</u> | <u>12.7 %</u> | <u>22.7 %</u> | <u>23.3 %</u> | <u>(40.8) %</u> |

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

|  | Amounts      |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|
|  | 2021         | 2020         | 2019         | 2018         | 2017         |
| <b>Debt Service Fund</b>   |              |              |              |              |              |
| <b>Revenues</b>  |              |              |              |              |              |
| Property taxes   | \$ 1,720,508 | \$ 1,568,534 | \$ 1,629,416 | \$ 1,779,090 | \$ 2,870,845 |
| Penalty and interest   | 9,590        | 4,066        | 9,588        | 5,316        | 3,752        |
| Investment income  | 8,536        | 64,492       | 60,723       | 28,081       | 9,211        |
| Total revenues   | 1,738,634    | 1,637,092    | 1,699,727    | 1,812,487    | 2,883,808    |
| <b>Expenditures</b>  |              |              |              |              |              |
| Current:   |              |              |              |              |              |
| Professional fees  | 17,345       | 3,530        | 4,881        | -            | -            |
| Contracted services  | 36,152       | 35,148       | 34,542       | 35,107       | 35,973       |
| Other expenditures   | 2,635        | 4,753        | 2,551        | 7,584        | 12,526       |
| Debt service:  |              |              |              |              |              |
| Principal retirement   | 1,100,000    | 1,055,000    | 1,015,000    | 995,000      | 1,005,000    |
| Interest and fees  | 387,655      | 414,169      | 446,535      | 399,816      | 616,208      |
| Debt issuance costs  | -            | -            | -            | -            | 76,134       |
| Total expenditures   | 1,543,787    | 1,512,600    | 1,503,509    | 1,437,507    | 1,745,841    |
| <b>Excess of Revenues Over Expenditures</b>  | 194,847      | 124,492      | 196,218      | 374,980      | 1,137,967    |
| <b>Other Financing Sources (Uses)</b>  |              |              |              |              |              |
| Interfund transfers in   | -            | -            | -            | -            | 151,096      |
| General obligation bonds issued  | -            | -            | -            | -            | 2,760,000    |
| Deposit with escrow agent  | -            | -            | -            | -            | (2,681,987)  |
| Total other financing sources  | 0            | 0            | 0            | 0            | 229,109      |
| <b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b> | 194,847      | 124,492      | 196,218      | 374,980      | 1,367,076    |
| <b>Fund Balance, Beginning of Year</b>   | 4,393,325    | 4,268,833    | 4,072,615    | 3,697,635    | 2,330,559    |
| <b>Fund Balance, End of Year</b>   | \$ 4,588,172 | \$ 4,393,325 | \$ 4,268,833 | \$ 4,072,615 | \$ 3,697,635 |

**Percent of Fund Total Revenues**

| <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> |
|-------------|-------------|-------------|-------------|-------------|
| 99.0 %      | 95.8 %      | 95.8 %      | 98.2 %      | 99.6 %      |
| 0.5         | 0.3         | 0.6         | 0.3         | 0.1         |
| 0.5         | 3.9         | 3.6         | 1.5         | 0.3         |
| 100.0       | 100.0       | 100.0       | 100.0       | 100.0       |
| 1.0         | 0.2         | 0.3         | -           | -           |
| 2.1         | 2.2         | 2.0         | 1.9         | 1.3         |
| 0.1         | 0.3         | 0.2         | 0.4         | 0.4         |
| 63.3        | 64.4        | 59.7        | 54.9        | 34.8        |
| 22.3        | 25.3        | 26.3        | 22.1        | 21.4        |
| -           | -           | -           | -           | 2.6         |
| 88.8        | 92.4        | 88.5        | 79.3        | 60.5        |
| 11.2 %      | 7.6 %       | 11.5 %      | 20.7 %      | 39.5 %      |

**Harris County Municipal Utility District No. 248**  
**Board Members, Key Personnel and Consultants**  
**Year Ended March 31, 2021**

|  |  |
|--|--|
| Complete District mailing address:   | Harris County Municipal Utility District No. 248<br>c/o Smith, Murdaugh, Little & Bonham, L.L.P.<br>2727 Allen Parkway, Suite 1100<br>Houston, Texas 77019 |
| District business telephone number:  | 713.652.6500   |
| Submission date of the most recent District Registration Form<br>(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<br>Office<br>Elected &<br>Expires | Fees*    | Expense<br>Reimbursements | Title at<br>Year-end |
|---------------------|---|----------|---------------------------|----------------------|
| A. Richard Wilson   | Elected<br>05/20-<br>05/24                | \$ 1,950 | \$ 0                      | President            |
| Marie Godard        | Elected<br>05/20-<br>05/24                | 2,100    | 0                         | Vice<br>President    |
| Long Nguyen         | Elected<br>05/20-<br>05/24                | 2,100    | 0                         | Secretary            |
| E. Paul Daigle, Jr. | Elected<br>05/18-<br>05/22                | 2,100    | 60                        | Treasurer            |
| Richard Ford        | Elected<br>05/18-<br>05/22                | 1,800    | 0                         | Director             |

\*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, 2021**

| <b>Consultants</b>                       | <b>Date Hired</b>     | <b>Fees and<br/>Expense<br/>Reimbursements</b> | <b>Title</b>               |
|--|-----------------------|--|----------------------------|
| BKD, LLP                                 | 11/25/86              | \$ 25,500                                      | Auditor                    |
| Kenneth R. Byrd                          | 05/06/85              | 21,180   | Tax Assessor/<br>Collector |
| Harris County Appraisal District         | Legislative<br>Action | 17,379   | Appraiser                  |
| Harris County FWSD No. 61                | 04/96                 | 186,338  | Operator                   |
| LJA Engineering, Inc.                    | 06/27/84              | 56,413   | Engineer                   |
| Municipal Business Services, Inc.        | 10/18/84              | 10,883   | Bookkeeper                 |
| RBC Capital Markets, LLC                 | 08/29/91              | 0  | Financial<br>Advisor       |
| Smith, Murdaugh, Little & Bonham, L.L.P. | 06/27/84              | 218,348  | General<br>Counsel         |
| <b>Investment Officer</b>                |                       |  |                            |
| Bob Ideus                                | 09/04                 | N/A  | Bookkeeper                 |