

Harris County Municipal Utility District No. 248

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

Date: March 21, 2024

(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
Richard C. Ford	5/7/2022 – 5/2/2026
Dedrick T. Wilmer	5/7/2022 – 5/2/2026

(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

(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 2023 and 2024 are attached.

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

The budget for the fiscal year ending in 2025 is attached.

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

<u>2024 Budget Revenues</u>	<u>2025 Budget Revenues</u>	<u>Change in Amount</u>	<u>Percentage Change</u>
\$3,340,315	\$3,568,251	\$227,936	6.8238%

- (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 current year and preceding two years:

2024	Not adopted as of the date of this report.
2023	\$0.21
2022	\$0.19

- (10) The tax rate for debt service adopted by the taxing unit for the current year and preceding 2 years:

2024	Not adopted as of the date of this report.
2023	\$0.21 + \$0.36 for the Defined Area
2022	\$0.27

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

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

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

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

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

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

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

The audit for the fiscal year ended March 31, 2023 is attached.

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

The District's ad valorem tax rate for 2023 is \$0.42 + \$0.36 for the Defined Area per \$100 assessed valuation.

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

None.

(18) 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 on this website when available.

(19) District's meeting schedule and location:

Monthly on 2nd Wednesday at 11:30 a.m. at 13205 Cypress North Houston Road, Cypress, Texas

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

A description of this process can be found at:

<https://www.tceq.texas.gov/downloads/water-districts/forms/form-20863.pdf>

(21) Meeting notices and approved minutes:

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

MARCH 9, 2022

HARRIS COUNTY MUD 248
 OPERATING BUDGET
 FYE 3-31-23

	PROPOSED 3/31/2023	2022 ESTIMATED
REVENUES		
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	\$606,123.00
MAINTENANCE TAX	\$840,000.00	\$920,000.00
INTEREST INCOME	\$6,500.00	\$9,055.00
TAP FEES	\$200,000.00	\$0.00
SALES TAX	\$350,000.00	\$344,681.00
	\$2,954,295.00	\$2,606,108.00
EXPENDITURES		
DIRECTORS FEES	\$9,750.00	\$10,620.00
OPERATOR FEES	\$50,000.00	\$33,500.00
OFFICE EXPENSE	\$5,000.00	\$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	\$50,000.00	\$54,549.00
BOOKKEEPING	\$12,000.00	\$11,186.00
INSURANCE	\$9,500.00	\$9,934.00
PERMITS	\$2,000.00	\$2,034.00
AUDIT	\$22,000.00	\$20,900.00
PURCHASED WATER	\$140,575.00	\$108,599.00
PURCHASED SEWER SERVICE	\$387,169.00	\$383,399.00
INFRASTRUCTURE REHAB FEE	\$311,586.00	\$291,185.00
TAP COST/INSPECTIONS	\$80,000.00	\$0.00
TELEPHONE	\$960.00	\$3,712.00
TCEQ ANNUAL FEE	\$4,000.00	\$3,540.00
NHCRWA FEES	\$795,484.00	\$635,283.00
MISCELLANEOUS	\$2,500.00	\$4,333.00
DUES & MEETINGS	\$10,000.00	\$0.00
PAYROLL TAXES	\$750.00	\$812.00
ELECTION	\$6,500.00	\$0.00
	\$2,416,774.00	\$1,959,642.00
EXCESS REV/EXP FROM OPERATIONS	\$537,521.00	\$646,466.00
CAPITAL EXPENDITURES		
METER REPLACEMENT		(\$439,427.00)
PARK PARTICIPATION		(\$57,130.00)
EXCESS REVENUES (EXPENSES)	\$537,521.00	\$149,909.00

FEBRUARY 8, 2023

HARRIS COUNTY MUD 248
 OPERATING BUDGET
 FYE 3-31-24

	PROPOSED 3/31/2024	2023 ESTIMATED
REVENUES		
WATER	\$385,687.00	\$423,541.00
SEWER	\$419,628.00	\$458,781.00
PENALTY AND INTEREST	\$30,000.00	\$36,913.00
NHCRWA FEES	\$655,000.00	\$779,751.00
MAINTENANCE TAX	\$1,225,000.00	\$850,000.00
INTEREST INCOME	\$100,000.00	\$50,903.00
TAP FEES	\$100,000.00	\$150,000.00
SALES TAX	\$425,000.00	\$405,237.00
	\$3,340,315.00	\$3,155,126.00
EXPENDITURES		
DIRECTORS FEES	\$9,750.00	\$8,400.00
OPERATOR FEES	\$55,000.00	\$39,136.00
OFFICE EXPENSE	\$10,000.00	\$10,509.00
REPAIRS AND MAINTENANCE	\$210,000.00	\$179,323.00
DETENTION POND MAINTENANCE	\$165,000.00	\$173,463.00
LAB FEES	\$21,000.00	\$18,993.00
UTILITIES	\$8,000.00	\$7,293.00
LEGAL	\$110,000.00	\$145,408.00
LEGAL - RECORDS MANAGEMENT	\$3,000.00	\$3,000.00
ENGINEERING	\$50,000.00	\$40,650.00
BOOKKEEPING	\$12,000.00	\$10,627.00
INSURANCE	\$18,000.00	\$17,163.00
PERMITS	\$2,000.00	\$1,695.00
AUDIT	\$22,000.00	\$21,400.00
PURCHASED WATER	\$150,000.00	\$141,801.00
PURCHASED SEWER SERVICE	\$412,000.00	\$423,156.00
INFRASTRUCTURE REHAB FEE	\$332,000.00	\$311,571.00
TAP COST/INSPECTIONS	\$40,000.00	\$3,147.00
TELEPHONE	\$960.00	\$960.00
TCEQ ANNUAL FEE	\$4,000.00	\$4,412.00
NHCRWA FEES	\$708,484.00	\$805,701.00
MISCELLANEOUS	\$2,500.00	\$1,153.00
DUES & MEETINGS	\$10,000.00	\$10,116.00
PAYROLL TAXES	\$750.00	\$643.00
ELECTION	\$0.00	\$0.00
	\$2,356,444.00	\$2,379,720.00
EXCESS REV/EXP FROM OPERATIONS	\$983,871.00	\$775,406.00
CAPITAL EXPENDITURES METER REPLACEMENT		(\$18,070.00)
EXCESS REVENUES (EXPENSES)	\$983,871.00	\$757,336.00

Harris County MUD # 248 - General Fund

2024 Budget Analysis

April 2023 through January 2024

	2023-2024		Annualized	2024-2025
	Apr '23 - Jan 24	Annual Budget	Projected	Proposed
Revenue				
4100 · Water Service Revenue	342,426	385,687	410,911	406,000
4200 · Sewer Service Revenue	360,595	419,628	432,714	425,000
4310 · Tap Connection Fees	-	100,000	-	50,000
4320 · Maintenance Tax Revenue	515,840	1,225,000	1,225,000	1,552,251
4322 · Sales Tax Revenue -COH	335,396	425,000	402,475	400,000
4330 · Penalty Interest & Late Fee	16,966	30,000	20,359	20,000
4331 · NHCRWA Revenue	523,079	655,000	627,695	600,000
5391 · Interest on Temp Investments	127,848	100,000	153,417	115,000
Total Revenue	2,222,149	3,340,315	3,272,572	3,568,251
Expense				
6200 · Payroll Administration	1,800	-	1,800	1,800
6201 · Payroll Tax Expense	846	750	1,015	1,217
6300 · Purchase Water	109,334	150,000	131,200	150,000
6301 · Purchase Sewer Services	346,201	412,000	415,441	428,000
6302 · Infrastructure Rehab	276,519	332,000	331,823	345,000
6310 · Director Fees	11,059	9,750	13,271	15,912
6320.1 · Legal Fees	86,618	113,000	103,942	113,000
6321 · Auditing Fees	22,800	22,000	22,800	22,800
6322 · Engineering Fees - General	49,633	50,000	59,560	55,000
6323 · Operator Fees	33,036	55,000	39,643	90,000
6324 · Laboratory Expenses	10,691	21,000	12,830	21,000
6326 · Permit Fees	-	2,000	-	2,000
6328 · NHCRWA Expenses	538,095	708,484	645,714	600,000
6329 · Arbitrage Reports	850	-	1,020	2,500
6333 · Bookkeeping Fees	21,848	12,000	26,217	28,500
6335 · Maintenance & Repairs-Routine	121,695	210,000	146,034	220,000
6338 · Legal Notices	2,332	-	2,799	3,000
6340 · Printing and Office Supplies	9,203	10,000	11,043	11,500
6350 · Postage	3,876	-	4,651	4,750
6351 · Telephone	-	960	-	1,000
6352 · Utilities	3,561	8,000	4,273	8,000
6353 · Insurance	15,738	18,000	15,738	18,100
6354 · Travel Expenses	1,440	-	1,728	1,500
6355 · Miscellaneous Exp	1,803	2,500	2,164	2,500
6359 · Dues and Meetings	6,283	10,000	7,540	10,000
6370 · Tap Connection Expense	5,958	40,000	7,150	25,000
6378 · TWA Fee	2,025	-	2,430	2,500
6400 · Detention Pond Maint/Mowing	134,559	165,000	161,471	135,000
7410 · TCEQ Assessment Fee	1,895	4,000	40,000	5,000
Total Expense	1,819,697	2,356,444	2,213,295	2,324,579
Overall Surplus / (Deficit)	402,452	983,871	1,059,276	1,243,672


Tax Rate: 2023 Certified Assesed Value \$754,252,108 x .21 M/O Rate/100 @ 98% Collected = \$1,552,251



Harris County Municipal Utility District No. 248 Harris County, Texas

Independent Auditor's Report and Financial Statements

March 31, 2023



Harris County Municipal Utility District No. 248
March 31, 2023

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Independent Auditor's Report

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

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance

and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

FORVIS, LLP

Houston, Texas
September 26, 2023

Harris County Municipal Utility District No. 248

Management's Discussion and Analysis

March 31, 2023

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, 2023

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, 2023

Financial Analysis of the District as a Whole

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

Summary of Net Position

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 10,785,945	\$ 8,650,161
Capital assets	<u>19,808,241</u>	<u>13,405,579</u>
Total assets	<u>30,594,186</u>	<u>22,055,740</u>
Deferred outflows of resources	<u>495,192</u>	<u>554,491</u>
Total assets and deferred outflows of resources	<u>\$ 31,089,378</u>	<u>\$ 22,610,231</u>
Long-term liabilities	\$ 23,183,104	\$ 14,171,604
Other liabilities	<u>473,634</u>	<u>485,561</u>
Total liabilities	<u>23,656,738</u>	<u>14,657,165</u>
Net position:		
Net investment in capital assets	(2,052,117)	(211,534)
Restricted	5,066,266	4,917,061
Unrestricted	<u>4,418,491</u>	<u>3,247,539</u>
Total net position	<u>\$ 7,432,640</u>	<u>\$ 7,953,066</u>

The total net position of the District decreased by \$520,426, or about 7 percent. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity for maintenance. 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, 2023

Summary of Changes in Net Position

	2023	2022
Revenues:		
Property taxes	\$ 2,872,050	\$ 2,500,890
City of Houston rebates	475,582	430,074
Charges for services	1,485,063	1,277,654
Other revenues	461,008	45,887
	<hr/>	<hr/>
Total revenues	5,293,703	4,254,505
	<hr/>	<hr/>
Expenses:		
Services	2,428,882	2,546,045
Conveyance of capital assets	2,159,063	-
Purchase of capacity	-	565,000
Depreciation	308,849	275,573
Debt service	917,335	446,354
	<hr/>	<hr/>
Total expenses	5,814,129	3,832,972
	<hr/>	<hr/>
Change in net position	(520,426)	421,533
Net position, beginning of year	7,953,066	7,531,533
	<hr/>	<hr/>
Net position, end of year	\$ 7,432,640	\$ 7,953,066
	<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, 2023, were \$10,058,396, an increase of \$2,129,446 from the prior year.

The general fund's fund balance increased by \$1,143,621, primarily due to property taxes, City of Houston rebates and services revenues, investment income and a transfer in from the capital projects fund being greater than service operations and capital outlay expenditures. In addition, tap connection and inspection fees revenues were greater than tap connection expenditures.

The debt service fund's fund balance increased by \$143,583 because property tax revenues generated were greater than bond principal and interest requirements.

Harris County Municipal Utility District No. 248
Management's Discussion and Analysis (Continued)
March 31, 2023

The capital projects fund's fund balance increased by \$842,242, due to net bond proceeds exceeding capital outlay expenditures, debt issuance costs and repayment of developer advances.

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 taxes and City of Houston rebates revenues, investment income and contracted services expenditures being greater than anticipated, as well as tap connection and inspection fees revenues, and regional water fee and repairs and maintenance expenditures being less than anticipated. In addition, an interfund transfer in from the capital projects fund was not budgeted. The fund balance as of March 31, 2023, was expected to be \$3,683,993 and the actual end-of-year fund balance was \$4,320,093.

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)

	2023	2022
Land and land improvements	\$ 12,250,457	\$ 7,036,341
Water facilities	3,220,306	2,877,650
Wastewater facilities	3,897,106	3,025,311
Park and recreational facilities	440,372	466,277
Total capital assets	\$ 19,808,241	\$ 13,405,579

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

Land including 0.0694-acre tract for lift station and 15-acre tract for detention pond to serve Weiser Business Park	\$ 3,819,431
Water and sewer facilities to serve Weiser Business Park	947,757
Lift station to serve Weiser Business Park	549,638
Construction and engineering for detention pond to serve Weiser Business Park	1,394,685
Total additions to capital assets	\$ 6,711,511

Harris County Municipal Utility District No. 248
Management's Discussion and Analysis (Continued)
March 31, 2023

Debt

The changes in the debt position of the District during the fiscal year ended March 31, 2023, are summarized as follows:

Long-term debt payable, beginning of year	\$ 14,171,604
Increases in long-term debt	10,759,784
Decreases in long-term debt	<u>(1,748,284)</u>
 Long-term debt payable, end of year	 <u>\$ 23,183,104</u>

A developer of the District has constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the developer for these facilities from the proceeds of future bond issues subject to the approval of the Commission or from other available sources. At March 31, 2023, a liability for developer-constructed capital assets of \$5,196,500 was recorded in the government-wide financial statements.

At March 31, 2023, the District had \$15,990,000 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 Assured Guaranty Municipal Corp. The Series 2022 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

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, and amended December 13, 2010, 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

Harris County Municipal Utility District No. 248
Management's Discussion and Analysis (Continued)
March 31, 2023

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 from the proceeds of future bond sales to the extent approved by the Commission or from other available sources. The District's engineer has stated that current construction contract amounts are approximately \$505,000. 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, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 463,217	\$ 102,005	\$ 3,419	\$ 568,641	\$ -	\$ 568,641
Certificates of deposit	435,000	490,000	-	925,000	-	925,000
Short-term investments	3,771,853	4,122,009	919,395	8,813,257	-	8,813,257
Receivables:						
Property taxes	98,398	158,933	-	257,331	-	257,331
Service accounts	106,109	-	-	106,109	-	106,109
Tax rebates	67,426	-	-	67,426	-	67,426
Accrued penalty and interest	-	-	-	-	44,881	44,881
Accrued interest	3,214	86	-	3,300	-	3,300
Interfund receivable	-	101,389	-	101,389	(101,389)	-
Capital assets (net of accumulated depreciation):						
Land and land improvements	-	-	-	-	12,250,457	12,250,457
Infrastructure	-	-	-	-	7,117,412	7,117,412
Parks and recreation	-	-	-	-	440,372	440,372
Total assets	4,945,217	4,974,422	922,814	10,842,453	19,751,733	30,594,186
Deferred Outflows of Resources						
Deferred amount on debt refundings	0	0	0	0	495,192	495,192
Total assets and deferred outflows of resources	\$ 4,945,217	\$ 4,974,422	\$ 922,814	\$ 10,842,453	\$ 20,246,925	\$ 31,089,378

Harris County Municipal Utility District No. 248
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
March 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 207,876	\$ -	\$ -	\$ 207,876	\$ -	\$ 207,876
Accrued interest payable	-	-	-	-	48,297	48,297
Customer deposits	211,116	-	-	211,116	-	211,116
Due to others	6,345	-	-	6,345	-	6,345
Interfund payable	101,389	-	-	101,389	(101,389)	-
Long-term liabilities:						
Due within one year	-	-	-	-	1,345,000	1,345,000
Due after one year	-	-	-	-	21,838,104	21,838,104
Total liabilities	526,726	0	0	526,726	23,130,012	23,656,738
Deferred Inflows of Resources						
Deferred property tax revenues	98,398	158,933	0	257,331	(257,331)	0
Fund Balances/Net Position						
Fund balances:						
Restricted:						
Water, sewer and drainage	-	-	922,814	922,814	(922,814)	-
Unlimited tax bonds	-	4,815,489	-	4,815,489	(4,815,489)	-
Unassigned	4,320,093	-	-	4,320,093	(4,320,093)	-
Total fund balances	4,320,093	4,815,489	922,814	10,058,396	(10,058,396)	0
Total liabilities, deferred inflows of resources and fund balances	\$ 4,945,217	\$ 4,974,422	\$ 922,814	\$ 10,842,453		
Net position:						
Net investment in capital assets					(2,052,117)	(2,052,117)
Restricted for debt service					4,971,006	4,971,006
Restricted for capital projects					95,260	95,260
Unrestricted					4,418,491	4,418,491
Total net position					\$ 7,432,640	\$ 7,432,640

Harris County Municipal Utility District No. 248
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended March 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,174,693	\$ 1,668,158	\$ -	\$ 2,842,851	\$ 29,199	\$ 2,872,050
City of Houston rebates	475,582	-	-	475,582	-	475,582
Water service	355,283	-	-	355,283	-	355,283
Sewer service	420,744	-	-	420,744	-	420,744
Regional water fee	709,036	-	-	709,036	-	709,036
Penalty and interest	38,475	13,389	-	51,864	8,781	60,645
Tap connection and inspection fees	220,222	-	-	220,222	-	220,222
Investment income	76,838	87,057	16,246	180,141	-	180,141
Total revenues	<u>3,470,873</u>	<u>1,768,604</u>	<u>16,246</u>	<u>5,255,723</u>	<u>37,980</u>	<u>5,293,703</u>
Expenditures/Expenses						
Service operations:						
Purchased services	567,577	-	-	567,577	-	567,577
Regional water fee	730,544	-	-	730,544	-	730,544
Professional fees	186,886	2,913	-	189,799	-	189,799
Contracted services	117,561	39,329	-	156,890	-	156,890
Repairs and maintenance	651,253	-	-	651,253	7,782	659,035
Other expenditures	62,540	2,713	1,558	66,811	(2,324)	64,487
Tap connections	60,550	-	-	60,550	-	60,550
Capital outlay	20,341	-	3,674,048	3,694,389	(3,694,389)	-
Conveyance of capital assets	-	-	-	-	2,159,063	2,159,063
Depreciation	-	-	-	-	308,849	308,849
Debt service:						
Principal retirement	-	1,190,000	-	1,190,000	(1,190,000)	-
Interest and fees	-	390,066	-	390,066	85,730	475,796
Debt issuance costs	-	-	441,539	441,539	-	441,539
Total expenditures/expenses	<u>2,397,252</u>	<u>1,625,021</u>	<u>4,117,145</u>	<u>8,139,418</u>	<u>(2,325,289)</u>	<u>5,814,129</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,073,621</u>	<u>143,583</u>	<u>(4,100,899)</u>	<u>(2,883,695)</u>	<u>2,363,269</u>	

Harris County Municipal Utility District No. 248
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances (Continued)
Year Ended March 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
Interfund transfers in (out)	\$ 70,000	\$ -	\$ (70,000)	\$ -	\$ -	
Repayment of developer advances	-	-	(550,116)	(550,116)	550,116	
General obligation bonds issued	-	-	5,660,000	5,660,000	(5,660,000)	
Discount on debt issued	-	-	(96,743)	(96,743)	96,743	
Total other financing sources	<u>70,000</u>	<u>0</u>	<u>4,943,141</u>	<u>5,013,141</u>	<u>(5,013,141)</u>	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses						
	1,143,621	143,583	842,242	2,129,446	(2,129,446)	
Change in Net Position					(520,426)	\$ (520,426)
Fund Balances/Net Position						
Beginning of year	<u>3,176,472</u>	<u>4,671,906</u>	<u>80,572</u>	<u>7,928,950</u>	<u>-</u>	<u>7,953,066</u>
End of year	<u>\$ 4,320,093</u>	<u>\$ 4,815,489</u>	<u>\$ 922,814</u>	<u>\$ 10,058,396</u>	<u>\$ 0</u>	<u>\$ 7,432,640</u>

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2023

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, 2023

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, 2023

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, 2023

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. 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, 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, 2023

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, 2023, include collections during the current period or within 60 days of year-end related to the 2022 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, 2023, the 2022 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:

	Years
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, 2023

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.	\$ 19,808,241
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	257,331
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	44,881
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	495,192

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2023

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	\$ (48,297)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(23,183,104)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (2,625,756)</u>

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

Change in fund balances.	\$ 2,129,446
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense, conveyance of capital assets and noncapitalized costs in the current year.	1,221,019
Governmental funds report developer advances as other financing sources or uses as amounts are received or paid. However, for government-wide financial statements, these amounts are recorded as an increase or decrease in long-term liabilities.	550,116
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	96,743
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	(4,470,000)
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities.	37,980
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(85,730)</u>
Change in net position of governmental activities.	<u>\$ (520,426)</u>

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2023

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.

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, 2023, 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, 2023, 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	\$ 8,813,257	\$ 8,813,257	\$ 0	\$ 0	\$ 0

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2023

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2023, 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, 2023, as follows:

Carrying value:		
Deposits	\$	1,493,641
Investments		8,813,257
Total	\$	10,306,898

Included in the following statement of net position captions:

Cash	\$	568,641
Certificates of deposit		925,000
Short-term investments		8,813,257
Total	\$	10,306,898

Investment Income

Investment income of \$180,141 for the year ended March 31, 2023, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended March 31, 2023, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and land improvements	\$ 7,036,341	\$ 5,214,116	\$ 12,250,457

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2023

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, depreciable:			
Water production and distribution facilities	\$ 4,321,596	\$ 462,734	\$ 4,784,330
Wastewater collection and treatment facilities	5,436,064	1,034,661	6,470,725
Parks and recreational facilities	518,085	-	518,085
Total capital assets, depreciable	<u>10,275,745</u>	<u>1,497,395</u>	<u>11,773,140</u>
Less accumulated depreciation:			
Water production and distribution facilities	(1,443,946)	(120,078)	(1,564,024)
Wastewater collection and treatment facilities	(2,410,753)	(162,866)	(2,573,619)
Parks and recreational facilities	(51,808)	(25,905)	(77,713)
Total accumulated depreciation	<u>(3,906,507)</u>	<u>(308,849)</u>	<u>(4,215,356)</u>
Total governmental activities, net	<u>\$ 13,405,579</u>	<u>\$ 6,402,662</u>	<u>\$ 19,808,241</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended March 31, 2023, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 4,410,000	\$ 5,660,000	\$ 355,000	\$ 9,715,000	\$ 345,000
Direct placement bonds	9,230,000	-	835,000	8,395,000	1,000,000
Less discounts on bonds	33,396	96,743	6,716	123,423	-
	13,606,604	5,563,257	1,183,284	17,986,577	1,345,000
Due to developer	-	5,196,527	-	5,196,527	-
Due to developer, advance	565,000	-	565,000	-	-
Total governmental activities long-term liabilities	<u>\$ 14,171,604</u>	<u>\$ 10,759,784</u>	<u>\$ 1,748,284</u>	<u>\$ 23,183,104</u>	<u>\$ 1,345,000</u>

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2023

General Obligation Bonds

	Series 2015	Refunding Series 2016**
Amounts outstanding, March 31, 2023	\$4,055,000	\$6,195,000
Interest rates	2.00% to 3.50%	2.31%
Maturity dates, serially beginning/ending	September 1, 2023/2035	September 1, 2023/2030
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2025	September 1, 2025
	Refunding Series 2017**	Series 2022
Amounts outstanding, March 31, 2023	\$2,200,000	\$5,660,000
Interest rates	2.36%	4.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2023/2030	September 1, 2023/2047
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2026	September 1, 2027

*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, 2023:

Year	General Obligation Bonds		Direct Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2024	\$ 345,000	\$ 379,187	\$ 1,000,000	\$ 183,416	\$ 1,907,603
2025	365,000	367,954	1,035,000	159,789	1,927,743
2026	385,000	355,632	1,075,000	135,292	1,950,924
2027	400,000	342,176	1,105,000	109,981	1,957,157
2028	425,000	327,682	1,145,000	83,856	1,981,538
2029-2033	2,445,000	1,408,281	3,035,000	100,311	6,988,592
2034-2038	2,250,000	948,533	-	-	3,198,533
2039-2043	1,360,000	605,844	-	-	1,965,844
2044-2048	1,740,000	226,250	-	-	1,966,250
Total	<u>\$ 9,715,000</u>	<u>\$ 4,961,539</u>	<u>\$ 8,395,000</u>	<u>\$ 772,645</u>	<u>\$ 23,844,184</u>

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2023

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	33,980,000
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 road facilities refunding bonds voted	11,700,000

Due to Developer

A developer of the District has constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the developer for these facilities from the proceeds of future bond issues subject to the approval of the Commission or from other available sources. At March 31, 2023, a liability for developer-constructed capital assets of \$5,196,500 was recorded in the government-wide financial statements.

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, 2023, the District levied an ad valorem debt service tax at the rate of \$0.2700 per \$100 of assessed valuation, which resulted in a tax levy of \$1,789,749 on the taxable valuation of \$662,870,017 for the 2022 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$1,847,602 of which \$212,823 has been paid and \$1,634,779 is due September 1, 2023.
- 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

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2023

responsible therefore, the District shall not be required to carry such insurance. At March 31, 2023, the District had real and personal property insurance in the amount of \$1,210,000 and general and pollution liability insurance with an aggregate limit of \$3,000,000 each.

- C. During the current year, the District transferred \$70,000 from the capital projects fund to the general fund. The transfer was in accordance with the rules of the Commission.

Note 6: Maintenance Taxes

At an election held November 6, 1984, voters authorized a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended March 31, 2023, the District levied an ad valorem maintenance tax at the rate of \$0.1900 per \$100 of assessed valuation, which resulted in a tax levy of \$1,259,453 on the taxable valuation of \$662,870,017 for the 2022 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, and amended December 13, 2010, 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 \$475,582 in revenues related to the Agreement.

Note 8: Regional Water Authority

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

Harris County Municipal Utility District No. 248

Notes to Financial Statements

March 31, 2023

Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of March 31, 2023, the Authority was billing Harris County Fresh Water Supply District No. 61 (District No. 61) \$4.10 per 1,000 gallons of water pumped from its wells and sold to the District.

Note 9: Contracts With Other Districts

Permanent Wastewater Treatment Service

On November 16, 1983, the District's landowners entered into a contract for financing, construction and operation of regional waste treatment facilities with District No. 61, which was assigned to the District on June 27, 1984. The contract has subsequently been amended. Under the terms of the contract, District No. 61 is the owner and operator of the facilities and the participants are beneficial owners to the extent of their right to use their reserved capacity in the facilities. Construction costs are shared based on each participant's pro rata share of the capacity being constructed at the time. During a prior year, the Phase II expansion of the facility was completed. The District acquired 125,000 gallons-per-day (gpd) of capacity in association with this expansion. Sewer usage charges incurred by the District totaled \$427,676 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. During the prior year, the District purchased 110 ESFCs from District No. 61 for a total of \$275,000 funded by developer advances.

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2023

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 December 31, 2029. During the prior year, the District purchased 116 ESFCs from District No. 61 for a total of \$290,000 funded by developer advances. The current rate for water supplied per the agreement is \$0.79 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 \$139,901.

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: 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 from the proceeds of future bond sales to the extent approved by the Commission, if applicable, or from other available sources. The District's engineer has stated that current construction contract amounts are approximately \$505,000. 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, 2023

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 840,000	\$ 1,174,693	\$ 334,693
City of Houston rebates	350,000	475,582	125,582
Water service	385,687	355,283	(30,404)
Sewer service	419,628	420,744	1,116
Regional water fee	735,480	709,036	(26,444)
Penalty and interest	17,000	38,475	21,475
Tap connection and inspection fees	200,000	220,222	20,222
Investment income	6,500	76,838	70,338
Total revenues	<u>2,954,295</u>	<u>3,470,873</u>	<u>516,578</u>
Expenditures			
Service operations:			
Purchased services	527,744	567,577	(39,833)
Regional water fee	795,484	730,544	64,940
Professional fees	185,000	186,886	(1,886)
Contracted services	62,000	117,561	(55,561)
Repairs and maintenance	707,586	651,253	56,333
Other expenditures	58,960	62,540	(3,580)
Tap connections	80,000	60,550	19,450
Capital outlay	30,000	20,341	9,659
Total expenditures	<u>2,446,774</u>	<u>2,397,252</u>	<u>49,522</u>
Excess of Revenues Over Expenditures	507,521	1,073,621	566,100
Other Financing Sources			
Interfund transfers in	-	70,000	70,000
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	507,521	1,143,621	636,100
Fund Balance, Beginning of Year	<u>3,176,472</u>	<u>3,176,472</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,683,993</u>	<u>\$ 4,320,093</u>	<u>\$ 636,100</u>

Harris County Municipal Utility District No. 248
Notes to Required Supplementary Information
March 31, 2023

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 2023.

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.

Supplementary Information

Harris County Municipal Utility District No. 248
Other Schedules Included Within This Report
March 31, 2023

(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 15-29
- [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, 2023

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:	\$ 4.10	1	N	\$ 4.10	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 \$ 61.75 Wastewater \$ 17.50

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	677	642	x1.0	642
1"	27	26	x2.5	65
1 1/2"	13	13	x5.0	65
2"	47	46	x8.0	368
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	772	735		1,380
Total wastewater	751	751	x1.0	751

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

Gallons pumped into the system:	162,354
Gallons billed to customers:	160,616
Water accountability ratio (gallons billed/gallons pumped):	98.93%

*"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, 2023

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	21,400	
Legal		140,226	
Engineering		25,260	
Financial advisor		-	186,886
		<hr/>	
Purchased Services for Resale			
Bulk water and wastewater service purchases			567,577
Regional Water Fee			730,544
Contracted Services			
Bookkeeping		10,612	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		103,664	114,276
		<hr/>	
Utilities			-
Repairs and Maintenance			651,253
Administrative Expenditures			
Directors' fees		7,350	
Office supplies		5,507	
Insurance		17,163	
Other administrative expenditures		32,520	62,540
		<hr/>	
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		20,341	20,341
		<hr/>	
Debt Service			
Debt defeasance			-
Tap Connection Expenditures			60,550
Solid Waste Disposal			3,285
Fire Fighting			-
Parks and Recreation			-
Purchase of Capacity			-
Other Expenditures			-
			<hr/>
Total expenditures		\$	<u><u>2,397,252</u></u>

Harris County Municipal Utility District No. 248
Schedule of Temporary Investments
March 31, 2023

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 4010948	1.05%	10/14/23	\$ 95,000	\$ 459
No. 4010955	1.05%	10/14/23	95,000	459
No. 5000226496	3.49%	06/21/23	245,000	2,296
TexPool	4.79%	Demand	<u>3,771,853</u>	<u>-</u>
			<u>4,206,853</u>	<u>3,214</u>
Debt Service Fund				
Certificates of Deposit				
No. 41206	0.10%	08/10/23	245,000	25
No. 7754	0.25%	10/16/23	245,000	61
TexPool	4.79%	Demand	<u>4,122,009</u>	<u>-</u>
			<u>4,612,009</u>	<u>86</u>
Capital Projects Fund				
TexPool	4.79%	Demand	<u>919,395</u>	<u>0</u>
			<u>\$ 9,738,257</u>	<u>\$ 3,300</u>

Harris County Municipal Utility District No. 248
Analysis of Taxes Levied and Receivable
Year Ended March 31, 2023

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 71,067	\$ 157,065
Additions and corrections to prior years' taxes	(57,429)	(119,723)
Adjusted receivable, beginning of year	13,638	37,342
 2022 Original Tax Levy	 1,240,798	 1,763,239
Additions and corrections	18,655	26,510
Adjusted tax levy	1,259,453	1,789,749
Total to be accounted for	1,273,091	1,827,091
Tax (collections) refunds:		
Current year	(1,176,181)	(1,671,415)
Prior years	1,488	3,257
Receivable, end of year	\$ 98,398	\$ 158,933
 Receivable, by Years		
2022	\$ 83,272	\$ 118,334
2021	5,658	11,693
2020	4,436	11,261
2019	829	2,348
2018	607	1,932
2017	3,451	11,923
2016	45	734
2015	9	113
2014	22	99
2013	18	104
2012	18	121
2011	22	117
2010	11	154
Receivable, end of year	\$ 98,398	\$ 158,933

Harris County Municipal Utility District No. 248
Analysis of Taxes Levied and Receivable (Continued)
Year Ended March 31, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Property Valuations				
Land	\$ 122,891,684	\$ 112,517,983	\$ 86,622,026	\$ 80,095,943
Improvements	507,517,991	414,806,647	400,971,051	394,049,760
Personal property	107,506,451	104,892,390	98,093,160	68,647,652
Exemptions	<u>(75,046,109)</u>	<u>(58,336,702)</u>	<u>(46,519,989)</u>	<u>(28,252,933)</u>
 Total property valuations	 <u>\$ 662,870,017</u>	 <u>\$ 573,880,318</u>	 <u>\$ 539,166,248</u>	 <u>\$ 514,540,422</u>
 Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.2700	\$ 0.3100	\$ 0.3300	\$ 0.3400
Maintenance tax rates*	<u>0.1900</u>	<u>0.1500</u>	<u>0.1300</u>	<u>0.1200</u>
 Total tax rates per \$100 valuation	 <u>\$ 0.4600</u>	 <u>\$ 0.4600</u>	 <u>\$ 0.4600</u>	 <u>\$ 0.4600</u>
 Tax Levy	 <u>\$ 3,049,202</u>	 <u>\$ 2,639,849</u>	 <u>\$ 2,480,165</u>	 <u>\$ 2,366,886</u>
 Percent of Taxes Collected to Taxes Levied**				
	<u>93%</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, 2023

Due During Fiscal Years Ending March 31	Series 2015		
	Principal Due September 1	Interest Due September 1, March 1	Total
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
	\$ 4,055,000	\$ 898,245	\$ 4,953,245
Totals	\$ 4,055,000	\$ 898,245	\$ 4,953,245

Harris County Municipal Utility District No. 248
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2023

Due During Fiscal Years Ending March 31	Refunding Series 2016		
	Principal Due September 1	Interest Due September 1, March 1	Total
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	<u>630,000</u>	<u>7,277</u>	<u>637,277</u>
Totals	<u>\$ 6,195,000</u>	<u>\$ 554,227</u>	<u>\$ 6,749,227</u>

Harris County Municipal Utility District No. 248
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2023

Due During Fiscal Years Ending March 31	Refunding Series 2017		
	Principal Due September 1	Interest Due September 1, March 1	Total
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>\$ 2,200,000</u>	<u>\$ 218,418</u>	<u>\$ 2,418,418</u>

Harris County Municipal Utility District No. 248
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2023

Due During Fiscal Years Ending March 31	Series 2022		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 115,000	\$ 263,513	\$ 378,513
2025	125,000	257,513	382,513
2026	130,000	251,138	381,138
2027	135,000	244,513	379,513
2028	145,000	237,513	382,513
2029	150,000	230,888	380,888
2030	160,000	224,688	384,688
2031	165,000	218,188	383,188
2032	175,000	211,388	386,388
2033	185,000	204,072	389,072
2034	195,000	196,113	391,113
2035	205,000	187,484	392,484
2036	215,000	178,162	393,162
2037	225,000	168,262	393,262
2038	235,000	157,765	392,765
2039	245,000	146,512	391,512
2040	260,000	134,518	394,518
2041	270,000	121,931	391,931
2042	285,000	108,571	393,571
2043	300,000	94,312	394,312
2044	315,000	79,125	394,125
2045	330,000	63,000	393,000
2046	345,000	46,125	391,125
2047	365,000	28,375	393,375
2048	385,000	9,625	394,625
Totals	\$ 5,660,000	\$ 4,063,294	\$ 9,723,294

Harris County Municipal Utility District No. 248
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2023

Due During Fiscal Years Ending March 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 1,345,000	\$ 562,603	\$ 1,907,603
2025	1,400,000	527,743	1,927,743
2026	1,460,000	490,924	1,950,924
2027	1,505,000	452,157	1,957,157
2028	1,570,000	411,538	1,981,538
2029	1,625,000	370,021	1,995,021
2030	1,370,000	330,972	1,700,972
2031	1,430,000	293,576	1,723,576
2032	515,000	265,882	780,882
2033	540,000	248,141	788,141
2034	570,000	228,997	798,997
2035	595,000	208,172	803,172
2036	625,000	185,337	810,337
2037	225,000	168,262	393,262
2038	235,000	157,765	392,765
2039	245,000	146,512	391,512
2040	260,000	134,518	394,518
2041	270,000	121,931	391,931
2042	285,000	108,571	393,571
2043	300,000	94,312	394,312
2044	315,000	79,125	394,125
2045	330,000	63,000	393,000
2046	345,000	46,125	391,125
2047	365,000	28,375	393,375
2048	385,000	9,625	394,625
Totals	<u>\$ 18,110,000</u>	<u>\$ 5,734,184</u>	<u>\$ 23,844,184</u>

Harris County Municipal Utility District No. 248
Changes in Long-term Bonded Debt
Year Ended March 31, 2023

	Bond	
	Series 2011	Series 2015
Interest rates	4.50%	2.00% to 3.50%
Dates interest payable	September 1/ March 1	September 1/ March 1
Maturity dates		September 1, 2023/2035
Bonds outstanding, beginning of current year	\$ 135,000	\$ 4,275,000
Bonds sold during current year	-	-
Retirements, principal	135,000	220,000
Bonds outstanding, end of current year	\$ 0	\$ 4,055,000
Interest paid during current year	\$ 3,038	\$ 120,346

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

Series 2022 - Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 49,970,000	0	\$ 14,970,000
Amount of authorization issued	\$ 33,980,000	0	\$ 5,545,000
Remaining authorization to be issued	\$ 15,990,000	0	\$ 9,425,000

Debt service fund cash and temporary investment balances as of March 31, 2023:

\$ 4,714,014

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

\$ 953,767

Bond authority Defined Area:

	Road Facilities Tax Bonds	Road Facilities Refunding Bonds
Amount authorized by voters	\$ 11,700,000	\$ 11,700,000
Amount of authorization issued	\$ -	\$ -
Remaining authorization to be issued	\$ 11,700,000	\$ 11,700,000

Issues

Refunding Series 2016	Refunding Series 2017	Series 2022	Totals
2.31%	2.36%	4.00% to 5.00%	
September 1/ March 1	September 1/ March 1	September 1/ March 1	
September 1, 2023/2030	September 1, 2023/2030	September 1, 2023/2047	
\$ 6,935,000	\$ 2,295,000	\$ -	\$ 13,640,000
-	-	5,660,000	5,660,000
740,000	95,000	-	1,190,000
<u>\$ 6,195,000</u>	<u>\$ 2,200,000</u>	<u>\$ 5,660,000</u>	<u>\$ 18,110,000</u>
<u>\$ 151,652</u>	<u>\$ 53,041</u>	<u>\$ 56,237</u>	<u>\$ 384,314</u>

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

	Amounts				
	2023	2022	2021	2020	2019
General Fund					
Revenues					
Property taxes	\$ 1,174,693	\$ 789,070	\$ 666,209	\$ 558,315	\$ 521,719
City of Houston rebates	475,582	430,074	363,193	426,745	366,420
Water service	355,283	311,216	351,190	384,315	355,934
Sewer service	420,744	362,045	368,370	413,733	376,454
Regional water fee	709,036	604,393	551,051	586,029	538,789
Penalty and interest	38,475	14,409	18,144	17,340	18,548
Tap connection and inspection fees	220,222	2,040	2,040	1,910	1,980
Investment income	76,838	1,531	7,154	56,182	48,156
Total revenues	<u>3,470,873</u>	<u>2,514,778</u>	<u>2,327,351</u>	<u>2,444,569</u>	<u>2,228,000</u>
Expenditures					
Service operations:					
Purchased services	567,577	507,160	487,332	558,489	540,605
Regional water fee	730,544	625,982	568,072	595,880	507,664
Professional fees	186,886	175,225	226,845	176,423	237,743
Contracted services	117,561	98,031	107,169	104,199	66,901
Repairs and maintenance	651,253	475,897	441,500	271,431	272,990
Other expenditures	62,540	61,811	72,964	46,968	44,674
Tap connections	60,550	10,028	9,443	-	-
Capital outlay	20,341	538,603	528,738	381,375	51,079
Purchase of capacity	-	565,000	-	-	-
Debt service:					
Debt issuance costs	-	21,250	-	-	-
Total expenditures	<u>2,397,252</u>	<u>3,078,987</u>	<u>2,442,063</u>	<u>2,134,765</u>	<u>1,721,656</u>
Excess (Deficiency) of Revenues Over Expenditures	1,073,621	(564,209)	(114,712)	309,804	506,344
Other Financing Sources					
Interfund transfers in	70,000	-	-	-	-
Developer advances received	-	565,000	-	-	-
Total other financing sources	<u>70,000</u>	<u>565,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,143,621	791	(114,712)	309,804	506,344
Fund Balance, Beginning of Year	<u>3,176,472</u>	<u>3,175,681</u>	<u>3,290,393</u>	<u>2,980,589</u>	<u>2,474,245</u>
Fund Balance, End of Year	<u>\$ 4,320,093</u>	<u>\$ 3,176,472</u>	<u>\$ 3,175,681</u>	<u>\$ 3,290,393</u>	<u>\$ 2,980,589</u>
Total Active Retail Water Connections	<u>735</u>	<u>720</u>	<u>715</u>	<u>726</u>	<u>750</u>
Total Active Retail Wastewater Connections	<u>751</u>	<u>737</u>	<u>736</u>	<u>735</u>	<u>731</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
33.8 %	31.4 %	28.6 %	22.8 %	23.4 %
13.7	17.1	15.6	17.5	16.4
10.3	12.4	15.1	15.7	16.0
12.1	14.4	15.8	16.9	16.9
20.4	24.0	23.7	24.0	24.2
1.1	0.5	0.8	0.7	0.8
6.4	0.1	0.1	0.1	0.1
2.2	0.1	0.3	2.3	2.2
100.0	100.0	100.0	100.0	100.0
16.4	20.2	20.9	22.8	24.3
21.0	24.9	24.4	24.4	22.8
5.4	7.0	9.8	7.2	10.7
3.4	3.9	4.6	4.3	3.0
18.8	18.9	19.0	11.1	12.2
1.8	2.4	3.1	1.9	2.0
1.7	0.4	0.4	-	-
0.6	21.4	22.7	15.6	2.3
-	22.5	-	-	-
-	0.8	-	-	-
69.1	122.4	104.9	87.3	77.3
30.9 %	(22.4) %	(4.9) %	12.7 %	22.7 %

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

	Amounts				
	2023	2022	2021	2020	2019
Debt Service Fund					
Revenues					
Property taxes	\$ 1,668,158	\$ 1,627,108	\$ 1,720,508	\$ 1,568,534	\$ 1,629,416
Penalty and interest	13,389	16,933	9,590	4,066	9,588
Investment income	87,057	2,087	8,536	64,492	60,723
Total revenues	<u>1,768,604</u>	<u>1,646,128</u>	<u>1,738,634</u>	<u>1,637,092</u>	<u>1,699,727</u>
Expenditures					
Current:					
Professional fees	2,913	8,891	17,345	3,530	4,881
Contracted services	39,329	37,169	36,152	35,148	34,542
Other expenditures	2,713	5,887	2,635	4,753	2,551
Debt service:					
Principal retirement	1,190,000	1,145,000	1,100,000	1,055,000	1,015,000
Interest and fees	390,066	365,447	387,655	414,169	446,535
Total expenditures	<u>1,625,021</u>	<u>1,562,394</u>	<u>1,543,787</u>	<u>1,512,600</u>	<u>1,503,509</u>
Excess of Revenues Over Expenditures	143,583	83,734	194,847	124,492	196,218
Fund Balance, Beginning of Year	<u>4,671,906</u>	<u>4,588,172</u>	<u>4,393,325</u>	<u>4,268,833</u>	<u>4,072,615</u>
Fund Balance, End of Year	<u><u>\$ 4,815,489</u></u>	<u><u>\$ 4,671,906</u></u>	<u><u>\$ 4,588,172</u></u>	<u><u>\$ 4,393,325</u></u>	<u><u>\$ 4,268,833</u></u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
94.3 %	98.9 %	99.0 %	95.8 %	95.8 %
0.8	1.0	0.5	0.3	0.6
4.9	0.1	0.5	3.9	3.6
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.2	0.5	1.0	0.2	0.3
2.2	2.2	2.1	2.2	2.0
0.1	0.4	0.1	0.3	0.2
67.3	69.6	63.3	64.4	59.7
<u>22.1</u>	<u>22.2</u>	<u>22.3</u>	<u>25.3</u>	<u>26.3</u>
<u>91.9</u>	<u>94.9</u>	<u>88.8</u>	<u>92.4</u>	<u>88.5</u>
<u>8.1 %</u>	<u>5.1 %</u>	<u>11.2 %</u>	<u>7.6 %</u>	<u>11.5 %</u>

Harris County Municipal Utility District No. 248
Board Members, Key Personnel and Consultants
Year Ended March 31, 2023

Complete District mailing address:	Harris County Municipal Utility District No. 248 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019
District business telephone number:	713.652.6500
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	June 19, 2023
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
A. Richard Wilson	Elected 05/20- 05/24	\$ 1,950	\$ 660	President
Marie Godard	Elected 05/20- 05/24	1,650	720	Vice President
Long Nguyen	Elected 05/20- 05/24	750	360	Secretary
Richard Ford	Elected 05/22- 05/26	1,350	600	Director
Dedrick T. Wilmer	Elected 05/22- 05/26	1,500	600	Director
E. Paul Daigle, Jr.	Elected 05/18- 05/22	150	120	Term Expired

*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, 2023

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Equi-Tax Inc.	05/06/85	\$ 21,235	Tax Assessor/ Collector
FORVIS, LLP	11/25/86	36,800	Auditor
Harris Central Appraisal District	Legislative Action	20,165	Appraiser
Harris County FWSD No. 61	04/96	307,947	Operator
LJA Engineering, Inc.	06/27/84	119,254	Engineer
Municipal Business Services, Inc.	10/18/84	12,112	Bookkeeper
RBC Capital Markets, LLC	08/29/91	116,175	Financial Advisor
Smith, Murdaugh, Little & Bonham, L.L.P.	06/27/84	143,139 147,998	General Counsel Bond Counsel
Investment Officer			
Bob Ideus	09/04	N/A	Bookkeeper