

Harris County Municipal Utility District No. 248

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

Date: January 22, 2025

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

<u>Name:</u>	<u>Term of office:</u>
A. Richard Wilson	5/4/2024 – 5/6/2028
Marie Godard	5/4/2024 – 5/6/2028
Dedrick T. Wilmer	5/7/2022 – 5/2/2026
Ronda Shepherd	5/4/2024 – 5/6/2028
Richard C. Ford	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:

2025	Not adopted as of the date of this report.
2024	\$0.185
2023	\$0.21

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

2025	Not adopted as of the date of this report.
2024	\$0.20 + \$0.36 for the Defined Area
2023	\$0.21 + \$0.36 for the Defined Area

- (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, 2024 is attached.

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

The District's ad valorem tax rate for 2024 is \$0.385 + \$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 is posted on this website as 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
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	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, 2024



Harris County Municipal Utility District No. 248
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March 31, 2024

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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, 2024, 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, 2024, 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 audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Forvis Mazars, LLP

**Houston, Texas
August 27, 2024**

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 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.

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.

**Harris County Municipal Utility District No. 248
Management’s Discussion and Analysis (Continued)
March 31, 2024**

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.

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

	2024	2023
Current and other assets	\$ 12,121,213	\$ 10,785,945
Capital assets	14,792,266	19,808,241
Total assets	26,913,479	30,594,186
Deferred outflows of resources	434,395	495,192
Total assets and deferred outflows of resources	\$ 27,347,874	\$ 31,089,378

**Harris County Municipal Utility District No. 248
Management's Discussion and Analysis (Continued)
March 31, 2024**

Summary of Net Position (Continued)

	<u>2024</u>	<u>2023</u>
Long-term liabilities	\$ 22,350,024	\$ 23,183,104
Other liabilities	450,776	473,634
Total liabilities	<u>22,800,800</u>	<u>23,656,738</u>
Net position:		
Net investment in capital assets	668,721	106,946
Restricted	5,012,076	5,066,266
Unrestricted	<u>(1,133,723)</u>	<u>2,259,428</u>
Total net position	<u>\$ 4,547,074</u>	<u>\$ 7,432,640</u>

The total net position of the District decreased by \$2,885,566, or about 39%. 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.

Summary of Changes in Net Position

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 3,168,021	\$ 2,872,050
City of Houston rebates	453,590	475,582
Charges for services	1,485,982	1,485,063
Other revenues	<u>748,525</u>	<u>461,008</u>
Total revenues	<u>5,856,118</u>	<u>5,293,703</u>
Expenses:		
Services	2,395,075	2,428,882
Conveyance of capital assets	5,002,597	2,159,063
Depreciation	308,130	308,849
Debt service	<u>1,035,882</u>	<u>917,335</u>
Total expenses	<u>8,741,684</u>	<u>5,814,129</u>

**Harris County Municipal Utility District No. 248
Management's Discussion and Analysis (Continued)
March 31, 2024**

Summary of Changes in Net Position (Continued)

	<u>2024</u>	<u>2023</u>
Change in net position	\$ (2,885,566)	\$ (520,426)
Net position, beginning of year	<u>7,432,640</u>	<u>7,953,066</u>
Net position, end of year	<u>\$ 4,547,074</u>	<u>\$ 7,432,640</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended March 31, 2024, were \$11,507,923, an increase of \$1,449,527 from the prior year.

The general fund's fund balance increased by \$1,617,377, primarily due to property taxes, City of Houston rebates and services revenues, investment income and a reimbursement from Harris County being greater than service operations and capital outlay expenditures.

The debt service fund's fund balance increased by \$237,765 because property tax and Defined Area property tax revenues, investment income and proceeds from the sale of the Defined Area Road Bonds, Series 2023, were greater than bond principal and interest requirements.

The capital projects fund's fund balance decreased by \$405,615, due to capital outlay expenditures and debt issuance costs exceeding net bond proceeds and investment income.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property tax revenues and investment income being greater than anticipated, as well as regional water authority expenditures being less than anticipated. In addition, tap connection and inspection fees revenues budgeted were not received and capital outlay expenditures incurred and reimbursement from governmental entity received were not budgeted. The fund balance as of March 31, 2024, was expected to be \$5,303,964 and the actual end-of-year fund balance was \$5,937,470.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	<u>2024</u>	<u>2023</u>
Land and land improvements	\$ 7,053,931	\$ 12,250,457
Water facilities	3,485,411	3,220,306
Wastewater facilities	3,838,456	3,897,106
Park and recreational facilities	<u>414,468</u>	<u>440,372</u>
Total capital assets	<u>\$ 14,792,266</u>	<u>\$ 19,808,241</u>

**Harris County Municipal Utility District No. 248
 Management’s Discussion and Analysis (Continued)
 March 31, 2024**

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

Water and sewer facilities to serve Weiser Business Park	\$ 36,345
8-inch water line to serve Weiser Business Park North building	376,005
Lift station to serve Weiser Business Park	<u>76,331</u>
 Total additions to capital assets	 <u><u>\$ 488,681</u></u>

Debt

The changes in the debt position of the District during the fiscal year ended March 31, 2024, are summarized as follows:

Long-term debt payable, beginning of year	\$ 23,183,104
Increases in long-term debt	5,700,219
Decreases in long-term debt	<u>(6,533,299)</u>
 Long-term debt payable, end of year	 <u><u>\$ 22,350,024</u></u>

At March 31, 2024, 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 \$5,830,000 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, Inc. 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 of Houston (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 boundaries of the tract. As consideration for the sales tax payments and the services provided by the City, the District agrees to continue to provide and develop water, sewer and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 30 years.

Harris County Municipal Utility District No. 248
Statement of Net Position and Governmental Funds Balance Sheet
March 31, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets						
Cash	\$ 326,799	\$ 104,767	\$ 21,978	\$ 453,544	\$ -	\$ 453,544
Certificates of deposit	240,000	490,000	-	730,000	-	730,000
Short-term investments	5,508,393	4,362,875	547,223	10,418,491	-	10,418,491
Receivables:						
Property taxes	90,468	106,365	-	196,833	-	196,833
Service accounts	95,570	-	-	95,570	-	95,570
Tax rebates	180,532	-	-	180,532	-	180,532
Accrued penalty and interest	-	-	-	-	37,312	37,312
Accrued interest	2,632	6,299	-	8,931	-	8,931
Interfund receivables	52,002	95,095	-	147,097	(147,097)	-
Capital assets (net of accumulated depreciation):						
Land and land improvements	-	-	-	-	7,053,931	7,053,931
Infrastructure	-	-	-	-	7,323,867	7,323,867
Parks and recreation	-	-	-	-	414,468	414,468
Total assets	<u>6,496,396</u>	<u>5,165,401</u>	<u>569,201</u>	<u>12,230,998</u>	<u>14,682,481</u>	<u>26,913,479</u>
Deferred Outflows of Resources						
Deferred amount on debt refundings	-	-	-	-	434,395	434,395
Total assets and deferred outflows of resources	<u>\$ 6,496,396</u>	<u>\$ 5,165,401</u>	<u>\$ 569,201</u>	<u>\$ 12,230,998</u>	<u>\$ 15,116,876</u>	<u>\$ 27,347,874</u>

Harris County Municipal Utility District No. 248
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
March 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 167,102	\$ 5,782	\$ -	\$ 172,884	\$ -	\$ 172,884
Accrued interest payable	-	-	-	-	71,631	71,631
Customer deposits	206,261	-	-	206,261	-	206,261
Interfund payables	95,095	-	52,002	147,097	(147,097)	-
Long-term liabilities:						
Due within one year	-	-	-	-	1,400,000	1,400,000
Due after one year	-	-	-	-	20,950,024	20,950,024
Total liabilities	468,458	5,782	52,002	526,242	22,274,558	22,800,800
Deferred Inflows of Resources						
Deferred property tax revenues	90,468	106,365	-	196,833	(196,833)	-
Fund Balances/Net Position						
Fund balances:						
Restricted:						
Water, sewer and drainage	-	-	342,709	342,709	(342,709)	-
Roads	-	-	174,490	174,490	(174,490)	-
Unlimited tax bonds	-	4,522,312	-	4,522,312	(4,522,312)	-
Unlimited tax road bonds	-	530,942	-	530,942	(530,942)	-
Unassigned	5,937,470	-	-	5,937,470	(5,937,470)	-
Total fund balances	5,937,470	5,053,254	517,199	11,507,923	(11,507,923)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 6,496,396	\$ 5,165,401	\$ 569,201	\$ 12,230,998		
Net position:						
Net investment in capital assets					668,721	668,721
Restricted for debt service					4,878,520	4,878,520
Restricted for capital projects					133,556	133,556
Unrestricted					(1,133,723)	(1,133,723)
Total net position					\$ 4,547,074	\$ 4,547,074

Harris County Municipal Utility District No. 248
Statement of Activities and Governmental Funds Reviews
Expenditures and Changes in Fund Balances
Year Ended March 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,489,260	\$ 1,490,686	\$ -	\$ 2,979,946	\$ (60,498)	\$ 2,919,448
Defined Area property taxes	-	248,573	-	248,573	-	248,573
City of Houston rebates	453,590	-	-	453,590	-	453,590
Water service	427,795	-	-	427,795	-	427,795
Sewer service	454,875	-	-	454,875	-	454,875
Regional water fee	603,312	-	-	603,312	-	603,312
Penalty and interest	20,254	52,460	-	72,714	(7,569)	65,145
Investment income	224,126	195,622	39,383	459,131	-	459,131
Other income	-	-	-	-	224,249	224,249
Total revenues	3,673,212	1,987,341	39,383	5,699,936	156,182	5,856,118
Expenditures/Expenses						
Service operations:						
Purchased services	541,247	-	-	541,247	-	541,247
Regional water authority	607,217	-	-	607,217	-	607,217
Professional fees	169,967	21,677	-	191,644	26,800	218,444
Contracted services	123,521	48,318	-	171,839	-	171,839
Repairs and maintenance	767,774	-	-	767,774	-	767,774
Other expenditures	78,922	8,545	1,087	88,554	-	88,554
Capital outlay	5,233,588	-	5,518,079	10,751,667	(10,751,667)	-
Conveyance of capital assets	-	-	-	-	5,002,597	5,002,597
Depreciation	-	-	-	-	308,130	308,130
Debt service:						
Principal retirement	-	1,345,000	-	1,345,000	(1,345,000)	-
Interest and fees	-	631,397	-	631,397	92,359	723,756
Debt issuance costs	-	-	312,126	312,126	-	312,126
Total expenditures/expenses	7,522,236	2,054,937	5,831,292	15,408,465	(6,666,781)	8,741,684
Deficiency of Revenues Over Expenditures	(3,849,024)	(67,596)	(5,791,909)	(9,708,529)	6,822,963	
Other Financing Sources (Uses)						
Interfund transfers in (out)	8,564	(8,564)	-	-	-	
Reimbursement from governmental entity	5,457,837	-	-	5,457,837	(5,457,837)	
General obligation bonds issued	-	313,925	5,556,075	5,870,000	(5,870,000)	
Discount on debt issued	-	-	(169,781)	(169,781)	169,781	
Total other financing sources	5,466,401	305,361	5,386,294	11,158,056	(11,158,056)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,617,377	237,765	(405,615)	1,449,527	(1,449,527)	
Change in Net Position					(2,885,566)	(2,885,566)
Fund Balances/Net Position						
Beginning of year	4,320,093	4,815,489	922,814	10,058,396	-	7,432,640
End of year	<u>\$ 5,937,470</u>	<u>\$ 5,053,254</u>	<u>\$ 517,199</u>	<u>\$ 11,507,923</u>	<u>\$ -</u>	<u>\$ 4,547,074</u>

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.

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.

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2024

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.

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. 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. 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.

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.

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 rates of taxation for both the District as a whole

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2024

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended March 31, 2024, include collections during the current period or within 60 days of year-end related to the 2023 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, 2024, the 2023 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.

Harris County assumes the maintenance and other incidents of ownership of road and certain stormwater facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District.

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

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Parks and recreational facilities	10-30

Deferred Amount on Debt Refundings

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

Debt Issuance Costs

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

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2024

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.	\$ 14,792,266
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	196,833
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	37,312
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	434,395
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(71,631)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(22,350,024)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (6,960,849)</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 of the items on the following page.

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2024

Change in fund balances.	\$ 1,449,527
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 depreciation expense, conveyance of capital assets, noncapitalized costs and reimbursement from governmental entity exceeded capital outlay expenditures in the current period.	(43,697)
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.	169,781
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.	(4,525,000)
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.	156,182
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>(92,359)</u>
Change in net position of governmental activities.	<u><u>\$ (2,885,566)</u></u>

Note 2. Deposits, Investments and Investment Income

Deposits

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

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, 2024, 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

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2024

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. The District reports its investment in TexPool at amortized cost.

At March 31, 2024, 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	\$ 10,418,491	\$ 10,418,491	\$ -	\$ -	\$ -

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, 2024, 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, 2024, as follows:

Carrying value:	
Deposits	\$ 1,183,544
Investments	10,418,491
Total	<u>\$ 11,602,035</u>

Included in the following statement of net position captions:

Cash	\$ 453,544
Certificates of deposit	730,000
Short-term investments	10,418,491
Total	<u>\$ 11,602,035</u>

Investment Income

Investment income of \$459,131 for the year ended March 31, 2024, consisted of interest income.

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2024

Note 3. Capital Assets

A summary of changes in capital assets for the year ended March 31, 2024, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Retirements	Balances, End of Year
Capital assets, non-depreciable:				
Land and land improvements	\$ 12,250,457	\$ -	\$ 5,196,526	\$ 7,053,931
Capital assets, depreciable:				
Water production and distribution facilities	4,784,330	393,749	-	5,178,079
Wastewater collection and treatment facilities	6,470,725	94,932	-	6,565,657
Parks and recreational facilities	518,085	-	-	518,085
Total capital assets, depreciable	11,773,140	488,681	-	12,261,821
Less accumulated depreciation:				
Water production and distribution facilities	(1,564,024)	(128,644)	-	(1,692,668)
Wastewater collection and treatment facilities	(2,573,619)	(153,582)	-	(2,727,201)
Parks and recreational facilities	(77,713)	(25,904)	-	(103,617)
Total accumulated depreciation	(4,215,356)	(308,130)	-	(4,523,486)
Total governmental activities, net	<u>\$ 19,808,241</u>	<u>\$ 180,551</u>	<u>\$ 5,196,526</u>	<u>\$ 14,792,266</u>

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended March 31, 2024, 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	\$ 9,715,000	\$ -	\$ 345,000	\$ 9,370,000	\$ 365,000
Direct placement bonds	8,395,000	-	1,000,000	7,395,000	1,035,000
Defined Area general obligation bonds	-	5,870,000	-	5,870,000	-
Less discounts on bonds	123,423	169,781	8,228	284,976	-
	17,986,577	5,700,219	1,336,772	22,350,024	1,400,000
Due to developer	5,196,527	-	5,196,527	-	-
Total governmental activities long-term liabilities	<u>\$ 23,183,104</u>	<u>\$ 5,700,219</u>	<u>\$ 6,533,299</u>	<u>\$ 22,350,024</u>	<u>\$ 1,400,000</u>

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2024

General Obligation Bonds

	<u>Series 2015</u>	<u>Refunding Series 2016**</u>
Amounts outstanding, March 31, 2024	\$3,825,000	\$5,430,000
Interest rates	2.00% to 3.50%	2.31%
Maturity dates, serially beginning/ending	September 1, 2024/2035	September 1, 2024/2030
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2025	September 1, 2025
	<u>Refunding Series 2017**</u>	<u>Series 2022</u>
Amounts outstanding, March 31, 2024	\$1,965,000	\$5,545,000
Interest rates	2.36%	4.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2024/2030	September 1, 2024/2047
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2026	September 1, 2027
		<u>Defined Area Road Series 2023</u>
Amount outstanding, March 31, 2024		\$5,870,000
Interest rates		4.50% to 5.75%
Maturity dates, serially beginning/ending		September 1, 2025/2048
Interest payment dates		September 1/ March 1
Callable date*		September 1, 2029

*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, 2024.

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2024

<u>Year</u>	<u>General Obligation Bonds</u>		<u>Direct Placement Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
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	440,000	313,219	1,185,000	56,802	1,995,021
2030-2034	2,575,000	1,324,059	1,850,000	43,509	5,792,568
2035-2039	1,925,000	866,048	-	-	2,791,048
2040-2044	1,430,000	538,457	-	-	1,968,457
2045-2049	1,425,000	147,125	-	-	1,572,125
Total	<u>\$ 9,370,000</u>	<u>\$ 4,582,352</u>	<u>\$ 7,395,000</u>	<u>\$ 589,229</u>	<u>\$ 21,936,581</u>

The above bonds are payable from the proceeds of an ad valorem tax levied upon all taxable 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

The following schedule shows the annual debt service requirements to pay principal and interest on Defined Area general obligation bonds outstanding at March 31, 2024.

<u>Year</u>	<u>Defined Area General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ 313,925	\$ 313,925
2026	115,000	311,338	426,338
2027	120,000	306,050	426,050
2028	130,000	300,100	430,100
2029	140,000	293,350	433,350
2030-2034	825,000	1,351,125	2,176,125
2035-2039	1,100,000	1,107,644	2,207,644
2040-2044	1,470,000	764,187	2,234,187
2045-2049	1,970,000	291,831	2,261,831
Total	<u>\$ 5,870,000</u>	<u>\$ 5,039,550</u>	<u>\$ 10,909,550</u>

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

Defined Area road facilities bonds voted	\$ 11,700,000
Defined Area road facilities bonds sold	5,870,000
Defined Area road facilities refunding bonds voted	11,700,000

Note 5. Significant Bond Order and Commission Requirements

- (A) The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended March 31, 2024, the District levied an ad valorem debt service tax on all taxable property within the District at the rate of \$0.2100 per \$100 of assessed valuation, which resulted in a tax levy of \$1,581,785 on the taxable valuation of \$753,230,910 for the 2023 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$1,945,646 of which \$272,823 has been paid and \$1,672,823 is due September 1, 2024.
- (B) The Defined Area Road Bond Order requires that the District levy and collect an ad valorem road debt service tax sufficient to pay interest and principal on bonds when due. During the year ended March 31, 2024, the District levied an ad valorem road debt service tax on all taxable property within the Defined Area of the District at the rate of \$0.3600 per \$100 of assessed valuation, which resulted in a tax levy of \$248,573 on the taxable valuation of \$69,048,189 for the 2023 tax year. The interest requirements to be paid from the tax revenues and available resources are \$224,108 of which \$67,145 has been paid and \$156,963 is due September 1, 2024.
- (C) The Bond Orders state that so long as any of the bonds or coupons remain outstanding, the District covenants that it will at all times keep insured such parts of the system as are customarily insured by municipal corporations and political subdivisions in Texas operating like properties in similar locations under the same circumstances with a responsible insurance company or companies against risk, accidents, or casualties against which and to the extent insurance is customarily carried by such municipal corporations and political subdivisions; provided, however, that at any time while any contractor engaged in construction work shall be fully responsible therefore, the District shall not be required to carry such insurance. At March 31, 2024, the District had real and personal property insurance in the amount of \$1,540,000 and general and pollution liability insurance with an aggregate limit of \$3,000,000 each.
- (D) In accordance with the Series 2023 Defined Area Road Bond Order, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as interest is paid.

Bond interest reserve, beginning of year	\$	-
Additions--Interest appropriated from Series 2023 Defined Area Road bond proceeds		313,925
Deductions--Appropriation from bond interest paid		<u>67,145</u>
Bond interest reserve, end of year	\$	<u><u>246,780</u></u>

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, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.2100 per \$100 of assessed valuation, which resulted in a tax levy of \$1,581,785 on the taxable valuation of \$753,230,910 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Harris County Municipal Utility District No. 248
Notes to Financial Statements
March 31, 2024

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 of the District subject to taxation. During the year ended March 31, 2024, the District did not levy an ad valorem maintenance tax for the Defined Area for the 2023 tax year. 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 \$453,590 in revenues related to the Agreement.

Note 8. 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 Harris County Fresh Water Supply District No. 61 (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 \$415,393 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 a prior year, the District purchased 110 ESFCs from District No. 61 for a total of \$275,000 funded by developer advances.

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 a prior year, the District purchased 116 ESFCs from District No. 61 for a total of \$290,000 funded by developer advances. The rate for water supplied per the agreement was \$0.79 per 1,000 gallons and is subject to adjustment once each year on January 1, by 100% of the increase of the most recently published Consumer Price Index, unless such option to increase is not exercised by District No. 61. As of March 31, 2024, the rate for water supplied per the agreement was \$0.826. During the current year, the District incurred water usage charges of \$125,854.

Note 9. Regional Water Authority

The District is within the boundaries of the North Harris County Regional Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of March 31, 2024, the Authority was billing District No. 61 \$3.60 per 1,000 gallons of water pumped from its wells and sold to the District.

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.

Required Supplementary Information

**Harris County Municipal Utility District No. 248
 Budgetary Comparison Schedule – General Fund
 Year Ended March 31, 2024**

Revenues	Original Budget	Actual	Variance Favorable (Unfavorable)
Property taxes	\$ 1,225,000	\$ 1,489,260	\$ 264,260
City of Houston rebates	425,000	453,590	28,590
Water service	385,687	427,795	42,108
Sewer service	419,628	454,875	35,247
Regional water fee	655,000	603,312	(51,688)
Penalty and interest	30,000	20,254	(9,746)
Tap connection and inspection fees	100,000	-	(100,000)
Investment income	100,000	224,126	124,126
Total revenues	<u>3,340,315</u>	<u>3,673,212</u>	<u>332,897</u>
Expenditures			
Service operations:			
Purchased services	562,000	541,247	20,753
Regional water authority	708,484	607,217	101,267
Professional fees	185,000	169,967	15,033
Contracted services	67,000	123,521	(56,521)
Repairs and maintenance	728,000	767,774	(39,774)
Other expenditures	65,960	78,922	(12,962)
Tap connections	40,000	-	40,000
Capital outlay	-	5,233,588	(5,233,588)
Total expenditures	<u>2,356,444</u>	<u>7,522,236</u>	<u>(5,165,792)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>983,871</u>	<u>(3,849,024)</u>	<u>(4,832,895)</u>
Other Financing Sources			
Interfund transfers in	-	8,564	8,564
Reimbursement from governmental entity	-	5,457,837	5,457,837
Total other financing sources	<u>-</u>	<u>5,466,401</u>	<u>5,466,401</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>983,871</u>	<u>1,617,377</u>	<u>633,506</u>
Fund Balance, Beginning of Year	<u>4,320,093</u>	<u>4,320,093</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,303,964</u>	<u>\$ 5,937,470</u>	<u>\$ 633,506</u>

**Harris County Municipal Utility District No. 248
Budgetary Comparison Schedule – General Fund
Year Ended March 31, 2024**

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 2024.

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, 2024**

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

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 12-24
- [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, 2024

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):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
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:	\$ 3.60	1	N	\$ 3.60	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 \$ 56.75 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	644	x1.0	644
1"	27	26	x2.5	65
1 1/2"	14	14	x5.0	70
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	773	738		1,387
Total wastewater	752	752	x1.0	752

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

Gallons pumped into the system:	157,463
Gallons billed to customers:	160,844
Water accountability ratio (gallons billed/gallons pumped):	102.15%

*"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, 2024

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	22,800	
Legal		96,880	
Engineering		50,287	
Financial advisor		-	169,967
		<u> </u>	
Purchased Services for Resale			
Bulk water and wastewater service purchases			541,247
Regional Water Authority			607,217
Contracted Services			
Bookkeeping		30,802	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		92,719	123,521
		<u> </u>	
Utilities			-
Repairs and Maintenance			767,774
Administrative Expenditures			
Directors' fees		12,827	
Office supplies		13,492	
Insurance		15,938	
Other administrative expenditures		36,665	78,922
		<u> </u>	
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		5,233,588	5,233,588
		<u> </u>	
Debt Service			
Debt defeasance			-
Tap Connection Expenditures			-
Solid Waste Disposal			-
Fire Fighting			-
Parks and Recreation			-
Purchase of Capacity			-
Other Expenditures			-
			<u> </u>
Total expenditures			<u>\$ 7,522,236</u>

Harris County Municipal Utility District No. 248
Schedule of Temporary Investments
March 31, 2024

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
General Fund				
Certificate of Deposit				
No. 5000226496	5.41%	07/17/24	\$ 240,000	\$ 2,632
TexPool	5.34%	Demand	5,508,393	-
			<u>5,748,393</u>	<u>2,632</u>
Debt Service Fund				
Certificates of Deposit				
No. 41206	0.15%	08/10/24	245,000	236
No. 6000007754	5.50%	10/15/24	245,000	6,063
TexPool	5.34%	Demand	3,831,933	-
TexPool	5.34%	Demand	530,942	-
			<u>4,852,875</u>	<u>6,299</u>
Capital Projects Fund				
TexPool	5.34%	Demand	372,733	-
TexPool	5.34%	Demand	174,490	-
			<u>547,223</u>	<u>-</u>
Totals			<u>\$ 11,148,491</u>	<u>\$ 8,931</u>

Harris County Municipal Utility District No. 248
Analysis of Taxes Levied and Receivable
Year Ended March 31, 2024

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 98,398	\$ 158,933
Additions and corrections to prior years' taxes	<u>(100,455)</u>	<u>(143,667)</u>
Adjusted receivable, beginning of year	<u>(2,057)</u>	<u>15,266</u>
2023 Original Tax Levy - Entire District	1,571,288	1,571,288
Additions and corrections	<u>10,497</u>	<u>10,497</u>
Adjusted tax levy	<u>1,581,785</u>	<u>1,581,785</u>
Total to be accounted for	1,579,728	1,597,051
Tax (collections) refunds: Current year	(1,501,294)	(1,501,294)
Prior years	<u>12,034</u>	<u>10,608</u>
Receivable, end of year	<u><u>\$ 90,468</u></u>	<u><u>\$ 106,365</u></u>
Receivable, by Years		
2023	\$ 80,491	\$ 80,491
2022	2,968	4,188
2021	1,370	2,832
2020	1,187	3,012
2019	704	1,994
2018	170	541
2017	3,434	11,865
2016	45	734
2015	9	112
2014	22	99
2013	18	104
2012	17	121
2011	22	117
2010	<u>11</u>	<u>155</u>
Receivable, end of year	<u><u>\$ 90,468</u></u>	<u><u>\$ 106,365</u></u>

**Harris County Municipal Utility District No. 248
 Analysis of Taxes Levied and Receivable (Continued)
 Year Ended March 31, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property Valuations - Entire District				
Land	\$ 131,905,302	\$ 121,452,240	\$ 112,517,983	\$ 86,622,026
Improvements	594,190,342	456,905,159	414,806,647	400,971,051
Personal property	104,577,936	107,603,035	104,892,390	98,093,160
Exemptions	<u>(77,442,670)</u>	<u>(75,678,643)</u>	<u>(58,336,702)</u>	<u>(46,519,989)</u>
 Total property valuations	 <u>\$ 753,230,910</u>	 <u>\$ 610,281,791</u>	 <u>\$ 573,880,318</u>	 <u>\$ 539,166,248</u>
 Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.2100	\$ 0.2700	\$ 0.3100	\$ 0.3300
Maintenance tax rates*	<u>0.2100</u>	<u>0.1900</u>	<u>0.1500</u>	<u>0.1300</u>
 Total tax rates per \$100 valuation	 <u>\$ 0.4200</u>	 <u>\$ 0.4600</u>	 <u>\$ 0.4600</u>	 <u>\$ 0.4600</u>
 Tax Levy	 <u>\$ 3,163,570</u>	 <u>\$ 2,807,296</u>	 <u>\$ 2,639,849</u>	 <u>\$ 2,480,165</u>
 Percent of Taxes Collected to Taxes Levied**	 <u>95%</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
Analysis of Taxes Levied and Receivable (Continued)
Year Ended March 31, 2024

	Defined Area Debt Service Taxes
	<u> </u>
Receivable, Beginning of Year	\$ <u> </u> -
2023 Original Tax Levy - Defined Area	243,727
Additions and corrections	<u> </u> 4,846
Adjusted tax levy	<u> </u> 248,573
Total to be accounted for	248,573
Current year tax collections	<u> </u> (248,573)
Receivable, end of year	<u> </u> \$ <u> </u> -
Receivable, by Years	
2023	<u> </u> \$ <u> </u> -

**Harris County Municipal Utility District No. 248
 Analysis of Taxes Levied and Receivable (Continued)
 Year Ended March 31, 2024**

	<u>2023</u>
Property Valuations - Defined Area	
Land	\$ 24,548,991
Improvements	44,171,000
Personal property	1,346,258
Exemptions	<u>(1,018,060)</u>
 Total property valuations	 <u>\$ 69,048,189</u>
 Tax Rates per \$100 Valuation	
Debt service tax rate	 <u>\$ 0.3600</u>
 Tax Levy	 <u>\$ 248,573</u>
 Percent of Taxes Collected to Taxes Levied*	 <u>100%</u>

*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, 2024

Due During Fiscal Years Ending March 31	Series 2015		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 240,000	\$ 110,441	\$ 350,441
2026	255,000	104,494	359,494
2027	265,000	97,663	362,663
2028	280,000	90,169	370,169
2029	290,000	82,331	372,331
2030	305,000	73,769	378,769
2031	320,000	64,394	384,394
2032	340,000	54,494	394,494
2033	355,000	44,069	399,069
2034	375,000	32,884	407,884
2035	390,000	20,688	410,688
2036	410,000	7,175	417,175
Totals	<u>\$ 3,825,000</u>	<u>\$ 782,571</u>	<u>\$ 4,607,571</u>

Harris County Municipal Utility District No. 248
Schedule of Long-Term Debt Service Requirements by Years (Continued)
March 31, 2024

Due During Fiscal Years Ending March 31	Refunding Series 2016		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 785,000	\$ 116,365	\$ 901,365
2026	815,000	97,886	912,886
2027	835,000	78,829	913,829
2028	865,000	59,194	924,194
2029	895,000	38,866	933,866
2030	605,000	21,541	626,541
2031	630,000	7,277	637,277
Totals	<u>\$ 5,430,000</u>	<u>\$ 419,958</u>	<u>\$ 5,849,958</u>

Harris County Municipal Utility District No. 248
Schedule of Long-Term Debt Service Requirements by Years (Continued)
March 31, 2024

Due During Fiscal Years Ending March 31	Refunding Series 2017		
	Principal Due September 1	Interest Due September 1, March 1	Total
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>\$ 1,965,000</u>	<u>\$ 169,271</u>	<u>\$ 2,134,271</u>

Harris County Municipal Utility District No. 248
Schedule of Long-Term Debt Service Requirements by Years (Continued)
March 31, 2024

Due During Fiscal Years Ending March 31	Series 2022		
	Principal Due September 1	Interest Due September 1, March 1	Total
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	\$ 5,545,000	\$ 3,799,781	\$ 9,344,781

Harris County Municipal Utility District No. 248
Schedule of Long-Term Debt Service Requirements by Years (Continued)
March 31, 2024

Due During Fiscal Years Ending March 31	Defined Area Road Series 2023		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ -	\$ 313,925	\$ 313,925
2026	115,000	311,338	426,338
2027	120,000	306,050	426,050
2028	130,000	300,100	430,100
2029	140,000	293,350	433,350
2030	145,000	286,225	431,225
2031	155,000	278,725	433,725
2032	165,000	270,725	435,725
2033	175,000	262,225	437,225
2034	185,000	253,225	438,225
2035	195,000	243,725	438,725
2036	205,000	233,469	438,469
2037	220,000	222,312	442,312
2038	235,000	210,369	445,369
2039	245,000	197,769	442,769
2040	260,000	184,187	444,187
2041	275,000	169,475	444,475
2042	295,000	153,800	448,800
2043	310,000	137,162	447,162
2044	330,000	119,563	449,563
2045	350,000	100,862	450,862
2046	370,000	81,063	451,063
2047	395,000	60,025	455,025
2048	415,000	37,231	452,231
2049	440,000	12,650	452,650
Totals	<u>\$ 5,870,000</u>	<u>\$ 5,039,550</u>	<u>\$ 10,909,550</u>

Harris County Municipal Utility District No. 248
Schedule of Long-Term Debt Service Requirements by Years (Continued)
March 31, 2024

Due During Fiscal Years Ending March 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 1,400,000	\$ 841,668	\$ 2,241,668
2026	1,575,000	802,262	2,377,262
2027	1,625,000	758,207	2,383,207
2028	1,700,000	711,638	2,411,638
2029	1,765,000	663,371	2,428,371
2030	1,515,000	617,197	2,132,197
2031	1,585,000	572,301	2,157,301
2032	680,000	536,607	1,216,607
2033	715,000	510,366	1,225,366
2034	755,000	482,222	1,237,222
2035	790,000	451,897	1,241,897
2036	830,000	418,806	1,248,806
2037	445,000	390,574	835,574
2038	470,000	368,134	838,134
2039	490,000	344,281	834,281
2040	520,000	318,705	838,705
2041	545,000	291,406	836,406
2042	580,000	262,371	842,371
2043	610,000	231,474	841,474
2044	645,000	198,688	843,688
2045	680,000	163,862	843,862
2046	715,000	127,188	842,188
2047	760,000	88,400	848,400
2048	800,000	46,856	846,856
2049	440,000	12,650	452,650
Totals	\$ 22,635,000	\$ 10,211,131	\$ 32,846,131

Harris County Municipal Utility District No. 248
Changes in Long-Term Bonded Debt Service
March 31, 2024

Bond

	Series 2015	Refunding Series 2016
Interest rates	2.00% to 3.50%	2.31%
Dates interest payable	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2024/2035	September 1, 2024/2030
Bonds outstanding, beginning of current year	\$ 4,055,000	\$ 6,195,000
Bonds sold during current year	-	-
Retirements, principal	230,000	765,000
Bonds outstanding, end of current year	\$ 3,825,000	\$ 5,430,000
Interest paid during current year	\$ 115,674	\$ 134,269

Paying agent's name and address:

- 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
- Series 2023** - Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas

Bond authority:

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

Debt service fund cash and temporary investment balances as of March 31, 2024: \$ 4,957,642

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,313,845

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	\$ 5,870,000	-
Remaining authorization to be issued	\$ 5,830,000	\$ 11,700,000

Issues

<u>Refunding Series 2017</u>	<u>Series 2022</u>	<u>Defined Area Road Series 2023</u>	<u>Totals</u>
2.36%	4.00% to 5.00%	4.50% to 5.75%	
September 1/ March 1	September 1/ March 1	September 1/ March 1	
September 1, 2024/2030	September 1, 2024/2047	September 1, 2025/2048	
\$ 2,200,000	\$ 5,660,000	\$ -	\$ 18,110,000
-	-	5,870,000	5,870,000
<u>235,000</u>	<u>115,000</u>	<u>-</u>	<u>1,345,000</u>
<u>\$ 1,965,000</u>	<u>\$ 5,545,000</u>	<u>\$ 5,870,000</u>	<u>\$ 22,635,000</u>
<u>\$ 49,147</u>	<u>\$ 263,513</u>	<u>\$ 67,145</u>	<u>\$ 629,748</u>

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

	Amounts				
	2024	2023	2022	2021	2020
General Fund					
Revenues					
Property taxes	\$ 1,489,260	\$ 1,174,693	\$ 789,070	\$ 666,209	\$ 558,315
City of Houston rebates	453,590	475,582	430,074	363,193	426,745
Water service	427,795	355,283	311,216	351,190	384,315
Sewer service	454,875	420,744	362,045	368,370	413,733
Regional water fee	603,312	709,036	604,393	551,051	586,029
Penalty and interest	20,254	38,475	14,409	18,144	17,340
Tap connection and inspection fees	-	220,222	2,040	2,040	1,910
Investment income	224,126	76,838	1,531	7,154	56,182
Total revenues	3,673,212	3,470,873	2,514,778	2,327,351	2,444,569
Expenditures					
Service operations:					
Purchased services	541,247	567,577	507,160	487,332	558,489
Regional water authority	607,217	730,544	625,982	568,072	595,880
Professional fees	169,967	186,886	175,225	226,845	176,423
Contracted services	123,521	117,561	98,031	107,169	104,199
Repairs and maintenance	767,774	651,253	475,897	441,500	271,431
Other expenditures	78,922	62,540	61,811	72,964	46,968
Tap connections	-	60,550	10,028	9,443	-
Capital outlay	5,233,588	20,341	538,603	528,738	381,375
Purchase of capacity	-	-	565,000	-	-
Debt service, debt issuance costs	-	-	21,250	-	-
Total expenditures	7,522,236	2,397,252	3,078,987	2,442,063	2,134,765
Excess (Deficiency) of Revenues Over Expenditures	(3,849,024)	1,073,621	(564,209)	(114,712)	309,804
Other Financing Sources					
Interfund transfers in	8,564	70,000	-	-	-
Reimbursement from governmental entity	5,457,837	-	-	-	-
Developer advances received	-	-	565,000	-	-
Total other financing sources	5,466,401	70,000	565,000	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,617,377	1,143,621	791	(114,712)	309,804
Fund Balance, Beginning of Year	4,320,093	3,176,472	3,175,681	3,290,393	2,980,589
Fund Balance, End of Year	\$ 5,937,470	\$ 4,320,093	\$ 3,176,472	\$ 3,175,681	\$ 3,290,393
Total Active Retail Water Connections	738	735	720	715	726
Total Active Retail Wastewater Connections	752	751	737	736	735

Percent of Fund Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
40.5 %	33.8 %	31.4 %	28.6 %	22.8 %
12.4	13.7	17.1	15.6	17.5
11.6	10.3	12.4	15.1	15.7
12.4	12.1	14.4	15.8	16.9
16.4	20.4	24.0	23.7	24.0
0.6	1.1	0.5	0.8	0.7
-	6.4	0.1	0.1	0.1
6.1	2.2	0.1	0.3	2.3
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
14.7	16.4	20.2	20.9	22.8
16.5	21.0	24.9	24.4	24.4
4.6	5.4	7.0	9.8	7.2
3.4	3.4	3.9	4.6	4.3
20.9	18.8	18.9	19.0	11.1
2.2	1.8	2.4	3.1	1.9
-	1.7	0.4	0.4	-
142.5	0.6	21.4	22.7	15.6
-	-	22.5	-	-
-	-	0.8	-	-
<u>204.8</u>	<u>69.1</u>	<u>122.4</u>	<u>104.9</u>	<u>87.3</u>
<u>(104.8) %</u>	<u>30.9 %</u>	<u>(22.4) %</u>	<u>(4.9) %</u>	<u>12.7 %</u>

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

	Amounts				
	2024	2023	2022	2021	2020
Debt Service Fund					
Revenues					
Property taxes	\$ 1,490,686	\$ 1,668,158	\$ 1,627,108	\$ 1,720,508	\$ 1,568,534
Defined Area property taxes	248,573	-	-	-	-
Penalty and interest	52,460	13,389	16,933	9,590	4,066
Investment income	195,622	87,057	2,087	8,536	64,492
Total revenues	1,987,341	1,768,604	1,646,128	1,738,634	1,637,092
Expenditures					
Current:					
Professional fees	21,677	2,913	8,891	17,345	3,530
Contracted services	48,318	39,329	37,169	36,152	35,148
Other expenditures	8,545	2,713	5,887	2,635	4,753
Debt service:					
Principal retirement	1,345,000	1,190,000	1,145,000	1,100,000	1,055,000
Interest and fees	631,397	390,066	365,447	387,655	414,169
Total expenditures	2,054,937	1,625,021	1,562,394	1,543,787	1,512,600
Excess (Deficiency) of Revenues Over Expenditures	(67,596)	143,583	83,734	194,847	124,492
Other Financing Sources (Uses)					
Interfund transfers out	(8,564)	-	-	-	-
General obligation bonds issued	313,925	-	-	-	-
Total other financing sources	305,361	-	-	-	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	237,765	143,583	83,734	194,847	124,492
Fund Balance, Beginning of Year	4,815,489	4,671,906	4,588,172	4,393,325	4,268,833
Fund Balance, End of Year	\$ 5,053,254	\$ 4,815,489	\$ 4,671,906	\$ 4,588,172	\$ 4,393,325

Percent of Fund Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
75.0 %	94.3 %	98.9 %	99.0 %	95.8 %
12.5	-	-	-	-
2.6	0.8	1.0	0.5	0.3
9.9	4.9	0.1	0.5	3.9
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
1.1	0.2	0.5	1.0	0.2
2.4	2.2	2.2	2.1	2.2
0.4	0.1	0.4	0.1	0.3
67.7	67.3	69.6	63.3	64.4
<u>31.8</u>	<u>22.1</u>	<u>22.2</u>	<u>22.3</u>	<u>25.3</u>
<u>103.4</u>	<u>91.9</u>	<u>94.9</u>	<u>88.8</u>	<u>92.4</u>
<u>(3.4) %</u>	<u>8.1 %</u>	<u>5.1 %</u>	<u>11.2 %</u>	<u>7.6 %</u>

**Harris County Municipal Utility District No. 248
Board Members, Key Personnel and Consultants
Year Ended March 31, 2024**

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):	May 16, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected & Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
A. Richard Wilson	Elected 05/20- 05/24	\$ 2,447	\$ 720	President
Marie Godard	Elected 05/20- 05/24	2,668	780	Vice President
Long Nguyen	Elected 05/20- 05/24	2,226	660	Secretary
Richard Ford	Elected 05/22- 05/26	2,447	720	Director
Deddric T. Wilmer	Elected 05/22- 05/26	3,039	780	Director

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

**Harris County Municipal Utility District No. 248
Board Members, Key Personnel and Consultants (Continued)
Year Ended March 31, 2024**

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Equi-Tax Inc.	05/06/85	\$ 29,899	Tax Assessor/ Collector
FORVIS, LLP	11/25/86	47,100	Auditor
Harris Central Appraisal District	Legislative Action	25,586	Appraiser
Harris County FWSD No. 61	04/96	250,940	Operator
LJA Engineering, Inc.	06/27/84	75,287	Engineer
McLennan & Associates	06/14/23	29,282	Bookkeeper
Municipal Business Services, Inc.	10/18/84	5,254	Former Bookkeeper
RBC Capital Markets, LLC	08/29/91	213,169	Financial Advisor
Smith, Murdaugh, Little & Bonham, L.L.P.	06/27/84	118,558 153,623	General Counsel Bond Counsel
Investment Officer			
Jorge Diaz	08/09/23	N/A	Bookkeeper