

HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 249
HARRIS COUNTY, TEXAS
ANNUAL AUDIT REPORT
DECEMBER 31, 2020

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April 15, 2021

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 249
Harris County, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Harris County Municipal Utility District No. 249, as of and for the year ended December 31, 2020, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Harris County Municipal Utility District No. 249 as of December 31, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 8, the Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 21 and the Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, Special Revenue Fund, on Page 22 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 23 to 40 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in black ink, appearing to read "M. G. J.", is located at the bottom right of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Harris County Municipal Utility District No. 249 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2020.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. 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. In the District's case, the single governmental program is provision of water, sewer and drainage services. Other activities, such as garbage collection and security services, 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 and liabilities owned by 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 total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' 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. 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 period.

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

Fund Financial Statements

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

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change 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 and sewer 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 total assets and total liabilities 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 are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the 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.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. The financial objective for the Special Revenue Fund is to insure that the expenditures in the funds are billed to the participants in accordance with the contract. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 8,744,516	\$ 8,010,193	\$ 734,323
Capital assets	13,388,464	13,528,538	(140,074)
Total assets	<u>22,132,980</u>	<u>21,538,731</u>	<u>594,249</u>
Long-term liabilities	5,940,837	6,874,394	(933,557)
Other liabilities	1,310,566	1,293,702	16,864
Total liabilities	<u>7,251,403</u>	<u>8,168,096</u>	<u>(916,693)</u>
Total deferred inflows of resources	<u>2,317,868</u>	<u>2,303,071</u>	<u>14,797</u>
Net position:			
Invested in capital assets, net of related debt	6,514,070	5,746,777	767,293
Restricted	713,474	697,038	16,436
Unrestricted	5,336,165	4,623,749	712,416
Total net position	<u>\$ 12,563,709</u>	<u>\$ 11,067,564</u>	<u>\$ 1,496,145</u>

Summary of Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 2,263,084	\$ 2,205,264	\$ 57,820
Charges for services	1,546,888	1,264,510	282,378
Sales and Use Taxes	549,250	593,282	(44,032)
Other revenues	76,553	136,993	(60,440)
Total revenues	<u>4,435,775</u>	<u>4,200,049</u>	<u>235,726</u>
Expenses:			
Service operations	2,718,738	2,422,737	296,001
Debt service	220,892	261,536	(40,644)
Total expenses	<u>2,939,630</u>	<u>2,684,273</u>	<u>255,357</u>
Change in net position	1,496,145	1,515,776	(19,631)
Net position, beginning of year	<u>11,067,564</u>	<u>9,551,788</u>	<u>1,515,776</u>
Net position, end of year	<u>\$ 12,563,709</u>	<u>\$ 11,067,564</u>	<u>\$ 1,496,145</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2020, were \$6,159,340, an increase of \$705,355 from the prior year.

The General Fund balance increased by \$705,313, in accordance with the District's financial plan.

The Special Revenue Fund balance increased by \$6,226 due to the increase in the operating reserve.

The Debt Service Fund balance decreased by \$6,184, in accordance with the District's financial plan.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 21 of this report. The budgetary fund balance as of December 31, 2020, was expected to be \$4,206,502 and the actual end of year fund balance was \$5,320,012.

Capital Asset and Debt Administration

Capital Assets

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Land and easements	\$ 1,555,730	\$ 1,398,820	\$ 156,910
Construction in progress	38,357	0	38,357
Detention ponds	2,827,315	2,827,315	0
Water facilities	2,667,719	2,799,379	(131,660)
Sewer facilities	4,265,622	4,393,500	(127,878)
Drainage facilities	<u>2,033,721</u>	<u>2,109,524</u>	<u>(75,803)</u>
Totals	<u>\$ 13,388,464</u>	<u>\$ 13,528,538</u>	<u>\$ (140,074)</u>

Changes to capital assets during the fiscal year ended December 31, 2020, are summarized as follows:

Additions:		
Land and easement acquisition		\$ 156,910
Sewer system improvements		2,533
Water system improvements		15,237
Engineering for detention pond		30,190
Improvements to wastewater treatment plant		<u>54,086</u>
Total additions to capital assets		258,956
Decreases:		
Depreciation		<u>(399,030)</u>
Net change to capital assets		<u>\$ (140,074)</u>

Debt

Changes in the bonded debt position of the District during the fiscal year ended December 31, 2020, are summarized as follows:

Bonded debt payable, beginning of year	\$ 7,390,000
Bonds paid	<u>(845,000)</u>
Bonded debt payable, end of year	<u>\$ 6,545,000</u>

At December 31, 2020, the District had \$2,475,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District has an underlying rating of A- from Standard & Poor's. The Series 2010, 2012 and 2015 bonds are insured by Assured Guaranty Municipal Corp. The Series 2013 bonds are insured by Build America Mutual Assurance Company. The insured rating of the outstanding bonds is AA by Standard & Poor's. There was no change in the bond ratings during the fiscal year ended December 31, 2020.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$8,470,000 for the 2020 tax year (about 3%), primarily due to the increase of the average assessed valuations on existing property.

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 a City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City, except as set forth below. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

Utilizing a provision of Texas law, the City and the District entered into a Strategic Partnership Agreement ("SPA") effective as of April 10, 2003. The SPA provides for the limited purpose annexation of certain developed commercial tracts within the District into the City for the limited purposes of imposition of the City's Sales and Use Tax, certain municipal court jurisdictions, and health inspection services and enforcement. No other City services are provided. The properties made subject to the SPA may not be taxed for ad valorem purposes by the City. Additional properties may become subject to the SPA by amending the SPA upon the consent of the City and the District. The City pays the District an amount equal to 50 percent of all Sales and Use Tax revenues generated from the properties subject to the SPA. The term of the SPA is 30 years. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

The City has imposed a Sales and Use Tax within the boundaries of the portion of the District noted above. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within said area and received by the City from the Comptroller of Public Accounts of the State of Texas.

Water Supply Issues

The District is located within the boundaries of the Harris-Galveston Subsidence District ("Subsidence District") and the North Harris County Regional Water Authority ("NHCRWA"). The NHCRWA was created to provide for conversion of the area within its boundaries from groundwater usage to alternative sources of water supply (e.g., surface water) as required by regulations of the Subsidence District. The NHCRWA covers an area located in northern Harris County and adjacent to the City of Houston. Pursuant to an order of the Subsidence District and the NHCRWA's Groundwater Reduction Plan (as approved by the Subsidence District), the area within the boundaries of the NHCRWA must be converted to at least 30% alternate source (e.g., surface) water use by 2010, 60% alternate source water use by 2025, and 80% alternate source water use by 2035. To implement the required conversion to alternate source water use in accordance with such schedule, the NHCRWA is in the process of designing and constructing and will operate a network of transmission and distribution lines, storage tanks, and pumping stations to transport and distribute water within the NHCRWA (the "NHCRWA System"). In addition, the NHCRWA has entered into a water supply contract to secure a long-term supply of treated surface water from the City of Houston.

The District is subject to the NHCRWA's Groundwater Reduction Plan. The NHCRWA, as part of the plan of financing the NHCRWA System, has elected to allow districts, such as the District, to participate in a pro-rata share of the costs associated with the acquisition and construction of the NHCRWA System (including the costs associated with the acquisition of alternate sources of water supply) by issuing its own debt or using cash on hand, entitling the District to a future credit against pumpage fees due to the NHCRWA. The District has not elected this financing option. As a result, the District has elected to pay its share in the NHCRWA System costs over time through payment of levied pumpage fees to the NHCRWA. The District may be required by the NHCRWA to participate in the groundwater conversion project by converting to surface water some time after January 1, 2010. Noncompliance with the NHCRWA's Groundwater Reduction Plan or nonparticipation in the NHCRWA's surface water conversion project could result in the District's exclusion from the NHCRWA's Groundwater Reduction Plan and assessment of the Subsidence District's disincentive fee against groundwater pumped from wells located within the District.

Groundwater pumped from wells located within the District is not currently subject to the Subsidence District's groundwater disincentive fee. However, groundwater pumped from wells located within the District is subject to a per 1,000 gallon pumpage fee that is assessed and collected by the NHCRWA pursuant to the NHCRWA's Pumpage Fee Order. At December 31, 2020, the pumpage fee was equal to \$4.25 per 1,000 gallons pumped, and is expected to increase in the future. At December 31, 2020, the Authority's surface water usage fee was equal to \$4.70 per 1,000 gallons, and is expected to increase in the future. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to finance the acquisition and construction of surface water infrastructure (whether such costs are incurred directly by the District or through projects undertaken by the NHCRWA). The NHCRWA has sold bonds to finance a portion of the costs related to the design, acquisition and construction of the NHCRWA System. The NHCRWA bonds are secured by revenues of the NHCRWA, including the pumpage fee.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

DECEMBER 31, 2020

	General	Special Revenue Fund	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS							
Cash, including interest-bearing accounts, Note 7	\$ 209,259	\$ 68,225	\$ 1,101,299	\$	\$ 1,378,783	\$	\$ 1,378,783
Certificates of deposit, at cost, Note 7	2,400,000		480,000		2,880,000		2,880,000
Temporary investments, at cost, Note 7	2,556,927		290,431		2,847,358		2,847,358
Receivables:							
Property taxes	581,156		618,779		1,199,935		1,199,935
Accrued penalty and interest on property taxes					0	17,056	17,056
Service accounts	82,518				82,518		82,518
Sales and Use Taxes, Note 11	217,334				217,334		217,334
Accrued interest	14,943		5,082		20,025		20,025
Other	13,302				13,302		13,302
Due from participant in sewage treatment plant		18,038			18,038		18,038
Maintenance taxes collected not yet transferred from other fund	519,335				519,335	(519,335)	0
Due from other fund		17,082			17,082	(17,082)	0
Prepaid expenditures	70,167				70,167		70,167
Operating reserve at sewage treatment plant, Note 9	59,049				59,049	(59,049)	0
Capital assets, net of accumulated depreciation, Note 4:							
Capital assets not being depreciated					0	4,421,402	4,421,402
Depreciable capital assets					0	8,967,062	8,967,062
Total assets	\$ 6,723,990	\$ 103,345	\$ 2,495,591	\$ 0	\$ 9,322,926	12,810,054	22,132,980
LIABILITIES							
Accounts payable	\$ 106,995	\$ 22,456	\$ 5,129	\$	\$ 134,580		134,580
Accrued interest payable					0	86,059	86,059
Customer and builder deposits	134,530				134,530		134,530
Maintenance taxes collected not yet transferred to other fund			519,335		519,335	(519,335)	0
Due to other fund	17,082				17,082	(17,082)	0
Other district's equity in joint venture					0	21,840	21,840
Long-term liabilities, Note 5:							
Due within one year					0	933,557	933,557
Due in more than one year					0	5,940,837	5,940,837
Total liabilities	258,607	22,456	524,464	0	805,527	6,445,876	7,251,403
DEFERRED INFLOWS OF RESOURCES							
Property tax revenues	1,145,371	0	1,212,688	0	2,358,059	(40,191)	2,317,868
FUND BALANCES / NET POSITION							
Fund balances:							
Restricted for:							
Operating reserve at sewage treatment plant, Note 9	59,049				59,049	(59,049)	0
Assigned to:							
Debt service			758,439		758,439	(758,439)	0
Operating reserve at sewage treatment plant, Note 9		80,889			80,889	(80,889)	0
Unassigned	5,260,963				5,260,963	(5,260,963)	0
Total fund balances	5,320,012	80,889	758,439	0	6,159,340	(6,159,340)	0
Total liabilities, deferred inflows, and fund balances	\$ 6,723,990	\$ 103,345	\$ 2,495,591	\$ 0	\$ 9,322,926		
Net position:							
Invested in capital assets, net of related debt						6,514,070	6,514,070
Restricted for debt service						713,474	713,474
Unrestricted						5,336,165	5,336,165
Total net position						\$ 12,563,709	\$ 12,563,709

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES							
Property taxes	\$ 1,089,166		\$ 1,146,498		\$ 2,235,664	\$ 14,484	\$ 2,250,148
Water service	334,545				334,545		334,545
Sewer service	329,233				329,233		329,233
Surface water fees, Note 10	584,165				584,165		584,165
From participants in plant		376,942			376,942	(272,957)	103,985
Penalty and interest	25,373		8,838		34,211	4,098	38,309
Tap connection and inspection fees	154,301				154,301		154,301
Sales and Use Taxes, Note 11	549,250				549,250		549,250
Interest on deposits and investments	60,435	71	16,047		76,553		76,553
Other revenues	15,286				15,286		15,286
Total revenues	3,141,754	377,013	1,171,383	0	4,690,150	(254,375)	4,435,775
EXPENDITURES / EXPENSES							
Service operations:							
Purchased sewer services, Note 9	233,474				233,474	(233,474)	0
Professional fees	165,125	2,416	2,772		170,313		170,313
Contracted services	112,463	40,979	28,399		181,841		181,841
Utilities	62,057	27,163			89,220		89,220
Surface water pumpage fees, Note 10	580,759				580,759		580,759
Repairs and maintenance	262,298	124,351			386,649		386,649
Other operating expenditures	41,089	112,821			153,910		153,910
Security service	359,935				359,935		359,935
Garbage disposal	172,802				172,802		172,802
Administrative expenditures	61,439	15,197	6,996		83,632		83,632
Depreciation					0	399,030	399,030
Capital outlay / non-capital outlay	385,000	54,086			439,086	(298,439)	140,647
Debt service:							
Principal retirement			845,000		845,000	(845,000)	0
Interest and fees			294,400		294,400	(73,508)	220,892
Total expenditures / expenses	2,436,441	377,013	1,177,567	0	3,991,021	(1,051,391)	2,939,630
Excess (deficiency) of revenues over expenditures	705,313	0	(6,184)	0	699,129	797,016	1,496,145
OTHER FINANCING SOURCES (USES)							
Increase in operating reserve	0	6,226	0	0	6,226	(6,226)	0
Net change in fund balances / net position	705,313	6,226	(6,184)	0	705,355	790,790	1,496,145
Beginning of year	4,614,699	74,663	764,623	0	5,453,985	5,613,579	11,067,564
End of year	<u>\$ 5,320,012</u>	<u>\$ 80,889</u>	<u>\$ 758,439</u>	<u>\$ 0</u>	<u>\$ 6,159,340</u>	<u>\$ 6,404,369</u>	<u>\$ 12,563,709</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE 1: REPORTING ENTITY

Harris County Municipal Utility District No. 249 (the "District") was created by an order of the Texas Water Commission (now the Texas Commission on Environmental Quality) effective January 30, 1985, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

The District is the owner and manager of the Harris County Municipal Utility District No. 249 Wastewater Treatment Plant (the "Plant"). Oversight of the Plant is exercised by the Board of Directors of the District and financial activity of the Plant has been included as a component unit in the financial statements of the District. The Plant's General Fund has been reported as the Special Revenue Fund of the District. Transactions with this joint venture are described in Note 9.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Special Revenue Fund -- To account for all revenues and expenditures of the general operations of the Harris County Municipal Utility District No. 249 Sewage Treatment Plant.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, 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 expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 6,159,340
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets, net		13,388,464
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (6,545,000)	
Deferred charge on refunding (to be amortized as interest expense)	37,621	
Issuance premium, net of discount (to be amortized as interest expense)	<u>(367,015)</u>	(6,874,394)
The assets in the special revenue fund are owned by the District and other participants in the joint venture:		
The District's equity	(59,049)	
Other district's equity	<u>(21,840)</u>	(80,889)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	17,056	
Uncollected property taxes	<u>40,191</u>	57,247
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(86,059)</u>
Net position, end of year		<u>\$ 12,563,709</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ 705,355
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 258,956	
Depreciation	<u>(399,030)</u>	(140,074)
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Principal reduction		845,000
<p>The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Refunding charges	(12,188)	
Issuance premium, net of discount	<u>74,555</u>	62,367
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	4,098	
Uncollected property taxes	<u>14,484</u>	18,582
<p>Changes in the special revenue fund balance are due to contributions from, and distributions to, participants in the joint venture</p>		
		(6,226)
<p>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 the funds:</p>		
Accrued and accreted interest		<u>11,141</u>
Change in net position		<u>\$ 1,496,145</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,398,820	\$ 156,910	\$	\$ 1,555,730
Detention ponds	2,827,315			2,827,315
Construction in progress	<u>0</u>	<u>38,357</u>		<u>38,357</u>
Total capital assets not being depreciated	<u>4,226,135</u>	<u>195,267</u>	<u>0</u>	<u>4,421,402</u>
Depreciable capital assets:				
Water system	5,052,480	7,070		5,059,550
Sewer system	7,158,971	56,619		7,215,590
Drainage system	<u>3,405,448</u>			<u>3,405,448</u>
Total depreciable capital assets	<u>15,616,899</u>	<u>63,689</u>	<u>0</u>	<u>15,680,588</u>
Less accumulated depreciation for:				
Water system	(2,253,101)	(138,730)		(2,391,831)
Sewer system	(2,765,471)	(184,497)		(2,949,968)
Drainage system	<u>(1,295,924)</u>	<u>(75,803)</u>		<u>(1,371,727)</u>
Total accumulated depreciation	<u>(6,314,496)</u>	<u>(399,030)</u>	<u>0</u>	<u>(6,713,526)</u>
Total depreciable capital assets, net	<u>9,302,403</u>	<u>(335,341)</u>	<u>0</u>	<u>8,967,062</u>
Total capital assets, net	<u>\$ 13,528,538</u>	<u>\$ (140,074)</u>	<u>\$ 0</u>	<u>\$ 13,388,464</u>
Changes to capital assets:				
Capital outlay		\$ 258,956	\$	
Less depreciation expense for the fiscal year		<u>(399,030)</u>		
Net increases / decreases to capital assets		<u>\$ (140,074)</u>	<u>\$ 0</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 7,390,000	\$	\$ 845,000	\$ 6,545,000	\$ 880,000
Deferred amounts:					
For issuance (discounts) premium	441,570		74,555	367,015	63,938
For refunding	<u>(49,809)</u>		<u>(12,188)</u>	<u>(37,621)</u>	<u>(10,381)</u>
Total bonds payable	<u>7,781,761</u>	<u>0</u>	<u>907,367</u>	<u>6,874,394</u>	<u>933,557</u>
Total long-term liabilities	<u>\$ 7,781,761</u>	<u>\$ 0</u>	<u>\$ 907,367</u>	<u>\$ 6,874,394</u>	<u>\$ 933,557</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Developer Construction Commitments and Liabilities

At December 31, 2020, there were no developer construction commitments or liabilities.

As of December 31, 2020, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 880,000	\$ 258,175	\$ 1,138,175
2022	930,000	223,350	1,153,350
2023	1,085,000	186,400	1,271,400
2024	1,070,000	144,500	1,214,500
2025	675,000	103,200	778,200
2026 - 2030	<u>1,905,000</u>	<u>211,000</u>	<u>2,116,000</u>
	<u>\$ 6,545,000</u>	<u>\$ 1,126,625</u>	<u>\$ 7,671,625</u>
Tax and refunding bonds voted			\$ 25,000,000
Tax and refunding bonds approved for sale and sold			22,525,000
Tax and refunding bonds voted and not issued			2,475,000

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

The bond issues payable at December 31, 2020, were as follows:

	<u>Refunding Series 2010</u>
Amounts outstanding, December 31, 2020	\$180,000
Interest rates	4.00%
Maturity dates, serially beginning/ending	September 1, 2021/2023
Interest payment dates	March 1/September 1
Callable dates	September 1, 2019*

*Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>Refunding Series 2012</u>	<u>Refunding Series 2013</u>	<u>Refunding Series 2015</u>
Amounts outstanding, December 31, 2020	\$2,510,000	\$1,785,000	\$2,070,000
Interest rates	4.00%	4.00%	2.50% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2021/2025	September 1, 2021/2026	September 1, 2021/2030
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	September 1, 2020*	September 1, 2021*	September 1, 2023*

*Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District.

NOTE 6: PROPERTY TAXES

The Harris County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

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 and the cost of assessing and collecting taxes.

At an election held March 23, 1985, the voters within the District authorized a maintenance tax not to exceed \$0.75 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On October 15, 2020, the District levied the following ad valorem taxes for the 2020 tax year and the 2021 fiscal year on the adjusted taxable valuation of \$297,162,567:

	<u>Rate</u>	<u>Amount</u>
Debt service	\$ 0.4000	\$ 1,188,650
Maintenance	<u>0.3800</u>	<u>1,129,218</u>
	<u>\$ 0.7800</u>	<u>\$ 2,317,868</u>

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2020 tax year total property tax levy	\$ 2,317,868
2020 tax year total property tax levy deferred to 2021 fiscal year	(2,317,868)
2019 tax year total property tax levy deferred to 2020 fiscal year	2,303,070
Appraisal district adjustments to prior year taxes	<u>(52,922)</u>
Statement of Activities property tax revenues	<u>\$ 2,250,148</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and Texas CLASS, a private sector local government investment pool. Texas CLASS is rated AAAM by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was \$4,258,783 and the bank balance was \$3,656,680. Of the bank balance, \$3,380,000 was covered by federal insurance, \$98,098 was covered by a letter of credit in favor of the District issued by the Federal Home Loan Bank of Atlanta, and \$178,582 was covered by the market value of collateral held by the District's custodial bank in the District's name. The market value of collateral was reported to the District by the depository.

At the balance sheet date the carrying value and market value of the investments in Texas CLASS was \$2,847,358.

Deposits restricted by state statutes and the Bond Orders:

Debt Service Fund

For payment of debt principal and interest,
paying agent fees and costs of assessing and
collecting taxes:

Cash	\$ 1,101,299
Certificates of deposit	480,000
Temporary investments	<u>290,431</u>
	<u>\$ 1,871,730</u>

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At December 31, 2020, the District had physical damage and boiler and machinery coverage of \$8,980,000, comprehensive general liability coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, pollution liability coverage of \$1,000,000, umbrella liability coverage of \$1,000,000, automobile liability coverage of \$1,000,000, consultant's crime coverage of \$10,000 and a tax assessor-collector bond of \$10,000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 9: CONTRACT WITH OTHER DISTRICT

The District is the owner and manager of the Harris County Municipal Utility District No. 249 Wastewater Treatment Plant (the "Plant"). Effective February 17, 2000, as amended August 14, 2002 and April 10, 2006, Harris County Municipal Utility District No. 249 and Harris County Water Control and Improvement District No. 110 entered into a Waste Disposal Agreement (the "Agreement"). The term of the Agreement is 50 years. At December 31, 2020, ownership of each participating district's operating capacity in the Plant was as follows: Harris County Municipal Utility District No. 249 -- 73.0%; Harris County Water Control and Improvement District No. 110 -- 27.0%. Oversight of the Plant is exercised by the Board of Directors of the District and financial activity of the Plant has been included in the financial statements of the District. The Plant's General Fund has been reported as the Special Revenue Fund of the District. Construction costs of the Plant are funded by the contribution of funds from each participating district. Expansion costs of the Plant are to be based upon each participant's share of the expansion. The Plant issues no debt.

Each participant is responsible only for its share of the operating costs of the Plant. Participants are billed a monthly amount which is based upon actual costs incurred during the prior month as allocated based upon capacity owned and the number of equivalent connections within each participating district. The District has contributed \$59,049 of the Plant's \$80,889 operating reserve. During the year ended December 31, 2020, the District's share of the Plant's operating and capital outlay expenditures was \$233,474 and \$39,483, respectively.

NOTE 10: REGIONAL WATER AUTHORITY

The North Harris County Regional Water Authority (the "Authority") was created by House Bill 2965, Acts of the 76th Legislature, Regular Session 1999, and was confirmed by an election held on January 15, 2000. The Authority is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Authority is empowered to, among other powers, "acquire or develop surface water and groundwater supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporations, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." In accordance with this provision, at December 31, 2020, the Authority had established a pumpage fee of \$4.25 per 1,000 gallons of water pumped from each regulated well and is expected to increase in the future. The District's share of the pumpage fees payable to the Authority by the District for the fiscal year ended December 31, 2020, were \$580,759. The District billed its customers \$584,165 during the fiscal year to pay for the fees charged by the Authority.

NOTE 11: STRATEGIC PARTNERSHIP AGREEMENT

Effective April 10, 2003, the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "Agreement"). Under the terms of the Agreement, the City annexed a portion of the District (the "Partial District") for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Partial District. The Agreement states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property with the District. The City agreed that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement.

The City imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas. The District accrued Sales and Use Tax revenues of \$549,250 from the City for the year ended December 31, 2020. \$217,334 of this amount was receivable at that date.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,101,385	\$ 1,101,385	\$ 1,089,166	\$ (12,219)
Water service	327,500	327,500	334,545	7,045
Sewer service	330,876	330,876	329,233	(1,643)
Surface water fees	530,000	530,000	584,165	54,165
Penalty	34,029	34,029	25,373	(8,656)
Tap connection and inspection fees	0	0	154,301	154,301
Sales and Use Taxes	550,000	550,000	549,250	(750)
Interest on deposits and investments	89,183	89,183	60,435	(28,748)
Other revenues	<u>13,712</u>	<u>13,712</u>	<u>15,286</u>	<u>1,574</u>
TOTAL REVENUES	<u>2,976,685</u>	<u>2,976,685</u>	<u>3,141,754</u>	<u>165,069</u>
EXPENDITURES				
Service operations:				
Purchased sewer services	236,109	236,109	233,474	(2,635)
Professional fees	192,000	192,000	165,125	(26,875)
Contracted services	114,600	114,600	112,463	(2,137)
Utilities	59,420	59,420	62,057	2,637
Surface water pumpage fees	530,000	530,000	580,759	50,759
Repairs and maintenance	299,258	299,258	262,298	(36,960)
Other operating expenditures	30,220	30,220	41,089	10,869
Security service	358,800	358,800	359,935	1,135
Garbage disposal	171,100	171,100	172,802	1,702
Administrative expenditures	93,042	93,042	61,439	(31,603)
Capital outlay	<u>1,300,333</u>	<u>1,300,333</u>	<u>385,000</u>	<u>(915,333)</u>
TOTAL EXPENDITURES	<u>3,384,882</u>	<u>3,384,882</u>	<u>2,436,441</u>	<u>(948,441)</u>
EXCESS REVENUES (EXPENDITURES)	<u>(408,197)</u>	<u>(408,197)</u>	<u>705,313</u>	<u>1,113,510</u>
FUND BALANCE, BEGINNING OF YEAR	<u>4,614,699</u>	<u>4,614,699</u>	<u>4,614,699</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,206,502</u>	<u>\$ 4,206,502</u>	<u>\$ 5,320,012</u>	<u>\$ 1,113,510</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
From participants in plant:				
Harris County Municipal Utility District No. 249	\$ 236,109	\$ 236,109	\$ 272,957	\$ 36,848
Harris County WCID No. 110	87,328	87,328	103,985	16,657
Interest on deposits and investments	119	119	71	(48)
TOTAL REVENUES	<u>323,556</u>	<u>323,556</u>	<u>377,013</u>	<u>53,457</u>
EXPENDITURES				
Service operations:				
Professional fees	20,775	20,775	2,416	(18,359)
Contracted services	40,600	40,600	40,979	379
Utilities	32,000	32,000	27,163	(4,837)
Repairs and maintenance	65,500	65,500	124,351	58,851
Other operating expenditures	107,315	107,315	112,821	5,506
Administrative expenditures	17,366	17,366	15,197	(2,169)
Capital outlay	40,000	40,000	54,086	14,086
TOTAL EXPENDITURES	<u>323,556</u>	<u>323,556</u>	<u>377,013</u>	<u>53,457</u>
EXCESS REVENUES (EXPENDITURES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Increase (decrease) in operating reserve	0	0	6,226	6,226
TOTAL OTHER FINANCIAL SOURCES (USES)	<u>0</u>	<u>0</u>	<u>6,226</u>	<u>6,226</u>
EXCESS SOURCES (USES)	<u>0</u>	<u>0</u>	<u>6,226</u>	<u>6,226</u>
FUND BALANCE, BEGINNING OF YEAR	<u>74,663</u>	<u>74,663</u>	<u>74,663</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 74,663</u>	<u>\$ 74,663</u>	<u>\$ 80,889</u>	<u>\$ 6,226</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
DECEMBER 31, 2020

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

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Certificates of Deposit
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in General Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

SCHEDULE OF SERVICES AND RATES

DECEMBER 31, 2020

1. Services Provided by the District during the Fiscal Year:

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

2. Retail Service Providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$19.00	10,000	N	\$0.50	Over 10,000
WASTEWATER:	\$27.19		Y		
SURCHARGE:	\$4.38 per 1,000 gallons of water used. – NHCRWA surface water fees.				

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$19.00 Wastewater: \$27.19 Surcharge: \$43.80

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

SCHEDULE OF SERVICES AND RATES (Continued)

DECEMBER 31, 2020

b. Water and Wastewater Retail Connections (unaudited):

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC* Factor</u>	<u>Active ESFCs</u>
Unmetered	0	0	1.0	0
< or = 3/4"	710	708	1.0	708
1"	156	156	2.5	390
1-1/2"	19	19	5.0	95
2"	39	36	8.0	288
3"	2	2	15.0	30
4"	2	2	25.0	50
6"	4	3	50.0	150
8"	4	4	80.0	320
10"	1	1	115.0	115
Total Water	<u>937</u>	<u>931</u>		<u>2,146</u>
Total Wastewater	<u>882</u>	<u>879</u>	1.0	<u>879</u>

*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): 143,664
 Gallons billed to customers (unaudited): 141,515

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 99%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, date of the most recent Commission Order: _____

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

If yes, date of the most recent Commission Order: _____

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT					
Purchased sewer services	\$ 233,474	\$ 0	\$ 0	\$ 0	\$ 233,474
Professional fees:					
Auditing	11,450	2,275			13,725
Legal	122,793		2,772		125,565
Engineering	30,882	141			31,023
	<u>165,125</u>	<u>2,416</u>	<u>2,772</u>	<u>0</u>	<u>170,313</u>
Contracted services:					
Bookkeeping	30,798	7,850			38,648
Operation and billing	79,509	33,129			112,638
Sales tax consultant	2,156				2,156
Tax assessor-collector			11,616		11,616
Central appraisal district			16,783		16,783
	<u>112,463</u>	<u>40,979</u>	<u>28,399</u>	<u>0</u>	<u>181,841</u>
Utilities	<u>62,057</u>	<u>27,163</u>	<u>0</u>	<u>0</u>	<u>89,220</u>
Surface water pumpage fees	<u>580,759</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>580,759</u>
Repairs and maintenance	<u>262,298</u>	<u>124,351</u>	<u>0</u>	<u>0</u>	<u>386,649</u>
Other operating expenditures:					
Sludge hauling		81,170			81,170
Chemicals	9,853	13,110			22,963
Laboratory costs	6,500	12,684			19,184
Sewer inspection fees	14,020				14,020
Generator lease		4,205			4,205
TCEQ assessment	3,119				3,119
Other	7,597	1,652			9,249
	<u>41,089</u>	<u>112,821</u>	<u>0</u>	<u>0</u>	<u>153,910</u>
Security service	<u>359,935</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>359,935</u>
Garbage disposal	<u>172,802</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>172,802</u>
Administrative expenditures:					
Director's fees	8,700				8,700
Office supplies and postage	12,786	3,309			16,095
Insurance	16,964	7,389			24,353
Permit fees	2,514	4,105			6,619
Communications	8,556				8,556
Other	11,919	394	6,996		19,309
	<u>61,439</u>	<u>15,197</u>	<u>6,996</u>	<u>0</u>	<u>83,632</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

EXPENDITURES (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CAPITAL OUTLAY					
Authorized expenditures	\$ 340,000	\$ 54,086	\$	\$	\$ 394,086
Tap connection costs	<u>45,000</u>				<u>45,000</u>
	<u>385,000</u>	<u>54,086</u>	<u>0</u>	<u>0</u>	<u>439,086</u>
DEBT SERVICE					
Principal retirement	<u>0</u>	<u>0</u>	<u>845,000</u>	<u>0</u>	<u>845,000</u>
Interest and fees:					
Interest			291,600		291,600
Paying agent fees			<u>2,800</u>		<u>2,800</u>
	<u>0</u>	<u>0</u>	<u>294,400</u>	<u>0</u>	<u>294,400</u>
TOTAL EXPENDITURES	<u>\$ 2,436,441</u>	<u>\$ 377,013</u>	<u>\$ 1,177,567</u>	<u>\$ 0</u>	<u>\$ 3,991,021</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS					
Cash receipts from revenues excluding maintenance taxes	\$ 1,947,939	\$ 399,645	\$ 1,119,500	\$	\$ 3,467,084
Maintenance tax collections			1,039,107		1,039,107
Maintenance tax transfers	1,074,823				1,074,823
Increase in customer and builder deposits	13,470				13,470
Increase in operating reserve		6,226			6,226
Overpayments from taxpayers			64,564		64,564
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	<u>3,036,232</u>	<u>405,871</u>	<u>2,223,171</u>	<u>0</u>	<u>5,665,274</u>
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS					
Cash disbursements for:					
Current expenditures	2,016,559	346,624	38,168		2,401,351
Capital outlay	385,000	54,086			439,086
Debt service			1,139,400		1,139,400
Increase in operating reserve	4,545				4,545
Maintenance tax transfers			1,074,823		1,074,823
Refund of taxpayer overpayments			68,029		68,029
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	<u>2,406,104</u>	<u>400,710</u>	<u>2,320,420</u>	<u>0</u>	<u>5,127,234</u>
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	630,128	5,161	(97,249)	0	538,040
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>4,536,058</u>	<u>63,064</u>	<u>1,968,979</u>	<u>0</u>	<u>6,568,101</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u>\$ 5,166,186</u>	<u>\$ 68,225</u>	<u>\$ 1,871,730</u>	<u>\$ 0</u>	<u>\$ 7,106,141</u>

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS

DECEMBER 31, 2020

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Certificates of Deposit				
No. 91300011930020	0.70%	8/17/21	\$ 240,000	\$ 635
No. 12071	1.25%	4/02/21	240,000	2,244
No. 440006071	0.50%	3/26/21	240,000	920
No. 80001763	1.78%	1/23/21	240,000	3,991
No. 2000000005	1.75%	2/11/21	240,000	3,717
No. 36000449	1.10%	5/06/21	240,000	1,729
No. 30027916	0.35%	12/22/21	240,000	21
No. 6000037082	0.75%	6/05/21	240,000	1,031
No. 9009004007	0.55%	9/11/21	240,000	401
No. 65501093888	0.45%	10/06/21	<u>240,000</u>	<u>254</u>
			<u>\$ 2,400,000</u>	<u>\$ 14,943</u>
Texas CLASS				
No. TX-01-0382-0001	Market	On demand	<u>2,556,927</u>	<u>0</u>
			<u>\$ 4,956,927</u>	<u>\$ 14,943</u>
DEBT SERVICE FUND				
Certificates of Deposit				
No. 91300011910929	2.05%	1/25/21	\$ 240,000	\$ 4,569
No. 12003	0.60%	8/23/21	<u>240,000</u>	<u>513</u>
			<u>\$ 480,000</u>	<u>\$ 5,082</u>
Texas CLASS				
No. TX-01-0382-0002	Market	On demand	<u>290,431</u>	<u>0</u>
			<u>\$ 770,431</u>	<u>\$ 5,082</u>
Total – All Funds			<u>\$ 5,727,358</u>	<u>\$ 20,025</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 516,785	\$ 551,115
Additions and corrections to prior year taxes	<u>(25,740)</u>	<u>(27,182)</u>
Adjusted receivable, beginning of year	491,045	523,933
2020 ADJUSTED TAX ROLL	<u>1,129,218</u>	<u>1,188,650</u>
Total to be accounted for	1,620,263	1,712,583
Tax collections: Current tax year	(564,214)	(593,910)
Prior tax years	<u>(474,893)</u>	<u>(499,894)</u>
RECEIVABLE, END OF YEAR	<u>\$ 581,156</u>	<u>\$ 618,779</u>
RECEIVABLE, BY TAX YEAR		
2010 and prior	\$ 735	\$ 2,392
2011	446	1,256
2012	558	1,396
2013	851	2,036
2014	815	1,842
2015	877	1,663
2016	957	1,495
2017	1,013	1,303
2018	2,051	2,393
2019	7,849	8,263
2020	<u>565,004</u>	<u>594,740</u>
RECEIVABLE, END OF YEAR	<u>\$ 581,156</u>	<u>\$ 618,779</u>

Fiscal year 2020 General Fund property tax revenue of \$1,089,166 under the modified accrual basis of accounting is comprised of prior tax year collections of \$474,893 during fiscal year 2020 and 2019 tax year collections of \$614,273 during fiscal year 2019.

Fiscal year 2020 Debt Service Fund property tax revenue of \$1,146,498 under the modified accrual basis of accounting is comprised of prior tax year collections of \$499,894 during fiscal year 2020 and 2019 tax year collections of \$646,604 during fiscal year 2019.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2020

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 85,133,289	\$ 85,423,893	\$ 85,713,372	\$ 81,188,155
Improvements	271,913,773	262,640,659	250,301,017	241,838,155
Personal property	23,245,456	22,752,023	23,958,080	22,277,745
Less exemptions	<u>(83,129,951)</u>	<u>(82,126,780)</u>	<u>(78,431,228)</u>	<u>(75,745,814)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 297,162,567</u>	 <u>\$ 288,689,795</u>	 <u>\$ 281,541,241</u>	 <u>\$ 269,558,241</u>
 TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.40000	\$ 0.40000	\$ 0.42000	\$ 0.45000
Maintenance tax rates*	<u>0.38000</u>	<u>0.38000</u>	<u>0.36000</u>	<u>0.35000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.78000</u>	 <u>\$ 0.78000</u>	 <u>\$ 0.78000</u>	 <u>\$ 0.80000</u>
 TAX ROLLS	 <u>\$ 2,317,868</u>	 <u>\$ 2,251,780</u>	 <u>\$ 2,196,022</u>	 <u>\$ 2,156,466</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>50.0%**</u>	 <u>99.3 %</u>	 <u>99.8 %</u>	 <u>99.9 %</u>

*Maximum tax rate approved by voters on March 23, 1985: \$0.75

**The District's taxes are usually levied in the fall and are not delinquent until after the following January 31.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
DECEMBER 31, 2020

Series 2010			
<u>Due During Fiscal Years Ending December 31</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 55,000	\$ 7,200	\$ 62,200
2022	65,000	5,000	70,000
2023	<u>60,000</u>	<u>2,400</u>	<u>62,400</u>
TOTALS	<u>\$ 180,000</u>	<u>\$ 14,600</u>	<u>\$ 194,600</u>

Series 2012			
<u>Due During Fiscal Years Ending December 31</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 535,000	\$ 100,400	\$ 635,400
2022	560,000	79,000	639,000
2023	585,000	56,600	641,600
2024	615,000	33,200	648,200
2025	<u>215,000</u>	<u>8,600</u>	<u>223,600</u>
TOTALS	<u>\$ 2,510,000</u>	<u>\$ 277,800</u>	<u>\$ 2,787,800</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

DECEMBER 31, 2020

<u>Series 2013</u>			
<u>Due During Fiscal Years Ending December 31</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 265,000	\$ 71,400	\$ 336,400
2022	280,000	60,800	340,800
2023	290,000	49,600	339,600
2024	305,000	38,000	343,000
2025	315,000	25,800	340,800
2026	330,000	13,200	343,200
TOTALS	<u>\$ 1,785,000</u>	<u>\$ 258,800</u>	<u>\$ 2,043,800</u>

<u>Series 2015</u>			
<u>Due During Fiscal Years Ending December 31</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 25,000	\$ 79,175	\$ 104,175
2022	25,000	78,550	103,550
2023	150,000	77,800	227,800
2024	150,000	73,300	223,300
2025	145,000	68,800	213,800
2026	220,000	63,000	283,000
2027	345,000	54,200	399,200
2028	340,000	40,400	380,400
2029	335,000	26,800	361,800
2030	335,000	13,400	348,400
TOTALS	<u>\$ 2,070,000</u>	<u>\$ 575,425</u>	<u>\$ 2,645,425</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
DECEMBER 31, 2020

<u>Due During Fiscal Years Ending December 31</u>	<u>Annual Requirements for All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2021	\$ 880,000	\$ 258,175	\$ 1,138,175
2022	930,000	223,350	1,153,350
2023	1,085,000	186,400	1,271,400
2024	1,070,000	144,500	1,214,500
2025	675,000	103,200	778,200
2026	550,000	76,200	626,200
2027	345,000	54,200	399,200
2028	340,000	40,400	380,400
2029	335,000	26,800	361,800
2030	335,000	13,400	348,400
TOTALS	\$ 6,545,000	\$ 1,126,625	\$ 7,671,625

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>(1)</u>
Bond Series:	2010
Interest Rate:	4.00%
Dates Interest Payable:	March 1/ September 1
Maturity Dates:	September 1, 2021/2023
Bonds Outstanding at Beginning of Current Year	\$ 235,000
Less Retirements	<u>(55,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 180,000</u>
Current Year Interest Paid	<u>\$ 9,400</u>

Bond Descriptions and Original Amount of Issue

- (1) Harris County Municipal Utility District No. 249 Unlimited Tax Refunding Bonds, Series 2010 (\$2,445,000)

Paying Agent/Registrar

- (1) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax and Refunding Bonds</u>	<u>Other Bonds</u>
Amount Authorized by Voters:	\$ 25,000,000	\$ 0
Amount Issued:	22,525,000	
Remaining to be Issued:	2,475,000	

Net Debt Service Fund deposits and investments balances as of December 31, 2020: \$758,439
Average annual debt service payment for remaining term of all debt: 767,163

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>Totals</u>
Bond Series:	2012	2013	2015	
Interest Rate:	4.00%	4.00%	2.50% to 4.00%	
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity Dates:	September 1, 2021/2025	September 1, 2021/2026	September 1, 2021/2030	
Bonds Outstanding at Beginning of Current Year	\$ 3,025,000	\$ 2,035,000	\$ 2,095,000	\$ 7,390,000
Less Retirements	<u>(515,000)</u>	<u>(250,000)</u>	<u>(25,000)</u>	<u>(845,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 2,510,000</u>	<u>\$ 1,785,000</u>	<u>\$ 2,070,000</u>	<u>\$ 6,545,000</u>
Current Year Interest Paid	<u>\$ 121,000</u>	<u>\$ 81,400</u>	<u>\$ 79,800</u>	<u>\$ 291,600</u>

Bond Descriptions and Original Amount of Issue

(2) Harris County Municipal Utility District No. 249 Unlimited Tax Refunding Bonds, Series 2012 (\$6,020,000)

(3) Harris County Municipal Utility District No. 249 Unlimited Tax Refunding Bonds, Series 2013 (\$3,325,000)

(4) Harris County Municipal Utility District No. 249 Unlimited Tax Refunding Bonds, Series 2015 (\$2,235,000)

Paying Agent/Registrar

(2) (3) (4) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND

FOR YEARS ENDED DECEMBER 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
REVENUES										
Property taxes	\$ 1,089,166	\$ 1,013,993	\$ 940,250	\$ 854,155	\$ 675,400	34.7 %	34.9 %	33.9 %	33.4 %	27.4 %
Water service	334,545	332,296	342,854	339,528	317,328	10.6	11.5	12.3	13.3	12.9
Sewer service	329,233	312,878	307,194	295,608	274,044	10.5	10.8	11.0	11.6	11.1
Surface water fees	584,165	495,573	462,670	397,751	327,172	18.6	17.1	16.6	15.6	13.3
Penalty	25,373	32,849	39,012	26,866	22,026	0.8	1.1	1.4	1.1	0.9
Tap connection and inspection fees	154,301	0	0	15,760	210,296	4.9	0.0	0.0	0.6	8.5
Sales and Use Taxes	549,250	593,282	613,063	586,405	610,109	17.5	20.5	22.0	22.9	24.7
Interest on deposits and investments	60,435	103,298	63,191	22,957	12,756	1.9	3.6	2.3	0.9	0.5
Other revenues	15,286	14,239	14,023	16,428	17,016	0.5	0.5	0.5	0.6	0.7
TOTAL REVENUES	3,141,754	2,898,408	2,782,257	2,555,458	2,466,147	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Purchased sewer services	233,474	200,148	182,221	169,118	166,456	7.4	6.9	6.5	6.6	6.7
Professional fees	165,125	149,300	144,121	179,343	196,178	5.3	5.2	5.2	7.0	8.0
Contracted services	112,463	107,621	94,687	97,038	92,904	3.6	3.7	3.4	3.8	3.8
Utilities	62,057	57,308	65,381	65,571	71,580	2.0	2.0	2.3	2.6	2.9
Surface water pumpage fees	580,759	515,295	465,684	414,055	324,489	18.4	17.7	16.7	16.1	13.1
Repairs and maintenance	262,298	293,117	243,970	296,463	277,833	8.3	10.1	8.8	11.6	11.3
Other operating expenditures	41,089	33,413	35,832	50,913	50,638	1.3	1.2	1.3	2.0	2.1
Security service	359,935	322,775	206,480	201,456	201,450	11.5	11.1	7.4	7.9	8.2
Garbage disposal	172,802	166,798	160,746	157,750	154,705	5.5	5.8	5.8	6.2	6.3
Administrative expenditures	61,439	67,945	56,503	53,103	61,428	2.0	2.3	2.0	2.1	2.5
Capital outlay	385,000	151,114	918,668	255,928	1,127,215	12.3	5.2	33.1	10.0	45.6
TOTAL EXPENDITURES	2,436,441	2,064,834	2,574,293	1,940,738	2,724,876	77.6	71.2	92.5	75.9	110.5
EXCESS REVENUES (EXPENDITURES)	\$ 705,313	\$ 833,574	\$ 207,964	\$ 614,720	\$ (258,729)	22.4 %	28.8 %	7.5 %	24.1 %	(10.5) %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	931	925	925	922	924					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	879	875	874	867	870					

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED DECEMBER 31

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
REVENUES										
Property taxes	\$ 1,146,498	\$ 1,183,756	\$ 1,208,830	\$ 1,334,526	\$ 1,280,688	97.8 %	96.6 %	96.2 %	98.1 %	98.6 %
Penalty and interest	8,838	8,575	26,978	13,034	11,014	0.8	0.7	2.1	1.0	0.8
Accrued interest on bonds received at date of sale	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0
Interest on deposits and investments	16,047	33,581	20,892	12,650	7,535	1.4	2.7	1.7	0.9	0.6
TOTAL REVENUES	<u>1,171,383</u>	<u>1,225,912</u>	<u>1,256,700</u>	<u>1,360,210</u>	<u>1,299,237</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Current:										
Professional fees	2,772	2,292	13,051	2,652	2,488	0.2	0.2	1.0	0.2	0.2
Contracted services	28,399	28,483	27,909	27,601	26,433	2.4	2.3	2.2	2.0	2.0
Other expenditures	6,996	4,035	4,430	4,821	3,624	0.6	0.3	0.4	0.4	0.3
Debt service:										
Principal retirement	845,000	1,055,000	1,000,000	965,000	950,000	72.2	86.1	79.5	70.9	73.2
Interest and fees	294,400	333,250	368,975	402,700	418,933	25.1	27.2	29.4	29.6	32.2
TOTAL EXPENDITURES	<u>1,177,567</u>	<u>1,423,060</u>	<u>1,414,365</u>	<u>1,402,774</u>	<u>1,401,478</u>	<u>100.5</u>	<u>116.1</u>	<u>112.5</u>	<u>103.1</u>	<u>107.9</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ (6,184)</u>	<u>\$ (197,148)</u>	<u>\$ (157,665)</u>	<u>\$ (42,564)</u>	<u>\$ (102,241)</u>	<u>(0.5) %</u>	<u>(16.1) %</u>	<u>(12.5) %</u>	<u>(3.1) %</u>	<u>(7.9) %</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSDECEMBER 31, 2020

Complete District Mailing Address: Harris County Municipal Utility District No. 249
c/o Schwartz, Page & Harding, L.L.P.
1300 Post Oak Blvd., Suite 1400
Houston, Texas 77056

District Business Telephone No.: 713-623-4531

Submission date of the most recent District Registration Form: October 15, 2020

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Ralph V. Palermo c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 1400 Houston, Texas 77056	Elected 5/05/18- 5/07/22	\$ 1,800	\$ 0	President
Willie Hodge c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 1400 Houston, Texas 77056	Elected 5/02/20- 5/04/24	1,950	0	Vice President
Norman C. Adamek c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 1400 Houston, Texas 77056	Elected 5/05/18- 5/07/22	1,950	0	Secretary
Diana Moore c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 1400 Houston, Texas 77056	Elected 5/02/20- 5/04/24	1,200	0	Assistant Secretary
Michael Guillory c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 1400 Houston, Texas 77056	Appointed 10/15/20- 5/04/24	450	0	Assistant Secretary

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

DECEMBER 31, 2020

CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 1400 Houston, Texas 77056	11/07/94	\$ 124,335	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 N. Loop West, Suite 600 Houston, Texas 77008	Prior to 1997	2,772	Delinquent Tax Attorney
Municipal Accounts & Consulting, L.P. 1281 Brittmore Road Houston, Texas 77043	4/17/03	41,425	Bookkeeper
Mark Burton, Ghia Lewis 1281 Brittmore Road Houston, Texas 77043	4/17/03	0	Investment Officer
EDP Water Utility Services 17495 Village Green Drive Houston, Texas 77040	1/11/10	501,262	Operator
Langford Engineering, Inc. 1080 West Sam Houston Beltway North Suite 200 Houston, Texas 77043	10/21/10	102,848	Engineer
Bob Leared 11111 Katy Freeway, Suite 725 Houston, Texas 77079	9/20/12	19,948	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	16,783	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	5/17/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	12/16/10	13,225 500 Other	Independent Auditor

See accompanying independent auditor's report.