

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2021

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8-11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	13-14
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	15
NOTES TO THE FINANCIAL STATEMENTS	16-30
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	32
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-EACH SPECIAL REVENUE FUND	33-34
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	36-38
GENERAL FUND EXPENDITURES	39
INVESTMENTS	40
TAXES LEVIED AND RECEIVABLE	41-42
LONG-TERM DEBT SERVICE REQUIREMENTS	43-45
CHANGES IN LONG-TERM BOND DEBT	46-47
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	48-51
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	52-53

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 149
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 149 (the "District"), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of March 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and each Special Revenue Fund be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is 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. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

August 16, 2021

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2021**

Management's discussion and analysis of the financial performance of Harris County Municipal Utility District No. 149 (the "District") provides an overview of the District's financial activities for the year ended March 31, 2021. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities, and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has four governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, sale tax revenues, operating costs and general expenditures. The Special Revenue Funds account for the activities of the jointly operated wastewater treatment facilities and water facilities. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Project Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2021**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). Budgetary comparison schedules are included as RSI for the General Fund and each Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$6,506,952 as of March 31, 2021. A portion of the District's net position reflects its net investment in capital assets (land and the water and wastewater facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 15,241,377	\$ 4,723,547	\$ 10,517,830
Capital Assets (Net of Accumulated Depreciation)	3,942,653	3,627,473	315,180
Total Assets	\$ 19,184,030	\$ 8,351,020	\$ 10,833,010
Bonds Payable	\$ 10,716,155	\$ 972,354	\$ (9,743,801)
Other Liabilities	1,960,923	661,938	(1,298,985)
Total Liabilities	\$ 12,677,078	\$ 1,634,292	\$ (11,042,786)
Net Position:			
Net Investment in Capital Assets	\$ 1,454,058	\$ 2,578,076	\$ (1,124,018)
Restricted	722,864	372,812	350,052
Unrestricted	4,330,030	3,765,840	564,190
Total Net Position	\$ 6,506,952	\$ 6,716,728	\$ (209,776)

The following table provides a summary of the District's operations for the years ended March 31, 2021, and March 31, 2020.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,084,085	\$ 1,096,944	\$ (12,859)
Charges for Services	1,664,573	1,709,396	(44,823)
Other Revenues	188,448	163,388	25,060
Total Revenues	\$ 2,937,106	\$ 2,969,728	\$ (32,622)
Expenses for Services	3,146,882	2,259,146	(887,736)
Change in Net Position	\$ (209,776)	\$ 710,582	\$ (920,358)
Net Position, Beginning of Year	6,716,728	6,006,146	710,582
Net Position, End of Year	\$ 6,506,952	\$ 6,716,728	\$ (209,776)

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2021, were \$13,239,460, an increase of \$9,190,886 from the prior year. The General Fund fund balance increased by \$565,496, primarily due to service and tax revenues exceeding operating expenditures and transfer from Capital Projects Fund for prior year project costs. The Debt Service Fund fund balance increased by \$320,787, primarily due to the structure of the District's outstanding debt and capitalized interest from the Series 2020 bonds. The Capital Projects Fund fund balance increased by \$8,304,603, primarily due to the issuance of Series 2020 bonds. Special Revenue Fund fund balances are revenue neutral; costs incurred are billed to the participants. Water facilities expenses totaled \$752,262 and wastewater treatment facility costs totaled \$414,580 for the current fiscal year.

BUDGETARY HIGHLIGHTS

The Board of Directors amended the General Fund budget to increase expected property tax revenues, decrease expected sales tax revenues and include a transfer from the Capital Projects Fund. Actual revenues were \$333 less than budgeted revenues, actual expenditures were \$14,081 more than budgeted expenditures, and actual transfers in were less than budgeted by \$210. This resulted in a negative variance of \$14,624. Revenue neutral Special Revenue Fund budgets are also presented as RSI in this report. See the budget to actual comparisons for more information.

CAPITAL ASSETS

Capital assets as of March 31, 2021, total \$3,942,653 (net of accumulated depreciation) and include land, as well as the water and wastewater systems. Current year capital costs include engineering costs for the new wastewater treatment plant.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 153,998	\$ 153,998	\$
Construction in Progress	876,305	236,587	639,718
Capital Assets, Net of Accumulated Depreciation:			
Water System	815,267	925,386	(110,119)
Wastewater System	2,097,083	2,311,502	(214,419)
Total Net Capital Assets	\$ 3,942,653	\$ 3,627,473	\$ 315,180

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2021**

LONG-TERM DEBT ACTIVITY

As of March 31, 2021, the District had total bond debt payable of \$10,720,000. The changes in the debt position of the District during the year ended March 31, 2021, are summarized as follows:

Bond Debt Payable, April 1, 2020	\$ 985,000
Add: Bond Sale	10,000,000
Less: Bond Principal Paid	<u>265,000</u>
Bond Debt Payable, March 31, 2021	<u>\$ 10,720,000</u>

The District has an underlying rating of “A-”. The Series 2010 bonds carry an “AA” rating by virtue of bond insurance issued by Assured Guaranty Municipal. The Series 2020 bonds carry an “AA” rating by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The above ratings reflect any changes during the current fiscal year.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 149, c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056-3078.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2021

	<u>General Fund</u>	<u>Special Revenue Funds</u>	
		<u>Water Facilities</u>	<u>Wastewater Treatment Facilities</u>
ASSETS			
Cash	\$ 109,539	\$ 115,478	\$ 80,892
Investments	4,167,816		
Receivables:			
Property Taxes	55,550		
Penalty and Interest on Delinquent Taxes			
Service Accounts	100,233		
Accrued Interest	6,747		
Due from Other Funds	901	60,269	31,450
Due from Other Governmental Units	14,421	55,770	30,800
Water Facilities Operating Advance	87,574		
Wastewater Treatment Facilities Operating Advance	65,971		
Land			
Construction in Progress			
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	<u>\$ 4,608,752</u>	<u>\$ 231,517</u>	<u>\$ 143,142</u>

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 91,056	\$ 1,463,867	\$ 1,860,832	\$	\$ 1,860,832
567,623	8,319,098	13,054,537		13,054,537
40,445		95,995		95,995
			22,042	22,042
		100,233		100,233
		6,747		6,747
1,698		94,318	(94,318)	
		100,991		100,991
		87,574	(87,574)	
		65,971	(65,971)	
			153,998	153,998
			876,305	876,305
			<u>2,912,350</u>	<u>2,912,350</u>
<u>\$ 700,822</u>	<u>\$ 9,782,965</u>	<u>\$ 15,467,198</u>	<u>\$ 3,716,832</u>	<u>\$ 19,184,030</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2021

	Special Revenue Funds		
	General Fund	Water Facilities	Wastewater Treatment Facilities
LIABILITIES			
Accounts Payable	\$ 59,812	\$ 61,847	\$ 27,035
Due to Developer			
Due to Other Government			
Due to Other Funds	93,417	279	622
Security Deposits	125,493		
Participant Advances		169,391	115,485
Long-Term Liabilities:			
Bonds Payable, Due Within One Year			
Bonds Payable, Due After One Year			
TOTAL LIABILITIES	\$ 278,722	\$ 231,517	\$ 143,142
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 55,550	\$ -0-	\$ -0-
FUND BALANCES			
Nonspendable:			
Operating Advances	\$ 153,545	\$	\$
Restricted for Authorized Construction			
Restricted for Debt Service			
Unassigned	4,120,935		
TOTAL FUND BALANCES	\$ 4,274,480	\$ - 0 -	\$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,608,752	\$ 231,517	\$ 143,142
NET POSITION			
Net Investment in Capital Assets			
Restricted for Debt Service			
Unrestricted			
TOTAL NET POSITION			

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 10,735	\$ 159,429	\$	\$ 159,429
			77,043	77,043
	1,467,627	1,467,627		1,467,627
		94,318	(94,318)	
		125,493		125,493
		284,876	(153,545)	131,331
			300,000	300,000
			10,416,155	10,416,155
<u>\$ -0-</u>	<u>\$ 1,478,362</u>	<u>\$ 2,131,743</u>	<u>\$ 10,545,335</u>	<u>\$ 12,677,078</u>
<u>\$ 40,445</u>	<u>\$ -0-</u>	<u>\$ 95,995</u>	<u>\$ (95,995)</u>	<u>\$ -0-</u>
\$	\$	\$	\$	\$
	8,304,603	153,545	(153,545)	
		8,304,603	(8,304,603)	
660,377		660,377	(660,377)	
		4,120,935	(4,120,935)	
<u>\$ 660,377</u>	<u>\$ 8,304,603</u>	<u>\$ 13,239,460</u>	<u>\$ (13,239,460)</u>	<u>\$ - 0 -</u>
<u>\$ 700,822</u>	<u>\$ 9,782,965</u>	<u>\$ 15,467,198</u>		
			\$ 1,454,058	\$ 1,454,058
			722,864	722,864
			4,330,030	4,330,030
			<u>\$ 6,506,952</u>	<u>\$ 6,506,952</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2021**

Total Fund Balances - Governmental Funds	\$ 13,239,460
--	---------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	3,942,653
--	-----------

Deferred inflows of resources related to property tax revenues for the 2020 and prior tax levies and penalty and interest on delinquent taxes became part of recognized revenue in the governmental activities of the District.	118,037
---	---------

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (77,043)	
Bonds Payable	<u>(10,716,155)</u>	<u>(10,793,198)</u>

Total Net Position - Governmental Activities	<u>\$ 6,506,952</u>
--	---------------------

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

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2021

	General Fund	Special Revenue Funds	
		Water Facilities	Wastewater Treatment Facilities
REVENUES			
Property Taxes	\$ 509,911	\$	\$
Water Service	372,983	752,262	
Wastewater Service	344,612		411,532
Water Authority Fees	377,280		
Penalty and Interest	30,911		
Sales Tax Revenues	62,014		
Investment and Miscellaneous Revenues	73,089		3,048
TOTAL REVENUES	<u>\$ 1,770,800</u>	<u>\$ 752,262</u>	<u>\$ 414,580</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 138,358	\$ 28,247	\$ 9,897
Contracted Services	283,188	26,128	41,855
Purchased Water Service	457,184		
Purchased Wastewater Service	250,859		
Utilities		33,149	67,711
Water Authority Costs		577,378	
Repairs and Maintenance	213,729	65,000	164,325
Depreciation			
Other	100,613	22,360	130,792
Capital Outlay			
Debt Service:			
Bond Principal			
Bond Interest			
Bond Issuance Costs			
TOTAL EXPENDITURES/EXPENSES	<u>\$ 1,443,931</u>	<u>\$ 752,262</u>	<u>\$ 414,580</u>
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES/EXPENSES	<u>\$ 326,869</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$ 238,627	\$	\$
Proceeds from Issuance of Long-Term Debt			
Bond Discount			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 238,627</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCES	\$ 565,496	\$	\$
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION -			
APRIL 1, 2020	<u>3,708,984</u>		
FUND BALANCES/NET POSITION -			
MARCH 31, 2021	<u>\$ 4,274,480</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
\$ 553,498	\$	\$ 1,063,409	\$ 20,676	\$ 1,084,085
		1,125,245	(457,184)	668,061
		756,144	(250,859)	505,285
		377,280		377,280
13,739		44,650	7,283	51,933
		62,014		62,014
<u>6,156</u>	<u>6,703</u>	<u>88,996</u>	<u>99,452</u>	<u>188,448</u>
<u>\$ 573,393</u>	<u>\$ 6,703</u>	<u>\$ 3,517,738</u>	<u>\$ (580,632)</u>	<u>\$ 2,937,106</u>
\$ 5,572	\$	\$ 182,074	\$	\$ 182,074
25,833	94	377,098		377,098
		457,184	(457,184)	
		250,859	(250,859)	
		100,860		100,860
		577,378		577,378
		443,054		443,054
			324,538	324,538
6,969	44	260,778		260,778
	540,266	540,266	(540,266)	
265,000		265,000	(265,000)	
167,201		167,201	2,261	169,462
	<u>711,640</u>	<u>711,640</u>		<u>711,640</u>
<u>\$ 470,575</u>	<u>\$ 1,252,044</u>	<u>\$ 4,333,392</u>	<u>\$ (1,186,510)</u>	<u>\$ 3,146,882</u>
<u>\$ 102,818</u>	<u>\$ (1,245,341)</u>	<u>\$ (815,654)</u>	<u>\$ 605,878</u>	<u>\$ (209,776)</u>
\$ 217,969	\$ (238,627)	\$ 10,000,000	\$ (10,000,000)	\$
	9,782,031	(87,005)	87,005	
	(87,005)	93,545	(93,545)	
	<u>93,545</u>	<u>93,545</u>		
<u>\$ 217,969</u>	<u>\$ 9,549,944</u>	<u>\$ 10,006,540</u>	<u>\$ (10,006,540)</u>	<u>\$ -0-</u>
\$ 320,787	\$ 8,304,603	\$ 9,190,886	\$ (9,190,886)	\$
			(209,776)	(209,776)
<u>339,590</u>		<u>4,048,574</u>	<u>2,668,154</u>	<u>6,716,728</u>
<u>\$ 660,377</u>	<u>\$ 8,304,603</u>	<u>\$ 13,239,460</u>	<u>\$ (6,732,508)</u>	<u>\$ 6,506,952</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021**

Net Change in Fund Balances - Governmental Funds	\$ 9,190,886
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	20,676
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	7,283
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(324,538)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	639,718
Governmental funds report bond discounts and bond premiums as other financing sources/uses in the year paid. However, in the Statement of Net Position, bond discounts and bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(6,540)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	265,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(2,261)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	<u>(10,000,000)</u>
Change in Net Position - Governmental Activities	<u>\$ (209,776)</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 149 of Harris County, Texas (the “District”) was created by order of the Texas Water Rights Commission, predecessor to the Texas Commission on Environmental Quality (the “Commission”), on March 30, 1977, in accordance with the Texas Water Code, Chapter 54. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

The District participates in the operation of joint wastewater treatment facilities. Since the District exercises oversight responsibility for the facilities, the activity is accounted for in the Special Revenue Fund of the District (see Note 8). The District does not issue separate financial statements for this joint venture.

The District also participates in the operation of joint water facilities. Since the District exercises oversight responsibility for the facilities, the activity is accounted for in a Special Revenue Fund of the District (see Note 9). The District does not issue separate financial statements for this joint venture.

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of net assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of net assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has four governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, sales tax revenues, operating costs and general expenditures.

Special Revenue Funds – To account for financial resources collected and administered by the District for the jointly operated wastewater treatment facilities and water facilities.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectible within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of March 31, 2021, the General Fund owed the Special Revenue Fund \$60,269 and \$31,450 for operating costs of the jointly owned water facilities and wastewater treatment facilities, respectively. The Special Revenue Funds owed the General Fund \$901 for

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

administrative costs, and the General Fund owed the Debt Service Fund \$1,698 for over transfer of maintenance tax collections. During the current year, the Capital Projects Fund transferred \$238,627 to reimburse the General Fund for prior year project costs.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Water System	10-45
Wastewater System	10-45

Budgeting

Unappropriated budgets are adopted on an annual basis for the General Fund and each Special Revenue Fund by the District's Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and each Special Revenue Fund present the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for year ended March 31, 2021:

	April 1, 2020	Additions	Retirements	March 31, 2021
Bonds Payable	\$ 985,000	\$ 10,000,000	\$ 265,000	\$ 10,720,000
Unamortized Discounts	(12,646)	(87,005)	(4,410)	(95,241)
Unamortized Premiums		93,545	2,149	91,396
Bonds Payable, Net	\$ 972,354	\$ 10,006,540	\$ 262,739	\$ 10,716,155
		Amount Due Within One Year		\$ 300,000
		Amount Due After One Year		10,416,155
		Bonds Payable, Net		\$ 10,716,155

The District's bonds payable at March 31, 2021, consist of the following:

	Series 2010	Series 2020
Amount Outstanding - March 31, 2021	\$845,000	\$9,875,000
Interest Rates	3.75% - 4.10%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	October 1, 2021/2025	April 1, 2022/2046
Interest Payment Dates	October 1/ April 1	October 1/ April 1
Callable Dates	October 1, 2019*	April 1, 2025*

* On any date thereafter, callable at principal plus accrued interest, in whole or from time to time in part, at the option of the District. The Series 2010 term bonds maturing on October 1, 2021, October 1, 2023 and October 1, 2025, are scheduled for mandatory redemption beginning October 1, 2020, October 1, 2022 and October 1, 2024, respectively. Series 2020 term bonds maturing on April 1, 2034, April 1, 2042, April 1, 2044 and April 1, 2046, are scheduled for mandatory redemption beginning April 1, 2033, April 1, 2041, April 1, 2043 and April 1, 2045, respectively.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 3. LONG-TERM DEBT (Continued)

As of March 31, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 300,000	\$ 245,201	\$ 545,201
2023	310,000	234,689	544,689
2024	315,000	223,689	538,689
2025	330,000	212,198	542,198
2026	550,000	200,114	750,114
2027-2031	1,905,000	870,394	2,775,394
2032-2036	2,110,000	671,894	2,781,894
2037-2041	2,325,000	449,131	2,774,131
2042-2046	2,575,000	182,031	2,757,031
	<u>\$ 10,720,000</u>	<u>\$ 3,289,341</u>	<u>\$ 14,009,341</u>

As of March 31, 2021, the District had authorized but unissued bonds in the amount of \$34,430,000 for utility facilities and \$40,187,947 for refunding purposes. 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.

During the year ended March 31, 2021, the District levied an ad valorem debt service tax rate of \$0.275 per \$100 of assessed valuation, which resulted in a tax levy of \$576,484 on the adjusted taxable valuation of \$209,630,444 for the 2020 tax year. The bond order requires the District to 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.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond order states that the District should take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government.

The bond order states that the District is required to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS
(Continued)

In accordance with the Series 2020 bond order, a portion of the bond proceeds was deposited into the Debt Service Fund and restricted for the payment of the bond interest. Transactions for the current year are summarized as follows:

Restricted for Bond Interest, April 1, 2020	\$	- 0 -
Add: Bond Interest Received - Series 2020		217,969
Less: Bond Interest Paid		130,781
Restricted for Bond Interest, March 31, 2021	\$	87,188

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the Authority, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$4,455,832 and the bank balance was \$4,539,490. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2021, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 109,539	\$ 2,595,000	\$ 2,704,539
SPECIAL REVENUE FUNDS	196,370		196,370
DEBT SERVICE FUND	91,056		91,056
CAPITAL PROJECTS FUND	1,463,867		1,463,867
TOTAL DEPOSITS	\$ 1,860,832	\$ 2,595,000	\$ 4,455,832

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. Wells Fargo Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS. The District records its investments in certificates of deposit at acquisition cost.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of March 31, 2021, the District had the following investments and maturities:

<u>Fund and Investment Type</u>	<u>Fair Value</u>	<u>Maturities of Less Than 1 Year</u>
<u>GENERAL FUND</u>		
Texas CLASS	\$ 1,572,816	\$ 1,572,816
Certificates of Deposit	2,595,000	2,595,000
<u>DEBT SERVICE FUND</u>		
Texas CLASS	567,623	567,623
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	<u>8,319,098</u>	<u>8,319,098</u>
TOTAL INVESTMENTS	<u>\$ 13,054,537</u>	<u>\$ 13,054,537</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in Texas CLASS was rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance and pledged collateral.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

All cash and investments of the Special Revenue Funds are restricted for the cost of operations of the joint water facilities and joint wastewater treatment facilities. All cash and investments of the Debt Service Fund are restricted for the payment of debt and the cost of assessing and collecting taxes.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2021 is as follows:

	April 1, 2020	Increases	Decreases	March 31, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 153,998	\$	\$	\$ 153,998
Construction in Progress	236,587	639,718		876,305
Total Capital Assets Not Being Depreciated	<u>\$ 390,585</u>	<u>\$ 639,718</u>	<u>\$ - 0 -</u>	<u>\$ 1,030,303</u>
Capital Assets Subject to Depreciation				
Water System	\$ 5,049,994	\$	\$	\$ 5,049,994
Wastewater System	7,305,849			7,305,849
Total Capital Assets Subject to Depreciation	<u>\$ 12,355,843</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 12,355,843</u>
Accumulated Depreciation				
Water System	\$ 4,124,608	\$ 110,119	\$	\$ 4,234,727
Wastewater System	4,994,347	214,419		5,208,766
Total Accumulated Depreciation	<u>\$ 9,118,955</u>	<u>\$ 324,538</u>	<u>\$ - 0 -</u>	<u>\$ 9,443,493</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,236,888</u>	<u>\$ (324,538)</u>	<u>\$ - 0 -</u>	<u>\$ 2,912,350</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,627,473</u>	<u>\$ 315,180</u>	<u>\$ - 0 -</u>	<u>\$ 3,942,653</u>

NOTE 7. MAINTENANCE TAX

At an election held August 13, 1977, voters authorized a maintenance tax not to exceed \$0.25 per \$100 valuation. At an election held on November 6, 2018, voters authorized an additional maintenance tax not to exceed \$0.25 per \$100 valuation for a total authorization not to exceed \$0.50 per \$100 valuation on all property within the District subject to taxation. During the year ended March 31, 2021, the District levied an ad valorem maintenance tax rate of \$0.245 per \$100 of assessed valuation, which resulted in a tax levy of \$513,595 on the adjusted taxable valuation of \$209,630,444 for the 2020 tax year. The maintenance tax is being used by the General Fund to pay expenditures of operating the District.

NOTE 8. WASTE DISPOSAL AGREEMENT

The District owns and operates a wastewater treatment plant with 645,000 gallons per day (gpd) capacity. The District and Harris County Municipal Utility District No. 257 (District No. 257) entered into that certain Amended and Restated Waste Disposal Agreement effective February 5, 2020. Under the terms of the agreement, District No. 257 owns 187,179 gpd sewage treatment capacity in the wastewater treatment plant. The District has a 70.98% interest (approximately 457,800 gpd) in the plant, and District No. 257 has a 29.02% interest. The District and District

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 8. WASTE DISPOSAL AGREEMENT (Continued)

No. 257 will replace the existing wastewater treatment plant with a 450,000 gpd wastewater treatment plant (the “New Plant”). Pursuant to the agreement, upon completion of the New Plant, the District will own 84.44% (380,000 gpd) and District No. 257 will own 15.56% (70,000 gpd) of the treatment capacity of the New Plant. The District holds title to and operates the wastewater treatment facilities for the benefit of the participants. Fixed operating costs are shared based on the pro-rata share of capacity owned and variable costs are shared based on the pro-rata share of total water delivered and metered to customers. In addition, each participant pays an administrative charge of five percent of its portion of the monthly operating costs. The wastewater treatment facilities operations are accounted for in a Special Revenue Fund of the District. The District’s share of joint wastewater treatment facilities costs for the current fiscal year was \$250,859. As of the report date, the District and District No. 257 were investigating billing errors related to this agreement. The outcome of this investigation is unknown at this time.

As of March 31, 2021, the following balances have been recorded:

	Harris County Municipal Utility District No. 149	Harris County Municipal Utility District No. 257	Total
Balances Receivable from Participants	\$ <u>31,450</u>	\$ <u>30,800</u>	\$ <u>62,250</u>
Reserve for Operations	\$ <u>65,971</u>	\$ <u>49,514</u>	\$ <u>115,485</u>

NOTE 9. WATER SUPPLY AGREEMENT

On October 15, 2018, the District entered into an Amended and Restated Water Supply Agreement with Harris County Municipal Utility District No. 257. Said agreement has a term of 60 years and acknowledged that the District previously sold a total of 321 equivalent connections in water plant capacity to District No. 257. The participants’ shares of capacity in the water facilities are 83.95% for the District and 16.05% for District No. 257. The District holds title to the facilities and operates them for the benefit of the participants. Fixed operating costs are shared based on the pro rata share of capacity owned and variable costs are shared based on the pro rata share of total water delivered and metered to customers. In addition, each participant pays an administrative charge of five percent of its portion of the monthly operating costs. The water facilities operations are accounted for in a Special Revenue Fund of the District. The District’s share of joint water facilities costs totaled \$457,184 during the current fiscal year. As of the report date, the District and District No. 257 were investigating billing errors related to this agreement. The outcome of this investigation is unknown at this time.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 9. WATER SUPPLY AGREEMENT (Continued)

As of March 31, 2021, the following balances have been recorded:

	Harris County Municipal Utility District No. 149	Harris County Municipal Utility District No. 257	Total
Balances Receivable from Participants	\$ <u>60,269</u>	\$ <u>55,770</u>	\$ <u>116,039</u>
Reserve for Operations	\$ <u>87,574</u>	\$ <u>81,817</u>	\$ <u>169,391</u>

NOTE 10. RISK MANAGEMENT

The District carries commercial insurance to protect against various risks including loss related to torts, the theft of, damage to or destruction of assets, errors and omissions, and natural disasters. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 11. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the West Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the "Act"), as passed by the seventy-seventh Texas Legislature, in 2001. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivision.

The Authority charges a fee, based on the amount of water pumped from the well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current pumpage fee charged by the Authority is \$3.45 per 1,000 gallons of water pumped from each well. The District and District No. 257 also pay a fee for purchased surface water of \$3.85 per 1,000 gallons of water purchased from the Authority. The District and District No. 257 jointly paid \$577,378 to the Authority for pumpage fees and purchased surface water in the current fiscal year.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 14, 2009, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City will annex a tract of land defined as the “Subject Tract” within the boundaries of the District. The District will continue to develop, to own, and to operate and maintain a water and wastewater system in the District. The City imposes a Sales and Use Tax within the boundaries of the Subject Tract on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City pays the District one-half of all Sales and Use Tax revenues generated within the boundaries of the Subject Tract within 30 days of the City receiving the funds from the State Comptroller’s office. The City agrees 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 term of this Agreement is 30 years from the effective date of the agreement. During the current year, the District recorded revenue of \$62,014.

NOTE 13. UNREIMBURSED COSTS

The District has entered into development financing agreements with Developers within the District. The District has recorded a liability of \$77,043 for construction, engineering and related costs for certain sanitary sewer and storm sewer extensions and detention facilities.

NOTE 14. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. Since that time, the District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19. The District will continue to carefully monitor the situation and evaluate the financial statement impact, if any, that results from the pandemic.

NOTE 15. EMERGENCY WATER SUPPLY CONTRACT

On September 15, 1986, the District approved an Emergency Water Supply Agreement with Langham Creek Utility District (“Langham Creek”). The agreement was amended on November 10, 2000. Under the terms of the agreement, each district has constructed 12” water lines from its respective water system to the point of interconnect. Langham Creek constructed the interconnect facilities and locking mechanism at the point of interconnect. Each district will be responsible for 50% of the maintenance costs of the interconnect facilities.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

NOTE 15. EMERGENCY WATER SUPPLY CONTRACT (Continued)

The agreement provides for the supply of water on an emergency basis at a price of \$0.50 per 1,000 gallons. If the supplying district has converted to use of surface water in whole or in part, or if additional fees are imposed upon the supplying district by a regional water authority, the rate per 1,000 gallons will be the actual cost to the supplying district to purchase surface water, or the above rate shall be increased by the amount of fee imposed by a regional water authority.

NOTE 16. BOND SALE

On August 25, 2020, the District closed on the sale of its \$10,000,000 Series 2020 Unlimited Tax Bonds. Proceeds from the Bonds will be used to fund the District's share of construction and engineering costs for the new wastewater treatment plant. Bond proceeds will also be used to fund 12 months of capitalized interest and pay certain costs of issuing the bonds.

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2021

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2021

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 375,000	\$ 491,900	\$ 509,911	\$ 18,011
Water Service	371,900	371,900	372,983	1,083
Wastewater Service	343,600	343,600	344,612	1,012
Water Authority Fees	360,000	360,000	377,280	17,280
Penalty and Interest	50,000	50,000	30,911	(19,089)
Sales Tax Revenues	91,500	45,300	62,014	16,714
Investment and Miscellaneous Revenues	<u>108,433</u>	<u>108,433</u>	<u>73,089</u>	<u>(35,344)</u>
TOTAL REVENUES	<u>\$ 1,700,433</u>	<u>\$ 1,771,133</u>	<u>\$ 1,770,800</u>	<u>\$ (333)</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 166,250	\$ 166,250	\$ 138,358	\$ 27,892
Contracted Services	289,000	289,000	283,188	5,812
Purchased Water Service	334,998	334,998	457,184	(122,186)
Purchased Wastewater Service	263,885	263,885	250,859	13,026
Repairs and Maintenance	185,616	185,616	213,729	(28,113)
Other	140,101	140,101	100,613	39,488
Capital Outlay	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
TOTAL EXPENDITURES	<u>\$ 1,429,850</u>	<u>\$ 1,429,850</u>	<u>\$ 1,443,931</u>	<u>\$ (14,081)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 270,583</u>	<u>\$ 341,283</u>	<u>\$ 326,869</u>	<u>\$ (14,414)</u>
OTHER FINANCING SOURCES(USES)				
Transfers In	<u>\$ -0-</u>	<u>\$ 238,837</u>	<u>\$ 238,627</u>	<u>\$ (210)</u>
NET CHANGE IN FUND BALANCE	\$ 270,583	\$ 580,120	\$ 565,496	\$ (14,624)
FUND BALANCE - APRIL 1, 2020	<u>3,708,984</u>	<u>3,708,984</u>	<u>3,708,984</u>	<u>_____</u>
FUND BALANCE - MARCH 31, 2021	<u>\$ 3,979,567</u>	<u>\$ 4,289,104</u>	<u>\$ 4,274,480</u>	<u>\$ (14,624)</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – WATER FACILITIES
FOR THE YEAR ENDED MARCH 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Water Service	\$ 677,567	\$ 752,262	\$ 74,695
Investment and Miscellaneous Revenues	300		(300)
TOTAL REVENUES	<u>\$ 677,867</u>	<u>\$ 752,262</u>	<u>\$ 74,395</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 23,850	\$ 28,247	\$ (4,397)
Contracted Services	28,000	26,128	1,872
Utilities	35,850	33,149	2,701
Water Authority Costs	499,900	577,378	(77,478)
Repairs and Maintenance	65,210	65,000	210
Other	25,057	22,360	2,697
TOTAL EXPENDITURES	<u>\$ 677,867</u>	<u>\$ 752,262</u>	<u>\$ (74,395)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - APRIL 1, 2020	_____	_____	_____
FUND BALANCE - MARCH 31, 2021	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – WASTEWATER TREATMENT FACILITIES
FOR THE YEAR ENDED MARCH 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Wastewater Service	\$ 461,941	\$ 411,532	\$ (50,409)
Investment and Miscellaneous Revenues	275	3,048	2,773
TOTAL REVENUES	<u>\$ 462,216</u>	<u>\$ 414,580</u>	<u>\$ (47,636)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 23,600	\$ 9,897	\$ 13,703
Contracted Services	43,900	41,855	2,045
Utilities	73,600	67,711	5,889
Repairs and Maintenance/Capital Outlay	220,185	164,325	55,860
Other	100,931	130,792	(29,861)
TOTAL EXPENDITURES	<u>\$ 462,216</u>	<u>\$ 414,580</u>	<u>\$ 47,636</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - APRIL 1, 2020	_____	_____	_____
FUND BALANCE - MARCH 31, 2021	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MARCH 31, 2021

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2021**

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

<u>X</u>	Retail Water	<u> </u>	Wholesale Water	<u> </u>	Drainage
<u>X</u>	Retail Wastewater	<u> </u>	Wholesale Wastewater	<u> </u>	Irrigation
<u> </u>	Parks/Recreation	<u> </u>	Fire Protection	<u> </u>	Security
<u>X</u>	Solid Waste/Garbage	<u> </u>	Flood Control	<u> </u>	Roads
<u>X</u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u> </u>	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8” METER (OR EQUIVALENT):

Based on the rate order effective January 1, 2021.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 21.20	3,000	N	\$ 1.07 \$ 1.35 \$ 1.61 \$ 2.14	3,001 to 10,000 10,001 to 30,000 30,001 to 50,000 50,001 and up
WASTEWATER:	\$ 24.42		Y		
SURCHARGE:					
Regional Water Authority Fees		\$ 4.24 per 1,000 gallons			

District employs winter averaging for wastewater usage?
 X
 Yes No

Total monthly charges per 10,000 gallons usage: Water: \$28.69 Wastewater: \$24.42 Surcharge: \$42.40 Total: \$95.51

See accompanying independent auditor’s report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2021**

2. RETAIL SERVICE PROVIDERS (Continued)

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			x 1.0	
≤ ³ / ₄ "	<u>1,173</u>	<u>1,160</u>	x 1.0	<u>1,160</u>
1"	<u>29</u>	<u>25</u>	x 2.5	<u>63</u>
1½"	<u>14</u>	<u>14</u>	x 5.0	<u>70</u>
2"	<u>10</u>	<u>10</u>	x 8.0	<u>80</u>
3"			x 15.0	
4"			x 25.0	
6"	<u>1</u>		x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>1,227</u></u>	<u><u>1,209</u></u>		<u><u>1,373</u></u>
Total Wastewater Connections	<u><u>1,216</u></u>	<u><u>1,199</u></u>	x 1.0	<u><u>1,199</u></u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system:	35,604,000	Water Accountability Ratio: 81.4% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	99,292,000	
Gallons sold:	32,247,000	To: <u>Harris County Municipal Utility District No. 257</u>
Gallons sold:	1,500,000	To: <u>Langham Creek Utility District</u>
Gallons purchased:	127,903,000	From: <u>West Harris County Regional Water Authority</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2021**

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ___ No X

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely X Partly _____ Not at all _____

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2021**

PROFESSIONAL FEES:	
Auditing	\$ 16,750
Engineering	52,242
Legal	<u>69,366</u>
TOTAL PROFESSIONAL FEES	<u>\$ 138,358</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 457,184
Purchased Wastewater Service	<u>250,859</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 708,043</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 27,532
Operations and Billing	41,736
Security	8,000
Solid Waste Disposal	<u>205,920</u>
TOTAL CONTRACTED SERVICES	<u>\$ 283,188</u>
REPAIRS AND MAINTENANCE	<u>\$ 213,729</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 20,992
Insurance	7,521
Office Supplies and Postage	14,109
Travel and Meetings	4,926
Other	<u>5,491</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 53,039</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 30,746
Permit Fees	3,001
Inspection and Reconnection Fees	10,349
Regulatory Assessment	<u>3,478</u>
TOTAL OTHER EXPENDITURES	<u>\$ 47,574</u>
TOTAL EXPENDITURES	<u><u>\$ 1,443,931</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
INVESTMENTS
MARCH 31, 2021

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 1,032,969	\$
Texas CLASS	XXXX0003	Varies	Daily	539,847	
Certificate of Deposit	XXXX0296	0.85%	04/21/21	150,000	1,198
Certificate of Deposit	XXXX6101	0.70%	11/12/21	240,000	640
Certificate of Deposit	XXXX1719	0.50%	12/18/21	240,000	339
Certificate of Deposit	XXXX1082	0.34%	02/12/22	175,000	76
Certificate of Deposit	XXXX0203	0.45%	09/29/21	175,000	395
Certificate of Deposit	XXXX5761	0.55%	10/25/21	200,000	473
Certificate of Deposit	XXXX0494	0.25%	01/25/22	240,000	107
Certificate of Deposit	XXXX8153	0.25%	07/25/21	175,000	78
Certificate of Deposit	XXXX9301	0.35%	03/27/22	175,000	10
Certificate of Deposit	XXXX2688	0.75%	08/03/21	175,000	863
Certificate of Deposit	XXXX4071	0.75%	04/29/21	175,000	1,194
Certificate of Deposit	XXXX1417	0.55%	06/20/21	175,000	749
Certificate of Deposit	XXXX5226	0.35%	02/03/22	150,000	80
Certificate of Deposit	XXXX8945	0.60%	08/22/21	150,000	545
TOTAL GENERAL FUND				<u>\$ 4,167,816</u>	<u>\$ 6,747</u>
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0002	Varies	Daily	<u>\$ 567,623</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0005	Varies	Daily	\$ 8,313,770	\$
Texas CLASS	XXXX0006	Varies	Daily	5,328	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 8,319,098</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 13,054,537</u>	<u>\$ 6,747</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2021

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
APRIL 1, 2020	\$	56,856	\$	18,463
Adjustments to Beginning				
Balance		<u>(4,990)</u>	\$	<u>17,459</u>
Original 2020 Tax Levy	\$	439,205	\$	492,985
Adjustment to 2020 Tax Levy		<u>74,390</u>	<u>513,595</u>	<u>576,484</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	565,461	\$
				593,943
 TAX COLLECTIONS:				
Prior Years	\$	21,287	\$	5,043
Current Year		<u>488,624</u>	<u>509,911</u>	<u>553,498</u>
 TAXES RECEIVABLE -				
MARCH 31, 2021		<u>\$</u>	<u>55,550</u>	<u>\$</u>
				<u>40,445</u>
 TAXES RECEIVABLE BY				
YEAR:				
2020	\$	24,971	\$	28,029
2019		16,502		3,894
2018		7,425		3,119
2017		2,442		1,026
2016		1,144		526
2015		1,077		990
2014		443		479
2013		532		724
2012		544		893
2011		274		449
2010		175		286
2009		<u>21</u>		<u>30</u>
TOTAL	\$	<u>55,550</u>	\$	<u>40,445</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2021**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPERTY VALUATIONS:				
Land	\$ 68,639,809	\$ 55,836,650	\$ 55,908,851	\$ 52,149,818
Improvements	164,684,156	168,725,774	150,189,843	148,112,964
Personal Property	7,154,141	7,271,989	6,991,821	7,105,186
Exemptions	<u>(30,847,662)</u>	<u>(30,454,300)</u>	<u>(27,725,610)</u>	<u>(29,312,810)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 209,630,444</u>	<u>\$ 201,380,113</u>	<u>\$ 185,364,905</u>	<u>\$ 178,055,158</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.275	\$ 0.105	\$ 0.105	\$ 0.105
Maintenance	<u>0.245</u>	<u>0.445</u>	<u>0.250</u>	<u>0.250</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.520</u>	<u>\$ 0.550</u>	<u>\$ 0.355</u>	<u>\$ 0.355</u>
ADJUSTED TAX LEVY*	<u>\$ 1,090,079</u>	<u>\$ 1,107,591</u>	<u>\$ 658,045</u>	<u>\$ 632,096</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>95.14 %</u>	<u>98.16 %</u>	<u>98.40 %</u>	<u>99.45 %</u>

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$0.25 per \$100 of assessed valuation approved by voters August 13, 1977. An additional \$0.25 per \$100 of assessed valuation was approved by voters on November 6, 2018, for a total maximum tax rate of \$0.50 per \$100 of assessed valuation.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2021

S E R I E S - 2 0 1 0			
Due During Fiscal Years Ending March 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2022	\$ 150,000	\$ 30,982	\$ 180,982
2023	160,000	24,970	184,970
2024	165,000	18,470	183,470
2025	180,000	11,480	191,480
2026	190,000	3,895	193,895
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	\$ 845,000	\$ 89,797	\$ 934,797

The District records the amount due April 1 as an expenditure in the prior fiscal year (see Note 2). This schedule shows the amount due within the fiscal years, assuming this practice will continue in the future.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2021

S E R I E S - 2 0 2 0

Due During Fiscal Years Ending March 31	Principal Due April 1	Interest Due October 1/ April 1	Total
2022	\$ 150,000	\$ 214,219	\$ 364,219
2023	150,000	209,719	359,719
2024	150,000	205,219	355,219
2025	150,000	200,718	350,718
2026	360,000	196,219	556,219
2027	365,000	189,019	554,019
2028	375,000	181,719	556,719
2029	380,000	174,218	554,218
2030	390,000	166,619	556,619
2031	395,000	158,819	553,819
2032	405,000	150,919	555,919
2033	415,000	142,819	557,819
2034	420,000	134,518	554,518
2035	430,000	126,119	556,119
2036	440,000	117,519	557,519
2037	445,000	108,719	553,719
2038	455,000	99,818	554,818
2039	465,000	90,150	555,150
2040	475,000	80,269	555,269
2041	485,000	70,175	555,175
2042	495,000	59,263	554,263
2043	505,000	48,124	553,124
2044	515,000	36,763	551,763
2045	525,000	25,175	550,175
2046	535,000	12,706	547,706
	<u>\$ 9,875,000</u>	<u>\$ 3,199,544</u>	<u>\$ 13,074,544</u>

The District records the amount due April 1 as an expenditure in the prior fiscal year (see Note 2). This schedule shows the amount due within the fiscal years, assuming this practice will continue in the future.

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2021

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending March 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 300,000	\$ 245,201	\$ 545,201
2023	310,000	234,689	544,689
2024	315,000	223,689	538,689
2025	330,000	212,198	542,198
2026	550,000	200,114	750,114
2027	365,000	189,019	554,019
2028	375,000	181,719	556,719
2029	380,000	174,218	554,218
2030	390,000	166,619	556,619
2031	395,000	158,819	553,819
2032	405,000	150,919	555,919
2033	415,000	142,819	557,819
2034	420,000	134,518	554,518
2035	430,000	126,119	556,119
2036	440,000	117,519	557,519
2037	445,000	108,719	553,719
2038	455,000	99,818	554,818
2039	465,000	90,150	555,150
2040	475,000	80,269	555,269
2041	485,000	70,175	555,175
2042	495,000	59,263	554,263
2043	505,000	48,124	553,124
2044	515,000	36,763	551,763
2045	525,000	25,175	550,175
2046	535,000	12,706	547,706
	<u>\$ 10,720,000</u>	<u>\$ 3,289,341</u>	<u>\$ 14,009,341</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2021

Description	Original Bonds Issued	Bonds Outstanding April 1, 2020
Harris County Municipal Utility District No. 149 Unlimited Tax Bonds - Series 2010	\$ 1,365,000	\$ 985,000
Harris County Municipal Utility District No. 149 Unlimited Tax Bonds - Series 2020	<u>10,000,000</u>	
TOTAL	<u>\$ 11,365,000</u>	<u>\$ 985,000</u>

Bond Authority:	Tax Bonds
Amount Authorized by Voters	\$ 47,850,000
Amount Issued	<u>13,420,000</u>
Remaining to be Issued	<u>\$ 34,430,000</u>

Debt Service Fund cash and investment balances as of March 31, 2021:	<u>\$ 658,679</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 560,374</u>

See Note 3 for interest rates, interest payment dates and maturity dates.

Note: The District has unused refunding bond authorization of \$40,187,947.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding March 31, 2021</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 140,000	\$ 36,420	\$ 845,000	Wells Fargo Bank N.A. Houston, TX
<u>10,000,000</u>	<u>125,000</u>	<u>130,781</u>	<u>9,875,000</u>	The Bank of New York Mellon Trust Co., N.A. Dallas, TX
<u>\$ 10,000,000</u>	<u>\$ 265,000</u>	<u>\$ 167,201</u>	<u>\$ 10,720,000</u>	

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 509,911	\$ 870,981	\$ 454,538
Water Service	750,263	708,779	704,957
Wastewater Service	344,612	340,766	342,424
Penalty and Interest	30,911	47,645	54,460
Sales Tax Revenues	62,014	88,387	100,331
Investment and Miscellaneous Revenues	73,089	108,594	105,859
TOTAL REVENUES	\$ 1,770,800	\$ 2,165,152	\$ 1,762,569
EXPENDITURES			
Professional Fees	\$ 138,358	\$ 191,782	\$ 133,072
Contracted Services	283,188	280,598	280,873
Purchased Services	708,043	602,474	663,811
Repairs and Maintenance	213,729	164,607	136,680
Other	100,613	142,571	205,111
Capital Outlay		186,598	
TOTAL EXPENDITURES	\$ 1,443,931	\$ 1,568,630	\$ 1,419,547
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 326,869	\$ 596,522	\$ 343,022
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ 238,627	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 565,496	\$ 596,522	\$ 343,022
BEGINNING FUND BALANCE	3,708,984	3,112,462	2,769,440
ENDING FUND BALANCE	\$ 4,274,480	\$ 3,708,984	\$ 3,112,462

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2018</u>	<u>2017</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 439,079	\$ 383,065	28.8 %	40.2 %	25.8 %	25.6 %	22.0 %
706,099	691,340	42.4	32.8	40.0	41.2	39.7
346,436	352,386	19.5	15.7	19.4	20.2	20.2
51,781	65,436	1.7	2.2	3.1	3.0	3.8
98,429	95,842	3.5	4.1	5.7	5.7	5.5
74,570	152,343	4.1	5.0	6.0	4.3	8.8
<u>\$ 1,716,394</u>	<u>\$ 1,740,412</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 171,657	\$ 151,649	7.8 %	8.9 %	7.5 %	10.0 %	8.8 %
282,788	275,186	16.0	13.0	15.9	16.5	15.8
694,542	886,503	40.0	27.8	37.7	40.5	50.9
151,141	118,368	12.1	7.6	7.8	8.8	6.8
100,795	104,412	5.6	6.6	11.6	5.9	6.0
43,307	12,830		8.6		2.4	0.7
<u>\$ 1,444,230</u>	<u>\$ 1,548,948</u>	<u>81.5 %</u>	<u>72.5 %</u>	<u>80.5 %</u>	<u>84.1 %</u>	<u>89.0 %</u>
<u>\$ 272,164</u>	<u>\$ 191,464</u>	<u>18.5 %</u>	<u>27.5 %</u>	<u>19.5 %</u>	<u>15.9 %</u>	<u>11.0 %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 272,164	\$ 191,464					
<u>2,497,276</u>	<u>2,305,812</u>					
<u>\$ 2,769,440</u>	<u>\$ 2,497,276</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 553,498	\$ 209,054	\$ 191,258
Penalty and Interest	13,739	12,993	12,679
Investment and Miscellaneous Revenues	6,156	4,964	8,524
TOTAL REVENUES	\$ 573,393	\$ 227,011	\$ 212,461
EXPENDITURES			
Tax Collection Expenditures	\$ 37,874	\$ 34,292	\$ 30,141
Debt Service Principal	265,000	135,000	125,000
Debt Service Interest and Fees	167,701	42,245	47,445
TOTAL EXPENDITURES	\$ 470,575	\$ 211,537	\$ 202,586
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 102,818	\$ 15,474	\$ 9,875
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-term Debt	\$ 217,969	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 320,787	\$ 15,474	\$ 9,875
BEGINNING FUND BALANCE	339,590	324,116	314,241
ENDING FUND BALANCE	\$ 660,377	\$ 339,590	\$ 324,116
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,209	1,205	1,201
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,199	1,196	1,191

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2018</u>	<u>2017</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 187,953	\$ 162,839	96.5 %	92.1 %	90.0 %	89.1 %	72.5 %
20,695	12,325	2.4	5.7	6.0	9.8	5.5
<u>2,360</u>	<u>49,565</u>	<u>1.1</u>	<u>2.2</u>	<u>4.0</u>	<u>1.1</u>	<u>22.0</u>
<u>\$ 211,008</u>	<u>\$ 224,729</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 33,439	\$ 30,401	6.6 %	15.1 %	14.2 %	15.8 %	13.5 %
120,000	300,000	46.2	59.4	58.8	56.9	133.5
<u>52,345</u>	<u>61,645</u>	<u>29.3</u>	<u>18.6</u>	<u>22.3</u>	<u>24.8</u>	<u>27.4</u>
<u>\$ 205,784</u>	<u>\$ 392,046</u>	<u>82.1 %</u>	<u>93.1 %</u>	<u>95.3 %</u>	<u>97.5 %</u>	<u>174.4 %</u>
\$ 5,224	\$ (167,317)	<u>17.9 %</u>	<u>6.9 %</u>	<u>4.7 %</u>	<u>2.5 %</u>	<u>(74.4) %</u>
\$ - 0 -	\$ - 0 -					
\$ 5,224	\$ (167,317)					
<u>309,017</u>	<u>476,334</u>					
<u>\$ 314,241</u>	<u>\$ 309,017</u>					
<u>1,207</u>	<u>1,208</u>					
<u>1,197</u>	<u>1,198</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2021

District Mailing Address - Harris County Municipal Utility District No. 149
c/o Schwartz, Page & Harding, L.L.P.
1300 Post Oak Boulevard, Suite 1400
Houston, TX 77056-3078

District Telephone Number - (713) 623-4531

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>March 31, 2021</u>	Expense Reimbursements for the year ended <u>March 31, 2021</u>	<u>Title</u>
John R. VanDyke	05/20 05/24 (Elected)	\$ 5,250	\$ 25	President
Stefanie Cline	05/20 05/24 (Elected)	\$ 3,600	\$ 39	Vice President
Margaret Petry	05/18 05/22 (Elected)	\$ 3,600	\$ 51	Secretary
Terrence Stephens	05/18 05/22 (Elected)	\$ 3,450	\$ 55	Assistant Secretary
Randall Kallus	11/19 05/22 (Appointed)	\$ 3,450	\$ 40	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: June 10, 2020

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on July 14, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 149
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2021

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended March 31, 2021 District</u>	<u>Fees for the year ended March 31, 2021 Water Facilities</u>	<u>Fees for the year ended March 31, 2021 Wastewater Treatment Facilities</u>	<u>Title</u>
Schwartz, Page & Harding, LLP	03/31/77	\$ 333,874	\$ 5,233	\$ 792	General and Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	08/21/06	\$ 19,250	\$ 3,750	\$ 3,750	Auditor/Other Services
Municipal Accounts & Consulting LP	05/12/03	\$ 32,129	\$ 8,121	\$ 8,643	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, LLP	04/15/13	\$ 5,572	\$ -0-	\$ -0-	Delinquent Tax Attorney
Jones & Carter	03/30/87	\$ 704,813	\$ 19,264	\$ 5,355	Engineer
Masterson Advisors, LLC	05/16/18	\$ 206,497	\$ -0-	\$ -0-	Financial Advisor
Inframark, LLC	03/31/77	\$ 295,266	\$ 84,178	\$ 212,015	Operator
Bob Leared	08/16/77	\$ 23,473	\$ -0-	\$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.

