

HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 249
HARRIS COUNTY, TEXAS
ANNUAL AUDIT REPORT
DECEMBER 31, 2022

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April 20, 2023

INDEPENDENT AUDITOR'S REPORT

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

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Harris County Municipal Utility District No. 249 as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Harris County Municipal Utility District No. 249's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Harris County Municipal Utility District No. 249, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Harris County Municipal Utility District No. 249, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Harris County Municipal Utility District No. 249's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I: exercise professional judgment and maintain professional skepticism throughout the audit.; identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.; obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Harris County Municipal Utility District No. 249's internal control. Accordingly, no such opinion is expressed.; evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.; conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Harris County Municipal Utility District No. 249's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 our 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.

INDEPENDENT AUDITOR'S REPORT (Continued)**Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harris County Municipal Utility District No. 249's basic financial statements. The supplementary information on Pages 24 to 41 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 dark ink, appearing to read "M. G. J.", is centered on the page below the text.

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, 2022.

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>2022</u>	<u>2021</u>	<u>Change</u>
Current and other assets	\$ 12,783,757	\$ 12,569,752	\$ 214,005
Capital assets	13,278,401	13,223,938	54,463
Total assets	<u>26,062,158</u>	<u>25,793,690</u>	<u>268,468</u>
Long-term liabilities	6,343,629	7,494,605	(1,150,976)
Other liabilities	1,516,801	2,150,145	(633,344)
Total liabilities	<u>7,860,430</u>	<u>9,644,750</u>	<u>(1,784,320)</u>
Total deferred inflows of resources	<u>2,602,388</u>	<u>2,366,062</u>	<u>236,326</u>
Net position:			
Invested in capital assets, net of related debt	5,783,796	4,760,241	1,023,555
Restricted	2,845,422	2,948,901	(103,479)
Unrestricted	6,970,122	6,073,736	896,386
Total net position	<u>\$ 15,599,340</u>	<u>\$ 13,782,878</u>	<u>\$ 1,816,462</u>

Summary of Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 2,352,579	\$ 2,276,144	\$ 76,435
Charges for services	1,556,800	1,436,730	120,070
Sales and Use Taxes	617,831	617,385	446
Other revenues	157,501	17,693	139,808
Total revenues	<u>4,684,711</u>	<u>4,347,952</u>	<u>336,759</u>
Expenses:			
Service operations	2,689,286	2,675,201	14,085
Debt service	178,963	453,582	(274,619)
Total expenses	<u>2,868,249</u>	<u>3,128,783</u>	<u>(260,534)</u>
Change in net position	1,816,462	1,219,169	597,293
Net position, beginning of year	<u>13,782,878</u>	<u>12,563,709</u>	<u>1,219,169</u>
Net position, end of year	<u>\$ 15,599,340</u>	<u>\$ 13,782,878</u>	<u>\$ 1,816,462</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, 2022, were \$9,909,407, an increase of \$754,645 from the prior year.

The General Fund balance increased by \$897,273, in accordance with the District's financial plan.

The Special Revenue Fund balance decreased by \$15,604 due to the decrease in the operating reserve.

The Debt Service Fund balance increased by \$20,434, in accordance with the District's financial plan.

The Capital Projects Fund balance decreased by \$147,458, as authorized expenditures exceeded interest earnings on temporary investments.

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 22 of this report. The budgetary fund balance as of December 31, 2022, was expected to be \$5,197,004 and the actual end of year fund balance was \$6,957,552.

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>2022</u>	<u>2021</u>	<u>Change</u>
Land and easements	\$ 1,553,004	\$ 1,553,004	\$ 0
Construction in progress	0	70,771	(70,771)
Detention ponds	3,278,137	2,827,315	450,822
Water facilities	2,630,192	2,726,152	(95,960)
Sewer facilities	3,934,953	4,088,778	(153,825)
Drainage facilities	1,882,115	1,957,918	(75,803)
Totals	<u>\$ 13,278,401</u>	<u>\$ 13,223,938</u>	<u>\$ 54,463</u>

Changes to capital assets during the fiscal year ended December 31, 2022, are summarized as follows:

Additions:		
Detention pond improvements		\$ 380,051
Water system improvements		8,395
Total additions to capital assets		<u>388,446</u>
Decreases:		
Depreciation		<u>(333,983)</u>
Net change to capital assets		<u>\$ 54,463</u>

Debt

Changes in the bonded debt position of the District during the fiscal year ended December 31, 2022, are summarized as follows:

Bonded debt payable, beginning of year	\$ 8,070,000
Bonds paid	(935,000)
Bonded debt payable, end of year	<u>\$ 7,135,000</u>

At December 31, 2022, the District has no 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, 2015 and 2021 bonds are insured by Assured Guaranty Municipal Corp. The Series 2021A 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, 2022.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$43,470,000 for the 2022 tax year (about 14%), 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, 2022, the pumpage fee was equal to \$4.60 per 1,000 gallons pumped, and is expected to increase in the future. At December 31, 2022, the Authority's surface water usage fee was equal to \$5.05 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, 2022

	General	Special Revenue Fund	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS							
Cash, including interest-bearing accounts, Note 7	\$ 189,610	\$ 65,393	\$ 1,397,976	\$	\$ 1,652,979	\$	\$ 1,652,979
Certificates of deposit, at cost, Note 7	480,000				480,000		480,000
Temporary investments, at cost, Note 7	6,251,851		861,640	2,088,000	9,201,491		9,201,491
Receivables:							
Property taxes	581,686		516,647		1,098,333		1,098,333
Accrued penalty and interest on property taxes					0	21,010	21,010
Service accounts	83,940				83,940		83,940
Sales and Use Taxes, Note 11	172,410				172,410		172,410
Accrued interest	4,004				4,004		4,004
Other	3,683				3,683		3,683
Due from participant in sewage treatment plant		26,762			26,762		26,762
Maintenance taxes collected not yet transferred from other fund	727,505				727,505	(727,505)	0
Due from other funds	28,765	19,035			47,800	(47,800)	0
Prepaid expenditures	39,145				39,145		39,145
Operating reserve at sewage treatment plant, Note 9	58,945				58,945	(58,945)	0
Capital assets, net of accumulated depreciation, Note 4:							
Capital assets not being depreciated					0	4,831,141	4,831,141
Depreciable capital assets					0	8,447,260	8,447,260
Total assets	<u>\$ 8,621,544</u>	<u>\$ 111,190</u>	<u>\$ 2,776,263</u>	<u>\$ 2,088,000</u>	<u>\$ 13,596,997</u>	<u>12,465,161</u>	<u>26,062,158</u>
LIABILITIES							
Accounts payable	\$ 100,367	\$ 30,444	\$ 3,766	\$	\$ 134,577		134,577
Accrued interest payable					0	65,367	65,367
Customer and builder deposits	144,080				144,080		144,080
Maintenance taxes collected not yet transferred to other fund			727,505		727,505	(727,505)	0
Due to other funds	19,035			28,765	47,800	(47,800)	0
Other district's equity in joint venture					0	21,801	21,801
Long-term liabilities, Note 5:							
Due within one year					0	1,150,976	1,150,976
Due in more than one year					0	6,343,629	6,343,629
Total liabilities	<u>263,482</u>	<u>30,444</u>	<u>731,271</u>	<u>28,765</u>	<u>1,053,962</u>	<u>6,806,468</u>	<u>7,860,430</u>
DEFERRED INFLOWS OF RESOURCES							
Property tax revenues	<u>1,400,510</u>	<u>0</u>	<u>1,233,118</u>	<u>0</u>	<u>2,633,628</u>	<u>(31,240)</u>	<u>2,602,388</u>
FUND BALANCES / NET POSITION							
Fund balances:							
Restricted for:							
Operating reserve at sewage treatment plant, Note 9	58,945				58,945	(58,945)	0
Assigned to:							
Debt service			811,874		811,874	(811,874)	0
Capital projects				2,059,235	2,059,235	(2,059,235)	0
Operating reserve at sewage treatment plant, Note 9		80,746			80,746	(80,746)	0
Unassigned	6,898,607				6,898,607	(6,898,607)	0
Total fund balances	<u>6,957,552</u>	<u>80,746</u>	<u>811,874</u>	<u>2,059,235</u>	<u>9,909,407</u>	<u>(9,909,407)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 8,621,544</u>	<u>\$ 111,190</u>	<u>\$ 2,776,263</u>	<u>\$ 2,088,000</u>	<u>\$ 13,596,997</u>		
Net position:							
Invested in capital assets, net of related debt						5,783,796	5,783,796
Restricted for debt service						786,187	786,187
Restricted for capital projects						2,059,235	2,059,235
Unrestricted						6,970,122	6,970,122
Total net position						<u>\$ 15,599,340</u>	<u>\$ 15,599,340</u>

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, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES							
Property taxes	\$ 1,150,575		\$ 1,180,908	\$	\$ 2,331,483	\$ (3,147)	\$ 2,328,336
Water service	363,478				363,478		363,478
Sewer service	344,067				344,067		344,067
Surface water fees, Note 10	711,584				711,584		711,584
From participants in plant		313,990			313,990	(227,383)	86,607
Penalty and interest	30,694		21,408		52,102	2,835	54,937
Sales and Use Taxes, Note 11	617,831				617,831		617,831
Interest on deposits and investments	106,032		17,397	34,072	157,501		157,501
Other revenues	20,370				20,370		20,370
Total revenues	3,344,631	313,990	1,219,713	34,072	4,912,406	(227,695)	4,684,711
EXPENDITURES / EXPENSES							
Service operations:							
Purchased sewer services, Note 9	227,383				227,383	(227,383)	0
Professional fees	125,427	22,225	5,851		153,503		153,503
Contracted services	133,509	42,465	29,518	1,050	206,542		206,542
Utilities	63,554	33,258			96,812		96,812
Surface water pumpage fees, Note 10	680,023				680,023		680,023
Repairs and maintenance	304,008	116,005			420,013		420,013
Other operating expenditures	41,946	81,532			123,478		123,478
Security service	402,291				402,291		402,291
Garbage disposal	186,265				186,265		186,265
Administrative expenditures	58,941	18,505	8,930		86,376		86,376
Depreciation					0	333,983	333,983
Capital outlay / non-capital outlay	224,011			164,435	388,446	(388,446)	0
Debt service:							
Principal retirement			935,000		935,000	(935,000)	0
Bond issuance expenditures			949	16,045	16,994		16,994
Interest and fees			219,031		219,031	(57,062)	161,969
Total expenditures / expenses	2,447,358	313,990	1,199,279	181,530	4,142,157	(1,273,908)	2,868,249
Excess (deficiency) of revenues over expenditures	897,273	0	20,434	(147,458)	770,249	1,046,213	1,816,462
OTHER FINANCING SOURCES (USES)							
Increase (decrease) in operating reserve		(15,604)			(15,604)	15,604	0
Total other financing sources (uses)	0	(15,604)	0	0	(15,604)	15,604	0
Net change in fund balances / net position	897,273	(15,604)	20,434	(147,458)	754,645	1,061,817	1,816,462
Beginning of year	6,060,279	96,350	791,440	2,206,693	9,154,762	4,628,116	13,782,878
End of year	\$ 6,957,552	\$ 80,746	\$ 811,874	\$ 2,059,235	\$ 9,909,407	\$ 5,689,933	\$ 15,599,340

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249NOTES TO THE FINANCIAL STATEMENTSDECEMBER 31, 2022

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		\$ 9,909,407
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets, net		13,278,401
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	\$ (7,135,000)	
Deferred charge on refunding (to be amortized as interest expense)	(34,546)	
Issuance premium, net of discount (to be amortized as interest expense)	<u>(325,059)</u>	(7,494,605)
The assets in the special revenue fund are owned by the District and other participants in the joint venture:		
The District's equity	(58,945)	
Other district's equity	<u>(21,801)</u>	(80,746)
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	21,010	
Uncollected property taxes	<u>31,240</u>	52,250
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(65,367)</u>
Net position, end of year		<u>\$ 15,599,340</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		\$ 754,645
<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	\$ 388,446	
Depreciation	<u>(333,983)</u>	54,463
<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		935,000
<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	26,588	
Issuance premium, net of discount	<u>26,754</u>	53,342
<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	2,835	
Uncollected property taxes	<u>(3,147)</u>	(312)
<p>Changes in the special revenue fund balance are due to contributions from, and distributions to, participants in the joint venture</p>		
		15,604
<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>3,720</u>
Change in net position		<u>\$ 1,816,462</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,553,004	\$	\$	\$ 1,553,004
Detention ponds	2,827,315	450,822		3,278,137
Construction in progress	<u>70,771</u>	<u>159,463</u>	<u>230,234</u>	<u>0</u>
Total capital assets not being depreciated	<u>4,451,090</u>	<u>610,285</u>	<u>230,234</u>	<u>4,831,141</u>
Depreciable capital assets:				
Water system	5,222,152	8,395		5,230,547
Sewer system	7,223,646			7,223,646
Drainage system	<u>3,405,448</u>			<u>3,405,448</u>
Total depreciable capital assets	<u>15,851,246</u>	<u>8,395</u>	<u>0</u>	<u>15,859,641</u>
Less accumulated depreciation for:				
Water system	(2,496,000)	(104,355)		(2,600,355)
Sewer system	(3,134,868)	(153,825)		(3,288,693)
Drainage system	<u>(1,447,530)</u>	<u>(75,803)</u>		<u>(1,523,333)</u>
Total accumulated depreciation	<u>(7,078,398)</u>	<u>(333,983)</u>	<u>0</u>	<u>(7,412,381)</u>
Total depreciable capital assets, net	<u>8,772,848</u>	<u>(325,588)</u>	<u>0</u>	<u>8,447,260</u>
Total capital assets, net	<u>\$ 13,223,938</u>	<u>\$ 284,697</u>	<u>\$ 230,234</u>	<u>\$ 13,278,401</u>
Changes to capital assets:				
Capital outlay		\$ 388,446	\$	
Assets transferred to non-depreciable assets		230,234	230,234	
Less depreciation expense for the fiscal year		<u>(333,983)</u>		
Net increases / decreases to capital assets		<u>\$ 284,697</u>	<u>\$ 230,234</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended December 31, 2022 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	\$ 8,070,000	\$	\$ 935,000	\$ 7,135,000	\$ 1,080,000
Deferred amounts:					
For issuance (discounts) premium	351,813		26,754	325,059	51,283
For refunding	<u>61,134</u>		<u>26,588</u>	<u>34,546</u>	<u>19,693</u>
Total bonds payable	<u>8,482,947</u>	<u>0</u>	<u>988,342</u>	<u>7,494,605</u>	<u>1,150,976</u>
Total long-term liabilities	<u>\$ 8,482,947</u>	<u>\$ 0</u>	<u>\$ 988,342</u>	<u>\$ 7,494,605</u>	<u>\$ 1,150,976</u>

Developer Construction Commitments and Liabilities

At December 31, 2022, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of December 31, 2022, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,080,000	\$ 196,100	\$ 1,276,100
2024	1,055,000	163,100	1,218,100
2025	875,000	131,450	1,006,450
2026	770,000	106,000	876,000
2027	745,000	83,200	828,200
2028 - 2031	<u>2,610,000</u>	<u>147,600</u>	<u>2,757,600</u>
	<u>\$ 7,135,000</u>	<u>\$ 827,450</u>	<u>\$ 7,962,450</u>

Tax and refunding bonds voted	\$ 25,000,000
Tax and refunding bonds approved for sale and sold	25,000,000
Tax and refunding bonds voted and not issued	0

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, 2022, were as follows:

	<u>Refunding Series 2010</u>	<u>Refunding Series 2015</u>	<u>Refunding Series 2021</u>
Amounts outstanding, December 31, 2022	\$60,000	\$2,020,000	\$2,580,000
Interest rates	4.00%	3.00% to 4.00%	3.00%
Maturity dates, serially beginning/ending	September 1, 2023	September 1, 2023/2030	September 1, 2023/2026
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	September 1, 2019*	September 1, 2023*	Not callable
	<u>Series 2021A</u>		
Amounts outstanding, December 31, 2022	\$2,475,000		
Interest rates	1.00% to 2.00%		
Maturity dates, serially beginning/ending	September 1, 2025/2031		
Interest payment dates	March 1/September 1		
Callable dates	September 1, 2027*		

*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)

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 20, 2022, the District levied the following ad valorem taxes for the 2022 tax year and the 2023 fiscal year on the adjusted taxable valuation of \$346,984,783:

	Rate	Amount
Debt service	\$ 0.3500	\$ 1,214,448
Maintenance	0.4000	1,387,940
	\$ 0.7500	\$ 2,602,388

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

2022 tax year total property tax levy	\$ 2,602,388
2022 tax year total property tax levy deferred to 2023 fiscal year	(2,602,388)
2021 tax year total property tax levy deferred to 2022 fiscal year	2,366,061
Appraisal district adjustments to prior year taxes	(37,725)
Statement of Activities property tax revenues	\$ 2,328,336

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 \$2,132,979 and the bank balance was \$1,424,672. Of the bank balance, \$980,000 was covered by federal insurance, \$401,453 was covered by a letter of credit in favor of the District issued by the Federal Home Loan Bank of Dallas and \$43,219 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 \$9,201,491.

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	\$ 1,397,976
Temporary investments	<u>861,640</u>
	<u>\$ 2,259,616</u>

Capital Projects Fund

For construction of capital assets:

Temporary investments	<u>\$ 2,088,000</u>
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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, 2022, 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, 2022, 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 \$58,945 of the Plant's \$80,746 operating reserve. During the year ended December 31, 2022, the District's share of the Plant's operating expenditures was \$227,383.

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, 2022, the Authority had established a pumpage fee of \$4.60 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, 2022, were \$680,023. The District billed its customers \$711,584 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 \$617,831 from the City for the year ended December 31, 2022. \$172,410 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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,135,820	\$ 1,135,820	\$ 1,150,575	\$ 14,755
Water service	336,000	336,000	363,478	27,478
Sewer service	338,000	338,000	344,067	6,067
Surface water fees	640,000	640,000	711,584	71,584
Penalty	31,000	31,000	30,694	(306)
Tap connection and inspection fees	0	0		0
Sales and Use Taxes	565,000	565,000	617,831	52,831
Interest on deposits and investments	10,042	10,042	106,032	95,990
Other revenues	16,600	16,600	20,370	3,770
TOTAL REVENUES	<u>3,072,462</u>	<u>3,072,462</u>	<u>3,344,631</u>	<u>272,169</u>
EXPENDITURES				
Service operations:				
Purchased sewer services	235,756	235,756	227,383	(8,373)
Professional fees	189,000	189,000	125,427	(63,573)
Contracted services	130,900	130,900	133,509	2,609
Utilities	63,000	63,000	63,554	554
Surface water pumpage fees	640,000	640,000	680,023	40,023
Repairs and maintenance	294,578	294,578	304,008	9,430
Other operating expenditures	36,915	36,915	41,946	5,031
Security service	387,325	387,325	402,291	14,966
Garbage disposal	185,000	185,000	186,265	1,265
Administrative expenditures	72,930	72,930	58,941	(13,989)
Capital outlay	1,700,333	1,700,333	224,011	(1,476,322)
TOTAL EXPENDITURES	<u>3,935,737</u>	<u>3,935,737</u>	<u>2,447,358</u>	<u>(1,488,379)</u>
EXCESS REVENUES (EXPENDITURES)	(863,275)	(863,275)	897,273	1,760,548
FUND BALANCE, BEGINNING OF YEAR	<u>6,060,279</u>	<u>6,060,279</u>	<u>6,060,279</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 5,197,004</u>	<u>\$ 5,197,004</u>	<u>\$ 6,957,552</u>	<u>\$ 1,760,548</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, 2022

	<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	\$ 235,756	\$ 235,756	\$ 227,383	\$ (8,373)
Harris County WCID No. 110	87,197	87,197	86,607	(590)
Interest on deposits and investments	32	32	0	(32)
TOTAL REVENUES	322,985	322,985	313,990	(8,995)
EXPENDITURES				
Service operations:				
Professional fees	5,500	5,500	22,225	16,725
Contracted services	41,500	41,500	42,465	965
Utilities	25,000	25,000	33,258	8,258
Repairs and maintenance	84,500	84,500	116,005	31,505
Other operating expenditures	110,750	110,750	81,532	(29,218)
Administrative expenditures	15,735	15,735	18,505	2,770
Capital outlay	40,000	40,000	0	(40,000)
TOTAL EXPENDITURES	322,985	322,985	313,990	(8,995)
EXCESS REVENUES (EXPENDITURES)	0	0	0	0
OTHER FINANCING SOURCES (USES)				
Increase (decrease) in operating reserve	0	0	(15,604)	(15,604)
TOTAL OTHER FINANCIAL SOURCES (USES)	0	0	(15,604)	(15,604)
EXCESS SOURCES (USES)	0	0	(15,604)	(15,604)
FUND BALANCE, BEGINNING OF YEAR	96,350	96,350	96,350	0
FUND BALANCE, END OF YEAR	\$ 96,350	\$ 96,350	\$ 80,746	\$ (15,604)

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, 2022

(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, 2022

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:	\$27.78		Y		
SURCHARGE:	\$4.73 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: \$27.78 Surcharge: \$47.30

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

SCHEDULE OF SERVICES AND RATES (Continued)

DECEMBER 31, 2022

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"	712	706	1.0	706
1"	157	157	2.5	393
1-1/2"	17	17	5.0	85
2"	37	34	8.0	272
3"	3	3	15.0	45
4"	2	2	25.0	50
6"	4	3	50.0	150
8"	5	5	80.0	400
10"	1	1	115.0	115
Total Water	<u>938</u>	<u>928</u>		<u>2,216</u>
Total Wastewater	<u>882</u>	<u>876</u>	1.0	<u>876</u>

*Single family equivalents

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

Gallons pumped into system (unaudited): 155,548
 Gallons billed to customers (unaudited): 152,074

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 98%

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, 2022

	<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	\$ 227,383	\$ 0	\$ 0	\$ 0	\$ 227,383
Professional fees:					
Auditing	11,450	2,275			13,725
Legal	97,311		5,851		103,162
Engineering	16,666	19,950			36,616
	<u>125,427</u>	<u>22,225</u>	<u>5,851</u>	<u>0</u>	<u>153,503</u>
Contracted services:					
Bookkeeping	51,287	9,420		1,050	61,757
Operation and billing	77,692	33,045			110,737
Sales tax consultant	4,530				4,530
Tax assessor-collector			12,257		12,257
Central appraisal district			17,261		17,261
	<u>133,509</u>	<u>42,465</u>	<u>29,518</u>	<u>1,050</u>	<u>206,542</u>
Utilities	<u>63,554</u>	<u>33,258</u>	<u>0</u>	<u>0</u>	<u>96,812</u>
Surface water pumpage fees	<u>680,023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>680,023</u>
Repairs and maintenance	<u>304,008</u>	<u>116,005</u>	<u>0</u>	<u>0</u>	<u>420,013</u>
Other operating expenditures:					
Sludge hauling		36,481			36,481
Chemicals	14,504	16,153			30,657
Laboratory costs	6,444	12,744			19,188
Sewer inspection fees	13,010				13,010
Reconnection costs	2,798				2,798
Generator rental		13,725			13,725
TCEQ assessment	3,266				3,266
Other	1,924	2,429			4,353
	<u>41,946</u>	<u>81,532</u>	<u>0</u>	<u>0</u>	<u>123,478</u>
Security service	<u>402,291</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>402,291</u>
Garbage disposal	<u>186,265</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>186,265</u>
Administrative expenditures:					
Director's fees	8,100				8,100
Office supplies and postage	13,525	2,787			16,312
Insurance	16,165	11,013			27,178
Permit fees	2,514	4,105			6,619
Communications	7,515				7,515
Other	11,122	600	8,930		20,652
	<u>58,941</u>	<u>18,505</u>	<u>8,930</u>	<u>0</u>	<u>86,376</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

EXPENDITURES (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2022

	<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	\$ 224,011	\$ 0	\$ 0	\$ 164,435	\$ 388,446
DEBT SERVICE					
Principal retirement	<u>0</u>	<u>0</u>	<u>935,000</u>	<u>0</u>	<u>935,000</u>
Bond issuance expenditures	<u>0</u>	<u>0</u>	<u>949</u>	<u>16,045</u>	<u>16,994</u>
Interest and fees:					
Interest			216,031		216,031
Paying agent fees			3,000		3,000
	<u>0</u>	<u>0</u>	<u>219,031</u>	<u>0</u>	<u>219,031</u>
TOTAL EXPENDITURES	<u>\$ 2,447,358</u>	<u>\$ 313,990</u>	<u>\$ 1,199,279</u>	<u>\$ 181,530</u>	<u>\$ 4,142,157</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, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS					
Cash receipts from revenues excluding maintenance taxes	\$ 2,655,272	\$ 334,005	\$ 1,400,208	\$ 34,072	\$ 4,423,557
Maintenance tax collections			1,445,454		1,445,454
Maintenance tax transfers	1,204,272				1,204,272
Increase in customer and builder deposits	7,550				7,550
Decrease in operating reserve	11,391				11,391
Overpayments from taxpayers			45,051		45,051
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	<u>3,878,485</u>	<u>334,005</u>	<u>2,890,713</u>	<u>34,072</u>	<u>7,137,275</u>
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS					
Cash disbursements for:					
Current expenditures	2,604,452	325,134	43,247	17,095	2,989,928
Capital outlay	224,011			164,435	388,446
Debt service			1,154,980		1,154,980
Other fund				10,327	10,327
Harris County's share of construction cost	775,557				775,557
Decrease in operating reserve		15,604			15,604
Maintenance tax transfers			1,204,272		1,204,272
Refund of taxpayer overpayments			47,503		47,503
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	<u>3,604,020</u>	<u>340,738</u>	<u>2,450,002</u>	<u>191,857</u>	<u>6,586,617</u>
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	274,465	(6,733)	440,711	(157,785)	550,658
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>6,646,996</u>	<u>72,126</u>	<u>1,818,905</u>	<u>2,245,785</u>	<u>10,783,812</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u>\$ 6,921,461</u>	<u>\$ 65,393</u>	<u>\$ 2,259,616</u>	<u>\$ 2,088,000</u>	<u>\$ 11,334,470</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS

DECEMBER 31, 2022

	Interest Rate	Maturity Date	Year End Balance	Accrued Interest Receivable
GENERAL FUND				
Certificates of Deposit				
No. 440006071	3.50%	10/05/23	\$ 240,000	\$ 2,002
No. 197874381	3.50%	10/05/23	<u>240,000</u>	<u>2,002</u>
			<u>\$ 480,000</u>	<u>\$ 4,004</u>
Texas CLASS				
No. TX-01-0382-0001	Market	On demand	<u>6,251,851</u>	<u>0</u>
			<u>\$ 6,731,851</u>	<u>\$ 4,004</u>
DEBT SERVICE FUND				
Texas CLASS				
No. TX-01-0382-0002	Market	On demand	<u>861,640</u>	<u>0</u>
CAPITAL PROJECTS FUND				
TXCLASS				
No. TX-01-0382-0005	Market	On demand	<u>\$ 2,088,000</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 9,681,491</u>	<u>\$ 4,004</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 657,178	\$ 681,592
Additions and corrections to prior year taxes	<u>(17,978)</u>	<u>(19,747)</u>
Adjusted receivable, beginning of year	639,200	661,845
2022 ADJUSTED TAX ROLL	<u>1,387,940</u>	<u>1,214,448</u>
Total to be accounted for	2,027,140	1,876,293
Tax collections: Current tax year	(818,824)	(716,471)
Prior tax years	<u>(626,630)</u>	<u>(643,175)</u>
RECEIVABLE, END OF YEAR	<u>\$ 581,686</u>	<u>\$ 516,647</u>
RECEIVABLE, BY TAX YEAR		
2012 and prior	\$ 1,643	\$ 4,805
2013	463	1,107
2014	516	1,165
2015	601	1,141
2016	690	1,077
2017	1,013	1,303
2018	1,047	1,221
2019	1,048	1,103
2020	1,998	2,103
2021	3,551	3,645
2022	<u>569,116</u>	<u>497,977</u>
RECEIVABLE, END OF YEAR	<u>\$ 581,686</u>	<u>\$ 516,647</u>

Fiscal year 2022 General Fund property tax revenue of \$1,150,575 under the modified accrual basis of accounting is comprised of prior tax year collections of \$626,630 during fiscal year 2022 and 2021 tax year collections of \$523,945 during fiscal year 2021.

Fiscal year 2022 Debt Service Fund property tax revenue of \$1,180,908 under the modified accrual basis of accounting is comprised of prior tax year collections of \$643,175 during fiscal year 2022 and 2021 tax year collections of \$537,733 during fiscal year 2021.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2022

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 104,441,951	\$ 85,834,452	\$ 85,179,478	\$ 85,423,893
Improvements	336,602,518	289,150,492	268,236,397	262,369,192
Personal property	22,764,648	21,540,641	24,052,533	23,118,472
Less exemptions	<u>(116,824,334)</u>	<u>(93,010,776)</u>	<u>(86,282,753)</u>	<u>(83,446,706)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 346,984,783</u>	 <u>\$ 303,514,809</u>	 <u>\$ 291,185,655</u>	 <u>\$ 287,464,851</u>
TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.35000	\$ 0.35000	\$ 0.40000	\$ 0.40000
Maintenance tax rates*	<u>0.40000</u>	<u>0.40000</u>	<u>0.38000</u>	<u>0.38000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.75000</u>	 <u>\$ 0.75000</u>	 <u>\$ 0.78000</u>	 <u>\$ 0.78000</u>
TAX ROLLS	<u>\$ 2,602,388</u>	<u>\$ 2,337,064</u>	<u>\$ 2,270,480</u>	<u>\$ 2,241,458</u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u>59.0%**</u>	<u>99.7 %</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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
DECEMBER 31, 2022

<u>Series 2010</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>
2023	\$ 60,000	\$ 2,400	\$ 62,400
 <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>
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	\$ 2,020,000	\$ 417,700	\$ 2,437,700

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249

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

DECEMBER 31, 2022

Series 2021			
<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>
2023	\$ 870,000	\$ 77,400	\$ 947,400
2024	905,000	51,300	956,300
2025	505,000	24,150	529,150
2026	300,000	9,000	309,000
TOTALS	\$ 2,580,000	\$ 161,850	\$ 2,741,850

Series 2021A			
<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>
2023	\$	\$ 38,500	\$ 38,500
2024		38,500	38,500
2025	225,000	38,500	263,500
2026	250,000	34,000	284,000
2027	400,000	29,000	429,000
2028	400,000	25,000	425,000
2029	400,000	20,000	420,000
2030	400,000	14,000	414,000
2031	400,000	8,000	408,000
TOTALS	\$ 2,475,000	\$ 245,500	\$ 2,720,500

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
DECEMBER 31, 2022

<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>
2023	\$ 1,080,000	\$ 196,100	\$ 1,276,100
2024	1,055,000	163,100	1,218,100
2025	875,000	131,450	1,006,450
2026	770,000	106,000	876,000
2027	745,000	83,200	828,200
2028	740,000	65,400	805,400
2029	735,000	46,800	781,800
2030	735,000	27,400	762,400
2031	400,000	8,000	408,000
TOTALS	\$ 7,135,000	\$ 827,450	\$ 7,962,450

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, 2022

	<u>(1)</u>	<u>(2)</u>
Bond Series:	2010	2015
Interest Rate:	4.00%	3.00% to 4.00%
Dates Interest Payable:	March 1/ September 1	March 1/ September 1
Maturity Dates:	September 1, 2023	September 1, 2023/2030
Bonds Outstanding at Beginning of Current Year	\$ 125,000	\$ 2,045,000
Less Retirements	<u>(65,000)</u>	<u>(25,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 60,000</u>	<u>\$ 2,020,000</u>
Current Year Interest Paid	<u>\$ 5,000</u>	<u>\$ 78,550</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)

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

Paying Agent/Registrar

(1) (2) 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:	25,000,000	
Remaining to be Issued:	0	

Net Debt Service Fund deposits and investments balances as of December 31, 2022: \$811,874
Average annual debt service payment for remaining term of all debt: 884,717

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, 2022

	<u>(3)</u>	<u>(4)</u>	<u>Totals</u>
Bond Series:	2021	2021A	
Interest Rate:	3.00%	1.00% to 2.00%	
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	
Maturity Dates:	September 1, 2023/2026	September 1, 2025/2031	
Bonds Outstanding at Beginning of Current Year	\$ 3,425,000	\$ 2,475,000	\$ 8,070,000
Less Retirements	<u>(845,000)</u>	<u>0</u>	<u>(935,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 2,580,000</u>	<u>\$ 2,475,000</u>	<u>\$ 7,135,000</u>
Current Year Interest Paid	<u>\$ 102,750</u>	<u>\$ 29,731</u>	<u>\$ 216,031</u>

Bond Descriptions and Original Amount of Issue

(3) Harris County Municipal Utility District No. 249 Unlimited Tax Refunding Bonds, Series 2021 (\$3,425,000)

(4) Harris County Municipal Utility District No. 249 Unlimited Tax Bonds, Series 2021A (\$2,475,000)

Paying Agent/Registrar

(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				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
REVENUES										
Property taxes	\$ 1,150,575	\$ 1,106,189	\$ 1,089,166	\$ 1,013,993	\$ 940,250	34.3 %	35.8 %	34.7 %	34.9 %	33.9 %
Water service	363,478	343,642	334,545	332,296	342,854	10.9	11.1	10.6	11.5	12.3
Sewer service	344,067	336,312	329,233	312,878	307,194	10.3	10.9	10.5	10.8	11.0
Surface water fees	711,584	614,013	584,165	495,573	462,670	21.3	19.9	18.6	17.1	16.6
Penalty	30,694	34,118	25,373	32,849	39,012	0.9	1.1	0.8	1.1	1.4
Tap connection and inspection fees	0	0	154,301	0	0	0.0	0.0	4.9	0.0	0.0
Sales and Use Taxes	617,831	617,385	549,250	593,282	613,063	18.5	20.0	17.5	20.5	22.0
Interest on deposits and investments	106,032	14,130	60,435	103,298	63,191	3.2	0.5	1.9	3.6	2.3
Other revenues	20,370	22,335	15,286	14,239	14,023	0.6	0.7	0.5	0.5	0.5
TOTAL REVENUES	3,344,631	3,088,124	3,141,754	2,898,408	2,782,257	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Purchased sewer services	227,383	226,560	233,474	200,148	182,221	6.8	7.3	7.4	6.9	6.5
Professional fees	125,427	154,690	165,125	149,300	144,121	3.8	5.0	5.3	5.2	5.2
Contracted services	133,509	123,724	112,463	107,621	94,687	4.0	4.0	3.6	3.7	3.4
Utilities	63,554	59,174	62,057	57,308	65,381	1.9	1.9	2.0	2.0	2.3
Surface water pumpage fees	680,023	625,465	580,759	515,295	465,684	20.2	20.2	18.4	17.7	16.7
Repairs and maintenance	304,008	354,102	262,298	293,117	243,970	9.1	11.5	8.3	10.1	8.8
Other operating expenditures	41,946	33,416	41,089	33,413	35,832	1.3	1.1	1.3	1.2	1.3
Security service	402,291	370,325	359,935	322,775	206,480	12.0	12.0	11.5	11.1	7.4
Garbage disposal	186,265	178,315	172,802	166,798	160,746	5.6	5.8	5.5	5.8	5.8
Administrative expenditures	58,941	60,832	61,439	67,945	56,503	1.8	2.0	2.0	2.3	2.0
Capital outlay	224,011	161,254	385,000	151,114	918,668	6.7	5.2	12.3	5.2	33.1
TOTAL EXPENDITURES	2,447,358	2,347,857	2,436,441	2,064,834	2,574,293	73.2	76.0	77.6	71.2	92.5
EXCESS REVENUES (EXPENDITURES)	\$ 897,273	\$ 740,267	\$ 705,313	\$ 833,574	\$ 207,964	26.8 %	24.0 %	22.4 %	28.8 %	7.5 %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	928	930	931	925	925					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	876	878	879	875	874					

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES										
Property taxes	\$ 1,180,908	\$ 1,164,549	\$ 1,146,498	\$ 1,183,756	\$ 1,208,830	96.8 %	98.6 %	97.8 %	96.6 %	96.2 %
Penalty and interest	21,408	10,091	8,838	8,575	26,978	1.8	0.9	0.8	0.7	2.1
Accrued interest on bonds received at date of sale	0	1,998	0	0	0	0.0	0.2	0.0	0.0	0.0
Interest on deposits and investments	17,397	3,373	16,047	33,581	20,892	1.4	0.3	1.4	2.7	1.7
TOTAL REVENUES	<u>1,219,713</u>	<u>1,180,011</u>	<u>1,171,383</u>	<u>1,225,912</u>	<u>1,256,700</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	5,851	2,898	2,772	2,292	13,051	0.5	0.2	0.2	0.2	1.0
Contracted services	29,518	28,607	28,399	28,483	27,909	2.4	2.4	2.4	2.3	2.2
Other expenditures	8,930	5,884	6,996	4,035	4,430	0.7	0.5	0.6	0.3	0.4
Debt service:										
Principal retirement	935,000	880,000	845,000	1,055,000	1,000,000	76.6	74.7	72.2	86.1	79.5
Refunding contribution	949	32,408	0	0	0	0.1	2.7	0.0	0.0	0.0
Interest and fees	219,031	216,463	294,400	333,250	368,975	18.0	18.3	25.1	27.2	29.4
TOTAL EXPENDITURES	<u>1,199,279</u>	<u>1,166,260</u>	<u>1,177,567</u>	<u>1,423,060</u>	<u>1,414,365</u>	<u>98.3</u>	<u>98.8</u>	<u>100.5</u>	<u>116.1</u>	<u>112.5</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ 20,434</u>	<u>\$ 13,751</u>	<u>\$ (6,184)</u>	<u>\$ (197,148)</u>	<u>\$ (157,665)</u>	<u>1.7 %</u>	<u>1.2 %</u>	<u>(0.5) %</u>	<u>(16.1) %</u>	<u>(12.5) %</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSDECEMBER 31, 2022

Complete District Mailing Address: Harris County Municipal Utility District No. 249
c/o Schwartz, Page & Harding, L.L.P.
1300 Post Oak Blvd., Suite 2400
Houston, Texas 77056

District Business Telephone No.: 713-623-4531

Submission date of the most recent District Registration Form: May 24, 2022

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 2400 Houston, Texas 77056	Elected 5/07/22- 5/02/26	\$ 1,950	\$ 0	President
Willie Hodge c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/02/20- 5/04/24	1,800	1,069	Vice President
Norman C. Adamek c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/07/22- 5/02/26	1,650	0	Secretary
Diana Moore c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Elected 5/02/20- 5/04/24	750	0	Assistant Secretary
Michael Guillory c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 2400 Houston, Texas 77056	Appointed 10/15/20- 5/04/24	1,950	0	Assistant Secretary

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 249BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)DECEMBER 31, 2022CONSULTANTS

<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 2400 Houston, Texas 77056	11/07/94	\$ 96,878	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 N. Loop West, Suite 600 Houston, Texas 77008	Prior to 1997	5,851	Delinquent Tax Attorney
Municipal Accounts & Consulting, L.P. 1281 Brittmore Road Houston, Texas 77043	4/17/03	66,133	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	431,903	Operator
Langford Engineering, Inc. 1080 West Sam Houston Beltway North Suite 200 Houston, Texas 77043	10/21/10	46,222	Engineer
Bob Leared 11111 Katy Freeway, Suite 725 Houston, Texas 77079	9/20/12	19,736	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	17,261	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	13,725	Independent Auditor

See accompanying independent auditor's report.