

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 217
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. 217 (the "District"), as of and for the year ended September 30, 2019, 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 entity'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 September 30, 2019, 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 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General 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
Certified Public Accountants
Houston, Texas

January 28, 2020

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Management's discussion and analysis of Harris County Municipal Utility District No. 217's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2019. 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 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 Fund 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 the 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 two governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. 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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund financial 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 Fund Statement of Revenues, Expenditures and Changes in the 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 FINANCIAL STATEMENTS

The accompanying notes to 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"). The budgetary comparison schedule is included as RSI for the General 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 \$6,098,178 as of September 30, 2019.

A portion of the District's net position reflects its net investment in capital assets (e.g. land, buildings, parks and equipment as well as water, wastewater and drainage 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. 217
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	2019	2018	Change Positive (Negative)
Current and Other Assets	\$ 4,394,132	\$ 4,227,469	\$ 166,663
Capital Assets (Net of Accumulated Depreciation)	<u>5,159,995</u>	<u>5,258,530</u>	<u>(98,535)</u>
Total Assets	<u>\$ 9,554,127</u>	<u>\$ 9,485,999</u>	<u>\$ 68,128</u>
Long-Term Liabilities	\$ 2,600,000	\$ 3,195,000	\$ 595,000
Other Liabilities	<u>855,949</u>	<u>820,873</u>	<u>(35,076)</u>
Total Liabilities	<u>\$ 3,455,949</u>	<u>\$ 4,015,873</u>	<u>\$ 559,924</u>
Net Position:			
Net Investment in Capital Assets	\$ 1,964,995	\$ 1,498,530	\$ 466,465
Restricted	351,113	354,229	(3,116)
Unrestricted	<u>3,782,070</u>	<u>3,617,367</u>	<u>164,703</u>
Total Net Position	<u>\$ 6,098,178</u>	<u>\$ 5,470,126</u>	<u>\$ 628,052</u>

The following table provides a summary of the District's operations for the year ended September 30, 2019, and September 30, 2018.

	<u>Summary of Changes in the Statement of Activities</u>		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,272,045	\$ 1,255,971	\$ 16,074
Charges for Services	973,335	945,047	28,288
Other Revenues	<u>139,330</u>	<u>96,327</u>	<u>43,003</u>
Total Revenues	<u>\$ 2,384,710</u>	<u>\$ 2,297,345</u>	<u>\$ 87,365</u>
Expenses for Services	<u>1,756,658</u>	<u>1,785,794</u>	<u>29,136</u>
Change in Net Position	\$ 628,052	\$ 511,551	\$ 116,501
Net Position, Beginning of Year	<u>5,470,126</u>	<u>4,958,575</u>	<u>511,551</u>
Net Position, End of Year	<u>\$ 6,098,178</u>	<u>\$ 5,470,126</u>	<u>\$ 628,052</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2019, were \$4,108,328, an increase of \$159,756 from the prior year.

The General Fund fund balance increased by \$166,521, primarily due to revenues exceeding current operating costs.

The Debt Service Fund fund balance decreased by \$6,765, primarily due to the structure of the District's debt service requirements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the current fiscal year to decrease estimated public education expense. Actual revenues were \$357,173 less than budgeted revenues, primarily due to investment revenues being significantly less than anticipated. Actual expenditures were \$968,704 less than budgeted expenditures primarily due to capital costs being less than anticipated.

CAPITAL ASSETS

Capital assets as of September 30, 2019, total \$5,159,995 (net of accumulated depreciation) and include land, buildings, parks and equipment as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 410,451	\$ 410,451	\$
Construction in Progress	194,473	27,128	167,345
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	572,608	590,568	(17,960)
Water System	1,451,723	1,562,559	(110,836)
Wastewater System	1,599,833	1,662,641	(62,808)
Wastewater Treatment Plant Capacity	232,685	309,098	(76,413)
Drainage System	512,805	536,183	(23,378)
Parks and Recreation	185,417	159,902	25,515
Total Net Capital Assets	\$ 5,159,995	\$ 5,258,530	\$ (98,535)

Additional information on the District's capital assets can be found in Note 6.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$3,195,000.

The changes in the debt position of the District during the fiscal year ended September 30, 2019, are summarized as follows:

Bond Debt Payable, October 1, 2018	\$ 3,760,000
Less: Bond Principal Paid	<u>565,000</u>
Bond Debt Payable, September 30, 2019	<u><u>\$ 3,195,000</u></u>

The bonds are not rated.

CONTACTING THE DISTRICT'S FINANCIAL 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. 217, c/o Roach & Mitchell, PLLC, 2800 Post Oak Boulevard, Suite 4100, Houston, TX 77056.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 25,120	\$ 22,057
Investments	3,682,314	319,306
Cash with Paying Agent		36,758
Receivables:		
Property Taxes	20,067	26,105
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Doubtful Accounts of \$1,000)	178,144	
Due from Other Funds	22,894	
Prepaid Costs	7,474	
Due from Other Governments	18,298	
Advance for Joint Wastewater Treatment Plant Operations	43,048	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 3,997,359</u>	<u>\$ 404,226</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 47,177	\$	\$ 47,177
4,001,620		4,001,620
36,758		36,758
46,172		46,172
	15,441	15,441
178,144		178,144
22,894	(22,894)	
7,474		7,474
18,298		18,298
43,048		43,048
	410,451	410,451
	194,473	194,473
	<u>4,555,071</u>	<u>4,555,071</u>
<u>\$ 4,401,585</u>	<u>\$ 5,152,542</u>	<u>\$ 9,554,127</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2019

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 72,933	\$ 1,998
Accrued Interest Payable		
Due to Other Governments	27,556	
Due to Other Funds		22,894
Due to Taxpayers		6,904
Security Deposits	114,800	
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	\$ 215,289	\$ 31,796
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 20,067	\$ 26,105
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 7,474	\$
Advance for Joint Wastewater Treatment		
Plant Operations	43,048	
Restricted for Debt Service		346,325
Unassigned	3,711,481	
TOTAL FUND BALANCES	\$ 3,762,003	\$ 346,325
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,997,359	\$ 404,226
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 74,931	\$	\$ 74,931
	36,758	36,758
27,556		27,556
22,894	(22,894)	
6,904		6,904
114,800		114,800
	595,000	595,000
	<u>2,600,000</u>	<u>2,600,000</u>
<u>\$ 247,085</u>	<u>\$ 3,208,864</u>	<u>\$ 3,455,949</u>
<u>\$ 46,172</u>	<u>\$ (46,172)</u>	<u>\$ - 0 -</u>
\$ 7,474	\$ (7,474)	\$
43,048	(43,048)	
346,325	(346,325)	
3,711,481	(3,711,481)	
<u>\$ 4,108,328</u>	<u>\$ (4,108,328)</u>	<u>\$ - 0 -</u>
<u>\$ 4,401,585</u>		
	\$ 1,964,995	\$ 1,964,995
	351,113	351,113
	<u>3,782,070</u>	<u>3,782,070</u>
	<u>\$ 6,098,178</u>	<u>\$ 6,098,178</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

Total Fund Balances - Governmental Funds \$ 4,108,328

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

Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 5,159,995

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2018 and prior tax levies became part of recognized revenues in the governmental activities of the District. 61,613

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:

Accrued Interest Payable	\$ (36,758)	
Bonds Payable Within One Year	(595,000)	
Bonds Payable After One Year	<u>(2,600,000)</u>	<u>(3,231,758)</u>
Total Net Position - Governmental Activities		<u><u>\$ 6,098,178</u></u>

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 627,253	\$ 650,372
Water Service	290,626	
Wastewater Service	390,774	
Regional Water Authority Fees	235,955	
Penalty and Interest	37,775	16,092
Tap Connection and Inspection Fees	2,933	
Investment Revenues	86,378	9,795
Miscellaneous Revenues	43,023	134
	<u>\$ 1,714,717</u>	<u>\$ 676,393</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 143,335	\$ 2,625
Contracted Services	293,566	21,901
Purchased Water Service	232,909	
Purchased Wastewater Service	78,098	
Utilities	16,846	
Regional Water Authority Assessments	11,369	
Repairs and Maintenance	115,611	
Parks and Recreation	81,509	
Depreciation		
Other	326,024	3,682
Capital Outlay	248,929	
Debt Service:		
Bond Principal		565,000
Bond Interest		89,950
	<u>\$ 1,548,196</u>	<u>\$ 683,158</u>
TOTAL EXPENDITURES/EXPENSES		
NET CHANGE IN FUND BALANCES	\$ 166,521	\$ (6,765)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2018	<u>3,595,482</u>	<u>353,090</u>
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2019	<u>\$ 3,762,003</u>	<u>\$ 346,325</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 1,277,625	\$ (5,580)	\$ 1,272,045
290,626		290,626
390,774		390,774
235,955		235,955
53,867	(820)	53,047
2,933		2,933
96,173		96,173
43,157		43,157
<u>\$ 2,391,110</u>	<u>\$ (6,400)</u>	<u>\$ 2,384,710</u>
\$ 145,960	\$	\$ 145,960
315,467		315,467
232,909		232,909
78,098		78,098
16,846		16,846
11,369		11,369
115,611		115,611
81,509		81,509
	347,464	347,464
329,706		329,706
248,929	(248,929)	
565,000	(565,000)	
89,950	(8,231)	81,719
<u>\$ 2,231,354</u>	<u>\$ (474,696)</u>	<u>\$ 1,756,658</u>
\$ 159,756	\$ (159,756)	\$
	628,052	628,052
3,948,572	1,521,554	5,470,126
<u>\$ 4,108,328</u>	<u>\$ 1,989,850</u>	<u>\$ 6,098,178</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Net Change in Fund Balances - Governmental Funds	\$	159,756
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.		(5,580)
Governmental funds report penalty and interest revenues on property taxes when collected. However, in the government-wide financial statements, revenues are recorded when the penalty and interest are assessed.		(820)
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(347,464)
Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.		248,929
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.		565,000
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the debt through fiscal year-end.		8,231
Change in Net Position - Governmental Activities	\$	<u>628,052</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 217, located in Harris County, Texas (the “District”), was created by an order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”), effective June 24, 1981. 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, wastewater service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct and maintain parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on July 10, 1981, and the first bonds were sold on May 17, 1983.

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.

Financial Statement Presentation

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. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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 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 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Government-Wide Financial Statements (Continued)

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 revenues and expenses in the government-wide Statement of Activities.

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 Governmental Funds Balance Sheet and a Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has two governmental funds and considers these funds to be major funds.

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

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.

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 collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in governmental funds to be available if they are collectable within 60 days

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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 revenues 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. The Debt Service Fund (Tax Account) owes the General Fund \$22,894 for maintenance tax collections.

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 an expenditure 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 of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was amended during the current fiscal 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 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, liabilities, and deferred inflows and outflows of resources 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 Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriate 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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 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.

NOTE 3. LONG-TERM DEBT

	<u>Series 2012 Refunding</u>
Amount Outstanding - September 30, 2019	\$ 540,000
Interest Rates	2.51%
Maturity Dates – Beginning/Ending	April 1, 2020/2023
Interest Payment Dates	October 1/April 1
Callable Dates	January 15, 2022*

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2012-A Refunding	Series 2014 Refunding
Amount Outstanding - September 30, 2019	\$ 1,265,000	\$ 1,390,000
Interest Rates	2.26%	2.26%
Maturity Dates – Beginning/Ending	April 1, 2023	April 1, 2024
Interest Payment Dates	October 1/April 1	October 1/April 1
Callable Dates	April 1, 2018*	Any Scheduled Interest Payment Date

* Or any date thereafter, at the option of the District, in whole or in part, callable at par plus accrued interest to the date of redemption. The Series 2012-A term bonds maturing April 1, 2023 are subject to mandatory redemption beginning April 1, 2013. The Series 2014 term bonds maturing April 1, 2024 are subject to mandatory redemption beginning April 1, 2015.

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2019:

	October 1, 2018	Additions	Retirements	September 30, 2019
Bonds Payable	\$ 3,760,000	\$ -0-	\$ 565,000	\$ 3,195,000
			Amount Due Within One Year	\$ 595,000
			Amount Due After One Year	2,600,000
			Bonds Payable	\$ 3,195,000

As of September 30, 2019, the District had authorized but unissued bonds in the amount of \$6,200,000 for utility facilities, \$6,735,000 for refunding bonds and \$160,000 for parks and recreational facilities.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 3. LONG-TERM DEBT (Continued)

As of September 30, 2019, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 595,000	\$ 73,557	\$ 668,557
2021	615,000	59,797	674,797
2022	625,000	45,561	670,561
2023	640,000	31,086	671,086
2024	720,000	16,272	736,272
	<u>\$ 3,195,000</u>	<u>\$ 226,273</u>	<u>\$ 3,421,273</u>

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 September 30, 2019, the District levied an ad valorem debt service tax at the rate of \$0.61 per \$100 of assessed valuation, which resulted in a tax levy of \$646,851 on the adjusted taxable valuation of \$106,021,516 for the 2018 tax year. The bond orders require 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. See Note 7 for maintenance tax levy.

The District's tax calendar is as follows:

- Levy Date - October 1, or as soon thereafter as practicable.
- Lien Date - January 1.
- Due Date - Upon receipt but not later than January 31.
- Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

- A. The bond orders state that the District is required to provide annually to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System (“EMMA”) continuing disclosure of financial information and operating data with respect to the District of the general type included in the annual audit report and the final Official Statement for the bonds. This information must be filed within six months after the end of each fiscal year of the District.
- B. The District has covenanted that it will 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 minimum requirement for determination of the rebatable amount is on each 5th year anniversary of each issue.

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 District, 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 \$47,177 and the bank balance was \$173,798. The bank balance was fully covered by federal depository insurance.

The carrying value of the deposits is included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2019, as listed below:

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

	Cash
GENERAL FUND	\$ 25,120
DEBT SERVICE FUND	22,057
TOTAL DEPOSITS	\$ 47,177

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of September 30, 2019, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 3,682,314	\$ 3,682,314	\$	\$	\$
<u>DEBT SERVICE FUND</u>					
TexPool	319,306	319,306	-	-	-
TOTAL INVESTMENTS	<u>\$ 4,001,620</u>	<u>\$ 4,001,620</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2019, the District's investments in TexPool were rated "AAAm" by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the costs of assessing and collecting taxes.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019:

	October 1, 2018	Increases	Decreases	September 30, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 410,451	\$	\$	\$ 410,451
Construction in Progress	<u>27,128</u>	<u>248,929</u>	<u>81,584</u>	<u>194,473</u>
Total Capital Assets Not Being Depreciated	<u>\$ 437,579</u>	<u>\$ 248,929</u>	<u>\$ 81,584</u>	<u>\$ 604,924</u>
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 889,426	\$ 14,725	\$	\$ 904,151
Water System	3,426,165			3,426,165
Wastewater System	2,496,994			2,496,994
Wastewater Treatment Plant Capacity	1,318,264			1,318,264
Drainage System	808,448			808,448
Parks and Recreation	<u>988,071</u>	<u>66,859</u>		<u>1,054,930</u>
Total Capital Assets Subject to Depreciation	<u>\$ 9,927,368</u>	<u>\$ 81,584</u>	<u>\$ - 0 -</u>	<u>\$ 10,008,952</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ 298,858	\$ 32,685	\$	\$ 331,543
Water System	1,863,606	110,836		1,974,442
Wastewater System	834,353	62,808		897,161
Wastewater Treatment Plant Capacity	1,009,166	76,413		1,085,579
Drainage System	272,265	23,378		295,643
Parks and Recreation	<u>828,169</u>	<u>41,344</u>		<u>869,513</u>
Total Accumulated Depreciation	<u>\$ 5,106,417</u>	<u>\$ 347,464</u>	<u>\$ - 0 -</u>	<u>\$ 5,453,881</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,820,951</u>	<u>\$ (265,880)</u>	<u>\$ - 0 -</u>	<u>\$ 4,555,071</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,258,530</u>	<u>\$ (16,951)</u>	<u>\$ 81,584</u>	<u>\$ 5,159,995</u>

The District has financed drainage facilities which have been conveyed to other entities for maintenance.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7. MAINTENANCE TAX

On August 8, 1981, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation of taxable property within the District. During the year ended September 30, 2019, the District levied an ad valorem maintenance tax at the rate of \$0.49 per \$100 of assessed valuation, which resulted in a tax levy of \$519,601 on the adjusted taxable valuation of \$106,021,516 for the 2018 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

At an election held in the District on February 7, 2004, the voters authorized an ad valorem tax not to exceed \$0.10 per \$100 of assessed valuation for parks and recreational facilities. During the year ended September 30, 2019, the District levied an ad valorem maintenance tax at the rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$106,041 on the adjusted taxable valuation of \$106,021,516 for the 2018 tax year. This parks and recreation facilities tax is to be used by the General Fund to pay expenditures of operating the District's parks and recreation facilities.

NOTE 8. JOINT VENTURE FOR WASTE DISPOSAL

On April 15, 1981, the District's developer entered into a waste disposal contract with Harris County Municipal Utility District No. 150 ("District No. 150") which extends for a term of 40 years. The contract was assigned to the District on December 27, 1983. Under the terms of project contract, the districts share both construction and operating costs on a pro-rata basis using gallons-per-day ("gpd") of capacity acquired as the determining factor. Construction of the 1,300,000 gpd plant was completed in March 1982. A rehabilitation/plant upgrade project was completed in 2005 and increased the capacity to 1,640,000 gpd. The District's proportionate share of the 1,640,000-capacity plant is 13.71% or 224,844 gallons-per-day.

District No. 150 operates the plant and invoices the District monthly for its share of operating costs based on ownership. The District incurred operating costs of \$78,098 for the current fiscal year and maintained an operating reserve of \$43,048.

The following summary financial data on the plant is presented for the fiscal year ended April 30, 2019. Separate financial statements are not issued on the plant.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8. JOINT VENTURE FOR WASTE DISPOSAL (Continued)

	Joint Venture
Total Assets	\$ 416,237
Total Liabilities	391,237
Total Fund Balance	\$ 25,000
Total Revenues	\$ 580,527
Total Expenditures	580,527
Net Change in Fund Balance	\$ -0-
Fund Balance – May 1, 2018	25,000
Fund Balance – April 30, 2019	\$ 25,000

NOTE 9. CONTRACTS WITH OTHER DISTRICTS

Harris County Municipal Utility District No. 5

On September 15, 1982, the District entered into an agreement with Harris County Municipal Utility District No. 5 (“District No. 5”) to provide both temporary and emergency water supply services. This contract was amended and restated on January 1, 2015. All necessary costs of connection were borne by the District. The supplying district may receive payment in kind or in dollars. If paid in dollars, the charge for emergency water services is the surface water rate established by the Central Harris County Regional Water Authority per 1,000 gallons of water delivered. The term of this contract is 35 years.

Harris County Municipal Utility District No. 304

On August 24, 2000, the District and Harris County Municipal Utility District No. 304 (“District No. 304”) entered into an emergency water supply contract. The interconnect facilities for District No. 304 will be constructed and paid for by District No. 304. The price to be paid for water furnished under the agreement will be the resupply of water in kind. If the water cannot be repaid in kind within two years, the water may be paid for at a rate of \$0.75 per 1,000 gallons of water used. The term of the agreement is 50 years.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10. CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

On December 13, 2002, the District, Fallbrook Utility District, Harris County Municipal Utility District No. 33 (“District No. 33”), Harris County Municipal Utility District No. 150, Harris County Municipal Utility District No. 200, Harris County Municipal Utility District No. 205, Harris County Municipal Utility District No. 215, Harris County Municipal Utility District No. 304, Harris County Utility District No. 16, and Rankin Road West Municipal Utility District entered into a water consortium agreement and formed the Central Harris County Water Users Consortium (the “Consortium”). In October of 2004, the agreement was amended to include Harris County Municipal Utility District No. 399.

Effective June 17, 2005, the Central Harris County Regional Water Authority (the “Authority”) was created to assume the duties of the Consortium. The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 3181, as passed by the Seventy-ninth Texas Legislature. The Authority encompasses essentially the same entities as the Consortium. The Consortium assigned its agreements and transferred its assets to the Authority. The purpose of the Authority is to assure that its participants comply with the Harris-Galveston Subsidence District (“HGSD”) pumpage requirements, which mandate that districts within HGSD boundaries, including the District, convert a percentage of their water use to surface water over a period of time.

The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted, and also charges for surface water supplied to member districts. This fee enables the Authority to fulfill its purpose and regulatory functions and is subject to change at any time by the Authority. The current rate is \$3.01 per 1,000 gallons of water pumped from each well. The District recorded an expenditure of \$11,369 for fees assessed during the current fiscal year.

The District recorded an expenditure of \$232,909 for water received from the Authority during the current fiscal year. The current rate is \$3.35 per 1,000 gallons of water.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile liability, pollution liability, law enforcement liability, boiler and machinery, errors and omissions and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TML’s management. As claims arise they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2019

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 660,000	\$ 660,000	\$ 627,253	\$ (32,747)
Water Service	276,500	276,500	290,626	14,126
Wastewater Service	375,700	375,700	390,774	15,074
Regional Water Authority Fees	223,000	223,000	235,955	12,955
Penalty and Interest	41,800	41,800	37,775	(4,025)
Tap Connection and Inspection Fees	375	375	2,933	2,558
Investment Revenues	470,000	470,000	86,378	(383,622)
Miscellaneous Revenues	<u>24,515</u>	<u>24,515</u>	<u>43,023</u>	<u>18,508</u>
TOTAL REVENUES	<u>\$ 2,071,890</u>	<u>\$ 2,071,890</u>	<u>\$ 1,714,717</u>	<u>\$ (357,173)</u>
EXPENDITURES				
Services Operations:				
Professional Fees	\$ 144,000	\$ 144,000	\$ 143,335	\$ 665
Contracted Services	295,500	295,500	293,566	1,934
Purchased Water Service	214,050	214,050	232,909	(18,859)
Purchased Wastewater Service	102,000	102,200	78,098	24,102
Utilities	18,000	18,000	16,846	1,154
Regional Water Authority Assessments	450	450	11,369	(10,919)
Repairs and Maintenance	221,900	219,000	115,611	103,389
Parks and Recreation	82,300	82,300	81,509	791
Other	312,700	321,400	326,024	(4,624)
Capital Outlay	<u>1,120,000</u>	<u>1,120,000</u>	<u>248,929</u>	<u>871,071</u>
TOTAL EXPENDITURES	<u>\$ 2,510,900</u>	<u>\$ 2,516,900</u>	<u>\$ 1,548,196</u>	<u>\$ 968,704</u>
NET CHANGE IN FUND BALANCE	\$ (439,010)	\$ (445,010)	\$ 166,521	\$ 611,531
FUND BALANCE - OCTOBER 1, 2018	<u>3,595,482</u>	<u>3,595,482</u>	<u>3,595,482</u>	<u>_____</u>
FUND BALANCE - SEPTEMBER 30, 2019	<u>\$ 3,156,472</u>	<u>\$ 3,150,472</u>	<u>\$ 3,762,003</u>	<u>\$ 611,531</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2019

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved September 25, 2018.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>				
WATER:	\$ 17.00	2,000	N	\$ 1.50 \$ 2.50 \$ 4.00 \$ 4.25	2,001 to 3,000 3,001 to 10,000 10,001 to 15,000 15,001 and up				
WASTEWATER:	\$ 30.00	1,000	N	\$1.50 \$2.00	1,001 to 10,000 10,001 and up				
SURCHARGE:									
Regional Water Authority Fee			N	\$ 3.86	All				
District employs winter averaging for wastewater usage?					<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: center; width: 50px;">_____</td> <td style="text-align: center; width: 50px;"><u> X </u></td> </tr> <tr> <td style="text-align: center;">Yes</td> <td style="text-align: center;">No</td> </tr> </table>	_____	<u> X </u>	Yes	No
_____	<u> X </u>								
Yes	No								

Total monthly charges per 10,000 gallons usage: Water: \$36.00 Wastewater: \$43.50 Surcharge: \$ 38.60 Total: \$118.10

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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	
≤¾"	<u>830</u>	<u>826</u>	x 1.0	<u>826</u>
1"			x 2.5	
1½"	<u>3</u>	<u>3</u>	x 5.0	<u>15</u>
2"	<u>6</u>	<u>6</u>	x 8.0	<u>48</u>
3"			x 15.0	
4"	<u>2</u>	<u>2</u>	x 25.0	<u>50</u>
6"			x 50.0	
8"	<u>2</u>	<u>2</u>	x 80.0	<u>160</u>
10"			x 115.0	
Total Water Connections	<u><u>843</u></u>	<u><u>839</u></u>		<u><u>1,099</u></u>
Total Wastewater Connections	<u><u>825</u></u>	<u><u>821</u></u>	x 1.0	<u><u>821</u></u>

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

Gallons pumped into the system:	1,990,000	Water Accountability Ratio: 99% (Gallons billed and sold/Gallons pumped and purchased)
Gallons purchased:	68,126,000	From: Central Harris County Regional Water Authority
Gallons billed to customers:	69,455,000	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ's in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

PROFESSIONAL FEES:	
Auditing	\$ 16,100
Engineering	30,405
Legal	95,455
Financial Advisor	<u>1,375</u>
TOTAL PROFESSIONAL FEES	<u>\$ 143,335</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 232,909
Purchased Wastewater Service	<u>78,098</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 311,007</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 35,189
Operations and Billing	<u>30,000</u>
TOTAL CONTRACTED SERVICES	<u>\$ 65,189</u>
UTILITIES:	
Electricity	\$ 13,510
Telephone	<u>3,336</u>
TOTAL UTILITIES	<u>\$ 16,846</u>
REPAIRS AND MAINTENANCE	<u>\$ 115,611</u>
ADMINISTRATIVE EXPENDITURES:	
Community Awareness	\$ 24,453
Director Fees	35,725
District Building, (Including Utilities)	104,682
Election Costs	4,517
Insurance	7,353
Office Supplies and Postage	59,364
Payroll Taxes	6,315
Travel and Meetings	16,003
Other	<u>46,923</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 305,335</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

CAPITAL OUTLAY	\$ 248,929
SOLID WASTE DISPOSAL	\$ 121,954
SECURITY	\$ 106,423
PARKS AND RECREATION	\$ 81,509
OTHER EXPENDITURES:	
Chemicals	\$ 7,094
Laboratory Fees	7,883
Permit Fees	2,065
Inspection Fees	400
Regional Water Authority Assessments	11,369
Commission Regulatory Assessments	3,247
TOTAL OTHER EXPENDITURES	\$ 32,058
TOTAL EXPENDITURES	\$ 1,548,196

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
INVESTMENTS
SEPTEMBER 30, 2019

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 3,235,677	\$
TexPool	XXXX0005	Varies	Daily	157,596	
TexPool	XXXX0007	Varies	Daily	<u>289,041</u>	
TOTAL GENERAL FUND				<u>\$ 3,682,314</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0004	Varies	Daily	<u>\$ 319,306</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 4,001,620</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Maintenance Taxes</u>		<u>Park Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -						
OCTOBER 1, 2018	\$ 18,721		\$ 3,165		\$ 29,867	
Adjustments to Beginning						
Balance	<u>(172)</u>	\$ 18,549	<u>(36)</u>	\$ 3,129	<u>(241)</u>	\$ 29,626
Original 2018 Tax Levy	\$ 502,592		\$ 102,570		\$ 625,676	
Adjustment to 2018 Tax Levy	<u>17,009</u>	<u>519,601</u>	<u>3,471</u>	<u>106,041</u>	<u>21,175</u>	<u>646,851</u>
TOTAL TO BE						
ACCOUNTED FOR		\$ 538,150		\$ 109,170		\$ 676,477
TAX COLLECTIONS:						
Prior Years	\$ 6,316		\$ 1,183		\$ 9,608	
Current Year	<u>514,711</u>	<u>521,027</u>	<u>105,043</u>	<u>106,226</u>	<u>640,764</u>	<u>650,372</u>
TAXES RECEIVABLE -						
SEPTEMBER 30, 2019		<u>\$ 17,123</u>		<u>\$ 2,944</u>		<u>\$ 26,105</u>
TAXES RECEIVABLE BY						
YEAR:						
2018		\$ 4,890		\$ 998		\$ 6,087
2017		2,741		559		3,747
2016		2,239		448		3,179
2015		1,764		353		2,611
2014		1,641		328		2,888
2013 and Prior		<u>3,848</u>		<u>258</u>		<u>7,593</u>
TOTAL		<u>\$ 17,123</u>		<u>\$ 2,944</u>		<u>\$ 26,105</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	2018	2017	2016	2015
PROPERTY VALUATIONS:				
Land	\$ 22,604,931	\$ 21,949,044	\$ 21,256,148	\$ 21,256,172
Improvements	101,854,747	95,159,724	87,480,318	82,133,195
Personal Property	1,519,273	1,488,082	1,684,795	2,274,578
Exemptions	(19,957,435)	(18,910,383)	(18,361,036)	(18,932,735)
TOTAL PROPERTY VALUATIONS	\$ 106,021,516	\$ 99,686,467	\$ 92,060,225	\$ 86,731,210
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.61	\$ 0.67	\$ 0.71	\$ 0.74
Maintenance**	0.49	0.49	0.50	0.50
Parks and Recreation**	0.10	0.10	0.10	0.10
TOTAL TAX RATES PER \$100 VALUATION	\$ 1.20	\$ 1.26	\$ 1.31	\$ 1.34
ADJUSTED TAX LEVY*	\$ 1,272,493	\$ 1,256,379	\$ 1,206,323	\$ 1,162,863
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.06 %	99.44 %	99.51 %	99.59 %

* 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 \$0.50 per \$100 of assessed valuation approved by voters on August 8, 1981 for the waterworks and sanitary sewer system. On February 7, 2004, the voters authorized an ad valorem tax not to exceed \$0.10 per \$100 of assessed valuation for parks and recreational facilities.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

SERIES - 2012 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2020	\$ 125,000	\$ 13,554	\$ 138,554
2021	135,000	10,416	145,416
2022	140,000	7,028	147,028
2023	140,000	3,514	143,514
2024	_____	_____	_____
	<u>\$ 540,000</u>	<u>\$ 34,512</u>	<u>\$ 574,512</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

SERIES - 2012 - A REFUNDING

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2020	\$ 305,000	\$ 28,589	\$ 333,589
2021	315,000	21,696	336,696
2022	315,000	14,577	329,577
2023	330,000	7,458	337,458
2024			
	<u>\$ 1,265,000</u>	<u>\$ 72,320</u>	<u>\$ 1,337,320</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

SERIES - 2014 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2020	\$ 165,000	\$ 31,414	\$ 196,414
2021	165,000	27,685	192,685
2022	170,000	23,956	193,956
2023	170,000	20,114	190,114
2024	<u>720,000</u>	<u>16,272</u>	<u>736,272</u>
	<u>\$ 1,390,000</u>	<u>\$ 119,441</u>	<u>\$ 1,509,441</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	\$ 595,000	\$ 73,557	\$ 668,557
2021	615,000	59,797	674,797
2022	625,000	45,561	670,561
2023	640,000	31,086	671,086
2024	<u>720,000</u>	<u>16,272</u>	<u>736,272</u>
	<u>\$ 3,195,000</u>	<u>\$ 226,273</u>	<u>\$ 3,421,273</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Description	Original Bonds Issued	Bonds Outstanding October 1, 2018
Harris County Municipal Utility District No. 217 Unlimited Tax Refunding Bonds - Series 2010	\$ 1,230,000	\$ 165,000
Harris County Municipal Utility District No. 217 Unlimited Tax Refunding Bonds - Series 2012	1,555,000	695,000
Harris County Municipal Utility District No. 217 Unlimited Tax Refunding Bonds - Series 2012-A	1,845,000	1,350,000
Harris County Municipal Utility District No. 217 Unlimited Tax Refunding Bonds - Series 2014	<u>2,180,000</u>	<u>1,550,000</u>
TOTAL	<u>\$ 6,810,000</u>	<u>\$ 3,760,000</u>

Bond Authority:	New Issue Bonds	Refunding Bonds	Parks and Recreation Bonds
Amount Authorized by Voters	\$ 16,665,000	\$ 10,000,000	\$ 1,070,000
Amount Issued	<u>10,465,000</u>	<u>3,265,000</u>	<u>910,000</u>
Remaining to be Issued	<u>\$ 6,200,000</u>	<u>\$ 6,735,000</u>	<u>\$ 160,000</u>

Debt Service Fund cash, investments and cash with paying agent balances as of September 30, 2019: \$ 378,121

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 684,255

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

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding September 30, 2019	Paying Agent
	Principal	Interest		
	\$ 165,000	\$ 6,966	\$ -0-	Houston Community Bank, N.A. Houston, TX
	155,000	17,444	540,000	Branch Banking & Trust Charlotte, North Carolina
	85,000	30,510	1,265,000	Branch Banking & Trust Charlotte, North Carolina
	<u>160,000</u>	<u>35,030</u>	<u>1,390,000</u>	The Independent Bankers Bank Irving, TX
<u>\$ - 0 -</u>	<u>\$ 565,000</u>	<u>\$ 89,950</u>	<u>\$ 3,195,000</u>	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amount		
	2019	2018	2017
REVENUES			
Property Taxes	\$ 627,253	\$ 590,612	\$ 544,408
Water Service	290,626	281,119	282,119
Wastewater Service	390,774	379,908	374,560
Regional Water Authority Fees	235,955	231,431	201,151
Penalty and Interest	37,775	35,907	37,776
Tap Connection and Inspection Fees	2,933	385	315
Investment Revenues	86,378	53,906	22,491
Miscellaneous Revenues	43,023	36,340	24,276
TOTAL REVENUES	\$ 1,714,717	\$ 1,609,608	\$ 1,487,096
EXPENDITURES			
Personnel (Including Benefits)	\$	\$	\$
Professional Fees	143,335	145,132	148,557
Contracted Services	293,566	289,954	220,328
Purchased Water Service	232,909	224,621	193,589
Purchased Wastewater Service	78,098	91,040	78,148
Utilities	16,846	18,319	18,298
Regional Water Authority Assessments	11,369	352	43
Repairs and Maintenance	115,611	127,726	89,505
Parks and Recreation	81,509	77,156	85,607
Other	326,024	282,967	317,592
Capital Outlay	248,929	27,128	35,335
TOTAL EXPENDITURES	\$ 1,548,196	\$ 1,284,395	\$ 1,187,002
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 166,521	\$ 325,213	\$ 300,094
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$ - 0 -	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 166,521	\$ 325,213	\$ 300,094
BEGINNING FUND BALANCE	3,595,482	3,270,269	2,970,175
ENDING FUND BALANCE	\$ 3,762,003	\$ 3,595,482	\$ 3,270,269

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
\$ 518,202	\$ 449,115	36.6 %	36.7 %	36.7 %	36.6 %	34.2 %
276,530	267,488	16.9	17.5	19.0	19.5	20.4
373,004	375,816	22.8	23.6	25.2	26.3	28.6
184,839	158,268	13.8	14.4	13.5	13.1	12.0
37,636	37,390	2.2	2.2	2.5	2.7	2.8
	630	0.2				
8,799	2,711	5.0	3.3	1.5	0.6	0.2
17,229	22,820	2.5	2.3	1.6	1.2	1.8
<u>\$ 1,416,239</u>	<u>\$ 1,314,238</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 36,198	\$ 39,328	%	%	%	2.6 %	3.0 %
115,777	121,574	8.4	9.0	10.0	8.2	9.3
201,452	202,371	17.1	18.0	14.8	14.2	15.4
198,991	124,478	13.6	14.0	13.0	14.1	9.5
219,375	104,433	4.6	5.7	5.3	15.5	7.9
18,733	17,382	1.0	1.1	1.2	1.3	1.3
39	19	0.7				
61,768	75,133	6.7	7.9	6.0	4.4	5.7
68,078	46,531	4.8	4.8	5.8	4.8	3.5
173,282	162,612	19.0	17.6	21.4	12.2	12.4
	200,965	14.5	1.7	2.4		15.3
<u>\$ 1,093,693</u>	<u>\$ 1,094,826</u>	<u>90.4 %</u>	<u>79.8 %</u>	<u>79.9 %</u>	<u>77.3 %</u>	<u>83.3 %</u>
<u>\$ 322,546</u>	<u>\$ 219,412</u>	<u>9.6 %</u>	<u>20.2 %</u>	<u>20.1 %</u>	<u>22.7 %</u>	<u>16.7 %</u>
\$ - 0 -	\$ 39,441					
\$ 322,546	\$ 258,853					
<u>2,647,629</u>	<u>2,388,776</u>					
<u>\$ 2,970,175</u>	<u>\$ 2,647,629</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amount		
	2019	2018	2017
REVENUES			
Property Taxes	\$ 650,372	\$ 671,964	\$ 644,597
Penalty and Interest	16,092	17,074	10,686
Investment Revenues	9,795	6,081	2,685
Miscellaneous Revenues	134		1,636
TOTAL REVENUES	\$ 676,393	\$ 695,119	\$ 659,604
EXPENDITURES			
Tax Collection Expenditures	\$ 28,208	\$ 39,794	\$ 29,293
Debt Service Principal	565,000	555,000	535,000
Debt Service Interest and Fees	89,950	106,189	121,837
TOTAL EXPENDITURES	\$ 683,158	\$ 700,983	\$ 686,130
 NET CHANGE IN FUND BALANCE	 \$ (6,765)	 \$ (5,864)	 \$ (26,526)
 BEGINNING FUND BALANCE	 <u>353,090</u>	 <u>358,954</u>	 <u>385,480</u>
 ENDING FUND BALANCE	 <u><u>\$ 346,325</u></u>	 <u><u>\$ 353,090</u></u>	 <u><u>\$ 358,954</u></u>
 TOTAL ACTIVE RETAIL WATER CONNECTIONS	 <u>839</u>	 <u>838</u>	 <u>833</u>
 TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	 <u>821</u>	 <u>833</u>	 <u>833</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
\$ 640,625	\$ 659,990	96.2 %	96.6 %	97.8 %	97.7 %	98.0 %
12,485	12,868	2.4	2.5	1.6	1.9	1.9
1,263	384	1.4	0.9	0.4	0.2	0.1
1,600				0.2	0.2	
<u>\$ 655,973</u>	<u>\$ 673,242</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 28,469	\$ 29,649	4.2 %	5.7 %	4.4 %	4.3 %	4.4 %
525,000	515,000	83.5	79.8	81.1	80.0	76.5
<u>137,162</u>	<u>141,181</u>	<u>13.3</u>	<u>15.3</u>	<u>18.5</u>	<u>20.9</u>	<u>21.0</u>
<u>\$ 690,631</u>	<u>\$ 685,830</u>	<u>101.0 %</u>	<u>100.8 %</u>	<u>104.0 %</u>	<u>105.2 %</u>	<u>101.9 %</u>
\$ (34,658)	\$ (12,588)	<u>(1.0) %</u>	<u>(0.8) %</u>	<u>(4.0) %</u>	<u>(5.2) %</u>	<u>(1.9) %</u>
<u>420,138</u>	<u>432,726</u>					
<u>\$ 385,480</u>	<u>\$ 420,138</u>					
<u>834</u>	<u>828</u>					
<u>814</u>	<u>822</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2019

District Mailing Address - Harris County Municipal Utility District No. 217
c/o Roach & Mitchell, PLLC
2800 Post Oak Boulevard, Suite 4100
Houston, TX 77056

District Telephone Number - (832) 390-2268

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2019	Expense Reimbursements for the year ended September 30, 2019	Title
Sonnier Washington	05/19 05/23 (Elected)	\$ 7,650	\$ 3,223	President
Debra Johnson	05/17 05/21 (Elected)	\$ 8,575	\$ 1,715	Vice President
Cordelia Brown	05/17 05/21 (Elected)	\$ 8,475	\$ 497	Secretary
Jerry L. Ewing	05/17 05/21 (Elected)	\$ 7,950	\$ 646	Assistant Secretary
Marian Henderson	05/19 05/23 (Elected)	\$ 6,825	\$ 785	Director

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 (TWC Sections 36.054 and 49.054):
May 23, 2017.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on May 25, 2004. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

Note: During the current fiscal year, the District hired a new bookkeeper. Due to the transition of records, the new bookkeeper was unable to properly account for the fees of office received by the directors which resulted in directors receiving fees in excess of \$7,200. The directors are aware of the overage and have made arrangements to reimburse the District.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2019

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2019</u>	<u>Title</u>
Roach & Mitchell, PLLC	08/29/16	\$ 90,288	General Counsel
McCall Gibson Swedlund Barfoot PLLC	8/31/99	\$ 16,100	Auditor
Municipal Accounts & Consulting LP	10/23/18	\$ 32,213	Bookkeeper
ETI Bookkeeping Services	10/01/98	\$ 7,167	Prior Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/24/97	\$ 2,625	Delinquent Tax Attorney
Langford Engineering, Inc.	07/03	\$ 83,590	Engineer
The GMS Group, L.L.C.	02/18/17	\$ 1,375	Financial Advisor
WWWMS, Inc.	11/01/03	\$ 179,183	Operator
Bob Leared Interest	12/20/18	\$ 9,933	Tax Assessor/ Collector
Equi-Tax, Inc.	06/01/99	\$ 5,956	Prior Tax Assessor/ Collector
Kenneth R. Byrd	07/25/00	\$ -0-	Investment Officer
TXMGMT, LLC	08/29/16	\$ 79,560	Administrative Building Manager

See accompanying independent auditor's report.

