

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8-11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	13-14
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	15
NOTES TO FINANCIAL STATEMENTS	16-31
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	33
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to financial statements)	
SERVICES AND RATES	35-37
GENERAL FUND EXPENDITURES	38-39
INVESTMENTS	40
TAXES LEVIED AND RECEIVABLE	41-42
LONG-TERM DEBT SERVICE REQUIREMENTS	43-47
CHANGE IN LONG-TERM BOND DEBT	48-49
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	50-53
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	54-55

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 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, 2020, 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.

Board of Directors
Harris County Municipal
Utility District No. 217

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, 2020, 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

December 17, 2020

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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, 2020. 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 three 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. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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 \$6,418,872 as of September 30, 2020.

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, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	2020	2019	Change Positive (Negative)
Current and Other Assets	\$ 6,326,269	\$ 4,394,132	\$ 1,932,137
Capital Assets (Net of Accumulated Depreciation)	<u>5,425,722</u>	<u>5,159,995</u>	<u>265,727</u>
Total Assets	<u>\$ 11,751,991</u>	<u>\$ 9,554,127</u>	<u>\$ 2,197,864</u>
Long-Term Liabilities	\$ 4,435,000	\$ 2,600,000	\$ (1,835,000)
Other Liabilities	<u>898,119</u>	<u>855,949</u>	<u>(42,170)</u>
Total Liabilities	<u>\$ 5,333,119</u>	<u>\$ 3,455,949</u>	<u>\$ (1,877,170)</u>
Net Position:			
Net Investment in Capital Assets	\$ 2,497,760	\$ 1,964,995	\$ 532,765
Restricted	371,080	351,113	19,967
Unrestricted	<u>3,550,032</u>	<u>3,782,070</u>	<u>(232,038)</u>
Total Net Position	<u>\$ 6,418,872</u>	<u>\$ 6,098,178</u>	<u>\$ 320,694</u>

The following table provides a summary of the District's operations for the year ended September 30, 2020, and September 30, 2019.

	<u>Summary of Changes in the Statement of Activities</u>		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,311,556	\$ 1,272,045	\$ 39,511
Charges for Services	1,010,121	973,335	36,786
Other Revenues	<u>59,149</u>	<u>139,330</u>	<u>(80,181)</u>
Total Revenues	<u>\$ 2,380,826</u>	<u>\$ 2,384,710</u>	<u>\$ (3,884)</u>
Expenses for Services	<u>2,060,132</u>	<u>1,756,658</u>	<u>(303,474)</u>
Change in Net Position	\$ 320,694	\$ 628,052	\$ (307,358)
Net Position, Beginning of Year	<u>6,098,178</u>	<u>5,470,126</u>	<u>628,052</u>
Net Position, End of Year	<u>\$ 6,418,872</u>	<u>\$ 6,098,178</u>	<u>\$ 320,694</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2020, were \$6,011,789, an increase of \$1,903,461 from the prior year.

The General Fund fund balance decreased by \$237,872, primarily due to operating costs exceeding current year revenues.

The Debt Service Fund fund balance increased by \$19,295, primarily due to the structure of the District's debt service requirements and the receipt of capitalized interest from the sale of Series 2020 Unlimited Tax and Revenue Bonds.

The Capital Projects Fund fund balance increased by \$2,122,038, primarily due to the sale of Series 2020 Unlimited Tax and Revenue Bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended budget during the current fiscal year to increase estimated building management and patrol services expenditures. Actual revenues were \$1,849 more than budgeted revenues. Actual expenditures were \$456,740 less than budgeted expenditures primarily due to capital costs being less than anticipated.

CAPITAL ASSETS

Capital assets as of September 30, 2020, total \$5,425,722 (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

	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 410,451	\$ 410,451	\$
Construction in Progress	17,833	194,473	(176,640)
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	539,427	572,608	(33,181)
Water System	2,113,522	1,451,723	661,799
Wastewater System	1,536,854	1,599,833	(62,979)
Wastewater Treatment Plant Capacity	156,062	232,685	(76,623)
Drainage System	488,692	512,805	(24,113)
Parks and Recreation	162,881	185,417	(22,536)
Total Net Capital Assets	<u>\$ 5,425,722</u>	<u>\$ 5,159,995</u>	<u>\$ 265,727</u>

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, 2020**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$5,050,000.

The changes in the debt position of the District during the fiscal year ended September 30, 2020, are summarized as follows:

Bond Debt Payable, October 1, 2019	\$ 3,195,000
Add: Bonds Sold - Series 2020	2,450,000
Less: Bond Principal Paid	<u>595,000</u>
Bond Debt Payable, September 30, 2020	<u><u>\$ 5,050,000</u></u>

The District’s Series 2020 bonds carry an underlying rating of “BBB” and carry an insured rating of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2012 Refunding, Series 2012-A Refunding and Series 2014 Refunding 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 Mitchell & Zientek, LLP, 24624 Interstate 45 N., Suite 200, The Woodlands, Texas 77386.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 27,104	\$ 17,440
Investments	3,464,271	336,673
Cash with Paying Agent		45,197
Receivables:		
Property Taxes	25,901	31,115
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Doubtful Accounts of \$1,000)	176,710	
Accrued Interest	74	
Due from Other Funds	22,753	
Prepaid Costs	9,954	
Due from Other Governments	8,238	
Advance for Joint Wastewater Treatment Plant Operations	43,048	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 3,778,053	\$ 430,425

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 1,000	\$ 45,544	\$	\$ 45,544
2,122,268	5,923,212		5,923,212
	45,197		45,197
	57,016		57,016
		17,276	17,276
	176,710		176,710
	74		74
	22,753	(22,753)	
	9,954		9,954
	8,238		8,238
	43,048		43,048
		410,451	410,451
		17,833	17,833
		<u>4,997,438</u>	<u>4,997,438</u>
<u>\$ 2,123,268</u>	<u>\$ 6,331,746</u>	<u>\$ 5,420,245</u>	<u>\$ 11,751,991</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, 2020

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 76,759	\$ 1,998
Accrued Interest Payable		
Due to Other Governments	29,137	
Due to Other Funds		22,753
Due to Taxpayers		6,673
Security Deposits	122,125	
Accrued Interest at Time of Sale		2,266
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	\$ 228,021	\$ 33,690
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 25,901	\$ 31,115
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 9,954	\$
Advance for Joint Wastewater Treatment Plant Operations	43,048	
Restricted for Authorized Construction		
Restricted for Debt Service		365,620
Unassigned	3,471,129	
TOTAL FUND BALANCES	\$ 3,524,131	\$ 365,620
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,778,053	\$ 430,425
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>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 1,230	\$ 79,987	\$	\$ 79,987
		45,197	45,197
	29,137		29,137
	22,753	(22,753)	
	6,673		6,673
	122,125		122,125
	2,266	(2,266)	
		615,000	615,000
		4,435,000	4,435,000
<u>\$ 1,230</u>	<u>\$ 262,941</u>	<u>\$ 5,070,178</u>	<u>\$ 5,333,119</u>
<u>\$ -0-</u>	<u>\$ 57,016</u>	<u>\$ (57,016)</u>	<u>\$ - 0 -</u>
\$	\$ 9,954	\$ (9,954)	\$
	43,048	(43,048)	
2,122,038	2,122,038	(2,122,038)	
	365,620	(365,620)	
	3,471,129	(3,471,129)	
<u>\$ 2,122,038</u>	<u>\$ 6,011,789</u>	<u>\$ (6,011,789)</u>	<u>\$ - 0 -</u>
<u>\$ 2,123,268</u>	<u>\$ 6,331,746</u>		
		\$ 2,497,760	\$ 2,497,760
		371,080	371,080
		3,550,032	3,550,032
		<u>\$ 6,418,872</u>	<u>\$ 6,418,872</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, 2020**

Total Fund Balances - Governmental Funds	\$ 6,011,789
--	--------------

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.	5,425,722
---	-----------

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenues in the governmental activities of the District.	74,292
---	--------

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	\$ (42,931)	
Bonds Payable Within One Year	(615,000)	
Bonds Payable After One Year	<u>(4,435,000)</u>	<u>(5,092,931)</u>
Total Net Position - Governmental Activities		<u><u>\$ 6,418,872</u></u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2020

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 661,605	\$ 639,107
Water Service	309,585	
Wastewater Service	414,424	
Regional Water Authority Fees	252,873	
Penalty and Interest	13,952	17,032
Tap Connection and Inspection Fees	420	
Investment Revenues	32,432	4,482
Miscellaneous Revenues	18,983	
	<u>\$ 1,704,274</u>	<u>\$ 660,621</u>
TOTAL REVENUES		
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 136,674	\$ 3,477
Contracted Services	319,524	19,515
Purchased Water Service	245,954	
Purchased Wastewater Service	87,947	
Utilities	18,617	
Repairs and Maintenance	129,766	
Parks and Recreation	124,109	
Depreciation		
Other	285,057	12,547
Capital Outlay	605,498	
Debt Service:		
Bond Issuance Costs		
Bond Principal		595,000
Bond Interest		73,537
	<u>\$ 1,953,146</u>	<u>\$ 704,076</u>
TOTAL EXPENDITURES/EXPENSES		
EXCESS (DEFICIENCY) OF REVENUES OVER		
EXPENDITURES	<u>\$ (248,872)</u>	<u>\$ (43,455)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	\$ 11,000	\$
Proceeds from the Sale of Bonds		62,750
	<u>\$ 11,000</u>	<u>\$ 62,750</u>
TOTAL OTHER FINANCING SOURCES (USES)		
NET CHANGE IN FUND BALANCES	\$ (237,872)	\$ 19,295
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2019	<u>3,762,003</u>	<u>346,325</u>
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2020	<u><u>\$ 3,524,131</u></u>	<u><u>\$ 365,620</u></u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,300,712	\$ 10,844	\$ 1,311,556
	309,585		309,585
	414,424		414,424
	252,873		252,873
	30,984	1,835	32,819
	420		420
3,252	40,166		40,166
	18,983		18,983
\$ 3,252	\$ 2,368,147	\$ 12,679	\$ 2,380,826
\$	\$ 140,151	\$	\$ 140,151
	339,039		339,039
	245,954		245,954
	87,947		87,947
	18,617		18,617
	129,766		129,766
	124,109		124,109
		351,787	351,787
	297,604		297,604
12,016	617,514	(617,514)	
245,448	245,448		245,448
	595,000	(595,000)	
	73,537	6,173	79,710
\$ 257,464	\$ 2,914,686	\$ (854,554)	\$ 2,060,132
\$ (254,212)	\$ (546,539)	\$ 546,539	\$ -0-
\$ (11,000)	\$	\$	\$
2,387,250	2,450,000	(2,450,000)	
\$ 2,376,250	\$ 2,450,000	\$ (2,450,000)	\$ -0-
\$ 2,122,038	\$ 1,903,461	\$ (1,903,461)	\$
		320,694	320,694
	4,108,328	1,989,850	6,098,178
\$ 2,122,038	\$ 6,011,789	\$ 407,083	\$ 6,418,872

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, 2020**

Net Change in Fund Balances - Governmental Funds	\$	1,903,461
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.		10,844
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.		1,835
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.		(351,787)
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.		617,514
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.		595,000
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.		(6,173)
Governmental funds report bond proceeds as other financing sources. In the government-wide statements, the issuance of long-term debt increases liabilities in the government-wide financial statements and does not affect the Statement of Activities.		<u>(2,450,000)</u>
Change in Net Position - Governmental Activities	\$	<u><u>320,694</u></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, 2020

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, 2020

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, 2020

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 three 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.

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means 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 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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 \$22,753 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:

	<u>Years</u>
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, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources 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 appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020	\$ 415,000
Interest Rates	2.51%
Maturity Dates – Beginning/Ending	April 1, 2021/2023
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, 2020

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2012-A Refunding	Series 2014 Refunding	Series 2020
Amount Outstanding – September 30, 2020	\$ 960,000	\$ 1,225,000	\$ 2,450,000
Interest Rates	2.26%	2.26%	2.00%-3.00%
Maturity Dates – Beginning/Ending	April 1, 2023	April 1, 2024	April 1, 2025/2048
Interest Payment Dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable Dates	April 1, 2018*	Any Scheduled Interest Payment Date	April 1, 2025*

* 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 Series 2020 term bonds maturing April 1, 2032, 2034, 2036, 2038, 2040, 2044, and 2048 are subject to mandatory redemption beginning April 1, 2031, 2033, 2035, 2037, 2039, 2041, and 2045, respectively.

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2020:

	October 1, 2019	Additions	Retirements	September 30, 2020
Bonds Payable	<u>\$ 3,195,000</u>	<u>\$ 2,450,000</u>	<u>\$ 595,000</u>	<u>\$ 5,050,000</u>
				\$ 615,000
				<u>4,435,000</u>
				<u>\$ 5,050,000</u>

As of September 30, 2020, the District had authorized but unissued bonds in the amount of \$3,750,000 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, 2020

NOTE 3. LONG-TERM DEBT (Continued)

As of September 30, 2020, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 615,000	\$ 115,052	\$ 730,052
2022	625,000	108,311	733,311
2023	640,000	93,836	733,836
2024	720,000	79,022	799,022
2025	75,000	62,750	137,750
2026-2030	375,000	291,250	666,250
2031-2035	500,000	247,125	747,125
2036-2040	500,000	188,500	688,500
2041-2045	625,000	112,500	737,500
2046-2048	375,000	22,500	397,500
	<u>\$ 5,050,000</u>	<u>\$ 1,320,846</u>	<u>\$ 6,370,846</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, 2020, the District levied an ad valorem debt service tax at the rate of \$0.56 per \$100 of assessed valuation, which resulted in a tax levy of \$646,036 on the adjusted taxable valuation of \$115,363,553 for the 2019 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.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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 \$285,544 and the bank balance was \$395,541. 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, 2020, as listed below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	\$ 27,104	\$ 240,000	\$ 267,104
DEBT SERVICE FUND	17,440		17,440
CAPITAL PROJECTS FUND	1,000		1,000
TOTAL DEPOSITS	\$ 45,544	\$ 240,000	\$ 285,544

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;

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

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

The District invests in 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.

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

The District records its investments in certificates of deposit at acquisition cost.

As of September 30, 2020, the District had the following investments and maturities:

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 3,224,271	\$ 3,224,271	\$	\$	\$
Certificate of Deposit	240,000	240,000			
<u>DEBT SERVICE FUND</u>					
TexPool	336,673	336,673			
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	2,122,268	2,122,268			
TOTAL INVESTMENTS	<u>\$ 5,923,212</u>	<u>\$ 5,923,212</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, 2020, the District's investments in TexPool and Texas CLASS were rated "AAAm" by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance.

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 and Texas CLASS 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. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020:

	October 1, 2019	Increases	Decreases	September 30, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 410,451	\$	\$	\$ 410,451
Construction in Progress	<u>194,473</u>	<u>617,514</u>	<u>794,154</u>	<u>17,833</u>
Total Capital Assets Not Being Depreciated	<u>\$ 604,924</u>	<u>\$ 617,514</u>	<u>\$ 794,154</u>	<u>\$ 428,284</u>
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 904,151	\$	\$	\$ 904,151
Water System	3,426,165	794,154		4,220,319
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>1,054,930</u>			<u>1,054,930</u>
Total Capital Assets Subject to Depreciation	<u>\$ 10,008,952</u>	<u>\$ 794,154</u>	<u>\$ - 0 -</u>	<u>\$ 10,803,106</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ 331,543	\$ 33,181	\$	\$ 364,724
Water System	1,974,442	132,355		2,106,797
Wastewater System	897,161	62,979		960,140
Wastewater Treatment Plant Capacity	1,085,579	76,623		1,162,202
Drainage System	295,643	24,113		319,756
Parks and Recreation	869,513	22,536		892,049
Total Accumulated Depreciation	<u>\$ 5,453,881</u>	<u>\$ 351,787</u>	<u>\$ - 0 -</u>	<u>\$ 5,805,668</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,555,071</u>	<u>\$ 442,367</u>	<u>\$ - 0 -</u>	<u>\$ 4,997,438</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,159,995</u>	<u>\$ 1,059,881</u>	<u>\$ 794,154</u>	<u>\$ 5,425,722</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, 2020

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, 2020, the District levied an ad valorem maintenance tax at the rate of \$0.48 per \$100 of assessed valuation, which resulted in a tax levy of \$553,745 on the adjusted taxable valuation of \$115,363,553 for the 2019 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, 2020, 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 \$115,364 on the adjusted taxable valuation of \$115,363,553 for the 2019 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 \$87,947 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, 2020. Separate financial statements are not issued on the plant.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 8. JOINT VENTURE FOR WASTE DISPOSAL (Continued)

	Joint Venture
Total Assets	\$ 421,823
Total Liabilities	396,823
Total Fund Balance	\$ 25,000
Total Revenues	\$ 681,584
Total Expenditures	681,584
Net Change in Fund Balance	\$ -0-
Fund Balance – May 1, 2019	25,000
Fund Balance – April 30, 2020	\$ 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, 2020

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 \$245,954 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 12. BOND SALE

On May 14, 2020, the District closed on the sale of its \$2,450,000 Unlimited Tax and Revenue Bonds, Series 2020. Proceeds of the bonds are being used to rehabilitate certain portions of the District's wastewater system, detention facilities and for the installation of smart meters. Proceeds are also being used to pay associated engineering costs and certain issuance costs of the bonds.

NOTE 13. UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

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, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 660,000	\$ 660,000	\$ 661,605	\$ 1,605
Water Service	276,500	276,500	309,585	33,085
Wastewater Service	375,700	375,700	414,424	38,724
Regional Water Authority Fees	223,000	223,000	252,873	29,873
Penalty and Interest	40,000	40,000	13,952	(26,048)
Tap Connection and Inspection Fees	375	375	420	45
Investment Revenues	90,250	90,250	32,432	(57,818)
Miscellaneous Revenues	<u>36,600</u>	<u>36,600</u>	<u>18,983</u>	<u>(17,617)</u>
TOTAL REVENUES	<u>\$ 1,702,425</u>	<u>\$ 1,702,425</u>	<u>\$ 1,704,274</u>	<u>\$ 1,849</u>
EXPENDITURES				
Services Operations:				
Professional Fees	\$ 153,000	\$ 153,000	\$ 136,674	\$ 16,326
Contracted Services	290,100	304,600	319,524	(14,924)
Purchased Water Service	214,050	214,050	245,954	(31,904)
Purchased Wastewater Service	102,200	102,200	87,947	14,253
Utilities	18,000	18,000	18,617	(617)
Repairs and Maintenance	218,000	218,000	129,766	88,234
Parks and Recreation	93,400	93,400	124,109	(30,709)
Other	379,750	396,636	285,057	111,579
Capital Outlay	<u>910,000</u>	<u>910,000</u>	<u>605,498</u>	<u>304,502</u>
TOTAL EXPENDITURES	<u>\$ 2,378,500</u>	<u>\$ 2,409,886</u>	<u>\$ 1,953,146</u>	<u>\$ 456,740</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (676,075)</u>	<u>\$ (707,461)</u>	<u>\$ (248,872)</u>	<u>\$ 458,589</u>
OTHER FINANCING SOURCES(USES)				
Transfers In (Out)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 11,000</u>	<u>\$ 11,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (676,075)</u>	<u>\$ (707,461)</u>	<u>\$ (237,872)</u>	<u>\$ 469,589</u>
FUND BALANCE - OCTOBER 1, 2019	<u>3,762,003</u>	<u>3,762,003</u>	<u>3,762,003</u>	
FUND BALANCE - SEPTEMBER 30, 2020	<u>\$ 3,085,928</u>	<u>\$ 3,054,542</u>	<u>\$ 3,524,131</u>	<u>\$ 469,589</u>

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels				
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: auto; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">_____</td> <td style="text-align: center; border-bottom: 1px solid black;"><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, 2020**

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>827</u>	x 1.0	<u>827</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>840</u></u>		<u><u>1,100</u></u>
Total Wastewater Connections	<u><u>825</u></u>	<u><u>822</u></u>	x 1.0	<u><u>822</u></u>

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

Water Accountability Ratio: 91%
(Gallons billed and sold/Gallons pumped
and purchased)

Gallons purchased:	67,352,000	From: Central Harris County Regional Water Authority
Gallons billed to customers:	61,571,000	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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, 2020

PROFESSIONAL FEES:	
Auditing	\$ 16,600
Engineering	22,517
Legal	<u>97,557</u>
TOTAL PROFESSIONAL FEES	<u>\$ 136,674</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 245,954
Purchased Wastewater Service	<u>87,947</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 333,901</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 30,916
Operations and Billing	30,000
Security	127,299
Solid Waste Disposal	<u>131,309</u>
TOTAL CONTRACTED SERVICES	<u>\$ 319,524</u>
UTILITIES:	
Electricity	\$ 10,775
Telephone	<u>7,842</u>
TOTAL UTILITIES	<u>\$ 18,617</u>
REPAIRS AND MAINTENANCE	<u>\$ 129,766</u>
ADMINISTRATIVE EXPENDITURES:	
Community Awareness	\$ 4,079
Director Fees	32,150
District Building, (Including Utilities)	109,397
Insurance	16,846
Office Supplies and Postage	45,260
Payroll Taxes	2,937
Travel and Meetings	10,639
Other	<u>43,313</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 264,621</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

CAPITAL OUTLAY	\$ <u>605,498</u>
PARKS AND RECREATION	\$ <u>124,109</u>
OTHER EXPENDITURES:	
Chemicals	\$ 8,444
Laboratory Fees	3,988
Permit Fees	1,328
Inspection Fees	1,930
Commission Regulatory Assessments	<u>4,746</u>
TOTAL OTHER EXPENDITURES	\$ <u>20,436</u>
TOTAL EXPENDITURES	\$ <u>1,953,146</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
INVESTMENTS
SEPTEMBER 30, 2020

<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	\$ 2,659,493	\$
TexPool	XXXX0005	Varies	Daily	159,033	
TexPool	XXXX0007	Varies	Daily	405,745	
Certificate of Deposit	XXXX6208	0.75%	09/15/21	<u>240,000</u>	<u>74</u>
TOTAL GENERAL FUND				<u>\$ 3,464,271</u>	<u>\$ 74</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0004	Varies	Daily	<u>\$ 336,673</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	<u>\$ 2,122,268</u>	<u>\$</u>
TOTAL - ALL FUNDS				<u>\$ 5,923,212</u>	<u>\$ 74</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Maintenance Taxes		Park Taxes		Debt Service Taxes	
TAXES RECEIVABLE -						
OCTOBER 1, 2019	\$ 17,123		\$ 2,944		\$ 26,105	
Adjustments to Beginning						
Balance	<u>(1,389)</u>	\$ 15,734	<u>(281)</u>	\$ 2,663	<u>(1,919)</u>	\$ 24,186
Original 2019 Tax Levy	\$ 478,575		\$ 99,703		\$ 558,337	
Adjustment to 2019 Tax Levy	<u>75,170</u>	<u>553,745</u>	<u>15,661</u>	<u>115,364</u>	<u>87,699</u>	<u>646,036</u>
TOTAL TO BE						
ACCOUNTED FOR		\$ 569,479		\$ 118,027		\$ 670,222
TAX COLLECTIONS:						
Prior Years	\$ 1,959		\$ 395		\$ 2,589	
Current Year	<u>545,587</u>	<u>547,546</u>	<u>113,664</u>	<u>114,059</u>	<u>636,518</u>	<u>639,107</u>
TAXES RECEIVABLE -						
SEPTEMBER 30, 2020		<u>\$ 21,933</u>		<u>\$ 3,968</u>		<u>\$ 31,115</u>
TAXES RECEIVABLE BY						
YEAR:						
2019		\$ 8,158		\$ 1,700		\$ 9,518
2018		3,201		653		3,985
2017		1,767		361		2,416
2016		2,010		402		2,854
2015		1,513		302		2,239
2014 and Prior		<u>5,284</u>		<u>550</u>		<u>10,103</u>
TOTAL		<u>\$ 21,933</u>		<u>\$ 3,968</u>		<u>\$ 31,115</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2019	2018	2017	2016
PROPERTY VALUATIONS:				
Land	\$ 22,968,218	\$ 22,604,931	\$ 21,949,044	\$ 21,256,148
Improvements	119,649,418	101,854,747	95,159,724	87,480,318
Personal Property	1,549,316	1,519,273	1,488,082	1,684,795
Exemptions	(28,803,399)	(19,957,435)	(18,910,383)	(18,361,036)
TOTAL PROPERTY VALUATIONS	\$ 115,363,553	\$ 106,021,516	\$ 99,686,467	\$ 92,060,225
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.56	\$ 0.61	\$ 0.67	\$ 0.71
Maintenance**	0.48	0.49	0.49	0.50
Parks and Recreation**	0.10	0.10	0.10	0.10
TOTAL TAX RATES PER \$100 VALUATION	\$ 1.14	\$ 1.20	\$ 1.26	\$ 1.31
ADJUSTED TAX LEVY*	\$ 1,315,145	\$ 1,272,493	\$ 1,256,379	\$ 1,206,323
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.53 %	99.38 %	99.64 %	99.56 %

* 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, 2020

SERIES - 2012 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2021	\$ 135,000	\$ 10,416	\$ 145,416
2022	140,000	7,028	147,028
2023	140,000	3,514	143,514
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
	<u>\$ 415,000</u>	<u>\$ 20,958</u>	<u>\$ 435,958</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

SERIES - 2012 - A REFUNDING

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2021	\$ 315,000	\$ 21,696	\$ 336,696
2022	315,000	14,577	329,577
2023	330,000	7,458	337,458
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
	<u>\$ 960,000</u>	<u>\$ 43,731</u>	<u>\$ 1,003,731</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

SERIES - 2014 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2021	\$ 165,000	\$ 27,685	\$ 192,685
2022	170,000	23,956	193,956
2023	170,000	20,114	190,114
2024	720,000	16,272	736,272
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
	<u>\$ 1,225,000</u>	<u>\$ 88,027</u>	<u>\$ 1,313,027</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

S E R I E S - 2 0 2 0			
Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2021	\$	\$ 55,255	\$ 55,255
2022		62,750	62,750
2023		62,750	62,750
2024		62,750	62,750
2025	75,000	62,750	137,750
2026	75,000	61,250	136,250
2027	75,000	59,750	134,750
2028	75,000	58,250	133,250
2029	75,000	56,750	131,750
2030	75,000	55,250	130,250
2031	100,000	53,750	153,750
2032	100,000	51,625	151,625
2033	100,000	49,500	149,500
2034	100,000	47,250	147,250
2035	100,000	45,000	145,000
2036	100,000	42,625	142,625
2037	100,000	40,250	140,250
2038	100,000	37,750	137,750
2039	100,000	35,250	135,250
2040	100,000	32,625	132,625
2041	125,000	30,000	155,000
2042	125,000	26,250	151,250
2043	125,000	22,500	147,500
2044	125,000	18,750	143,750
2045	125,000	15,000	140,000
2046	125,000	11,250	136,250
2047	125,000	7,500	132,500
2048	125,000	3,750	128,750
	\$ 2,450,000	\$ 1,168,130	\$ 3,618,130

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 615,000	\$ 115,052	\$ 730,052
2022	625,000	108,311	733,311
2023	640,000	93,836	733,836
2024	720,000	79,022	799,022
2025	75,000	62,750	137,750
2026	75,000	61,250	136,250
2027	75,000	59,750	134,750
2028	75,000	58,250	133,250
2029	75,000	56,750	131,750
2030	75,000	55,250	130,250
2031	100,000	53,750	153,750
2032	100,000	51,625	151,625
2033	100,000	49,500	149,500
2034	100,000	47,250	147,250
2035	100,000	45,000	145,000
2036	100,000	42,625	142,625
2037	100,000	40,250	140,250
2038	100,000	37,750	137,750
2039	100,000	35,250	135,250
2040	100,000	32,625	132,625
2041	125,000	30,000	155,000
2042	125,000	26,250	151,250
2043	125,000	22,500	147,500
2044	125,000	18,750	143,750
2045	125,000	15,000	140,000
2046	125,000	11,250	136,250
2047	125,000	7,500	132,500
2048	125,000	3,750	128,750
	<u>\$ 5,050,000</u>	<u>\$ 1,320,846</u>	<u>\$ 6,370,846</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, 2020

Description	Original Bonds Issued	Bonds Outstanding October 1, 2019
Harris County Municipal Utility District No. 217 Unlimited Tax Refunding Bonds - Series 2012	\$ 1,555,000	\$ 540,000
Harris County Municipal Utility District No. 217 Unlimited Tax Refunding Bonds - Series 2012-A	1,845,000	1,265,000
Harris County Municipal Utility District No. 217 Unlimited Tax Refunding Bonds - Series 2014	2,180,000	1,390,000
Harris County Municipal Utility District No. 217 Unlimited Tax and Revenue Bonds - Series 2020	<u>2,450,000</u>	
TOTAL	<u>\$ 8,030,000</u>	<u>\$ 3,195,000</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>12,915,000</u>	<u>3,265,000</u>	<u>910,000</u>
Remaining to be Issued	<u>\$ 3,750,000</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, 2020: \$ 399,310

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 227,530

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

* Included in amount authorized by voters for tax bonds.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2020</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 125,000	\$ 13,554	\$ 415,000	Branch Banking & Trust Charlotte, North Carolina
	305,000	28,589	960,000	Branch Banking & Trust Charlotte, North Carolina
	165,000	31,394	1,225,000	The Independent Bankers Bank Irving, TX
<u>2,450,000</u>			<u>2,450,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ 2,450,000</u>	<u>\$ 595,000</u>	<u>\$ 73,537</u>	<u>\$ 5,050,000</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		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 661,605	\$ 627,253	\$ 590,612
Water Service	309,585	290,626	281,119
Wastewater Service	414,424	390,774	379,908
Regional Water Authority Fees	252,873	235,955	231,431
Penalty and Interest	13,952	37,775	35,907
Tap Connection and Inspection Fees	420	2,933	385
Investment Revenues	32,432	86,378	53,906
Miscellaneous Revenues	18,983	43,023	36,340
TOTAL REVENUES	\$ 1,704,274	\$ 1,714,717	\$ 1,609,608
EXPENDITURES			
Personnel (Including Benefits)	\$	\$	\$
Professional Fees	136,674	143,335	145,132
Contracted Services	319,524	293,566	289,954
Purchased Water Service	245,954	232,909	224,621
Purchased Wastewater Service	87,947	78,098	91,040
Utilities	18,617	16,846	18,319
Regional Water Authority Assessments		11,369	352
Repairs and Maintenance	129,766	115,611	127,726
Parks and Recreation	124,109	81,509	77,156
Other	285,057	326,024	282,967
Capital Outlay	605,498	248,929	27,128
TOTAL EXPENDITURES	\$ 1,953,146	\$ 1,548,196	\$ 1,284,395
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (248,872)	\$ 166,521	\$ 325,213
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$ 11,000	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ (237,872)	\$ 166,521	\$ 325,213
BEGINNING FUND BALANCE	3,762,003	3,595,482	3,270,269
ENDING FUND BALANCE	\$ 3,524,131	\$ 3,762,003	\$ 3,595,482

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 544,408	\$ 518,202	38.9 %	36.6 %	36.7 %	36.7 %	36.6 %
282,119	276,530	18.2	16.9	17.5	19.0	19.5
374,560	373,004	24.3	22.8	23.6	25.2	26.3
201,151	184,839	14.8	13.8	14.4	13.5	13.1
37,776	37,636	0.8	2.2	2.2	2.5	2.7
315			0.2			
22,491	8,799	1.9	5.0	3.3	1.5	0.6
24,276	17,229	1.1	2.5	2.3	1.6	1.2
<u>\$ 1,487,096</u>	<u>\$ 1,416,239</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$	\$ 36,198	%	%	%	%	2.6 %
148,557	115,777	8.0	8.4	9.0	10.0	8.2
220,328	201,452	18.7	17.1	18.0	14.8	14.2
193,589	198,991	14.4	13.6	14.0	13.0	14.1
78,148	219,375	5.2	4.6	5.7	5.3	15.5
18,298	18,733	1.1	1.0	1.1	1.2	1.3
43	39		0.7			
89,505	61,768	7.6	6.7	7.9	6.0	4.4
85,607	68,078	7.3	4.8	4.8	5.8	4.8
317,592	173,282	16.7	19.0	17.6	21.4	12.2
35,335		35.5	14.5	1.7	2.4	
<u>\$ 1,187,002</u>	<u>\$ 1,093,693</u>	<u>114.5 %</u>	<u>90.4 %</u>	<u>79.8 %</u>	<u>79.9 %</u>	<u>77.3 %</u>
<u>\$ 300,094</u>	<u>\$ 322,546</u>	<u>(14.5) %</u>	<u>9.6 %</u>	<u>20.2 %</u>	<u>20.1 %</u>	<u>22.7 %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 300,094	\$ 322,546					
2,970,175	2,647,629					
<u>\$ 3,270,269</u>	<u>\$ 2,970,175</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		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 639,107	\$ 650,372	\$ 671,964
Penalty and Interest	17,032	16,092	17,074
Investment Revenues	4,482	9,795	6,081
Miscellaneous Revenues	<u> </u>	<u>134</u>	<u> </u>
TOTAL REVENUES	<u>\$ 660,621</u>	<u>\$ 676,393</u>	<u>\$ 695,119</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 35,539	\$ 28,208	\$ 39,794
Debt Service Principal	595,000	565,000	555,000
Debt Service Interest and Fees	<u>73,537</u>	<u>89,950</u>	<u>106,189</u>
TOTAL EXPENDITURES	<u>\$ 704,076</u>	<u>\$ 683,158</u>	<u>\$ 700,983</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (43,455)</u>	<u>\$ (6,765)</u>	<u>\$ (5,864)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the Sale of Bonds	<u>\$ 62,750</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 19,295	\$ (6,765)	\$ (5,864)
BEGINNING FUND BALANCE	<u>346,325</u>	<u>353,090</u>	<u>358,954</u>
ENDING FUND BALANCE	<u>\$ 365,620</u>	<u>\$ 346,325</u>	<u>\$ 353,090</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>840</u>	<u>839</u>	<u>838</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>822</u>	<u>821</u>	<u>833</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 644,597	\$ 640,625	96.7 %	96.2 %	96.6 %	97.8 %	97.7 %
10,686	12,485	2.6	2.4	2.5	1.6	1.9
2,685	1,263	0.7	1.4	0.9	0.4	0.2
1,636	1,600				0.2	0.2
<u>\$ 659,604</u>	<u>\$ 655,973</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 29,293	\$ 28,469	5.4 %	4.2 %	5.7 %	4.4 %	4.3 %
535,000	525,000	90.1	83.5	79.8	81.1	80.0
121,837	137,162	11.1	13.3	15.3	18.5	20.9
<u>\$ 686,130</u>	<u>\$ 690,631</u>	<u>106.6 %</u>	<u>101.0 %</u>	<u>100.8 %</u>	<u>104.0 %</u>	<u>105.2 %</u>
<u>\$ (26,526)</u>	<u>\$ (34,658)</u>	<u>(6.6) %</u>	<u>(1.0) %</u>	<u>(0.8) %</u>	<u>(4.0) %</u>	<u>(5.2) %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ (26,526)	\$ (34,658)					
385,480	420,138					
<u>\$ 358,954</u>	<u>\$ 385,480</u>					
<u>833</u>	<u>834</u>					
<u>833</u>	<u>814</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2020

District Mailing Address - Harris County Municipal Utility District No. 217
c/o Mitchell & Zientek, LLP
24624 Interstate 45 N., Suite 200
The Woodlands, TX 77386

District Telephone Number - (281) 719-1990

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2020	Expense Reimbursements for the year ended September 30, 2020	Title
Sonnier Washington	05/19 05/23 (Elected)	\$ 6,750	\$ 682	President
Debra Johnson	05/17 05/21 (Elected)	\$ 5,825	\$ 1,068	Vice President
Cordelia Brown	05/17 05/21 (Elected)	\$ 5,925	\$ 129	Secretary
Jerry L. Ewing	05/17 05/21 (Elected)	\$ 6,450	\$ -0-	Assistant Secretary
Marian Henderson	05/19 05/23 (Elected)	\$ 7,200	\$ 318	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: June 18, 2020.

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.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 217
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2020

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2020</u>	<u>Title</u>
Mitchell & Zientek, LLP	08/17/20	\$ 16,913	General Counsel
Roach & Mitchell, PLLC	08/29/16	\$ 82,520 \$ 51,963	Prior General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	8/31/99	\$ 16,600 \$ 1,500	Auditor Bond Related
Municipal Accounts & Consulting LP	10/23/18	\$ 36,309	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/24/97	\$ 3,477	Delinquent Tax Attorney
Langford Engineering, Inc.	07/03	\$ 107,852	Engineer
The GMS Group, L.L.C.	02/18/17	\$ 48,395	Financial Advisor
WWWMS, Inc.	11/01/03	\$ 155,418	Operator
Bob Leared Interest	12/20/18	\$ 17,934	Tax Assessor/ Collector
TXMGMT, LLC	08/29/16	\$ 74,956	Administrative Building Manager

See accompanying independent auditor's report.

