

Harris County Municipal Utility District No. 220
Information Required by Section 26.18, Texas Tax Code

Date: January 27, 2021

- (1) Name of each member of the governing body:

Jerry Homan
Steve Agnew
Steven Hudgins
Greg Dubiel
Peter Pedersen

- (2) Mailing address, e-mail address, and telephone number:

2727 Allen Parkway, Suite 1100
Houston, Texas 77019
91220@smithmur.com
713/652-6500

- (3) Official contact information for each member of the governing body:

Same as Item (2) above.

- (4) District's budget for the preceding two years:

The budgets for the fiscal years ended in 2019 and 2020 are attached.

- (5) Proposed or adopted budget for the current year:

The budget for the fiscal year ending in 2021 is attached.

- (6) Change in amount of District budget from the preceding year to current year, by dollar amount and percentage:

The change in amount of budgeted revenues from 2020 to 2021 was \$7,500, or 0.005%.

- (7) Amount of property tax revenue budgeted for maintenance and operations for the preceding two years and the current year:

This information is referenced in the attached budgets.

- (8) Amount of property tax revenue budgeted for debt service for the preceding two years and the current year:

The District does not budget for debt service.

- (9) Tax rate for maintenance and operations adopted by the taxing unit for the preceding two years:

2020: \$0.50

2019: \$0.50

- (10) The tax rate for debt service adopted by the taxing unit for the preceding two years:

2020: \$0.28

2019: \$0.28

- (11) This information required by Section 26.18 is applicable only to school districts.

- (12) Tax rate for maintenance and operations proposed by the taxing unit for the current year:

As of the date of this report, no proposed tax rate has been established for the current year.

- (13) Tax rate for debt service proposed by the taxing unit for the current year:

As of the date of this report, no proposed tax rate has been established for the current year.

- (14) This information required by Section 26.18 is applicable only to school districts.

- (15) The most recent financial audit of the District.

The audit for the fiscal year ended April 30, 2020 is attached.

HC MUD 220
 Budget for Fiscal Year Ending April 30, 2019

Revenue :

Water Revenues
 Sewer Revenues
 Penalties
 Tap Fees
 Sewer Inspection Fee
 Maintenance Tax
 Interest Earnings
 Developer Advance/Study

Annual Budget	
	250,000
	275,000
	6,500
	5,000
	1,000
	914,586
	6,500
	0
	1,458,586

Expenses :

Water Expenses (H.C.#23)
 HC 23 capital
 Water Expenses (C.O.H.)
 Sewer Expenses (H.C.#23)
 Sewer Expenses (C.O.H.)
 Tap Connection Expenses
 Sewer Inspection Expenses
 Directors Fees
 Payroll Taxes
 Legal Fees
 Auditing Fees
 Engineering
 Lab
 Election Expenses
 Permit Fees
 Operator
 Misc Opr charges
 Bookkeeping
 R&M-Water Distribution
 R&M-San Sewer
 R&M-Lift Station
 R&M-Storm Sewer
 Meter Repair
 Electronic Records Management
 Champions /Seaback
 Publication/Legal Notice
 Chemicals
 Office Expenses
 Utilities
 Insurance & Bond
 Travel Expenses
 Garbage Collection
TOTAL EXPENSES

Annual Budget	
	175,000
	150,000
	65,000
	75,000
	67,000
	2,500
	500
	9,000
	700
	35,000
	13,500
	20,000
	10,000
	0
	5,000
	26,000
	10,000
	15,500
	30,000
	15,000
	15,000
	1,250
	0
	13,000
	40,000
	0
	0
	25,000
	8,100
	5,000
	2,200
	110,000
	944,250

HC MUD 220
 Budget for Fiscal Year Ending April 30, 2020

Revenue :

Water Revenues
 Sewer Revenues
 Penalties
 Tap Fees
 Sewer Inspection Fee
 Maintenance Tax
 Interest Earnings
 Developer Advance/Study

Annual Budget	
	250,000
	270,000
	10,000
	5,000
	1,000
	950,000
	15,000
	0
	1,501,000

Expenses :

Water Expenses (H.C.#23)
 HC 23 capital
 Water Expenses (C.O.H.)
 Sewer Expenses (H.C.#23)
 Sewer Expenses (C.O.H.)
 Tap Connection Expenses
 Sewer Inspection Expenses
 Directors Fees
 Payroll Taxes
 Legal Fees
 Auditing Fees
 Engineering
 Lab
 Election Expenses
 Permit Fees
 Operator
 Misc Opr charges
 Bookkeeping
 R&M-Water Distribution
 R&M-San Sewer
 R&M-Lift Station
 R&M-Storm Sewer
 Meter Repair
 Electronic Records Management
 Champions /Seaback
 Publication/Legal Notice
 Chemicals
 Office Expenses
 Utilities
 Insurance & Bond
 Travel Expenses
 Garbage Collection
TOTAL EXPENSES

Annual Budget	
	175,000
	150,000
	65,000
	75,000
	67,000
	2,500
	500
	9,000
	700
	35,000
	13,500
	25,000
	15,000
	0
	5,000
	28,000
	5,000
	15,500
	30,000
	15,000
	15,000
	1,250
	0
	0
	30,000
	0
	0
	25,000
	10,000
	5,500
	3,500
	110,000
	931,950

HARRIS COUNTY MUD #220

Budget for Fiscal Year Ending April 30, 2021

Revenue :

	Annual Budget
Water Revenues	250,000
Sewer Revenues	270,000
Penalties	7,500
Tap Fees	5,000
Sewer Inspection Fee	1,000
Maintenance Tax	950,000
Interest Earnings	25,000
Developer Advance/Study	0
	1,508,500

Expenses :

	Annual Budget
Water Expenses (H.C.#23)	220,000
HC 23 capital	500,000
Water Expenses (C.O.H.)	90,000
Sewer Expenses (H.C.#23)	75,000
Sewer Expenses (C.O.H.)	50,000
Tap Connection Expenses	2,500
Sewer Inspection Expenses	500
Directors Fees	9,000
Payroll Taxes	700
Legal Fees	35,000
Auditing Fees	13,500
Engineering	25,000
Lab	15,000
Election Expenses	0
Permit Fees	5,000
Operator	28,000
Misc Opr charges	5,000
Bookkeeping	15,500
R&M-Water Distribution	30,000
R&M-San Sewer	10,000
R&M-Lift Station	10,000
R&M-Storm Sewer	2,500
Meter Repair	0
Electronic Records Management	0
Champions /Seaback	40,000
Publication/Legal Notice	0
Chemicals	0
Office Expenses	27,500
Utilities	10,000
Insurance & Bond	5,500
Travel Expenses	3,500
Garbage Collection	110,000
TOTAL EXPENSES	1,338,700

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2020

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McCALL GIBSON SWEDLUND BARFOOT PLLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal Utility District No. 220
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. 220 (the "District"), as of and for the year ended April 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of April 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

August 17, 2020

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2020**

Management's discussion and analysis of Harris County Municipal Utility District No. 220's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended April 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 the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to 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 the District's assets, liabilities, and deferred outflows and inflows 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 is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has 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 acquisitions or construction of facilities and related costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2020**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). A 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 and deferred outflows exceeded liabilities by \$2,600,533 as of April 30, 2020.

A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 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	\$ 4,905,956	\$ 4,542,519	\$ 363,437
Capital Assets (Net of Accumulated Depreciation)	<u>5,394,878</u>	<u>5,060,966</u>	<u>333,912</u>
Total Assets	<u>\$ 10,300,834</u>	<u>\$ 9,603,485</u>	<u>\$ 697,349</u>
Deferred Outflows of Resources	<u>\$ 142,251</u>	<u>\$ 160,053</u>	<u>\$ (17,802)</u>
Due to Developer	\$ 21,765	\$ 21,765	\$
Bonds Payable	7,476,745	7,752,880	276,135
Other Liabilities	<u>344,042</u>	<u>340,001</u>	<u>(4,041)</u>
Total Liabilities	<u>\$ 7,842,552</u>	<u>\$ 8,114,646</u>	<u>\$ 272,094</u>
Net Position:			
Net Investment in Capital Assets	\$ (1,860,787)	\$ (2,453,686)	\$ 592,899
Restricted	1,048,121	1,059,826	(11,705)
Unrestricted	<u>3,413,199</u>	<u>3,042,752</u>	<u>370,447</u>
Total Net Position	<u>\$ 2,600,533</u>	<u>\$ 1,648,892</u>	<u>\$ 951,641</u>

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

	<u>Summary of Changes in the Statement of Activities</u>		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,554,135	\$ 1,532,697	\$ 21,438
Charges for Services	525,688	519,533	6,155
Other Revenues	<u>57,839</u>	<u>34,628</u>	<u>23,211</u>
Total Revenues	<u>\$ 2,137,662</u>	<u>\$ 2,086,858</u>	<u>\$ 50,804</u>
Expenses for Services	<u>1,186,021</u>	<u>1,297,926</u>	<u>111,905</u>
Change in Net Position	\$ 951,641	\$ 788,932	\$ 162,709
Net Position, Beginning of Year	<u>1,648,892</u>	<u>859,960</u>	<u>788,932</u>
Net Position, End of Year	<u>\$ 2,600,533</u>	<u>\$ 1,648,892</u>	<u>\$ 951,641</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of April 30, 2020, were \$4,527,836, an increase of \$357,522 from the prior year.

The General Fund fund balance increased by \$371,463, primarily due to service revenues exceeding operating expenditures.

The Debt Service Fund fund balance decreased by \$14,595, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$654.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$66,385 more than budgeted revenues primarily due to property tax and investment revenues being more than anticipated. Actual expenditures were \$263,972 more than budgeted expenditures due to higher purchased wastewater services, due to capital outlay included.

CAPITAL ASSETS

Capital assets as of April 30, 2020, total \$5,394,878 (net of accumulated depreciation) and include land, buildings and equipment as well as the water and wastewater systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,969,523	\$ 1,969,523	\$
Construction in Progress	611,846	143,026	468,820
Capital Assets, Net of Accumulated Depreciation:			
Water System	1,113,416	1,167,680	(54,264)
Wastewater System	1,700,093	1,780,737	(80,644)
Total Net Capital Assets	\$ 5,394,878	\$ 5,060,966	\$ 333,912

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2020**

LONG-TERM DEBT ACTIVITY

As of April 30, 2020, the District had total bond debt payable of \$7,415,000.

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

Bond Debt Payable, May 1, 2019	\$ 7,690,000
Less: Bond Principal Paid	<u>275,000</u>
Bond Debt Payable, April 30, 2020	<u><u>\$ 7,415,000</u></u>

The District's Series 2011 bonds and Series 2012 bonds do not have an underlying rating. The Series 2015 and 2018 Refunding bonds have an underlying rating of "BBB" and carry an insured rating of "AA" by virtue of bond insurance issued by Municipal Assurance Corp. The above ratings are as of April 30, 2020 and reflect all rating changes of the bond insurers through the year then ended.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 220, c/o Smith, Murdaugh, Little & Bonham, 2727 Allen Parkway, Suite 1100, Houston, Texas 77019.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2020

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 3,229,868	\$ 922,121
Investments	411,056	112,043
Receivables:		
Property Taxes	20,553	17,861
Penalty and Interest on Delinquent Taxes		
Service Accounts	45,882	
Accrued Interest	258	63
Due from Other Funds		20,307
Prepaid Costs	3,446	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 3,711,063	\$ 1,072,395
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,711,063	\$ 1,072,395

The accompanying notes to the 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>
\$ 62,694	\$ 4,214,683	\$	\$ 4,214,683
37,900	560,999		560,999
	38,414		38,414
		22,981	22,981
	45,882		45,882
	321		321
	20,307	(20,307)	
	3,446	19,230	22,676
		1,969,523	1,969,523
		611,846	611,846
		<u>2,813,509</u>	<u>2,813,509</u>
<u>\$ 100,594</u>	<u>\$ 4,884,052</u>	<u>\$ 5,416,782</u>	<u>\$ 10,300,834</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 142,251</u>	<u>\$ 142,251</u>
<u><u>\$ 100,594</u></u>	<u><u>\$ 4,884,052</u></u>	<u><u>\$ 5,559,033</u></u>	<u><u>\$ 10,443,085</u></u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2020

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 213,646	\$
Accrued Interest Payable		
Due to Other Governmental Units	716	
Due to Developers		
Due to Other Funds	20,307	
Due to Taxpayers		708
Security Deposits	82,425	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 317,094	\$ 708
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 20,553	\$ 17,861
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 3,446	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,053,826
Unassigned	3,369,970	
TOTAL FUND BALANCES	\$ 3,373,416	\$ 1,053,826
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,711,063	\$ 1,072,395
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 213,646	\$	\$ 213,646
		46,547	46,547
	716		716
		21,765	21,765
	20,307	(20,307)	
	708		708
	82,425		82,425
		270,000	270,000
		<u>7,206,745</u>	<u>7,206,745</u>
<u>\$ -0-</u>	<u>\$ 317,802</u>	<u>\$ 7,524,750</u>	<u>\$ 7,842,552</u>
<u>\$ -0-</u>	<u>\$ 38,414</u>	<u>\$ (38,414)</u>	<u>\$ -0-</u>
\$	\$ 3,446	\$ (3,446)	\$
100,594	100,594	(100,594)	
	1,053,826	(1,053,826)	
	<u>3,369,970</u>	<u>(3,369,970)</u>	
<u>\$ 100,594</u>	<u>\$ 4,527,836</u>	<u>\$ (4,527,836)</u>	<u>\$ -0-</u>
<u>\$ 100,594</u>	<u>\$ 4,884,052</u>		
		\$ (1,860,787)	\$ (1,860,787)
		1,048,121	1,048,121
		<u>3,413,199</u>	<u>3,413,199</u>
		<u>\$ 2,600,533</u>	<u>\$ 2,600,533</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2020

Total Fund Balances - Governmental Funds \$ 4,527,836

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

Unamortized bond insurance costs recorded as prepaid costs in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 19,230

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 5,394,878

The difference between the net carrying amount of the refunded bonds and the reacquisition price is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of old debt or the life of the new debt, whichever is shorter. 142,251

Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District. 61,395

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

Due to Developer	\$ (21,765)	
Accrued Interest Payable	(46,547)	
Bonds Payable	<u>(7,476,745)</u>	<u>(7,545,057)</u>

Total Net Position - Governmental Activities \$ 2,600,533

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 2020

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 995,974	\$ 558,357
Water Service	225,774	
Wastewater Service	279,187	
Penalty and Interest	13,725	4,719
Investment and Miscellaneous Revenues	52,725	4,340
TOTAL REVENUES	\$ 1,567,385	\$ 567,416
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 63,838	\$ 863
Contracted Services	149,781	21,846
Purchased Water Service	236,983	
Purchased Wastewater Service	587,143	
Utilities	7,517	
Repairs and Maintenance	85,580	
Depreciation		
Other	65,080	1,834
Debt Service:		
Bond Principal		275,000
Bond Interest		282,468
TOTAL EXPENDITURES/EXPENSES	\$ 1,195,922	\$ 582,011
NET CHANGE IN FUND BALANCES	\$ 371,463	\$ (14,595)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MAY 1, 2019	3,001,953	1,068,421
FUND BALANCES/NET POSITION - APRIL 30, 2020	\$ 3,373,416	\$ 1,053,826

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,554,331	\$ (196)	\$ 1,554,135
	225,774		225,774
	279,187		279,187
	18,444	2,283	20,727
774	57,839		57,839
<u>\$ 774</u>	<u>\$ 2,135,575</u>	<u>\$ 2,087</u>	<u>\$ 2,137,662</u>
\$	\$ 64,701	\$	\$ 64,701
	171,627		171,627
	236,983		236,983
	587,143	(468,820)	118,323
	7,517		7,517
	85,580		85,580
		134,908	134,908
120	67,034		67,034
	275,000	(275,000)	
	282,468	16,880	299,348
<u>\$ 120</u>	<u>\$ 1,778,053</u>	<u>\$ (592,032)</u>	<u>\$ 1,186,021</u>
\$ 654	\$ 357,522	\$ (357,522)	\$
		951,641	951,641
99,940	4,170,314	(2,521,422)	1,648,892
<u>\$ 100,594</u>	<u>\$ 4,527,836</u>	<u>\$ (1,927,303)</u>	<u>\$ 2,600,533</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2020**

Net Change in Fund Balances - Governmental Funds	\$	357,522
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		(196)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		2,283
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(134,908)
Governmental funds report capital expenditures for purchased wastewater services as expenditures in the period purchased. However, in the Statement of Net Position, capital assets related to purchased wastewater services are increased by new purchases and the Statement of Activities is not affected.		468,820
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		275,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		<u>(16,880)</u>
Change in Net Position - Governmental Activities	\$	<u>951,641</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 220 (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective March 9, 1982, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not 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”).

The GASB Codification set 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:

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

The District chose to early implement GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$20,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45

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 not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original 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 considered wages subject to federal income tax withholding for payroll purposes only.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and liabilities associated with the activities are reported. Fund equity is classified as net position.

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

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Series 2011	Series 2012
Amount Outstanding - April 30, 2020	\$ 30,000	\$ 1,915,000
Interest Rates	4.25%	2.75% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2020	September 1, 2020/2038
Interest Payment Dates	September 1/March 1	September 1/March 1
Callable Dates	September 1, 2012*	September 1, 2015*
	Refunding Series 2015	Refunding Series 2018
Amount Outstanding - April 30, 2020	\$ 4,365,000	\$ 1,105,000
Interest Rates	3.00% - 4.00%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2020/2035	September 1, 2020/2036
Interest Payment Dates	September 1/March 1	September 1/March 1
Callable Dates	September 1, 2022*	September 1, 2023*

* Or any date thereafter, callable at par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2012 term bonds maturing on September 1, 2038, are subject to mandatory redemption beginning September 1, 2031. Series 2018 term bonds maturing on September 1, 2023, September 1, 2026, September 1, 2029, September 1, 2032, and September 1, 2035, are subject to mandatory redemption beginning September 1, 2019, September 1, 2024, September 1, 2027, September 1, 2030, and September 1, 2033, respectively.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding long-term liabilities for the year ended April 30, 2020:

	May 1, 2019	Additions	Retirements	April 30, 2020
Bonds Payable	\$ 7,690,000	\$	\$ 275,000	\$ 7,415,000
Unamortized Discounts	(32,053)		(4,767)	(27,286)
Unamortized Premiums	94,933		5,902	89,031
Total Long-Term Liabilities	\$ 7,752,880	\$ -0-	\$ 276,135	\$ 7,476,745
			Amount Due Within One Year	\$ 270,000
			Amount Due After One Year	7,206,745
			Total Long-Term Liabilities	\$ 7,476,745

As of April 30, 2020, the District had authorized but unissued bonds in the amount of \$15,520,000 for utility facilities and for refunding purposes.

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

Fiscal Year	Principal	Interest	Total
2021	\$ 270,000	\$ 275,082	\$ 545,082
2022	285,000	266,606	551,606
2023	290,000	257,981	547,981
2024	300,000	249,131	549,131
2025	305,000	239,838	544,838
2026-2030	1,715,000	1,023,154	2,738,154
2031-2035	2,120,000	644,938	2,764,938
2036-2039	2,130,000	177,200	2,307,200
	\$ 7,415,000	\$ 3,133,930	\$ 10,548,930

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 April 30, 2020, the District levied an ad valorem debt service tax at the rate of \$0.28 per \$100 of assessed valuation, which resulted in a tax levy of \$557,607 on the adjusted taxable valuation of \$199,145,573 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 the maintenance tax levy.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to the Municipal Securities Rulemaking Board (the “MRSB”) through its Electronic Municipal is Market Access system (“EMMA”). This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the respective bonds.

The bond orders state that the District should take all necessary steps to comply with the requirement that rebatable arbitrage earnings, if any, 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 frequency for determining the rebatable amount, if any, is on each five-year anniversary of the bond issue.

The bond orders state that so long as any of the bonds are outstanding, the District agrees to maintain insurance on or self-insure its properties of a kind and in an amount which usually would be carried by private companies operating similar properties and engaged in a similar type of business, but considering any governmental immunities to which the District may be entitled.

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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 \$4,458,539 and the bank balance was \$4,490,442. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at April 30, 2020, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 3,229,868	\$ 134,082	\$ 3,363,950
DEBT SERVICE FUND	922,121	109,774	1,031,895
CAPITAL PROJECTS FUND	62,694		62,694
TOTAL DEPOSITS	\$ 4,214,683	\$ 243,856	\$ 4,458,539

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and FirstSouthwest, a Division of Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered 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 TexSTAR.

Certificate of Deposits are recorded at acquisition costs.

As of April 30, 2020, 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>					
TexSTAR	\$ 276,974	\$ 276,974	\$	\$	\$
Certificate of Deposit	134,082	134,082			
<u>DEBT SERVICE FUND</u>					
TexSTAR	2,269	2,269			
Certificate of Deposit	109,774	109,774			
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	37,900	37,900			
TOTAL INVESTMENTS	\$ 560,999	\$ 560,999	\$ - 0 -	\$ - 0 -	\$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At April 30, 2020, the District's investment in TexSTAR was rated AAAM by Standard and Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexSTAR 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 cost of assessing and collecting taxes.

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets and the maintenance and repair of capital assets.

NOTE 6. CAPITAL ASSETS

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

	May 1, 2019	Increases	Decreases	April 30, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,969,523	\$	\$	\$ 1,969,523
Construction in Progress	143,026	468,820		611,846
Total Capital Assets Not Being Depreciated	<u>\$ 2,112,549</u>	<u>\$ 468,820</u>	<u>\$ - 0 -</u>	<u>\$ 2,581,369</u>
Capital Assets Subject to Depreciation				
Water System	\$ 1,856,612	\$	\$	\$ 1,856,612
Wastewater System	2,857,738			2,857,738
Total Capital Assets Subject to Depreciation	<u>\$ 4,714,350</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 4,714,350</u>
Accumulated Depreciation				
Water System	\$ 688,932	\$ 54,264	\$	\$ 743,196
Wastewater System	1,077,001	80,644		1,157,645
Total Accumulated Depreciation	<u>\$ 1,765,933</u>	<u>\$ 134,908</u>	<u>\$ - 0 -</u>	<u>\$ 1,900,841</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,948,417</u>	<u>\$ (134,908)</u>	<u>\$ - 0 -</u>	<u>\$ 2,813,509</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,060,966</u>	<u>\$ 333,912</u>	<u>\$ - 0 -</u>	<u>\$ 5,394,878</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 7. MAINTENANCE TAX

November 2, 2004, voters authorized an unlimited maintenance tax per \$100 valuation on all property within the District subject to taxation. During the year ended April 30, 2020, the District levied an ad valorem maintenance tax at the rate of \$0.50 per \$100 of assessed valuation, which resulted in a tax levy of \$995,729 on the taxable valuation of \$199,145,573 for the 2019 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

NOTE 8. CONTRACTS WITH OTHER DISTRICTS

Water Supply Contract

On January 29, 2004, the District entered into a long-term water supply contract with Harris County Municipal Utility District No. 23 (District No. 23) and purchased 174,038 gallons per day in capacity (gpd) from District No. 23's water facilities to serve certain subdivisions located in the District. Operating costs are to be shared as defined in the agreement. The agreement was amended December 8, 2011 and August 26, 2013, to include additional land in the service area. During the current year, the District incurred \$169,002 as its share of operating costs.

On September 28, 2006, the District entered into a 40-year water supply contract with the City of Houston (the City). Under the terms of the contract, the City will supply up to 60,000 gpd of water to the District to serve certain subdivisions. The District is currently entitled to receive 1,450,000 gallons per month and pays for such amounts whether or not they are taken. During the current year, the District incurred \$67,981 in costs under the contract.

Sewage Disposal Contract

On January 29, 2004, the District entered into a long-term sewage disposal contract with District No. 23 and purchased 133,900 gpd in capacity from District No. 23's sewer facilities to serve certain subdivisions located in the District. Operating costs are to be shared as defined in the agreement. The agreement was amended December 8, 2011 and August 26, 2013, to include additional land in the service area. During the current year, the District incurred \$53,385 as its share of operating costs and \$468,820 for capital costs.

On January 17, 2007, the District entered into a 40-year sanitary sewer service contract with the City. Under the terms of the contract, the City will provide up to 44,730 gpd of capacity in a wastewater treatment plant owned by the City to serve certain subdivisions located within the District. During the current year, the District incurred \$64,938 in costs under the contract.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 9. 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 for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three fiscal years.

NOTE 10. INTERFUND PAYABLES AND RECEIVABLES

The General Fund recorded a payable of \$13,029 to the Debt Service Fund for the over transfer of maintenance tax collections and \$7,278 for excess bond proceeds received, which were used to pay issuance costs of the bonds.

NOTE 11. ECONOMIC 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. 220

REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 950,000	\$ 995,974	\$ 45,974
Water Service	250,000	225,774	(24,226)
Wastewater Service	270,000	279,187	9,187
Penalty and Interest	10,000	13,725	3,725
Investment and Miscellaneous Revenues	21,000	52,725	31,725
TOTAL REVENUES	\$ 1,501,000	\$ 1,567,385	\$ 66,385
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 73,500	\$ 63,838	\$ 9,662
Contracted Services	153,500	149,781	3,719
Purchased Water Service	240,000	236,983	3,017
Purchased Wastewater Service	292,000	587,143	(295,143)
Utilities	10,000	7,517	2,483
Repairs and Maintenance	61,250	85,580	(24,330)
Other	101,700	65,080	36,620
TOTAL EXPENDITURES	\$ 931,950	\$ 1,195,922	\$ (263,972)
NET CHANGE IN FUND BALANCE	\$ 569,050	\$ 371,463	\$ (197,587)
FUND BALANCE - MAY 1, 2019	3,001,953	3,001,953	
FUND BALANCE - APRIL 30, 2020	\$ 3,571,003	\$ 3,373,416	\$ (197,587)

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
APRIL 30, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 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
_____	Parks/Recreation	_____	Fire Protection	_____	Security
<u> X </u>	Solid Waste/Garbage	_____	Flood Control	_____	Roads
_____	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u> X </u>	Other (specify): _____				
_____	_____				

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective May 1, 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:	\$ 13.33	1,000	N	\$ 4.51 \$ 7.43 \$ 2.86 \$ 4.94	Between 1,001 and 3,000 3,001 to 4,000 4,001 to 12,000 12,001 and up
WASTEWATER:	\$ 23.12	3,000	N	\$ 8.81 \$ 2.92 \$ 3.86	3,001 to 4,000 4,001 to 5,000 5,001 and up

District employs winter averaging for wastewater usage? _____ X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$42.43 Wastewater: \$54.15 Total: \$96.58

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 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>579</u>	<u>579</u>	x 1.0	<u>579</u>
1"	<u>6</u>	<u>6</u>	x 2.5	<u>15</u>
1½"			x 5.0	
2"	<u>3</u>	<u>2</u>	x 8.0	<u>16</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>588</u></u>	<u><u>587</u></u>		<u><u>610</u></u>
Total Wastewater Connections	<u><u>578</u></u>	<u><u>577</u></u>	x 1.0	<u><u>577</u></u>

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

Gallons pumped into the system: *

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

Gallons billed to customers: 50,190,000

* Purchases water from Harris County Municipal Utility District No. 23 and the City of Houston

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 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 extra territorial jurisdiction (ETJ)?

Entirely Partly Not at all

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2020

PROFESSIONAL FEES:	
Auditing	\$ 13,500
Engineering	17,420
Legal	<u>32,918</u>
TOTAL PROFESSIONAL FEES	<u>\$ 63,838</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 236,983
Purchased Wastewater Service	<u>587,143</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 824,126</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 15,511
Operations and Billing	26,881
Solid Waste Disposal	<u>107,389</u>
TOTAL CONTRACTED SERVICES	<u>\$ 149,781</u>
UTILITIES	<u>\$ 7,517</u>
REPAIRS AND MAINTENANCE	<u>\$ 85,580</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 7,950
Dues	675
Insurance	5,429
Office Supplies and Postage	23,830
Payroll Taxes	585
Travel and Meetings	2,686
Other	<u>2,997</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 44,152</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 14,626
Permit Fees	2,102
Reconnection Fees	1,790
Regulatory Assessment	<u>2,410</u>
TOTAL OTHER EXPENDITURES	<u>\$ 20,928</u>
TOTAL EXPENDITURES	<u><u>\$ 1,195,922</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
INVESTMENTS
APRIL 30, 2020

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexSTAR	XXXX2220	Varies	Daily	\$ 276,974	\$
Certificate of Deposit	XXXX3902	1.35%	09/07/20	<u>134,082</u>	<u>258</u>
TOTAL GENERAL FUND				<u>\$ 411,056</u>	<u>\$ 258</u>
<u>DEBT SERVICE FUND</u>					
TexSTAR	XXXX3330	Varies	Daily	\$ 2,269	\$
Certificate of Deposit	XXXX0811	0.95%	10/07/20	<u>109,774</u>	<u>63</u>
TOTAL DEBT SERVICE FUND				<u>\$ 112,043</u>	<u>\$ 63</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX4440	Varies	Daily	<u>\$ 37,900</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 560,999</u></u>	<u><u>\$ 321</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
MAY 1, 2019	\$	20,294	\$	18,316
Adjustments to Beginning				
Balance		504	\$	18,611
Original 2019 Tax Levy	\$	805,060	\$	450,833
Adjustment to 2019 Tax Levy		190,669	995,729	557,607
TOTAL TO BE				
ACCOUNTED FOR		\$	1,016,527	\$
				576,218
 TAX COLLECTIONS:				
Prior Years	\$	11,085	\$	6,820
Current Year		984,889	995,974	558,357
 TAXES RECEIVABLE -				
APRIL 30, 2020		\$	20,553	\$
				17,861
 TAXES RECEIVABLE BY				
YEAR:				
2019	\$	10,840	\$	6,070
2018		2,267		1,360
2017		1,372		960
2016		146		106
2015		96		81
2014		91		108
2013		722		843
2012		634		654
2011		704		727
2009		2,082		3,933
2008		1,599		3,019
TOTAL	\$	20,553	\$	17,861

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2020

	2019	2018	2017	2016
PROPERTY VALUATIONS:				
Land	\$ 22,665,035	\$ 22,632,020	\$ 22,673,850	\$ 22,193,019
Improvements	124,968,639	121,196,146	121,382,392	112,541,313
Personal Property	63,282,450	61,192,170	37,171,983	32,636,010
Exemptions	(11,770,551)	(11,665,453)	(13,033,037)	(13,388,979)
TOTAL PROPERTY VALUATIONS	\$ 199,145,573	\$ 193,354,883	\$ 168,195,188	\$ 153,981,363
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.28	\$ 0.30	\$ 0.35	\$ 0.40
Maintenance	0.50	0.50	0.50	0.55
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.78	\$ 0.80	\$ 0.85	\$ 0.95
ADJUSTED TAX LEVY*	\$ 1,553,336	\$ 1,546,840	\$ 1,429,659	\$ 1,462,824
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.91 %	99.77 %	99.84 %	99.98 %

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

Maintenance Tax – Unlimited rate per \$100 of assessed valuation approved by voters on November 2, 2004.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2020

S E R I E S - 2 0 1 1			
Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 30,000	\$ 638	\$ 30,638
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
	\$ 30,000	\$ 638	\$ 30,638

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2020

S E R I E S - 2 0 1 2			
Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 30,000	\$ 73,294	\$ 103,294
2022	35,000	72,356	107,356
2023	35,000	71,306	106,306
2024	40,000	70,181	110,181
2025	35,000	69,013	104,013
2026	40,000	67,794	107,794
2027	40,000	66,469	106,469
2028	40,000	65,094	105,094
2029	45,000	63,578	108,578
2030	45,000	61,919	106,919
2031	50,000	60,138	110,138
2032	55,000	58,100	113,100
2033	55,000	55,900	110,900
2034	55,000	53,700	108,700
2035	60,000	51,400	111,400
2036	60,000	49,000	109,000
2037	65,000	46,500	111,500
2038	550,000	34,200	584,200
2039	580,000	11,600	591,600
	\$ 1,915,000	\$ 1,101,542	\$ 3,016,542

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2020

S E R I E S - 2 0 1 5 R E F U N D I N G

Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 205,000	\$ 158,175	\$ 363,175
2022	210,000	151,950	361,950
2023	215,000	145,575	360,575
2024	230,000	138,900	368,900
2025	235,000	131,925	366,925
2026	240,000	124,800	364,800
2027	250,000	116,200	366,200
2028	260,000	106,000	366,000
2029	275,000	95,300	370,300
2030	280,000	84,200	364,200
2031	295,000	72,700	367,700
2032	305,000	60,700	365,700
2033	325,000	48,100	373,100
2034	335,000	34,900	369,900
2035	345,000	21,300	366,300
2036	360,000	7,200	367,200
2037			
2038			
2039			
	<u>\$ 4,365,000</u>	<u>\$ 1,497,925</u>	<u>\$ 5,862,925</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2020

S E R I E S - 2 0 1 8 R E F U N D I N G

Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	\$ 5,000	\$ 42,975	\$ 47,975
2022	40,000	42,300	82,300
2023	40,000	41,100	81,100
2024	30,000	40,050	70,050
2025	35,000	38,900	73,900
2026	35,000	37,500	72,500
2027	40,000	36,000	76,000
2028	40,000	34,400	74,400
2029	40,000	32,800	72,800
2030	45,000	31,100	76,100
2031	45,000	29,300	74,300
2032	45,000	27,500	72,500
2033	45,000	25,700	70,700
2034	50,000	23,800	73,800
2035	55,000	21,700	76,700
2036	55,000	19,500	74,500
2037	460,000	9,200	469,200
2038			
2039			
	<u>\$ 1,105,000</u>	<u>\$ 533,825</u>	<u>\$ 1,638,825</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2020

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending April 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 270,000	\$ 275,082	\$ 545,082
2022	285,000	266,606	551,606
2023	290,000	257,981	547,981
2024	300,000	249,131	549,131
2025	305,000	239,838	544,838
2026	315,000	230,094	545,094
2027	330,000	218,669	548,669
2028	340,000	205,494	545,494
2029	360,000	191,678	551,678
2030	370,000	177,219	547,219
2031	390,000	162,138	552,138
2032	405,000	146,300	551,300
2033	425,000	129,700	554,700
2034	440,000	112,400	552,400
2035	460,000	94,400	554,400
2036	475,000	75,700	550,700
2037	525,000	55,700	580,700
2038	550,000	34,200	584,200
2039	580,000	11,600	591,600
	<u>\$ 7,415,000</u>	<u>\$ 3,133,930</u>	<u>\$ 10,548,930</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED APRIL 30, 2020

Description	Original Bonds Issued	Bonds Outstanding May 1, 2019
Harris County Municipal Utility District No. 220 Unlimited Tax Bonds - Series 2011	\$ 1,220,000	\$ 55,000
Harris County Municipal Utility District No. 220 Unlimited Tax Bonds - Series 2012	2,080,000	1,945,000
Harris County Municipal Utility District No. 220 Unlimited Tax Refunding Bonds - Series 2015	5,065,000	4,565,000
Harris County Municipal Utility District No. 220 Unlimited Tax Refunding Bonds - Series 2018	<u>1,125,000</u>	<u>1,125,000</u>
TOTAL	<u>\$ 9,490,000</u>	<u>\$ 7,690,000</u>
 Bond Authority:		<u>Tax and Refundig Bonds</u>
Amount Authorized by Voters		\$ 25,000,000
Amount Issued		<u>9,480,000</u>
Remaining to be Issued		<u>\$ 15,520,000</u>
Debt Service Fund cash and investment balances as of April 30, 2020:		<u>\$ 1,034,164</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 555,207</u>

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding April 30, 2020</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 25,000	\$ 1,787	\$ 30,000	The Bank of New York Mellon Trust Company N.A. Dallas, Texas
	30,000	74,081	1,915,000	The Bank of New York Mellon Trust Company N.A. Dallas, Texas
	200,000	163,250	4,365,000	The Bank of New York Mellon Trust Company N.A. Dallas, Texas
	20,000	43,350	1,105,000	The Bank of New York Mellon Trust Company N.A. Dallas, Texas
<u>\$ - 0 -</u>	<u>\$ 275,000</u>	<u>\$ 282,468</u>	<u>\$ 7,415,000</u>	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 995,974	\$ 952,552	\$ 842,424
Water Service	225,774	221,433	233,807
Wastewater Service	279,187	273,632	265,346
Penalty and Interest	13,725	16,535	12,110
Investment and Miscellaneous Revenues	52,725	27,065	21,250
TOTAL REVENUES	\$ 1,567,385	\$ 1,491,217	\$ 1,374,937
EXPENDITURES			
Professional Fees	\$ 63,838	\$ 76,199	\$ 67,221
Contracted Services	149,781	152,987	148,663
Purchased Water Service	236,983	243,412	205,533
Purchased Wastewater Service	587,143	274,305	124,797
Utilities	7,517	7,247	6,877
Repairs and Maintenance	85,580	63,968	64,193
Other	65,080	76,179	81,227
TOTAL EXPENDITURES	\$ 1,195,922	\$ 894,297	\$ 698,511
NET CHANGE IN FUND BALANCE	\$ 371,463	\$ 596,920	\$ 676,426
BEGINNING FUND BALANCE	3,001,953	2,405,033	1,728,607
ENDING FUND BALANCE	\$ 3,373,416	\$ 3,001,953	\$ 2,405,033

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 847,148	\$ 753,547	63.5 %	64.0 %	61.3 %	62.4 %	58.6 %
224,163	235,659	14.4	14.8	17.0	16.5	18.3
262,488	268,490	17.8	18.3	19.3	19.4	20.8
12,369	7,797	0.9	1.1	0.9	0.9	0.6
9,518	22,718	3.4	1.8	1.5	0.8	1.7
<u>\$ 1,355,686</u>	<u>\$ 1,288,211</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 65,736	\$ 57,734	4.1 %	5.1 %	4.9 %	4.8 %	4.5 %
142,185	140,712	9.6	10.3	10.8	10.5	10.9
421,528	264,292	15.1	16.3	14.9	31.1	20.5
101,343	108,765	37.5	18.4	9.1	7.5	8.4
6,365	6,762	0.5	0.5	0.5	0.5	0.5
69,270	33,374	5.5	4.3	4.7	5.1	2.6
56,125	56,571	4.2	5.1	5.9	4.1	4.4
<u>\$ 862,552</u>	<u>\$ 668,210</u>	<u>76.5 %</u>	<u>60.0 %</u>	<u>50.8 %</u>	<u>63.6 %</u>	<u>51.8 %</u>
\$ 493,134	\$ 620,001	23.5 %	40.0 %	49.2 %	36.4 %	48.2 %
<u>1,235,473</u>	<u>615,472</u>					
<u>\$ 1,728,607</u>	<u>\$ 1,235,473</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 558,357	\$ 571,218	\$ 590,475
Penalty and Interest	4,719	4,330	4,710
Investment and Miscellaneous Revenues	4,340	6,678	2,760
TOTAL REVENUES	\$ 567,416	\$ 582,226	\$ 597,945
EXPENDITURES			
Tax Collection Expenditures	\$ 21,993	\$ 23,710	\$ 20,196
Debt Service Principal	275,000	250,000	245,000
Debt Service Interest and Fees	285,018	283,589	307,178
Bond Issuance Costs		78,929	
Payment to Refunded Bond Escrow Agent			
TOTAL EXPENDITURES	\$ 582,011	\$ 636,228	\$ 572,374
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (14,595)	\$ (54,002)	\$ 25,571
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$	\$ 1,125,000	\$
Payment to Refunded Bond Escrow Agent		(1,026,889)	
Bond Discount		(10,854)	
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ 87,257	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ (14,595)	\$ 33,255	\$ 25,571
BEGINNING FUND BALANCE	1,068,421	1,035,166	1,009,595
ENDING FUND BALANCE	\$ 1,053,826	\$ 1,068,421	\$ 1,035,166
TOTAL ACTIVE RETAIL WATER CONNECTIONS	587	588	586
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	577	578	577

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 617,439	\$ 649,637	98.4 %	98.2 %	98.7 %	98.4 %	94.7 %
8,362	34,978	0.8	0.7	0.8	1.3	5.1
<u>1,712</u>	<u>1,441</u>	<u>0.8</u>	<u>1.1</u>	<u>0.5</u>	<u>0.3</u>	<u>0.2</u>
\$ <u>627,513</u>	\$ <u>686,056</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 24,207	\$ 42,619	3.9 %	4.1 %	3.4 %	3.9 %	6.2 %
235,000	190,000	48.5	42.9	41.0	37.4	27.7
313,779	273,594	50.2	48.7	51.4	50.0	39.9
	238,906		13.6			34.8
	<u>88,000</u>					<u>12.8</u>
\$ <u>572,986</u>	\$ <u>833,119</u>	<u>102.6 %</u>	<u>109.3 %</u>	<u>95.8 %</u>	<u>91.3 %</u>	<u>121.4 %</u>
\$ <u>54,527</u>	\$ <u>(147,063)</u>	<u>(2.6) %</u>	<u>(9.3) %</u>	<u>4.2 %</u>	<u>8.7 %</u>	<u>(21.4) %</u>
\$	\$ 5,065,000					
	(4,940,186)					
	<u>117,719</u>					
\$ - 0 -	\$ <u>242,533</u>					
\$ 54,527	\$ 95,470					
<u>955,068</u>	<u>859,598</u>					
\$ <u>1,009,595</u>	\$ <u>955,068</u>					
<u>585</u>	<u>586</u>					
<u>576</u>	<u>577</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2020

District Mailing Address - Harris County Municipal Utility District No. 220
c/o Smith, Murdaugh, Little & Bonham, L.L.P.
2727 Allen Parkway, Suite 1100
Houston, TX 77019

District Telephone Number - (713) 652-6500

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>April 30, 2020</u>	Expense Reimbursements for the year ended <u>April 30, 2020</u>	<u>Title</u>
Jerry Homan	05/18 – 05/22 (Elected)	\$ 1,500	\$ -0-	President/ Investment Officer
Steve Agnew	05/20 – 05/24 (Elected)	\$ 1,500	\$ 281	Vice President
Steven Hudgins	05/18 – 05/22 (Elected)	\$ 900	\$ 49	Secretary/ Treasurer
Greg Dubiel	05/20 – 05/24 (Elected)	\$ 1,650	\$ 153	Director
Peter Pedersen	05/18 – 05/22 (Elected)	\$ 2,400	\$ 1,734	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: December 5, 2018

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

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 220
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2020

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended April 30, 2020</u>	<u>Title</u>
Smith, Murdaugh, Little & Bonham, L.L.P.	10/14/03	\$ 39,919 \$ -0- \$ 863	Attorney Bond Counsel Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot PLLC	03/23/15	\$ 13,500	Auditor
Myrtle Cruz, Inc.	10/14/03	\$ 15,511	Bookkeeper
Edminster, Hinshaw, Russ and Associates, Inc.	10/14/03	\$ 17,420	Engineer
Rathman & Associates, L.P.	10/14/03	\$ -0-	Financial Advisor
Bill Russell	08/24/15	\$ -0-	Investment Officer
Water District Management Company, Inc.	05/21/12	\$ 80,282	Operator
Assessments of the Southwest	11/19/03	\$ 8,697	Tax Assessor/ Collector

See accompanying independent auditor's report.