

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MAY 31, 2021**



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Harris County Municipal  
Utility District No. 109  
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. 109 (the "District"), as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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





## Opinions

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the 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

September 21, 2021



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2021**

Management's discussion and analysis of the financial performance of Harris County Municipal Utility District No. 109 (the "District") provides an overview of the District's financial activities for the year ended May 31, 2021. Please read it in conjunction with the District's financial statements.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides 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 all of the District's assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current 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, operating 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. 109  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2021**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. 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 and deferred outflows of resources exceeded liabilities by \$5,473,579 as of May 31, 2021. 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 following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 11,451,411	\$ 13,178,588	\$ (1,727,177)
Capital Assets (Net of Accumulated Depreciation)	<u>17,036,589</u>	<u>15,876,495</u>	<u>1,160,094</u>
Total Assets	<u>\$ 28,488,000</u>	<u>\$ 29,055,083</u>	<u>\$ (567,083)</u>
Deferred Outflows of Resources	\$ 536,178	\$ 600,644	\$ (64,466)
Bonds Payable	\$ 22,959,898	\$ 24,362,732	\$ 1,402,834
Other Liabilities	<u>590,701</u>	<u>758,865</u>	<u>168,164</u>
Total Liabilities	<u>\$ 23,550,599</u>	<u>\$ 25,121,597</u>	<u>\$ 1,570,998</u>
Net Position:			
Net Investment in Capital Assets	\$ (2,961,548)	\$ (4,586,730)	\$ 1,625,182
Restricted	2,448,395	2,506,739	(58,344)
Unrestricted	<u>5,986,732</u>	<u>6,614,121</u>	<u>(627,389)</u>
Total Net Position	<u>\$ 5,473,579</u>	<u>\$ 4,534,130</u>	<u>\$ 939,449</u>

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

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,174,742	\$ 3,095,667	\$ 79,075
Charges for Services	2,483,584	2,436,684	46,900
Other Revenues	<u>150,636</u>	<u>274,669</u>	<u>(124,033)</u>
Total Revenues	<u>\$ 5,808,962</u>	<u>\$ 5,807,020</u>	<u>\$ 1,942</u>
Expenses for Services	<u>4,869,513</u>	<u>4,678,308</u>	<u>(191,205)</u>
Change in Net Position	\$ 939,449	\$ 1,128,712	\$ (189,263)
Net Position, Beginning of Year	<u>4,534,130</u>	<u>3,405,418</u>	<u>1,128,712</u>
Net Position, End of Year	<u>\$ 5,473,579</u>	<u>\$ 4,534,130</u>	<u>\$ 939,449</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2021**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of May 31, 2021, were \$9,310,555, a decrease of \$1,539,184 from the prior year.

The General Fund fund balance decreased by \$566,032, primarily due to operating costs and capital expenditures exceeding tax revenues, service revenues and current year transfers.

The Debt Service Fund fund balance decreased by \$99,872, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by \$873,280, primarily due to the use of bond proceeds received in prior years to fund current year capital costs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$56,734 less than budgeted revenues, actual expenditures were \$882,872 less than budgeted expenditures and actual transfers were \$41,550 more than budgeted transfers. This resulted in a positive variance of \$867,688. See the budget to actual comparison for more information.

**CAPITAL ASSETS**

Capital assets as of May 31, 2021, total \$17,036,589 (net of accumulated depreciation) and include land as well as the water and wastewater facilities. Significant capital asset activity during the current fiscal year included the water plant no. 1 and no. 2 elevated storage tank rehabilitations and utility relocations.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 230,634	\$ 230,634	\$
Construction in Progress	1,315,326	932,620	382,706
Capital Assets, Net of Accumulated Depreciation:			
Water System	5,643,943	4,466,194	1,177,749
Wastewater System	9,846,686	10,247,047	(400,361)
Total Net Capital Assets	\$ 17,036,589	\$ 15,876,495	\$ 1,160,094

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2021**

**LONG-TERM DEBT ACTIVITY**

At year end, the District had total bond debt payable of \$22,840,000. The changes in the debt position of the District during the year ended May 31, 2021, are summarized as follows:

Bond Debt Payable, June 1, 2020	\$ 24,230,000
Less: Bond Principal Paid	<u>1,390,000</u>
Bond Debt Payable, May 31, 2021	<u>\$ 22,840,000</u>

The District carries an underlying rating of “A” by Standards and Poor’s Rating or A2 from Moody’s. The Series 2011 Refunding bonds carry insured ratings of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal. The Series 2013 Refunding bonds carry an insured rating of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company. The ratings above reflect any changes through May 31, 2021.

**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. 109, c/o Norton Rose Fulbright US LLP, 1301 McKinney Avenue, Suite 5100, Houston, TX 77010-3095.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MAY 31, 2021**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 204,180	\$ 348,364
Investments	3,479,685	2,496,699
Receivables:		
Property Taxes	75,164	171,623
Penalty and Interest on Delinquent Taxes		
Service Accounts	307,733	
Accrued Interest	3,219	2,934
City of Houston	23,304	
Due from Other Funds	514,437	
Prepaid Costs	24,790	
Due from Other Governmental Units	195,369	
Advance for WWTP Operations	266,398	
Capital Contribution Credits Receivable		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 5,094,279</b>	<b>\$ 3,019,620</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 5,094,279</b>	<b>\$ 3,019,620</b>

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



Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 300	\$ 552,844	\$	\$ 552,844
2,426,808	8,403,192		8,403,192
	246,787		246,787
		80,096	80,096
	307,733		307,733
	6,153		6,153
	23,304		23,304
	514,437	(514,437)	
	24,790		24,790
	195,369		195,369
	266,398		266,398
		1,344,745	1,344,745
		230,634	230,634
		1,315,326	1,315,326
		15,490,629	15,490,629
\$ 2,427,108	\$ 10,541,007	\$ 17,946,993	\$ 28,488,000
\$ - 0 -	\$ - 0 -	\$ 536,178	\$ 536,178
\$ 2,427,108	\$ 10,541,007	\$ 18,483,171	\$ 29,024,178

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MAY 31, 2021**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 185,161	\$ 15,411
Accrued Interest Payable		
Due to Other Funds		514,437
Security Deposits	267,131	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 452,292</b>	<b>\$ 529,848</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 75,164	\$ 171,623
 <b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 24,790	\$
Operating Advance	266,398	
Restricted for Authorized Construction		
Restricted for Debt Service		2,318,149
Assigned to 2022 Budget	505,006	
Unassigned	3,770,629	
<b>TOTAL FUND BALANCES</b>	<b>\$ 4,566,823</b>	<b>\$ 2,318,149</b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,094,279</b>	<b>\$ 3,019,620</b>
 <b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 1,525	\$ 202,097	\$	\$ 202,097
		121,473	121,473
	514,437	(514,437)	
	267,131		267,131
		1,135,000	1,135,000
		21,824,898	21,824,898
<u>\$ 1,525</u>	<u>\$ 983,665</u>	<u>\$ 22,566,934</u>	<u>\$ 23,550,599</u>
<u>\$ - 0 -</u>	<u>\$ 246,787</u>	<u>\$ (246,787)</u>	<u>\$ - 0 -</u>
\$	\$ 24,790	\$ (24,790)	\$
	266,398	(266,398)	
2,425,583	2,425,583	(2,425,583)	
	2,318,149	(2,318,149)	
	505,006	(505,006)	
	<u>3,770,629</u>	<u>(3,770,629)</u>	
<u>\$ 2,425,583</u>	<u>\$ 9,310,555</u>	<u>\$ (9,310,555)</u>	<u>\$ - 0 -</u>
<u>\$ 2,427,108</u>	<u>\$ 10,541,007</u>		
		\$ (2,961,548)	\$ (2,961,548)
		2,448,395	2,448,395
		<u>5,986,732</u>	<u>5,986,732</u>
		<u>\$ 5,473,579</u>	<u>\$ 5,473,579</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**MAY 31, 2021**

Total Fund Balances - Governmental Funds	\$	9,310,555
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		17,036,589
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Credits due from the North Harris County Regional Water Authority for capital contributions are not current financial resources and, therefore, are not reported as assets in the governmental funds.		1,344,745
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Interest paid in advance as part of a refunding bond sale is recorded as deferred outflows of resources in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.		536,178
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2020 and prior tax levies became part of recognized revenue in the governmental activities of the District.		326,883
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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	\$ (121,473)	
Bonds Payable	<u>(22,959,898)</u>	<u>(23,081,371)</u>

Total Net Position - Governmental Activities	\$	<u>5,473,579</u>
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The accompanying notes to the financial statements are an integral part of this report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MAY 31, 2021**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 1,074,163	\$ 2,061,439
Water Service	537,428	
Wastewater Service	633,397	
Water Authority Fees	1,152,986	
Penalty and Interest	1,244	56,962
Connection/Disconnect/Inspection Fees	22,197	
Sales Tax Revenues	86,463	
Water Authority Credits	147,135	
Investment and Miscellaneous Revenues	44,703	13,393
<b>TOTAL REVENUES</b>	<b>\$ 3,699,716</b>	<b>\$ 2,131,794</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 145,524	\$ 20,288
Contracted Services	326,575	60,614
Purchased Wastewater Service	381,875	
Utilities	119,733	
Repairs and Maintenance	713,042	
Water Authority Assessments	1,444,817	
Depreciation		
Other	203,674	5,537
Capital Outlay	1,027,958	
Debt Service:		
Bond Principal		1,390,000
Bond Interest		755,227
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 4,363,198</b>	<b>\$ 2,231,666</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER</b>		
<b>EXPENDITURES/EXPENSES</b>	<b>\$ (663,482)</b>	<b>\$ (99,872)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In(Out)	\$ 97,450	\$ - 0 -
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (566,032)</b>	<b>\$ (99,872)</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JUNE 1, 2020</b>	<b>5,132,855</b>	<b>2,418,021</b>
<b>FUND BALANCES/NET POSITION - MAY 31, 2021</b>	<b>\$ 4,566,823</b>	<b>\$ 2,318,149</b>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,135,602	\$ 39,140	\$ 3,174,742
	537,428		537,428
	633,397		633,397
	1,152,986		1,152,986
	58,206	9,234	67,440
	22,197		22,197
	86,463		86,463
	147,135	(76,999)	70,136
6,077	64,173		64,173
<u>\$ 6,077</u>	<u>\$ 5,837,587</u>	<u>\$ (28,625)</u>	<u>\$ 5,808,962</u>
\$	\$ 165,812	\$	\$ 165,812
303	387,492		387,492
	381,875		381,875
	119,733		119,733
2,721	715,763		715,763
	1,444,817		1,444,817
		646,726	646,726
21	209,232		209,232
778,862	1,806,820	(1,806,820)	
	1,390,000	(1,390,000)	
	755,227	42,836	798,063
<u>\$ 781,907</u>	<u>\$ 7,376,771</u>	<u>\$ (2,507,258)</u>	<u>\$ 4,869,513</u>
<u>\$ (775,830)</u>	<u>\$ (1,539,184)</u>	<u>\$ 2,478,633</u>	<u>\$ 939,449</u>
<u>\$ (97,450)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
\$ (873,280)	\$ (1,539,184)	\$ 1,539,184	\$
		939,449	939,449
3,298,863	10,849,739	(6,315,609)	4,534,130
<u>\$ 2,425,583</u>	<u>\$ 9,310,555</u>	<u>\$ (3,836,976)</u>	<u>\$ 5,473,579</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2021**

Net Change in Fund Balances - Governmental Funds	\$ (1,539,184)
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.	39,140
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.	9,234
Governmental funds report repayment of capital contributions as revenues in the period received. However, in the Statement of Net Position, reimbursements reduce long-term receivables.	(76,999)
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.	(646,726)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	1,806,820
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.	1,390,000
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>(42,836)</u>
Change in Net Position - Governmental Activities	<u>\$ 939,449</u>

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 1. CREATION OF DISTRICT**

Harris County Municipal Utility District No. 109 (the “District”) was created effective July 16, 1974, by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service and storm sewer drainage for the residents of the District.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether 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. See Note 9 for information concerning the District’s participation in a regional sewage treatment plant.

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 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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- 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.

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 major funds.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Financial Statements (Continued)

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of May 31, 2021, the Debt Service Fund owed the General Fund \$514,437 for maintenance tax collections. The Capital Projects Fund transferred \$97,450 to the General Fund to reimburse for bond issuance costs paid in a previous year.

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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets (Continued)

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

	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 budget amounts 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 to be 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 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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

Fund balances in governmental funds 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 did 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 assigned \$505,006 of its General Fund fund balance to cover the projected budget deficit in the 2022 fiscal year.

*Unassigned*: all other spendable amounts in the General Fund.

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 3. LONG-TERM DEBT**

	<u>Refunding Series 2011</u>	<u>Refunding Series 2013</u>
Amount Outstanding – May 31, 2021	\$2,025,000	\$3,150,000
Interest Rates	4.00%	2.75% - 4.00%
Maturity Dates – Serially Beginning/Ending	October 1, 2021/2024	October 1, 2021/2029
Interest Payment Dates	October 1/ April 1	October 1/ April 1
Callable Dates	October 1, 2019*	October 1, 2021*
	<u>Refunding Series 2015</u>	<u>Series 2017</u>
Amount Outstanding – May 31, 2021	\$5,565,000	\$12,100,000
Interest Rates	2.592% - 3.24%	2.00% - 3.625%
Maturity Dates – Serially Beginning/Ending	October 1, 2021/2030	October 1, 2021/2041
Interest Payment Dates	October 1/ April 1	October 1/ April 1
Callable Dates	October 1, 2023*	October 1, 2024*

\* Or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Series 2017 term bonds maturing on October 1, 2038, and 2041, are subject to mandatory redemption beginning October 1, 2037 and 2039, respectively.

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. As of May 31, 2021, the District had authorized but unissued bonds in the amount of \$12,950,000 for utility facilities and \$31,720,000 for refunding purposes.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 3. LONG-TERM DEBT (Continued)**

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

	June 1, 2020	Additions	Retirements	May 31, 2021
Bonds Payable	\$ 24,230,000	\$	\$ 1,390,000	\$ 22,840,000
Unamortized Discounts	(176,964)		(17,110)	(159,854)
Unamortized Premiums	309,696		29,944	279,752
Bonds Payable, Net	\$ 24,362,732	\$ -0-	\$ 1,402,834	\$ 22,959,898
			Amount Due Within One Year	\$ 1,135,000
			Amount Due After One Year	21,824,898
			Bonds Payable, Net	\$ 22,959,898

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

Fiscal Year	Principal	Interest	Total
2022	\$ 1,135,000	\$ 711,088	\$ 1,846,088
2023	1,240,000	674,048	1,914,048
2024	1,445,000	631,844	2,076,844
2025	1,500,000	582,777	2,082,777
2026	1,555,000	540,387	2,095,387
2027-2031	8,485,000	1,994,328	10,479,328
2032-2036	3,030,000	1,042,688	4,072,688
2037-2041	3,640,000	482,233	4,122,233
2042	810,000	14,681	824,681
	\$ 22,840,000	\$ 6,674,074	\$ 29,514,074

During the year ended May 31, 2021, the District levied an ad valorem debt service tax rate of \$0.315 per \$100 of assessed valuation, which resulted in a tax levy of \$2,080,941 on the adjusted taxable valuation of \$660,616,176 for the 2020 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.

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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**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 to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year shall continue to be provided through the life of the bonds.

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 the five-year anniversary of the 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 \$4,402,844 and the bank balance was \$5,408,094. 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 May 31, 2021, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 204,180	\$ 2,890,000	\$ 3,094,180
DEBT SERVICE FUND	348,364	960,000	1,308,364
CAPITAL PROJECTS FUND	300		300
TOTAL DEPOSITS	\$ 552,844	\$ 3,850,000	\$ 4,402,844



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments

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

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

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

The District records its investments in certificates of deposits at acquisition cost. As of May 31, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 589,685	\$ 589,685
Certificates of Deposit	2,890,000	2,890,000
<u>DEBT SERVICE FUND</u>		
Texas CLASS	1,536,699	1,536,699
Certificates of Deposit	960,000	960,000
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	<u>2,426,808</u>	<u>2,426,808</u>
<b>TOTAL INVESTMENTS</b>	<u><u>\$ 8,403,192</u></u>	<u><u>\$ 8,403,192</u></u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2021, the District's investments in Texas CLASS were rated AAAM by Standard and Poor's. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

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 Texas CLASS to have maturities of less than one year due to the fact share positions can usually be redeemed each day at the discretion of the District. The District 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.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 6. CAPITAL ASSETS**

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

	June 1, 2020	Increases	Decreases	May 31, 2021
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 230,634	\$	\$	\$ 230,634
Construction in Progress	<u>932,620</u>	<u>1,806,820</u>	<u>1,424,114</u>	<u>1,315,326</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 1,163,254</u>	<u>\$ 1,806,820</u>	<u>\$ 1,424,114</u>	<u>\$ 1,545,960</u>
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 9,501,342	\$ 1,424,114	\$	\$ 10,925,456
Wastewater System	<u>18,929,675</u>	<u></u>	<u></u>	<u>18,929,675</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 28,431,017</u>	<u>\$ 1,424,114</u>	<u>\$ - 0 -</u>	<u>\$ 29,855,131</u>
<b>Accumulated Depreciation</b>				
Water System	\$ 5,035,148	\$ 246,365	\$	\$ 5,281,513
Wastewater System	<u>8,682,628</u>	<u>400,361</u>	<u></u>	<u>9,082,989</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 13,717,776</u>	<u>\$ 646,726</u>	<u>\$ - 0 -</u>	<u>\$ 14,364,502</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 14,713,241</u>	<u>\$ 777,388</u>	<u>\$ - 0 -</u>	<u>\$ 15,490,629</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 15,876,495</u>	<u>\$ 2,584,208</u>	<u>\$ 1,424,114</u>	<u>\$ 17,036,589</u>

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

**NOTE 7. MAINTENANCE TAX**

Voters of the District approved the levy and collection of a maintenance tax of not more than \$1.00 per \$100 of assessed valuation of taxable property within the District. A maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the year ended May 31, 2021, the District levied an ad valorem maintenance tax of \$0.165 per \$100 of assessed valuation, which resulted in a tax levy of \$1,090,017 on the adjusted taxable valuation of \$660,616,176 for the 2020 tax year.

**NOTE 8. WATER AND WASTEWATER SERVICE AGREEMENT**

On July 1, 1996, the District and Harris County Municipal Utility District No. 151 (District No. 151) entered into an agreement which outlines the terms in which each district will provide water and wastewater collection services for certain areas of the other district. A supplement to this agreement was signed on April 18, 2000. The agreement has a term of 40 years.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 8. WATER AND WASTEWATER SERVICE AGREEMENT (Continued)**

This agreement calls for water to be provided by the District to several specific tracts of land within District No. 151. The agreement states that the meters in this area will be read by District No. 151's operator on a monthly basis and the total gallons of water registered on all such meters will be provided to the District's operator. The agreement states the District will charge District No. 151 for all water at its rate per 1,000 gallons for the first 1,000 gallons of usage in excess of the minimum bill for residential customers of the District, as such rate is set forth in the District's current rate order plus regional water authority fees. District No. 151 is treated as a single customer for purposes of calculating the amount due to the District.

The agreement also makes provisions for wastewater collection and emergency water services to the other district. Wastewater collection services are provided by each district to the other district at no charge. Emergency water service is to be paid in kind for water supplied for less than five days. The district supplying water may bill the district receiving the emergency water service for such period in excess of the first five days, at a rate equal to the out-of-district water service rate for the district providing the emergency water service.

**NOTE 9. JOINT WASTE DISPOSAL CONTRACT**

Harris County Municipal Utility District Nos. 46, 106, 109, 132, 151, 109 and 153 previously entered into a Waste Disposal Contract to operate and maintain a regional sewage treatment plant to serve surrounding areas. The agreement calls for each district to pay its pro rata share of operating costs of the plant based upon a budget of the estimated costs. The agreement provides for the establishment of a Joint Operations Board. The Joint Operations Board is responsible for adoption of a budget for both Exhibit B and C costs for the fiscal year June 1 through May 31 and determines the rates to be charged based upon the expected operating budgets. Exhibit B costs are insurance and maintenance of the plant, Exhibit C costs are costs related to the operation of the plant.

On December 1, 2012, the participants in the plant executed a Fourth Amended and Restated Waste Disposal Contract whereby certain participants agreed to sell and assign capacity to Harris County Municipal Utility District No. 494 (District No. 494). The term of the agreement ends August 1, 2048. On December 1, 2012, the participants executed an amended Sanitary Sewer Line Contract which provides for the participants to sell capacity in the line to District No. 494.

As of May 31, 2021, the District's advance for operation and maintenance of the regional sewage treatment plant was \$266,398 and the District recorded a total of \$381,875 for its share of operating costs of the plant.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 9. JOINT WASTE DISPOSAL CONTRACT (Continued)**

The following summary financial data of the Atascocita Central Plant is presented for the fiscal year ended May 31, 2021. A copy of the financial statements for the plant can be obtained by contacting Norton Rose Fulbright US LLP.

	Joint Venture
Total Assets	\$ 1,988,291
Total Liabilities	<u>669,341</u>
Total Fund Balance	<u>\$ 1,318,950</u>
Total Revenues	\$ 1,977,664
Total Expenditures	<u>1,977,664</u>
Excess Revenues (Expenditures)	\$ -0-
Other Financing Sources (Uses)	
Reserve Adjustment	<u>42,750</u>
Net Increase (Decrease) in Fund Balance	\$ 42,750
Fund Balance, Beginning of Year	<u>1,276,200</u>
Fund Balance, End of Year	<u>\$ 1,318,950</u>

**NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY**

The District is located within the boundaries of the North Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority is overseeing that its participants comply with the Harris-Galveston Subsidence District pumpage requirements. 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. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee charged is \$4.60 per 1,000 gallons of water pumped from each well. The District recorded expenditures of \$1,444,817 for pumpage fees from the Authority during the current fiscal year.

In 2003, the District entered into a Capital Contribution Contract with the Authority and made a capital contribution of \$2,018,949 to the Authority. The District is receiving capital contribution credits to be applied to the pumpage fees which the Authority assesses. Interest accrues on the District’s Capital Contribution at 5.0575% per annum. The following is a schedule of the remaining capital contribution credits (principal only) to be received under the terms of the agreement.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY**  
(Continued)

Fiscal Year	Principal
2022	\$ 80,985
2023	85,177
2024	89,586
2025	94,223
2026	99,101
2027-2031	577,971
2032-2034	317,702
	\$ 1,344,745

**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 from which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT**

Effective March 31, 2015, the District has entered into a Strategic Partnership Agreement with the City of Houston, Texas (the “City”). The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a tract of land defined as the “Tract” for the limited purposes of applying the City’s Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District.

The City shall impose a Sales and Use Tax within the boundaries of the Tract upon the limited-purpose annexation of the Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City pays the District one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. The City delivers to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller’s office.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from the effective date of the agreement. During the year ended May 31, 2021, the District received \$86,463 in sales tax revenues.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2021**

**NOTE 13. ECONOMIC UNCERTAINTIES**

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

**NOTE 14. SUBSEQUENT EVENT – REFUNDING BOND SALE**

In the fourth quarter of 2021, the District intends to close on the sale of its \$3,675,000 Series 2021 Unlimited Tax Refunding Bonds. Proceeds will be used to refund: \$820,000 of the Series 2011 Refunding Bonds with interest rates of 4.00% and maturity dates of 2023-2024 and \$2,930,000 of the Series 2013 Refunding Bonds with interest rates of 4.00% and maturity dates of 2023-2029.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**

**REQUIRED SUPPLEMENTARY INFORMATION**

**MAY 31, 2021**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED MAY 31, 2021**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,004,500	\$ 1,074,163	\$ 69,663
Water Service	567,400	537,428	(29,972)
Wastewater Service	642,000	633,397	(8,603)
Water Authority Fees	1,116,000	1,152,986	36,986
Penalty and Interest	81,000	1,244	(79,756)
Connection/Disconnect/Inspection Fees	81,650	22,197	(59,453)
Sales Tax Revenues	71,000	86,463	15,463
Investment and Miscellaneous Revenues	45,765	44,703	(1,062)
<b>TOTAL REVENUES</b>	<b>\$ 3,609,315</b>	<b>\$ 3,552,581</b>	<b>\$ (56,734)</b>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 147,900	\$ 145,524	\$ 2,376
Contracted Services	319,200	326,575	(7,375)
Purchased Wastewater Service	410,848	381,875	28,973
Utilities	110,400	119,733	(9,333)
Water Authority Assessment, Net of Credits	1,116,000	1,297,682	(181,682)
Repairs and Maintenance	728,600	713,042	15,558
Other	242,705	203,674	39,031
Capital Outlay	2,023,282	1,027,958	995,324
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,098,935</b>	<b>\$ 4,216,063</b>	<b>\$ 882,872</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (1,489,620)</b>	<b>\$ (663,482)</b>	<b>\$ 826,138</b>
<b>OTHER FINANCING SOURCES(USES)</b>			
Transfers In(Out)	\$ 55,900	\$ 97,450	\$ 41,550
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,433,720)</b>	<b>\$ (566,032)</b>	<b>\$ 867,688</b>
<b>FUND BALANCE - JUNE 1, 2020</b>	<b>5,132,855</b>	<b>5,132,855</b>	
<b>FUND BALANCE - MAY 31, 2021</b>	<b>\$ 3,699,135</b>	<b>\$ 4,566,823</b>	<b>\$ 867,688</b>

See accompanying independent auditor's report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**MAY 31, 2021**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109  
SERVICES AND RATES  
FOR THE YEAR ENDED MAY 31, 2021**

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

<u>  X  </u>	Retail Water	_____	Wholesale Water	_____	Drainage
<u>  X  </u>	Retail Wastewater	_____	Wholesale Wastewater	_____	Irrigation
_____	Parks/Recreation	_____	Fire Protection	<u>  X  </u>	Security
_____	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 October 16, 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:	\$ 10.00	10,000	N	\$ 1.25	10,001 to 20,000
				\$ 1.50	20,001 to 30,000
				\$ 1.80	30,001 to 40,000
				\$ 2.50	40,001 and up
WASTEWATER:	\$ 16.00	30,000	N	\$ 1.00	30,001 to 40,000
				\$ 2.00	40,001 and up
SURCHARGE:					
Water Authority Fees			N	\$ 4.35	0,001 and up
District employs winter averaging for wastewater usage?					_____ <u>  X  </u> Yes            No

Total monthly charges per 10,000 gallons usage: Water: \$10.00    Wastewater: \$16.00    Surcharge: \$43.50    Total: \$69.50

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MAY 31, 2021**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	2,878	2,852	x 1.0	2,852
1"	223	216	x 2.5	540
1½"	13	13	x 5.0	65
2"	33	30	x 8.0	240
3"			x 15.0	
4"	3	3	x 25.0	75
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>3,150</u>	<u>3,114</u>		<u>3,772</u>
Total Wastewater Connections	<u>3,150</u>	<u>3,113</u>	x 1.0	<u>3,113</u>

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

Gallons pumped into system:	331,387,000	Water Accountability Ratio: 87% (Gallons billed and sold/Gallons pumped)
Gallons billed to customers:	279,248,000	
Gallons sold:	8,980,000	To: Harris County MUD No. 151

See accompanying independent auditor's report.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED MAY 31, 2021**

**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 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 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. 109**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED MAY 31, 2021**

PROFESSIONAL FEES:	
Auditing	\$ 16,250
Engineering	75,994
Legal	<u>53,280</u>
TOTAL PROFESSIONAL FEES	<u>\$ 145,524</u>
PURCHASED WASTEWATER SERVICE	<u>\$ 381,875</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 31,611
Operations and Billing	135,460
Security	<u>159,504</u>
TOTAL CONTRACTED SERVICES	<u>\$ 326,575</u>
UTILITIES:	
Electricity	\$ 109,420
Telephone	<u>10,313</u>
TOTAL UTILITIES	<u>\$ 119,733</u>
REPAIRS AND MAINTENANCE	<u>\$ 713,042</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 24,060
Insurance	28,868
Office Supplies and Postage	62,128
Travel and Meetings	4,858
Other	<u>8,004</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 127,918</u>
CAPITAL OUTLAY	<u>\$ 1,027,958</u>
OTHER EXPENDITURES:	
Chemicals	\$ 42,381
Laboratory Fees	6,113
Permit Fees	7,017
Connection, Inspection and Reconnection Fees	9,845
Water Authority Assessments	1,444,817
Regulatory Assessment	5,670
Supplies and Chemicals	<u>4,730</u>
TOTAL OTHER EXPENDITURES	<u>\$ 1,520,573</u>
TOTAL EXPENDITURES	<u><u>\$ 4,363,198</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**INVESTMENTS**  
**MAY 31, 2021**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<b><u>GENERAL FUND</u></b>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 589,685	\$
Certificate of Deposit	XXXX0213	0.20%	04/22/22	240,000	51
Certificate of Deposit	XXXX8606	0.62%	12/22/21	240,000	652
Certificate of Deposit	XXXX2232	0.50%	01/16/22	240,000	444
Certificate of Deposit	XXXX2426	0.45%	02/27/22	240,000	275
Certificate of Deposit	XXXX1359	0.35%	01/25/22	240,000	290
Certificate of Deposit	XXXX0129	0.25%	02/19/22	240,000	166
Certificate of Deposit	XXXX1856	0.20%	08/29/21	245,000	121
Certificate of Deposit	XXXX0459	0.25%	01/12/22	240,000	229
Certificate of Deposit	XXXX3907	0.20%	09/28/21	245,000	121
Certificate of Deposit	XXXX8790	0.35%	09/14/21	240,000	239
Certificate of Deposit	XXXX0447	0.40%	11/24/21	240,000	494
Certificate of Deposit	XXXX1242	0.20%	10/15/21	240,000	137
<b>TOTAL GENERAL FUND</b>				<b>\$ 3,479,685</b>	<b>\$ 3,219</b>
<b><u>DEBT SERVICE FUND</u></b>					
Texas CLASS	XXXX0003	Varies	Daily	\$ 1,536,699	\$
Certificate of Deposit	XXXX2636	0.40%	08/30/21	240,000	550
Certificate of Deposit	XXXX2151	0.29%	03/19/22	240,000	139
Certificate of Deposit	XXXX0072	0.60%	09/22/21	240,000	1,002
Certificate of Deposit	XXXX6273	0.75%	09/21/21	240,000	1,243
<b>TOTAL DEBT SERVICE FUND</b>				<b>\$ 2,496,699</b>	<b>\$ 2,934</b>
<b><u>CAPITAL PROJECTS FUND</u></b>					
Texas CLASS	XXXX0002	Varies	Daily	\$ 2,426,808	\$ -0-
<b>TOTAL - ALL FUNDS</b>				<b>\$ 8,403,192</b>	<b>\$ 6,153</b>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED MAY 31, 2021**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JUNE 1, 2020	\$	59,522	\$	148,125
Adjustments to Beginning				
Balance		<u>(212)</u>	\$	<u>152,121</u>
		\$	\$	
Original 2020 Tax Levy	\$	962,050	\$	1,836,641
Adjustment to 2020 Tax Levy		<u>127,967</u>	<u>1,090,017</u>	<u>2,080,941</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	\$	
		1,149,327	2,233,062	
TAX COLLECTIONS:				
Prior Years	\$	33,773	\$	75,241
Current Year		<u>1,040,390</u>	<u>1,074,163</u>	<u>2,061,439</u>
TAXES RECEIVABLE -				
MAY 31, 2021		<u>\$</u>	<u>\$</u>	
		75,164	171,623	
TAXES RECEIVABLE BY				
YEAR:				
2020	\$	49,627	\$	94,743
2019		7,485		14,970
2018		3,649		10,104
2017		3,221		8,282
2016		1,800		6,710
2015		1,819		5,457
2014		1,505		4,515
2013		889		3,736
2012		674		2,833
2011		602		2,528
2010 and prior		<u>3,893</u>		<u>17,745</u>
TOTAL		<u>\$</u>	<u>\$</u>	
		75,164	171,623	

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED MAY 31, 2021**

	2020	2019	2018	2017
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 133,252,678	\$ 107,559,057	\$ 99,980,102	\$ 97,359,021
Improvements	553,841,831	564,463,334	503,023,965	492,953,478
Personal Property	15,450,487	13,751,917	13,433,003	13,133,175
Exemptions	<u>(41,928,820)</u>	<u>(44,154,281)</u>	<u>(23,157,154)</u>	<u>(25,010,945)</u>
<b>TOTAL PROPERTY VALUATIONS</b>	<u><b>\$ 660,616,176</b></u>	<u><b>\$ 641,620,027</b></u>	<u><b>\$ 593,279,916</b></u>	<u><b>\$ 578,434,729</b></u>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.315	\$ 0.32	\$ 0.36	\$ 0.36
Maintenance	<u>0.165</u>	<u>0.16</u>	<u>0.13</u>	<u>0.14</u>
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<u><b>\$ 0.480</b></u>	<u><b>\$ 0.48</b></u>	<u><b>\$ 0.49</b></u>	<u><b>\$ 0.50</b></u>
<b>ADJUSTED TAX LEVY*</b>	<u><b>\$ 3,170,958</b></u>	<u><b>\$ 3,079,763</b></u>	<u><b>\$ 2,907,072</b></u>	<u><b>\$ 2,892,181</b></u>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	<u><b>95.45 %</b></u>	<u><b>99.27 %</b></u>	<u><b>99.53 %</b></u>	<u><b>99.60 %</b></u>

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

Voters have approved a maximum maintenance tax rate of \$1.00 per \$100 of assessed valuation.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2021**

SERIES - 2011 REFUNDING

Due During Fiscal Years Ending May 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2022	\$ 580,000	\$ 69,400	\$ 649,400
2023	625,000	45,300	670,300
2024	400,000	24,800	424,800
2025	420,000	8,400	428,400
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 2,025,000</u>	<u>\$ 147,900</u>	<u>\$ 2,172,900</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2021**

SERIES - 2013 REFUNDING

Due During Fiscal Years Ending May 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2022	\$ 105,000	\$ 121,806	\$ 226,806
2023	115,000	118,781	233,781
2024	380,000	109,600	489,600
2025	400,000	94,000	494,000
2026	415,000	77,700	492,700
2027	440,000	60,600	500,600
2028	460,000	42,600	502,600
2029	485,000	23,700	508,700
2030	350,000	7,000	357,000
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 3,150,000</u>	<u>\$ 655,787</u>	<u>\$ 3,805,787</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2021**

SERIES - 2015 REFUNDING

Due During Fiscal Years Ending May 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2022	\$ 70,000	\$ 143,338	\$ 213,338
2023	70,000	141,523	211,523
2024	225,000	137,700	362,700
2025	220,000	131,933	351,933
2026	695,000	127,818	822,818
2027	680,000	133,958	813,958
2028	700,000	105,462	805,462
2029	720,000	82,458	802,458
2030	890,000	56,376	946,376
2031	1,295,000	20,979	1,315,979
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 5,565,000</u>	<u>\$ 1,081,545</u>	<u>\$ 6,646,545</u>

See accompanying independent auditor's report.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2021**

S E R I E S - 2 0 1 7

Due During Fiscal Years Ending May 31	Principal Due October 1	Interest Due October 1/ April 1	Total
2022	\$ 380,000	\$ 376,544	\$ 756,544
2023	430,000	368,444	798,444
2024	440,000	359,744	799,744
2025	460,000	348,444	808,444
2026	445,000	334,869	779,869
2027	460,000	321,294	781,294
2028	475,000	307,269	782,269
2029	490,000	292,794	782,794
2030	515,000	277,719	792,719
2031	525,000	262,119	787,119
2032	560,000	245,844	805,844
2033	585,000	228,303	813,303
2034	605,000	209,709	814,709
2035	630,000	190,019	820,019
2036	650,000	168,813	818,813
2037	675,000	146,453	821,453
2038	700,000	122,812	822,812
2039	725,000	97,875	822,875
2040	755,000	71,503	826,503
2041	785,000	43,590	828,590
2042	810,000	14,681	824,681
	<u>\$ 12,100,000</u>	<u>\$ 4,788,842</u>	<u>\$ 16,888,842</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**MAY 31, 2021**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 1,135,000	\$ 711,088	\$ 1,846,088
2023	1,240,000	674,048	1,914,048
2024	1,445,000	631,844	2,076,844
2025	1,500,000	582,777	2,082,777
2026	1,555,000	540,387	2,095,387
2027	1,580,000	515,852	2,095,852
2028	1,635,000	455,331	2,090,331
2029	1,695,000	398,952	2,093,952
2030	1,755,000	341,095	2,096,095
2031	1,820,000	283,098	2,103,098
2032	560,000	245,844	805,844
2033	585,000	228,303	813,303
2034	605,000	209,709	814,709
2035	630,000	190,019	820,019
2036	650,000	168,813	818,813
2037	675,000	146,453	821,453
2038	700,000	122,812	822,812
2039	725,000	97,875	822,875
2040	755,000	71,503	826,503
2041	785,000	43,590	828,590
2042	810,000	14,681	824,681
	<u>\$ 22,840,000</u>	<u>\$ 6,674,074</u>	<u>\$ 29,514,074</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED MAY 31, 2021**

Description	Original Bonds Issued	Bonds Outstanding June 1, 2020
Harris County Municipal Utility District No. 109 Unlimited Tax Refunding Bonds - Series 2008	\$ 6,165,000	\$ 660,000
Harris County Municipal Utility District No. 109 Unlimited Tax Refunding Bonds - Series 2011	5,640,000	2,580,000
Harris County Municipal Utility District No. 109 Unlimited Tax Refunding Bonds - Series 2013	3,745,000	3,255,000
Harris County Municipal Utility District No. 109 Unlimited Tax Refunding Bonds - Series 2015	5,920,000	5,635,000
Harris County Municipal Utility District No. 109 Unlimited Tax Bonds - Series 2017	<u>12,100,000</u>	<u>12,100,000</u>
<b>TOTAL</b>	<b><u>\$ 33,570,000</u></b>	<b><u>\$ 24,230,000</u></b>
<b>Bond Authority:</b>	<b><u>Tax Bonds</u></b>	<b><u>Refunding Bonds</u></b>
Amount Authorized by Voters	\$ 61,830,000	\$ 32,730,000
Amount Issued	<u>48,880,000</u>	<u>1,010,000</u>
Remaining to be Issued	<u>\$ 12,950,000</u>	<u>\$ 31,720,000</u>

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding May 31, 2021</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 660,000	\$ 13,200	\$ - 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	555,000	92,100	2,025,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	105,000	124,431	3,150,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	70,000	145,152	5,565,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		380,344	12,100,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 1,390,000</u>	<u>\$ 755,227</u>	<u>\$ 22,840,000</u>	

Debt Service Fund cash and investment balances as of May 31, 2021: \$ 2,845,063

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,405,432

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

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2021	2020	2019
<b>REVENUES</b>			
Property Taxes	\$ 1,074,163	\$ 1,007,887	\$ 770,589
Water Service	537,428	556,268	534,561
Wastewater Service	633,397	638,922	622,052
Water Authority Fees	1,152,986	994,208	845,456
Penalty and Interest	1,244	73,753	98,286
Connection/Disconnect/Inspection Fees	22,197	67,594	120,857
Sales Tax Revenues	86,463	74,517	70,841
Sale of Capacity			173,901
Water Authority Credits	147,135	147,135	147,135
Investment and Miscellaneous Revenues	44,703	90,389	115,555
<b>TOTAL REVENUES</b>	<b>\$ 3,699,716</b>	<b>\$ 3,650,673</b>	<b>\$ 3,499,233</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 145,524	\$ 142,558	\$ 138,872
Contracted Services	326,575	263,123	229,998
Purchased Wastewater Service	381,875	361,729	379,479
Utilities	119,733	109,725	110,603
Repairs and Maintenance	713,042	731,660	601,088
Water Authority Assessments	1,444,817	1,260,028	1,066,968
Other	203,674	227,638	252,710
Capital Outlay	1,027,958	392,846	253,138
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,363,198</b>	<b>\$ 3,489,307</b>	<b>\$ 3,032,856</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (663,482)</b>	<b>\$ 161,366</b>	<b>\$ 466,377</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In(Out)	\$ 97,450	\$ - 0 -	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (566,032)</b>	<b>\$ 161,366</b>	<b>\$ 466,377</b>
<b>BEGINNING FUND BALANCE</b>	5,132,855	4,971,489	4,505,112
<b>ENDING FUND BALANCE</b>	<b>\$ 4,566,823</b>	<b>\$ 5,132,855</b>	<b>\$ 4,971,489</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues						
2018	2017	2021	2020	2019	2018	2017		
\$ 796,048	\$ 595,683	29.0 %	27.7 %	21.9 %	24.7 %	19.8 %		
524,713	636,035	14.5	15.2	15.3	16.2	20.9		
601,706	582,334	17.1	17.5	17.8	18.6	19.1		
763,278	661,238	31.2	27.2	24.2	23.6	21.7		
75,289	43,993	0.1	2.0	2.8	2.3	1.4		
64,252	71,014	0.6	1.9	3.5	2.0	2.3		
80,806	72,755	2.3	2.0	2.0	2.5	2.4		
151,611	146,487			5.0	4.7	4.8		
147,135	147,135	4.0	4.0	4.2	4.5	4.8		
29,857	85,032	1.2	2.5	3.3	0.9	2.8		
<u>\$ 3,234,695</u>	<u>\$ 3,041,706</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 129,764	\$ 115,406	3.9 %	3.9 %	4.0 %	4.0 %	3.8 %		
248,363	230,088	8.8	7.2	6.6	7.7	7.6		
339,454	301,412	10.3	9.9	10.8	10.5	9.9		
121,389	120,188	3.2	3.0	3.2	3.8	4.0		
508,336	502,091	19.3	20.0	17.2	15.7	16.5		
932,927	850,178	39.1	34.5	30.5	28.8	28.0		
317,824	210,812	5.5	6.2	7.2	9.8	6.9		
75,889	5,689	27.8	10.8	7.2	2.3	0.2		
<u>\$ 2,673,946</u>	<u>\$ 2,335,864</u>	<u>117.9 %</u>	<u>95.5 %</u>	<u>86.7 %</u>	<u>82.6 %</u>	<u>76.9 %</u>		
<u>\$ 560,749</u>	<u>\$ 705,842</u>	<u>(17.9) %</u>	<u>4.5 %</u>	<u>13.3 %</u>	<u>17.4 %</u>	<u>23.1 %</u>		
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>							
\$ 560,749	\$ 705,842							
<u>3,944,363</u>	<u>3,238,521</u>							
<u>\$ 4,505,112</u>	<u>\$ 3,944,363</u>							

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2021	2020	2019
<b>REVENUES</b>			
Property Taxes	\$ 2,061,439	\$ 2,031,834	\$ 2,131,528
Penalty and Interest	56,962	20,626	33,106
Investment and Miscellaneous Revenues	<u>13,393</u>	<u>45,353</u>	<u>48,475</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,131,794</u>	<u>\$ 2,097,813</u>	<u>\$ 2,213,109</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 83,089	\$ 64,595	\$ 74,514
Debt Service Principal	1,390,000	1,325,000	830,000
Debt Service Interest and Fees	<u>758,577</u>	<u>809,533</u>	<u>852,514</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,231,666</u>	<u>\$ 2,199,128</u>	<u>\$ 1,757,028</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (99,872)</u>	<u>\$ (101,315)</u>	<u>\$ 456,081</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Issuance of Long-Term Debt	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (99,872)	\$ (101,315)	\$ 456,081
<b>BEGINNING FUND BALANCE</b>	<u>2,418,021</u>	<u>2,519,336</u>	<u>2,063,255</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 2,318,149</u>	<u>\$ 2,418,021</u>	<u>\$ 2,519,336</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>3,114</u>	<u>3,114</u>	<u>3,085</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u><u>3,113</u></u>	<u><u>3,080</u></u>	<u><u>3,084</u></u>

See accompanying independent auditor's report.



		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 2,058,182	\$ 2,209,726	96.7 %	96.8 %	96.3 %	96.1 %	98.4 %
35,038	33,631	2.7	1.0	1.5	1.6	1.5
48,852	3,068	0.6	2.2	2.2	2.3	0.1
<u>\$ 2,142,072</u>	<u>\$ 2,246,425</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 69,642	\$ 73,050	3.9 %	3.1 %	3.4 %	3.3 %	3.3 %
2,005,000	1,195,000	65.2	63.2	37.5	93.6	53.2
963,284	585,993	35.6	38.6	38.5	45.0	26.1
<u>\$ 3,037,926</u>	<u>\$ 1,854,043</u>	<u>104.7 %</u>	<u>104.9 %</u>	<u>79.4 %</u>	<u>141.9 %</u>	<u>82.6 %</u>
<u>\$ (895,854)</u>	<u>\$ 392,382</u>	<u>(4.7) %</u>	<u>(4.9) %</u>	<u>20.6 %</u>	<u>(41.9) %</u>	<u>17.4 %</u>
<u>\$ - 0 -</u>	<u>\$ 396,191</u>					
\$ (895,854)	\$ 788,573					
2,959,109	2,170,536					
<u>\$ 2,063,255</u>	<u>\$ 2,959,109</u>					
<u>3,056</u>	<u>2,960</u>					
<u>3,053</u>	<u>2,927</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**MAY 31, 2021**

District Mailing Address - Harris County Municipal Utility District No. 109  
c/o Norton Rose Fulbright US LLP  
1301 McKinney Ave., Suite 5100  
Houston, TX 77010-3095

District Telephone Number - (713) 651-5151

<b>Board Members</b>	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended May 31, 2021</u>	<u>Expense Reimbursements for the year ended May 31, 2021</u>	<u>Title</u>
Owen H. Parker	05/20 – 05/24 (Elected)	\$ 7,050	\$ 591	President
Chris Green	05/20 – 05/24 (Elected)	\$ 4,950	\$ 802	Vice President
Cheryl Moore	05/18 – 05/22 (Elected)	\$ 2,850	\$ 329	Secretary
Robin Sulpizio	05/18 – 05/22 (Elected)	\$ 3,900	\$ 753	Assistant Secretary
Nancy Frank	03/18 – 05/22 (Appointed)	\$ 3,600	\$ 676	Assistant Secretary

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

The submission date of the most recent District Registration Form: June 5, 2019

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 20, 2003. Fees of Office are the amounts actually paid to a Director during the District’s current period.

See accompanying independent auditor’s report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 109**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**MAY 31, 2021**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2021</u>	<u>Title</u>
Norton Rose Fulbright US LLP	07/29/74	\$ 53,280	General Counsel
McCall Gibson Swedlund Barfoot PLLC	05/24/16	\$ 16,250	Auditor
Municipal Accounts & Consulting, L.P.	02/27/17	\$ 34,174	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/19/96	\$ 20,288	Delinquent Tax Attorney
Brown & Gay Engineers, Inc.	09/19/84	\$ 270,641	Engineer
Robert W. Baird & Co.	02/17/15	\$ -0-	Financial Advisor
Water Wastewater Management Services, Inc.	03/20/01	\$ 703,713	Operator
Bill Spencer	08/15/95	\$ 38,200	Tax Assessor/ Collector

See accompanying independent auditor's report.

