

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2022

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TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-9
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	10-13
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	14
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	15-16
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	17
NOTES TO THE FINANCIAL STATEMENTS	18-36
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	38
SUPPLEMENTARY INFORMATION - REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	40-42
GENERAL FUND EXPENDITURES	43
INVESTMENTS	44
TAXES LEVIED AND RECEIVABLE	45-46
LONG-TERM DEBT SERVICE REQUIREMENTS	47-58
CHANGES IN LONG-TERM BOND DEBT	59-62
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	63-66
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	67-68

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 285
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 285 (the "District") as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 March 31, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Board of Directors
Harris County Municipal Utility District No. 285

Supplementary 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 an 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

July 25, 2022

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022**

Management’s discussion and analysis of Harris County Municipal Utility District No. 285’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended March 31, 2022. 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 Fund Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District’s assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District 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 acquisition or construction of facilities and related costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022**

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in 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"). 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 \$6,694,215 as of March 31, 2022.

A portion of the District's net position reflects its net investment in capital assets (land, buildings and equipment as well as water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding).

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 18,866,472	\$ 17,733,516	\$ 1,132,956
Capital Assets (Net of Accumulated Depreciation)	44,496,451	46,030,999	(1,534,548)
Total Assets	\$ 63,362,923	\$ 63,764,515	\$ (401,592)
Deferred Outflows of Resources	\$ 1,592,269	\$ 1,505,583	\$ 86,686
Due to Developers	\$ 843,971	\$ 728,971	\$ (115,000)
Long-Term Liabilities	54,336,513	55,778,179	1,441,666
Other Liabilities	3,080,493	3,039,713	(40,780)
Total Liabilities	\$ 58,260,977	\$ 59,546,863	\$ 1,285,886
Net Position:			
Net Investment in Capital Assets	\$ (10,659,107)	\$ (10,361,906)	\$ (297,201)
Restricted	6,863,990	6,548,738	315,252
Unrestricted	10,489,332	9,536,403	952,929
Total Net Position	\$ 6,694,215	\$ 5,723,235	\$ 970,980

The following table provides a summary of the District's operations for the years ended March 31, 2022, and March 31, 2021.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 6,098,738	\$ 5,691,101	\$ 407,637
Sales Tax Receipts	1,008,980	806,886	202,094
Charges for Services	2,619,478	2,748,964	(129,486)
Other Revenues	43,362	55,006	(11,644)
Total Revenues	\$ 9,770,558	\$ 9,301,957	\$ 468,601
Expenses for Services	(8,510,121)	(8,132,877)	(377,244)
Economic Development Grant	(289,457)	(255,856)	(33,601)
Change in Net Position	\$ 970,980	\$ 913,224	\$ 57,756
Net Position, Beginning of Year	5,723,235	4,810,011	913,224
Net Position, End of Year	\$ 6,694,215	\$ 5,723,235	\$ 970,980

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2022, were \$17,603,211, an increase of \$1,356,002 from the prior year.

The General Fund fund balance increased by \$1,006,201, primarily due to revenues exceeding expenditures.

The Debt Service Fund fund balance increased by \$360,806, primarily due to the structure of the District's outstanding debt and proceeds from the sale of the Series 2021A Refunding and Series 2021B Refunding bonds.

The Capital Projects Fund fund balance decreased by \$11,005, primarily due to professional fees exceeding interest earned.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the fiscal year. Actual revenues were \$860,488 more than budgeted revenues primarily due to higher than anticipated property tax, tap connection and inspection revenues as well as service revenues. Actual expenditures were \$114,300 less than budgeted expenditures primarily due to less repairs and maintenance than budgeted.

CAPITAL ASSETS

Capital assets as of March 31, 2022, total \$44,496,451 (net of accumulated depreciation) and include land, buildings and equipment as well as the water, wastewater and drainage systems.

Significant capital asset events during the current fiscal year included the following:

Construction in Progress:

- Water Plant Storm Water Pump Station & Force Main
- Water Plant No. 1, Phase 3

Completed Projects/Purchases:

- Liberty Lakes Lift Station Expansion

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022**

CAPITAL ASSETS (Continued)

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 3,003,817	\$ 3,003,817	\$
Construction in Progress	61,022	194,537	(133,515)
Capital Assets, Net of Accumulated Depreciation:			
Water System	8,712,742	9,036,747	(324,005)
Wastewater System	19,836,437	20,482,841	(646,404)
Drainage System	10,491,282	10,809,147	(317,865)
Capacity Interest in North Channel Water Authority Distribution System	1,509,662	1,582,424	(72,762)
Capacity Interest in Harris County FWSD No. 51 Water Plants	<u>881,489</u>	<u>921,486</u>	<u>(39,997)</u>
Total Net Capital Assets	<u>\$ 44,496,451</u>	<u>\$ 46,030,999</u>	<u>\$ (1,534,548)</u>

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

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$55,800,000. The changes in the debt position of the District during the fiscal year ended March 31, 2022, are summarized as follows:

Bond Debt Payable, April 1, 2021	\$ 57,295,000
Add: Bond Sale	12,955,000
Less: Bond Principal Paid/Refunded	<u>14,450,000</u>
Bond Debt Payable, March 31, 2022	<u>\$ 55,800,000</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2022**

LONG-TERM DEBT ACTIVITY (Continued)

The District’s bonds issued prior to March 31, 2017 have an underlying rating of “BBB+” from S&P Global Ratings (“S&P”). The Series 2017, Series 2017 Refunding, Series 2018 Series 2019, Series 2020, Series 2021A Refunding and Series 2021B Refunding bonds have an underlying rate of “A2” from Moody’s Investors Service.

The Series 2016 Refunding, Series 2017 Refunding, Series 2020 Refunding, Series 2021A Refunding and Series 2021B Refunding bonds carry an insured rating of “AA” from S&P by virtue of bond insurance issued by Assured Guaranty Municipal Corporation (“AGMC”).

The Series 2014 Refunding, Series 2015 Refunding, Series 2016, Series 2017, Series 2018 and Series 2019 bonds carry an insured rating of “AA” from S&P by virtue of bond insurance issued by Build America Mutual Assurance Company (“BAM”).

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. 285, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2022

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 412,514	\$ 141,077
Investments	10,334,969	6,766,815
Receivables:		
Property Taxes	56,136	111,649
Sales Tax Receipts	217,127	
Penalty and Interest on Delinquent Taxes		
Service Accounts	200,487	
Accrued Interest		2,322
Other	2,400	
Due from Other Funds	14,334	3,894
Prepaid Costs	69,471	
Advance for Water Plant Operations	20,739	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 11,328,177	\$ 7,025,757
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 11,328,177	\$ 7,025,757

The accompanying notes 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>
\$ 17,179	\$ 570,770	\$	\$ 570,770
390,478	17,492,262		17,492,262
	167,785		167,785
	217,127		217,127
		32,830	32,830
	200,487		200,487
	2,322		2,322
	2,400		2,400
	18,228	(18,228)	
	69,471	90,279	159,750
	20,739		20,739
		3,003,817	3,003,817
		61,022	61,022
		<u>41,431,612</u>	<u>41,431,612</u>
<u>\$ 407,657</u>	<u>\$ 18,761,591</u>	<u>\$ 44,601,332</u>	<u>\$ 63,362,923</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 1,592,269</u>	<u>\$ 1,592,269</u>
<u>\$ 407,657</u>	<u>\$ 18,761,591</u>	<u>\$ 46,193,601</u>	<u>\$ 64,955,192</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2022

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 188,602	\$
Accrued Interest Payable		
Due to Other Governments	164,880	
Due to Developers		
Due to Other Funds	3,894	14,334
Due to Taxpayers		43,913
Security Deposits	571,748	
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	\$ 929,124	\$ 58,247
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 56,136	\$ 111,649
 FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 69,471	\$
Advance for Water Plant Operations	20,739	
Restricted for Authorized Construction		
Restricted for Debt Service		6,855,861
Unassigned	10,252,707	
TOTAL FUND BALANCES	\$ 10,342,917	\$ 6,855,861
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,328,177	\$ 7,025,757
 NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 188,602	\$	\$ 188,602
		136,350	136,350
	164,880		164,880
3,224	3,224	840,747	843,971
	18,228	(18,228)	
	43,913		43,913
	571,748		571,748
		1,975,000	1,975,000
		54,336,513	54,336,513
<u>3,224</u>	<u>990,595</u>	<u>57,270,382</u>	<u>58,260,977</u>
\$ - 0 -	\$ 167,785	\$ (167,785)	\$ - 0 -
\$	\$ 69,471	\$ (69,471)	\$
	20,739	(20,739)	
404,433	404,433	(404,433)	
	6,855,861	(6,855,861)	
	10,252,707	(10,252,707)	
<u>404,433</u>	<u>17,603,211</u>	<u>(17,603,211)</u>	<u>- 0 -</u>
<u>407,657</u>	<u>18,761,591</u>		
		\$ (10,659,107)	\$ (10,659,107)
		6,863,990	6,863,990
		10,489,332	10,489,332
		<u>6,694,215</u>	<u>6,694,215</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2022**

Total Fund Balances - Governmental Funds \$ 17,603,211

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

Bond insurance premiums paid at closing are amortized over the term of the refunding bonds. 90,279

Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 44,496,451

The difference between the net carrying amount of the refunded bonds and the reacquisition price is recorded as a deferred outflow of resources in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 1,592,269

Deferred inflows of resources related to tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2021 and prior tax levies became part of recognized revenues in the governmental activities of the District. 200,615

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 Developers	\$ (840,747)	
Accrued Interest Payable	(136,350)	
Bonds Payable	<u>(56,311,513)</u>	<u>(57,288,610)</u>

Total Net Position - Governmental Activities \$ 6,694,215

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2022

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 2,221,427	\$ 3,960,889
Sales Tax Receipts	1,008,980	
Water Service	1,258,199	
Wastewater Service	1,221,399	
Tap Connection and Inspection Fees	68,840	
Penalty and Interest	20,222	59,102
Investment and Miscellaneous Revenues	35,234	7,974
TOTAL REVENUES	\$ 5,834,301	\$ 4,027,965
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 270,923	\$ 21,842
Contracted Services	1,112,544	96,165
Purchased Water Service	1,183,679	
Utilities	256,472	
Repairs and Maintenance	1,149,251	
Depreciation		
Other	565,774	35,002
Capital Outlay		
Developer Interest		
Economic Development Grant	289,457	
Debt Service:		
Bond Principal		1,925,000
Bond Interest		1,584,150
Bond Issuance Costs		491,928
TOTAL EXPENDITURES/EXPENSES	\$ 4,828,100	\$ 4,154,087
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,006,201	\$ (126,122)
OTHER FINANCING SOURCES (USES)		
Refunding Bonds	\$	\$ 12,955,000
Payment to Refunded Bond Escrow Agent		(12,756,075)
Bond Premium		288,003
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ 486,928
NET CHANGE IN FUND BALANCES	\$ 1,006,201	\$ 360,806
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION -		
APRIL 1, 2021	9,336,716	6,495,055
FUND BALANCES/NET POSITION -		
MARCH 31, 2022	\$ 10,342,917	\$ 6,855,861

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 6,182,316	\$ (83,578)	\$ 6,098,738
	1,008,980		1,008,980
	1,258,199		1,258,199
	1,221,399		1,221,399
	68,840		68,840
	79,324	(8,284)	71,040
154	43,362		43,362
<u>\$ 154</u>	<u>\$ 9,862,420</u>	<u>\$ (91,862)</u>	<u>\$ 9,770,558</u>
\$ 10,087	\$ 302,852	\$ 133,740	\$ 436,592
	1,208,709		1,208,709
	1,183,679		1,183,679
	256,472		256,472
	1,149,251		1,149,251
		1,516,033	1,516,033
847	601,623		601,623
225	225	(225)	
	289,457		289,457
	1,925,000	(1,925,000)	
	1,584,150	81,684	1,665,834
	491,928		491,928
<u>\$ 11,159</u>	<u>\$ 8,993,346</u>	<u>\$ (193,768)</u>	<u>\$ 8,799,578</u>
<u>\$ (11,005)</u>	<u>\$ 869,074</u>	<u>\$ 101,906</u>	<u>\$ 970,980</u>
\$	\$ 12,955,000	\$ (12,955,000)	\$
	(12,756,075)	12,756,075	
	288,003	(288,003)	
<u>\$ - 0 -</u>	<u>\$ 486,928</u>	<u>\$ (486,928)</u>	<u>\$ - 0 -</u>
\$ (11,005)	\$ 1,356,002	\$ (1,356,002)	\$
		970,980	970,980
415,438	16,247,209	(10,523,974)	5,723,235
<u>\$ 404,433</u>	<u>\$ 17,603,211</u>	<u>\$ (10,908,996)</u>	<u>\$ 6,694,215</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022**

Net Change in Fund Balances - Governmental Funds	\$ 1,356,002
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.	(83,578)
Governmental funds report delinquent tax penalty and interest when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.	(8,284)
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(1,516,033)
Governmental funds report capital costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.	(133,515)
Governmental funds report bond premiums as other financing uses in the year received. However, in the government-wide financial statements, bond premiums are amortized over the life of the bonds and the current year amortized portion is added to bond interest expense.	(288,003)
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.	1,925,000
Governmental funds report interest payments on long-term debt as expenditures. However, in the government-wide financial statements, interest is accrued on the long-term debt through fiscal year-end.	(81,684)
Governmental funds report bond proceeds as other financing sources. However, in the government-wide financial statements, issued debt increases long-term liabilities in the Statement of Net Position.	(12,955,000)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.	<u>12,756,075</u>
Change in Net Position - Governmental Activities	<u>\$ 970,980</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 285, located in Harris County, Texas (the “District”), was created by an Order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the “Commission”), effective January 8, 1986. 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, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and subject to approval of the Commission, the City of Houston, and the District voters, to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on February 18, 1986 and the first bonds were sold on February 28, 1995.

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 if an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation).
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses 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 Governmental Funds Balance Sheet and a Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

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

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

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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.

Capital Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost of \$5,000 or more and a useful life of two years or more. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was 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 wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

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

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

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The District's bonds payable at March 31, 2022, consist of the following unlimited tax bonds:

	<u>Refunding Series 2014</u>	<u>Refunding Series 2015</u>
Amount Outstanding – March 31, 2022	\$ 540,000	\$ 5,845,000
Interest Rates	2.50%	3.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2022	September 1, 2022/2029
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2021*	September 1, 2022*

* Or any date thereafter, callable at par plus accrued interest to the date fixed for redemption, in whole or in part, at the option of the District.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2016</u>	<u>Series 2016 Refunding</u>	<u>Series 2017</u>
Amount Outstanding – March 31, 2022	\$ 3,325,000	\$ 9,510,000	\$ 3,475,000
Interest Rates	3.25% - 4.50%	2.50% - 3.00%	3.25% - 3.75%
Maturity Dates – Beginning/Ending	September 1, 2022/2043	September 1, 2022/2036	September 1, 2022/2043
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2023*	September 1, 2023*	September 1, 2024*
	<u>Series 2017 Refunding</u>	<u>Series 2018</u>	
Amount Outstanding – March 31, 2022	\$ 4,690,000	\$ 4,450,000	
Interest Rates	3.00% - 4.00%	4.00% - 5.00%	
Maturity Dates - Beginning/Ending	September 1, 2022/2037	September 1, 2022/2043	
Interest Payment Dates	March 1/ September 1	March 1/ September 1	
Callable Dates	September 1, 2024*	September 1, 2023*	

* Or any date thereafter, callable at par plus accrued interest to the date fixed for redemption, in whole or in part, at the option of the District. The Series 2016 term bonds maturing on September 1, 2035 and September 1, 2038 are scheduled for mandatory redemption beginning September 1, 2031 and September 1, 2036, respectively. The Series 2016 Refunding term bonds maturing on September 1, 2027, September 1, 2030 and September 1, 2036 are scheduled for mandatory redemption beginning September 1, 2024, September 1, 2028 and September 1, 2033, respectively. The Series 2017 term bonds maturing on September 1, 2032 and September 1, 2037 are scheduled for mandatory redemption beginning September 1, 2027 and September 1, 2033, respectively. The Series 2017 Refunding term bonds maturing on September 1, 2028, September 1, 2030 and September 1, 2037 are scheduled for mandatory redemption beginning September 1, 2025, September 1, 2029 and September 1, 2031, respectively. The Series 2018 term bonds maturing on September 1, 2038, are scheduled for mandatory redemption beginning September 1, 2033.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2019</u>	<u>Series 2020 Refunding</u>	<u>Series 2021A Refunding</u>	<u>Series 2021B Refunding</u>
Amount Outstanding – March 31, 2022	\$ 2,900,000	\$ 8,225,000	\$ 9,000,000	\$ 3,840,000
Interest Rates	2.00% - 3.00%	2.00% - 4.00%	1.00% - 4.00%	2.00% - 3.00%
Maturity Dates - Beginning/Ending	September 1, 2022/2043	September 1, 2022/2032	September 1, 2022/2034	September 1, 2022/2041
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2024*	September 1, 2025*	September 1, 2026*	September 1, 2026*

* Or any date thereafter, callable at par plus accrued interest to the date fixed for redemption, in whole or in part, at the option of the District. The Series 2019 term bonds maturing on September 1, 2037, September 1, 2039, September 1, 2041 and September 1, 2043 are scheduled for mandatory redemption beginning September 1, 2030, September 1, 2038, September 1, 2040 and September 1, 2042, respectively. The Series 202B Refunding term bonds maturing on September 1, 2029, September 1, 2033, September 1, 2036 and September 1, 2038 are scheduled for mandatory redemption beginning September 1, 2027, September 1, 2030, September 1, 2034 and September 1, 2037, respectively.

The following is a summary of transactions regarding the changes in long-term liabilities for the year ended March 31, 2022:

	<u>April 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31, 2022</u>
Bonds Payable	\$ 57,295,000	\$ 12,955,000	\$ 14,450,000	\$ 55,800,000
Unamortized Discounts	(379,282)		(72,796)	(306,486)
Unamortized Premiums	<u>672,461</u>	<u>288,003</u>	<u>142,465</u>	<u>817,999</u>
Bonds Payable, Net	<u>\$ 57,588,179</u>	<u>\$ 13,243,003</u>	<u>\$ 14,519,669</u>	<u>\$ 56,311,513</u>
		Amount Due Within One Year		\$ 1,975,000
		Amount Due After One Year		<u>54,336,513</u>
		Bonds Payable, Net		<u>\$ 56,311,513</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 3. LONG-TERM DEBT (Continued)

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

Fiscal Year	Principal	Interest	Total
2023	\$ 1,975,000	\$ 1,613,207	\$ 3,588,207
2024	2,030,000	1,544,627	3,574,627
2025	2,090,000	1,479,735	3,569,735
2026	2,165,000	1,408,166	3,573,166
2027	2,235,000	1,337,947	3,572,947
2028-2032	12,160,000	5,831,967	17,991,967
2033-2037	14,995,000	4,210,094	19,205,094
2038-2042	12,650,000	1,976,734	14,626,734
2043-2044	5,500,000	203,423	5,703,423
	<u>\$ 55,800,000</u>	<u>\$ 19,605,900</u>	<u>\$ 75,405,900</u>

As of March 31, 2022, the District had authorized but unissued bonds in the amount of \$30,215,000 for utility facilities and \$33,128,224 for refunding bonds, \$31,200,000 for roads in the defined area, and \$31,200,000 for refunding bonds in the defined area.

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 the rate or amount.

During the year ended March 31, 2022, the District levied an ad valorem debt service tax at the rate of \$0.41 per \$100 of assessed valuation, which resulted in a tax levy of \$3,930,048 on the adjusted taxable valuation of \$958,550,347 for the 2021 tax year. The bond resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes; see Note 7 for maintenance tax levy.

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

Defined Area

Pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property of the District to pay for improvements, facilities or services that primarily benefit that area. On May 10, 2021, the District approved the creation of a defined area.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 3. LONG-TERM DEBT (Continued)

Defined Area (Continued)

At an election within the District on May 1, 2021 the voters authorized \$31,200,000 principal amount of bonds to finance roads within the Defined Area and \$31,200,000 principal amount of bonds for refunding purposes within the Defined Area. Any bonds issued for the Defined Area shall be payable solely from a tax levied within the boundaries of the Defined Area and not on any other part of the District.

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

The bond resolutions state that any profits realized from or interest accruing on investments shall belong to the fund from which the monies for such investments were taken; provided, however, that at the discretion of the Board of Directors, the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

The bond resolutions state that the District is required to provide to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”) continuing disclosure of certain annual financial information and operating data with respect to the District. The information, along with the audited annual financial statements, must be filed within six months after the end of each fiscal year of the District.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of each use.

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 \$1,660,822 and the bank balance was \$1,706,600. The District was not exposed to custodial credit risk at year-end.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2022, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 412,514	\$	\$ 412,514
DEBT SERVICE FUND	141,077	1,090,052	1,231,129
CAPITAL PROJECTS FUND	17,179		17,179
TOTAL DEPOSITS	\$ 570,770	\$ 1,090,052	\$ 1,660,822

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of March 31, 2022, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years		
		Less Than 1	1-5	6-10
<u>GENERAL FUND</u>				
TexPool	\$ 10,334,969	\$ 10,334,969	\$	\$
<u>DEBT SERVICE FUND</u>				
TexPool	5,676,763	5,676,763		
Certificates of Deposit	1,090,052	1,090,052		
<u>CAPITAL PROJECTS FUND</u>				
TexPool	390,478	390,478		
TOTAL INVESTMENTS	<u>\$ 17,492,262</u>	<u>\$ 17,492,262</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2022, the District's investment in TexPool was rated "AAAm" by Standard and Poor's. The District also manages credit risk by 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 investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest risk by investing in certificates of deposit with maturities of approximately one year or less.

Restrictions

All cash and investments of the Debt Service Fund are restricted for payment of debt service and 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. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2022:

	April 1, 2021	Increases	Decreases	March 31, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 3,003,817	\$	\$	\$ 3,003,817
Construction in Progress	<u>194,537</u>	<u>115,225</u>	<u>248,740</u>	<u>61,022</u>
Total Capital Assets Not Being Depreciated	<u>\$ 3,198,354</u>	<u>\$ 115,225</u>	<u>\$ 248,740</u>	<u>\$ 3,064,839</u>
Capital Assets Subject to Depreciation				
Water System	\$ 12,759,635	\$	\$	\$ 12,759,635
Wastewater System	29,344,397	115,000		29,459,397
Drainage System	14,303,916			14,303,916
Capacity Interest in North Channel Water Authority Distribution System	2,862,700			2,862,700
Capacity Interest in Harris County FWSD No. 51 Water Plants	<u>1,741,218</u>			<u>1,741,218</u>
Total Capital Assets Subject to Depreciation	<u>\$ 61,011,866</u>	<u>\$ 115,000</u>	<u>\$ - 0 -</u>	<u>\$ 61,126,866</u>
Accumulated Depreciation				
Water System	\$ 3,722,888	\$ 324,005	\$	\$ 4,046,893
Wastewater System	8,861,556	761,404		9,622,960
Drainage System	3,494,769	317,865		3,812,634
Capacity Interest in North Channel Water Authority Distribution System	1,280,276	72,762		1,353,038
Capacity Interest in Harris County FWSD No. 51 Water Plants	<u>819,732</u>	<u>39,997</u>		<u>859,729</u>
Total Accumulated Depreciation	<u>\$ 18,179,221</u>	<u>\$ 1,516,033</u>	<u>\$ - 0 -</u>	<u>\$ 19,695,254</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 42,832,645</u>	<u>\$ (1,401,033)</u>	<u>\$ - 0 -</u>	<u>\$ 41,431,612</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 46,030,999</u>	<u>\$ (1,285,808)</u>	<u>\$ 248,740</u>	<u>\$ 44,496,451</u>

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

NOTE 7. MAINTENANCE TAX

On January 19, 1991, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.95 per \$100 of assessed valuation of taxable property within the District. During the year ended March 31, 2022, the District levied an ad valorem maintenance tax at the rate of \$0.23 per \$100 of assessed valuation, which resulted in a tax levy of \$2,204,661 on the adjusted taxable valuation of \$958,550,347 for the 2021 tax year. This maintenance tax is deposited to the General Fund and used to pay expenditures of operating the District's waterworks and sanitary sewer systems.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 7. MAINTENANCE TAX (Continued)

Defined Area

Pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property of the District to pay for improvements, facilities or services that primarily benefit that area. On May 10, 2021, the District approved the creation of a defined area (See Note 3).

The District is authorized to levy a maintenance tax of \$1.50 per \$100 of assessed valuation for property within the Defined Area, in addition to the District's debt service and maintenance tax rates applicable to the remainder of the District. During the fiscal year ended March 31, 2022, the District did not levy an ad valorem maintenance tax for the 2021 tax year.

NOTE 8. DEVELOPER REIMBURSEMENT AGREEMENTS

The District has entered into various agreements with developers to finance the cost of construction of facilities to serve customers within the District. The cost basis of projects funded by the developers and the related liability are not recorded in the government-wide financial statements until the project is completed and ready for use and the District operates or maintains the facility. Amounts reported by the developers, if any, are estimates. Actual amounts will vary.

The total liability recorded to the developers at March 31, 2022, was \$843,971. Reimbursement for the projects is subject to approval by the Commission and future bond sales.

Projects:	Due to Developers March 31, 2022
Fund Financials:	
N500 Excavation	\$ 3,224
 Entity Wide:	
Engineering	11,315
N500 Excavation	14,709
Trunkline Extension from Beltway 8 to Wastewater Treatment Plant No. 2	62,369
Sanitary/Storm Sewer - Beltway 8/US 90 - Reserve A & B	546,964
New Forest Parkway, Section 1	90,390
Liberty Lakes Lift Station Expansion	115,000
	\$ 843,971

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 9. CONTRACT FOR SURFACE WATER CONVERSION PLAN

On June 6, 1991, the District entered into a Regional Water Supply Contract with the North Channel Water Authority (the "Authority") agreeing to participate in a plan whereby the Authority would construct distribution lines to convey surface water to the participants and would initially purchase treated surface water from the City of Houston, Texas. This enables the District to meet the requirements of the Harris-Galveston Subsidence District ("HGSD") for conversion to 80 percent surface water. The Authority's plan also anticipated possible additional acquisitions of surface water and construction of additional water distribution lines in the future that will enabled the District to remain in compliance with HGSD requirements through the year 2021. The Authority shall be the owner and operator of the system.

The Authority issued \$7,670,000 of Series 1993 revenue bonds for the purpose of financing the capital costs of the initial project. The District chose to contribute cash in lieu of participating in the bond financing. In return for its contract share of the capital costs of the system, the District acquired 700,000 gallons per day capacity in the first phase of the Authority's surface water distribution system.

On January 11, 1993, the District executed the First Amendment to the Regional Water Supply Contract extending the time the Authority has to issue its Initial Bonds from within one year of June 6, 1991, to within three years of June 6, 1991. This amendment was retroactive to June 6, 1991.

On March 11, 1993, the District executed the Second Amendment to the Regional Water Supply Contract requiring the District, if necessary, to use maintenance tax revenue to supplement its system revenue to pay operating costs related to its water and sewer system so that system revenues will be sufficient to pay the District's obligations under this contract. However, maintenance or any other ad valorem tax revenue shall never be pledged to meet these obligations. Beginning January 1, 1995, the participants are billed quarterly for their pro rata share of operating costs.

On January 9, 1996, the District executed the Third Amendment to the Regional Water Supply Contract to include in operating costs any amounts paid to the HGSD or any other entity or person for the purchase of ground water withdrawal credits.

Connection of the participants to the surface water supply system was completed in December 1996. The cost of water from the Authority is \$1.50 per 1,000 gallons.

On June 9, 1998, the District executed a letter agreement with the Authority to add a participant and revise capacity ownership.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 9. CONTRACT FOR SURFACE WATER CONVERSION PLAN (Continued)

On March 1, 2001, the District executed the First Restated Water Supply Contract with the Authority to include financing and construction of an expansion project. The District entered into a Financing and Reimbursement Agreement with New Forest Properties, L.P. (the “Developer”), whereby the Developer agreed to pay portions of the expansion project costs directly to the Authority, if necessary. The District agreed to pay the costs from existing funds and bond proceeds, if available. The District agreed to reimburse the Developer from a future bond sale subject to annexation of property and other terms and conditions of the agreement.

By letter agreement dated November 17, 2004, the District and the Authority agreed to increase the District’s share of the proposed expansion project in order to provide capacity for additional developers within the District. Those developers agreed to each advance funds or a letter of credit to the District to secure the developers’ obligations to fund their respective pro rata shares of such increased capacity. The District agreed to reimburse the developers from future bond sales, subject to the satisfaction of certain regulatory and financial conditions.

During the fiscal year ended March 31, 2007, the District paid \$2,480,538 to the Authority for the current amount due for the expansion project. Of these funds, \$1,579,855 was paid from the Capital Projects Fund for Ley Development Company’s portion of the expansion project. \$900,683 was paid using funds collected from KB Home Lone Star, LP and FVNA Properties, Ltd. KB Home Lone Star, LP was reimbursed from the Series 2009 bond issue. FVNA Properties Ltd. was reimbursed from the Series 2010 bond issue.

NOTE 10. WATER SUPPLY CONTRACT

The District approved a Joint Water Supply Contract dated May 1, 1997 with Harris County Fresh Water Supply District No. 51 (“District No. 51”). The contract provides for District No. 51 to sell 700,000 gallons per day of capacity in its water plants to the District. In exchange for the capacity, the District was solely responsible for the design and construction of certain water plant modifications. The District was also responsible for the construction of an interconnect and water line extension to connect to District No. 51’s water system.

On August 8, 2007, the District executed a supplement to this contract to provide for the expansion of the initial water plants and the allocation of costs associated with the construction, operation, and maintenance. In addition, District No. 51 wanted to supplement the existing contract to provide for the interim lease of capacity to the District in the initial water plants until construction of the first expansion was completed.

The District was solely responsible for the construction costs of the first expansion on property owned by the District. The District owns legal title to the first expansion for the benefit of the District and District No. 51 (after any initial operation period). After the first expansion, the water plants have capacity to serve 3,530,000 gpd. The first expansion was completed in November 2010. The water plants will be operated by District No. 51 pursuant to terms of the existing contract.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 10. WATER SUPPLY CONTRACT (Continued)

Effective as of December 16, 2013, the District executed a second supplement to this contract to provide for the addition of a 1,200 gpm booster pump. The District was solely responsible for the costs of the booster pump addition, after which the water plants will have capacity to serve 3,919,160 gpd.

District No. 51 is responsible for the operation and maintenance of the facilities and holds title to all capacity in the facilities for the benefit of both districts. Operating costs are billed monthly based upon the total number of gallons supplied to the District during the month, based upon the combined meter reading of all meters in the District, times 1.10, plus the amount of water lost in the District due to any line breakage in the District during the month divided by the total number of gallons produced by the water plants during the month. Each District pays its pro rata share of an operating reserve based upon three months' average operating costs. The term of the contract is 40 years.

The District began purchasing water from District No. 51 in June 1999, at which time a Special Revenue Fund was established by District No. 51. The District advanced \$20,739 to District No. 51 for its pro rata share of the operating reserve. During the current fiscal year, the District recorded expenditures of \$1,183,679 for water purchased from District No. 51. Of these expenditures, \$162,055 is recorded as a payable at fiscal year-end.

The following summary financial data on the joint water plant operations is presented for the fiscal year ended June 30, 2021. Separate financial statements are not issued on the joint venture.

	Joint Venture
Total Assets	\$ 482,831
Total Liabilities	254,681
Total Fund Balance	\$ 228,150
Total Revenues	\$ 2,811,774
Total Expenditures	2,811,774
Net Change in Fund Balance	\$ - 0 -
Fund Balance - July 1, 2020	228,150
Fund Balance - June 30, 2021	\$ 228,150

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error 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 12. INTERFUND BALANCES AND TRANSFERS

At March 31, 2022, the General Fund owed the Debt Service Fund \$3,894 for excess refunding bond proceeds. The Debt Service Fund (Tax Account) owed the General Fund \$14,334 for maintenance tax collections. This is a timing difference.

NOTE 13. ECONOMIC DEVELOPMENT AGREEMENT

On July 28, 2008, the District entered into an economic development agreement for The Shops at Stone Park (the "Agreement") to provide a performance-based Economic Development Grant ("grant") to Ley-Lane Partnership No. 9 to defray a portion of the costs incurred to develop and construct a multi-tenant commercial and retail development to be known as The Shops at Stone Park. The District is authorized to use the money it receives under a strategic partnership agreement ("SPA") with the City of Houston for this purpose. The amount of the grant will be equal to the actual costs to construct the project improvements, defined in the Agreement, as verified by the District's auditor, plus interest costs limited to two years at the net effective interest rate of the District's most recent bond issue. The District's auditor prepared a report dated April 13, 2010, which reflects a total grant amount of \$7,422,259. The grant shall be paid solely from sales tax receipts collected on the property. The District shall pay the grant in quarterly installments beginning on January 15, 2010. Grant payments shall cease 28 years from the effective date of the Agreement or upon full payment of the grant, whichever occurs first. The District has paid \$3,263,725 to the developer, of which \$289,457 was paid during the current fiscal year.

NOTE 14. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 13, 2010, the District entered into a Second Amended and Restated 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, 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. The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 14. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

All taxable property within the District shall not be liable for any present or future debts of the City, and current and future taxes levied by the City shall not be levied on taxable property within the District. Upon the limited-purpose annexation of the Tract, the City's municipal courts have jurisdiction to adjudicate cases filed under the most current section of the Fire Code and criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and State laws. Provisions of the Regulatory Plan adopted by the City are applicable to the Tract of land within the District. The District's assets, liabilities, indebtedness, and obligations remain the responsibility of the District during the period preceding full-purpose annexation.

After the Tract was annexed for limited purposes by the City, the qualified voters of the Tract may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the Tract. The City has imposed a Sales and Use Tax within the boundaries of the Tract subsequent to the District's limited-purpose annexation of the Tract. The Sales and Use Tax is 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 future amendments to Chapter 321 of the Tax Code.

The City agrees to pay to the District an amount equal to one-half of all Sales and Use Tax receipts generated within the boundaries of the Tract. The City agrees to deliver 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 current year, the District recorded \$1,008,980 in sales tax receipts, of which \$217,127 was receivable at year-end.

NOTE 15. REFUNDING BOND SALE

On June 8, 2021, the District closed on the sale of its \$9,075,000 Unlimited Tax Refunding Bonds, Series 2021A. Proceeds were used to refund: \$8,870,000 of the Series 2014 Refunding Bonds with interest rates of 2.50% - 4.00% and maturity dates of 2023 - 2034. The District also closed on the sale of its \$3,880,000 Unlimited Tax Refunding Bonds, Series 2021B. Proceeds were used to refund: \$705,000 of the Series 2011 Refunding Bonds with interest rates of 4.00% and maturity dates of 2022 - 2024, as well as \$2,950,000 of the Series 2014 Bonds with interest rates of 3.25% - 4.00% and maturity dates of 2022 - 2041. The refundings resulted in total gross debt service savings of \$2,105,716 and total net present value savings of \$1,757,662.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2022

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,722,813	\$ 2,221,427	\$ 498,614
Sales Tax Receipts	840,000	1,008,980	168,980
Water Service	1,241,000	1,258,199	17,199
Wastewater Service	1,090,000	1,221,399	131,399
Tap Connection and Inspection Fees	10,000	68,840	58,840
Penalty and Interest	30,000	20,222	(9,778)
Investment and Miscellaneous Revenues	40,000	35,234	(4,766)
TOTAL REVENUES	\$ 4,973,813	\$ 5,834,301	\$ 860,488
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 233,000	\$ 270,923	\$ (37,923)
Contracted Services	1,076,800	1,112,544	(35,744)
Purchased Water Service	1,100,000	1,183,679	(83,679)
Utilities	230,000	256,472	(26,472)
Repairs and Maintenance	1,430,000	1,149,251	280,749
Other	611,000	565,774	45,226
Economic Development Grant	261,600	289,457	(27,857)
TOTAL EXPENDITURES	\$ 4,942,400	\$ 4,828,100	\$ 114,300
NET CHANGE IN FUND BALANCE	\$ 31,413	\$ 1,006,201	\$ 974,788
FUND BALANCE - APRIL 1, 2021	9,336,716	9,336,716	
FUND BALANCE - MARCH 31, 2022	\$ 9,368,129	\$ 10,342,917	\$ 974,788

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

MARCH 31, 2022

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2022**

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	<u> X </u>	Security
<u> X </u>	Solid Waste/Garbage	_____	Flood Control	_____	Roads
<u> X </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
_____	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 1” METER (OR EQUIVALENT):

Based on the rate order effective February 21, 2022.

	<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 AND WASTEWATER:	\$ 37.00	10,000	N		
WATER:			N	\$ 1.50	10,001 and up
WASTEWATER:			N	\$ 1.50	10,001 and up
SURCHARGE:	\$ -0-				

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

Total monthly charges per 10,000 gallons usage: Water and Wastewater: \$37.00 Surcharge: \$-0- Total: \$37.00

See accompanying independent auditor’s report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2022**

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	<u>4</u>	<u>4</u>	x 1.0	<u>4</u>
≤¾"	<u>2,480</u>	<u>2,459</u>	x 1.0	<u>2,459</u>
1"	<u>40</u>	<u>40</u>	x 2.5	<u>100</u>
1½"	<u>18</u>	<u>18</u>	x 5.0	<u>90</u>
2"	<u>81</u>	<u>80</u>	x 8.0	<u>640</u>
3"	<u>3</u>	<u>3</u>	x 15.0	<u>45</u>
4"	<u>3</u>	<u>3</u>	x 25.0	<u>75</u>
6"	<u>9</u>	<u>9</u>	x 50.0	<u>450</u>
8"	<u>7</u>	<u>7</u>	x 80.0	<u>560</u>
10"	<u> </u>	<u> </u>	x 115.0	<u> </u>
Total Water Connections	<u><u>2,645</u></u>	<u><u>2,623</u></u>		<u><u>4,423</u></u>
Total Wastewater Connections	<u><u>2,534</u></u>	<u><u>2,514</u></u>	x 1.0	<u><u>2,514</u></u>

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

Gallons pumped into system:	-0-	Water Accountability Ratio: 91% (Gallons billed and sold/Gallons pumped and purchased)
Gallons purchased:	386,685,000	From: Harris County Fresh Water Supply District No. 51
Gallons billed to customers:	351,883,000	

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2022**

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 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. 285
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2022

PROFESSIONAL FEES:	
Auditing	\$ 23,000
Engineering	66,991
Legal	<u>180,932</u>
TOTAL PROFESSIONAL FEES	<u>\$ 270,923</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	<u>\$ 1,183,679</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 26,269
Operations and Billing	238,277
Security	297,468
Solid Waste Disposal	<u>550,530</u>
TOTAL CONTRACTED SERVICES	<u>\$ 1,112,544</u>
UTILITIES	<u>\$ 256,472</u>
REPAIRS AND MAINTENANCE	<u>\$ 1,149,251</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 26,850
Dues	700
Insurance	37,890
Office Supplies and Postage	51,584
Payroll Taxes	1,319
Travel and Meetings	9,671
Other	<u>11,867</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 139,881</u>
TAP CONNECTIONS	<u>\$ 19,110</u>
ECONOMIC DEVELOPMENT GRANT	<u>\$ 289,457</u>
OTHER EXPENDITURES:	
Chemicals	\$ 125,497
Laboratory Fees	111,317
Permit Fees	23,250
Inspection Fees	38,048
Regulatory Assessment	12,248
Sludge Hauling	<u>96,423</u>
TOTAL OTHER EXPENDITURES	<u>\$ 406,783</u>
TOTAL EXPENDITURES	<u>\$ 4,828,100</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
INVESTMENTS
MARCH 31, 2022

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 10,334,969	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 5,676,763	\$
Certificate of Deposit	XXXX0326	0.48%	05/02/22	240,000	1,051
Certificate of Deposit	XXXX4420	0.25%	07/03/22	248,403	461
Certificate of Deposit	XXXX2463	0.45%	09/26/22	106,420	244
Certificate of Deposit	XXXX3076	0.40%	11/30/22	246,880	328
Certificate of Deposit	XXXX1041	0.35%	12/22/22	248,349	238
TOTAL DEBT SERVICE FUND				<u>\$ 6,766,815</u>	<u>\$ 2,322</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 390,478	\$ - 0 -
TOTAL - ALL FUNDS				<u>\$ 17,492,262</u>	<u>\$ 2,322</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2022

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
APRIL 1, 2021	\$ 83,713		\$ 167,650	
Adjustments to Beginning				
Balance	<u>(10,811)</u>	\$ 72,902	<u>(25,160)</u>	\$ 142,490
Original 2021 Tax Levy	\$ 1,933,614		\$ 3,446,878	
Adjustment to 2021 Tax Levy	<u>271,047</u>	<u>2,204,661</u>	<u>483,170</u>	<u>3,930,048</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 2,277,563		\$ 4,072,538
TAX COLLECTIONS:				
Prior Years	\$ 54,706		\$ 98,473	
Current Year	<u>2,166,721</u>	<u>2,221,427</u>	<u>3,862,416</u>	<u>3,960,889</u>
TAXES RECEIVABLE -				
MARCH 31, 2022		<u>\$ 56,136</u>		<u>\$ 111,649</u>
TAXES RECEIVABLE BY				
YEAR:				
2021		\$ 37,940		\$ 67,632
2020		5,364		10,028
2019		3,592		7,183
2018		2,138		4,461
2017		1,804		3,843
2016		1,303		2,714
2015		758		3,963
2014		724		1,138
2013		399		1,515
2012		275		1,073
2011 and prior		<u>1,839</u>		<u>8,099</u>
TOTAL		<u>\$ 56,136</u>		<u>\$ 111,649</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2022

	2021	2020	2019	2018
PROPERTY VALUATIONS:				
Land	\$ 296,304,960	\$ 262,133,637	\$ 242,959,010	\$ 165,719,341
Improvements	719,309,177	667,078,889	643,541,120	617,812,060
Personal Property	46,803,634	41,144,424	42,314,037	39,212,731
Exemptions	<u>(103,867,424)</u>	<u>(87,674,479)</u>	<u>(87,843,620)</u>	<u>(61,499,155)</u>
TOTAL PROPERTY VALUATIONS	<u><u>\$ 958,550,347</u></u>	<u><u>\$ 882,682,471</u></u>	<u><u>\$ 840,970,547</u></u>	<u><u>\$ 761,244,977</u></u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.41	\$ 0.43	\$ 0.46	\$ 0.48
Maintenance**	<u>0.23</u>	<u>0.23</u>	<u>0.23</u>	<u>0.23</u>
TOTAL TAX RATES PER \$100 VALUATION	<u><u>\$ 0.64</u></u>	<u><u>\$ 0.66</u></u>	<u><u>\$ 0.69</u></u>	<u><u>\$ 0.71</u></u>
ADJUSTED TAX LEVY*	<u><u>\$ 6,134,709</u></u>	<u><u>\$ 5,825,691</u></u>	<u><u>\$ 5,802,684</u></u>	<u><u>\$ 5,404,826</u></u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u><u>98.28 %</u></u>	<u><u>99.74 %</u></u>	<u><u>99.81 %</u></u>	<u><u>99.88 %</u></u>

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

** Maintenance Tax – Maximum tax rate of \$0.95 per \$100 of assessed valuation approved by voters on January 19, 1991.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

SERIES - 2014 REFUNDING

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	\$ 540,000	\$ 13,500	\$ 553,500
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
	<u>\$ 540,000</u>	<u>\$ 13,500</u>	<u>\$ 553,500</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

SERIES - 2015 REFUNDING

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	\$ 690,000	\$ 165,000	\$ 855,000
2024	710,000	144,000	854,000
2025	735,000	122,325	857,325
2026	765,000	99,825	864,825
2027	790,000	76,500	866,500
2028	810,000	52,500	862,500
2029	845,000	27,675	872,675
2030	500,000	7,500	507,500
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
	<u>\$ 5,845,000</u>	<u>\$ 695,325</u>	<u>\$ 6,540,325</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

S E R I E S - 2 0 1 6

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	\$ 25,000	\$ 117,750	\$ 142,750
2024	25,000	116,625	141,625
2025	25,000	115,500	140,500
2026	25,000	114,375	139,375
2027	25,000	113,250	138,250
2028	25,000	112,125	137,125
2029	25,000	111,000	136,000
2030	25,000	109,875	134,875
2031	25,000	108,750	133,750
2032	25,000	107,781	132,781
2033	25,000	106,968	131,968
2034	25,000	106,156	131,156
2035	25,000	105,344	130,344
2036	25,000	104,531	129,531
2037	25,000	103,719	128,719
2038	25,000	102,906	127,906
2039	200,000	99,250	299,250
2040	200,000	92,750	292,750
2041	200,000	86,125	286,125
2042	200,000	79,250	279,250
2043	1,025,000	57,813	1,082,813
2044	1,100,000	19,937	1,119,937
	<u>\$ 3,325,000</u>	<u>\$ 2,191,780</u>	<u>\$ 5,516,780</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

SERIES - 2016 REFUNDING

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	\$ 45,000	\$ 281,438	\$ 326,438
2024	50,000	280,012	330,012
2025	50,000	278,638	328,638
2026	50,000	277,388	327,388
2027	50,000	276,137	326,137
2028	55,000	274,825	329,825
2029	55,000	273,381	328,381
2030	55,000	271,869	326,869
2031	60,000	270,287	330,287
2032	695,000	259,906	954,906
2033	725,000	239,475	964,475
2034	755,000	217,275	972,275
2035	775,000	194,325	969,325
2036	2,975,000	138,075	3,113,075
2037	3,115,000	46,725	3,161,725
2038			
2039			
2040			
2041			
2042			
2043			
2044			
	<u>\$ 9,510,000</u>	<u>\$ 3,579,756</u>	<u>\$ 13,089,756</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

S E R I E S - 2 0 1 7

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	\$ 25,000	\$ 124,625	\$ 149,625
2024	25,000	123,797	148,797
2025	25,000	122,953	147,953
2026	25,000	122,110	147,110
2027	25,000	121,266	146,266
2028	25,000	120,422	145,422
2029	25,000	119,578	144,578
2030	25,000	118,734	143,734
2031	25,000	117,891	142,891
2032	25,000	117,047	142,047
2033	25,000	116,203	141,203
2034	25,000	115,360	140,360
2035	25,000	114,516	139,516
2036	25,000	113,672	138,672
2037	25,000	112,828	137,828
2038	25,000	111,984	136,984
2039	500,000	102,812	602,812
2040	500,000	85,312	585,312
2041	500,000	67,812	567,812
2042	525,000	49,219	574,219
2043	525,000	29,531	554,531
2044	525,000	9,844	534,844
	<u>\$ 3,475,000</u>	<u>\$ 2,237,516</u>	<u>\$ 5,712,516</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

SERIES - 2017 REFUNDING

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	\$ 80,000	\$ 184,050	\$ 264,050
2024	80,000	181,650	261,650
2025	75,000	179,325	254,325
2026	75,000	176,700	251,700
2027	75,000	173,700	248,700
2028	75,000	170,700	245,700
2029	75,000	167,700	242,700
2030	75,000	164,700	239,700
2031	675,000	149,700	824,700
2032	70,000	134,800	204,800
2033	65,000	132,100	197,100
2034	65,000	129,500	194,500
2035	65,000	126,900	191,900
2036	65,000	124,300	189,300
2037	60,000	121,800	181,800
2038	3,015,000	60,300	3,075,300
2039			
2040			
2041			
2042			
2043			
2044			
	<u>\$ 4,690,000</u>	<u>\$ 2,377,925</u>	<u>\$ 7,067,925</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

S E R I E S - 2 0 1 8

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	25,000	180,500	\$ 205,500
2024	25,000	179,250	204,250
2025	25,000	178,125	203,125
2026	25,000	177,125	202,125
2027	25,000	176,125	201,125
2028	25,000	175,125	200,125
2029	25,000	174,125	199,125
2030	25,000	173,125	198,125
2031	25,000	172,125	197,125
2032	25,000	171,125	196,125
2033	25,000	170,125	195,125
2034	25,000	169,125	194,125
2035	25,000	168,125	193,125
2036	50,000	166,625	216,625
2037	50,000	164,625	214,625
2038	50,000	162,625	212,625
2039	600,000	149,625	749,625
2040	625,000	125,125	750,125
2041	650,000	99,625	749,625
2042	675,000	72,703	747,703
2043	700,000	44,344	744,344
2044	725,000	14,954	739,954
	<u>\$ 4,450,000</u>	<u>\$ 3,264,376</u>	<u>\$ 7,714,376</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

S E R I E S - 2 0 1 9

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	\$ 25,000	\$ 80,875	\$ 105,875
2024	25,000	80,250	105,250
2025	25,000	79,500	104,500
2026	25,000	78,750	103,750
2027	25,000	78,000	103,000
2028	25,000	77,250	102,250
2029	25,000	76,500	101,500
2030	25,000	75,750	100,750
2031	25,000	75,047	100,047
2032	25,000	74,391	99,391
2033	25,000	73,734	98,734
2034	25,000	73,078	98,078
2035	25,000	72,422	97,422
2036	25,000	71,766	96,766
2037	25,000	71,109	96,109
2038	25,000	70,453	95,453
2039	300,000	66,188	366,188
2040	400,000	57,000	457,000
2041	450,000	45,563	495,563
2042	450,000	33,188	483,188
2043	450,000	20,250	470,250
2044	450,000	6,750	456,750
	<u>\$ 2,900,000</u>	<u>\$ 1,437,814</u>	<u>\$ 4,337,814</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

SERIES - 2020 REFUNDING

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	\$ 225,000	\$ 184,300	\$ 409,300
2024	230,000	175,200	405,200
2025	245,000	165,700	410,700
2026	515,000	150,500	665,500
2027	535,000	134,850	669,850
2028	555,000	123,950	678,950
2029	560,000	112,800	672,800
2030	1,295,000	94,250	1,389,250
2031	1,325,000	68,050	1,393,050
2032	1,350,000	41,300	1,391,300
2033	1,390,000	13,900	1,403,900
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
	<u>\$ 8,225,000</u>	<u>\$ 1,264,800</u>	<u>\$ 9,489,800</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

SERIES - 2021A REFUNDING

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	\$ 25,000	\$ 198,481	\$ 223,481
2024	585,000	189,331	774,331
2025	600,000	171,556	771,556
2026	620,000	150,156	770,156
2027	645,000	128,081	773,081
2028	655,000	111,856	766,856
2029	665,000	101,981	766,981
2030	335,000	96,981	431,981
2031	335,000	93,003	428,003
2032	340,000	87,300	427,300
2033	330,000	80,600	410,600
2034	1,905,000	58,250	1,963,250
2035	1,960,000	19,600	1,979,600
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
	<u>\$ 9,000,000</u>	<u>\$ 1,487,176</u>	<u>\$ 10,487,176</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

SERIES - 2021B REFUNDING

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	\$ 270,000	\$ 82,688	\$ 352,688
2024	275,000	74,512	349,512
2025	285,000	66,113	351,113
2026	40,000	61,237	101,237
2027	40,000	60,038	100,038
2028	40,000	59,037	99,037
2029	40,000	58,238	98,238
2030	40,000	57,437	97,437
2031	40,000	56,638	96,638
2032	40,000	55,837	95,837
2033	40,000	55,038	95,038
2034	40,000	54,237	94,237
2035	40,000	53,438	93,438
2036	40,000	52,637	92,637
2037	35,000	51,888	86,888
2038	35,000	51,187	86,187
2039	580,000	45,038	625,038
2040	620,000	33,037	653,037
2041	630,000	20,538	650,538
2042	670,000	7,119	677,119
2043			
2044			
	<u>\$ 3,840,000</u>	<u>\$ 1,055,932</u>	<u>\$ 4,895,932</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2022

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending March 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	\$ 1,975,000	\$ 1,613,207	\$ 3,588,207
2024	2,030,000	1,544,627	3,574,627
2025	2,090,000	1,479,735	3,569,735
2026	2,165,000	1,408,166	3,573,166
2027	2,235,000	1,337,947	3,572,947
2028	2,290,000	1,277,790	3,567,790
2029	2,340,000	1,222,978	3,562,978
2030	2,400,000	1,170,221	3,570,221
2031	2,535,000	1,111,491	3,646,491
2032	2,595,000	1,049,487	3,644,487
2033	2,650,000	988,143	3,638,143
2034	2,865,000	922,981	3,787,981
2035	2,940,000	854,670	3,794,670
2036	3,205,000	771,606	3,976,606
2037	3,335,000	672,694	4,007,694
2038	3,175,000	559,455	3,734,455
2039	2,180,000	462,913	2,642,913
2040	2,345,000	393,224	2,738,224
2041	2,430,000	319,663	2,749,663
2042	2,520,000	241,479	2,761,479
2043	2,700,000	151,938	2,851,938
2044	2,800,000	51,485	2,851,485
	<u>\$ 55,800,000</u>	<u>\$ 19,605,900</u>	<u>\$ 75,405,900</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2022

Description	Original Bonds Issued	Bonds Outstanding April 1, 2021
Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2011	\$ 3,205,000	\$ 1,060,000
Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2013	9,615,000	175,000
Harris County Municipal Utility District No. 285 Unlimited Tax Bonds - Series 2014	3,080,000	2,975,000
Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2014	9,875,000	9,445,000
Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2015	9,790,000	6,865,000
Harris County Municipal Utility District No. 285 Unlimited Tax Bonds - Series 2016	3,430,000	3,350,000
Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2016	9,960,000	9,555,000
Harris County Municipal Utility District No. 285 Unlimited Tax Bonds - Series 2017	3,560,000	3,500,000
Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2017	5,115,000	4,745,000
Harris County Municipal Utility District No. 285 Unlimited Tax Bonds - Series 2018	4,460,000	4,460,000
Harris County Municipal Utility District No. 285 Unlimited Tax Bonds - Series 2019	2,900,000	2,900,000
Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2020	8,350,000	8,265,000

See accompanying independent auditor's report.

Current Year Transactions				Bonds Outstanding March 31, 2022	Paying Agent
Bonds Sold	Retirements				
	Principal	Interest			
\$	\$ 1,060,000	\$ 7,100	\$	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	175,000	2,625		The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	2,975,000	500		The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	8,905,000	13,937	540,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	1,020,000	185,550	5,845,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	25,000	118,875	3,325,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	45,000	282,788	9,510,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	25,000	125,438	3,475,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	55,000	185,800	4,690,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	10,000	181,375	4,450,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
		81,125	2,900,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	40,000	189,600	8,225,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2022

Description	Original Bonds Issued	Bonds Outstanding April 1, 2021
Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2021A	9,075,000	
Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2021B	3,880,000	
TOTAL	\$ 86,295,000	\$ 57,295,000
	New Money Bonds	Refunding Bonds
Bond Authority:		
Amount Authorized by Voters	\$ 101,690,000	\$ 37,550,000
Amount Issued	71,475,000	4,421,776
Remaining to be Issued	\$ 30,215,000	\$ 33,128,224
Debt Service Fund cash, investments and cash with paying agent balances as of March 31, 2022:		\$ 6,907,892
Average annual debt service payment (principal and interest) for remaining term of all debt:		\$ 3,427,541

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

See accompanying independent auditor's report.

Current Year Transactions			Bonds Outstanding March 31, 2022	Paying Agent
Bonds Sold	Retirements			
	Principal	Interest		
9,075,000	75,000	145,794	9,000,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>3,880,000</u>	<u>40,000</u>	<u>63,643</u>	<u>3,840,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ 12,955,000</u>	<u>\$ 14,450,000</u>	<u>\$ 1,584,150</u>	<u>\$ 55,800,000</u>	
Defined Area Road Bonds	Defined Area Refunding Bonds			
\$ 31,200,000	\$ 31,200,000			
<u>\$ 31,200,000</u>	<u>\$ 31,200,000</u>			

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 2,221,427	\$ 1,964,537	\$ 1,912,003
Sales Tax Receipts	1,008,980	806,886	860,229
Water Service	1,258,199	1,208,767	1,180,018
Wastewater Service	1,221,399	1,147,443	1,107,891
Tap Connection and Inspection Fees	68,840	339,073	194,847
Penalty and Interest	20,222	4,643	47,640
Investment and Miscellaneous Revenues	35,234	28,477	166,491
TOTAL REVENUES	\$ 5,834,301	\$ 5,499,826	\$ 5,469,119
EXPENDITURES			
Professional Fees	\$ 270,923	\$ 248,941	\$ 244,256
Contracted Services	1,112,544	1,056,868	1,010,917
Purchased Water Service	1,183,679	1,134,609	996,982
Utilities	256,472	228,372	215,677
Repairs and Maintenance	1,149,251	875,306	990,918
Other	565,774	668,971	602,624
Capital Outlay		34,629	6,882
Economic Development Grant	289,457	255,856	273,239
Debt Service:			
Bond Issuance Costs			
TOTAL EXPENDITURES	\$ 4,828,100	\$ 4,503,552	\$ 4,341,495
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,006,201	\$ 996,274	\$ 1,127,624
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ - 0 -	\$ - 0 -	\$ 11,375
NET CHANGE IN FUND BALANCE	\$ 1,006,201	\$ 996,274	\$ 1,138,999
BEGINNING FUND BALANCE	9,336,716	8,340,442	7,201,443
ENDING FUND BALANCE	\$ 10,342,917	\$ 9,336,716	\$ 8,340,442

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
\$ 1,757,808	\$ 1,544,731	38.1 %	35.6 %	34.9 %	33.9 %	31.5 %
892,830	912,816	17.3	14.7	15.7	17.2	18.7
1,144,258	1,111,643	21.6	22.0	21.6	22.1	22.7
1,082,220	1,046,333	20.9	20.9	20.3	20.9	21.4
106,002	143,540	1.2	6.2	3.6	2.0	2.9
46,078	43,023	0.3	0.1	0.9	0.9	0.9
157,994	91,404	0.6	0.5	3.0	3.0	1.9
<u>\$ 5,187,190</u>	<u>\$ 4,893,490</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 185,095	\$ 243,441	4.6 %	4.5 %	4.5 %	3.6 %	5.0 %
963,019	900,483	19.1	19.2	18.5	18.6	18.4
1,005,163	1,054,881	20.3	20.6	18.2	19.4	21.6
218,535	184,450	4.4	4.2	3.9	4.2	3.8
947,409	844,899	19.7	15.9	18.1	18.3	17.3
642,407	567,465	9.7	12.2	11.0	12.4	11.6
582,103	308,573		0.6	0.1	11.2	6.3
303,718	269,035	5.0	4.7	5.0	5.9	5.5
9,375	10,491				0.2	0.2
<u>\$ 4,856,824</u>	<u>\$ 4,383,718</u>	<u>82.8 %</u>	<u>81.9 %</u>	<u>79.3 %</u>	<u>93.8 %</u>	<u>89.7 %</u>
<u>\$ 330,366</u>	<u>\$ 509,772</u>	<u>17.2 %</u>	<u>18.1 %</u>	<u>20.7 %</u>	<u>6.2 %</u>	<u>10.3 %</u>
<u>\$ (250,324)</u>	<u>\$ 43,539</u>					
\$ 80,042	\$ 553,311					
<u>7,121,401</u>	<u>6,568,090</u>					
<u>\$ 7,201,443</u>	<u>\$ 7,121,401</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 3,960,889	\$ 3,673,089	\$ 3,826,555
Penalty and Interest	59,102	38,794	39,968
Investment and Miscellaneous Revenues	7,974	26,097	224,586
TOTAL REVENUES	\$ 4,027,965	\$ 3,737,980	\$ 4,091,109
EXPENDITURES			
Tax Collection Expenditures	\$ 148,759	\$ 114,219	\$ 124,618
Debt Service Principal	1,925,000	1,795,000	1,665,000
Debt Service Interest and Fees	1,588,400	1,856,368	2,005,970
Bond Issuance Costs	491,928	341,907	
TOTAL EXPENDITURES	\$ 4,154,087	\$ 4,107,494	\$ 3,795,588
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (126,122)	\$ (369,514)	\$ 295,521
OTHER FINANCING SOURCES (USES)			
Refunding Bonds	\$ 12,955,000	\$ 8,350,000	\$
Payment to Refunded Bond Escrow Agent	(12,756,075)	(8,155,419)	
Bond Premium	288,003	142,781	
TOTAL OTHER FINANCING SOURCES (USES)	\$ 486,928	\$ 337,362	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 360,806	\$ (32,152)	\$ 295,521
BEGINNING FUND BALANCE	6,495,055	6,527,207	6,231,686
ENDING FUND BALANCE	\$ 6,855,861	\$ 6,495,055	\$ 6,527,207
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,623	2,626	2,610
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,514	2,519	2,507

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
\$ 3,671,809	\$ 3,286,140	98.3 %	98.3 %	93.5 %	95.5 %	98.0 %
87,206	28,471	1.5	1.0	1.0	2.3	0.8
85,933	39,715	0.2	0.7	5.5	2.2	1.2
<u>\$ 3,844,948</u>	<u>\$ 3,354,326</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 141,882	\$ 107,717	3.7 %	3.1 %	3.0 %	3.7 %	3.2 %
1,615,000	1,520,000	47.8	48.0	40.7	42.0	45.3
1,829,162	1,763,034	39.4	49.7	49.0	47.6	52.6
	233,047	12.2	9.1			6.9
<u>\$ 3,586,044</u>	<u>\$ 3,623,798</u>	<u>103.1 %</u>	<u>109.9 %</u>	<u>92.7 %</u>	<u>93.3 %</u>	<u>108.0 %</u>
\$ 258,904	\$ (269,472)	<u>(3.1) %</u>	<u>(9.9) %</u>	<u>7.3 %</u>	<u>6.7 %</u>	<u>(8.0) %</u>
\$	\$ 5,115,000					
	(5,269,186)					
	298,127					
<u>\$ - 0 -</u>	<u>\$ 143,941</u>					
\$ 258,904	\$ (125,531)					
<u>5,972,782</u>	<u>6,098,313</u>					
<u>\$ 6,231,686</u>	<u>\$ 5,972,782</u>					
<u>2,615</u>	<u>2,599</u>					
<u>2,516</u>	<u>2,506</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2022

District Mailing Address - Harris County Municipal Utility District No. 285
c/o Allen Boone Humphries Robinson LLP
Phoenix Tower
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended <u>March 31, 2022</u>	Expense reimbursements for the year ended <u>March 31, 2022</u>	<u>Title</u>
Walter Knowles, Jr.	05/18 05/22 (Elected)	\$ 7,200	\$ 6,855	President/ Investment Officer
Jerry Allen	05/20 05/24 (Elected)	\$ 5,250	\$ 715	Vice President
Trina Francis	05/18 05/22 (Elected)	\$ 7,200	\$ 140	Assistant Vice President
Rosario Garza	05/18 05/22 (Elected)	\$ 7,200	\$ 112	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.

Submission date of most recent District Registration Form: May 23, 2022

The limit on Fees of Office that a Director may receive per fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on July 10, 2001. Fees of Office shown above are the amounts paid to a Director during the District's current fiscal year, and may include fees of office earned in the prior fiscal year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2022

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended March 31, 2022</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/28/03	\$ 158,959 \$ 143,706	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	03/28/88	\$ 23,000 \$ 1,500	Audit Related AUP/Bond Related
Myrtle Cruz, Inc.	11/11/98	\$ 35,090	Bookkeeper
Perdue Brandon Fielder Collins & Mott LLP	03/12/96	\$ 20,201	Delinquent Tax Attorney
LJA Engineering, Inc.	10/09/12	\$ 63,699	Engineer
Rathmann & Associates, L.P.	04/21/03	\$ 163,438	Financial Advisor
Mary Jarmon	07/11/06	\$ -0-	Investment Officer
Municipal District Services, LLC	12/01/09	\$ 1,195,168	Operator
Wheeler & Associates, Inc.	08/13/86	\$ 71,429	Tax Assessor/ Collector
Sales Revenue, Inc.	11/13/12	\$ 4,500	Sales Tax Consultant

See accompanying independent auditor's report.

