

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2017**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2017**



## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8-11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	13-14
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	15
NOTES TO THE FINANCIAL STATEMENTS	16-32
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	34
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	36-38
GENERAL FUND EXPENDITURES	39-40
INVESTMENTS	41
TAXES LEVIED AND RECEIVABLE	42-43
LONG-TERM DEBT SERVICE REQUIREMENTS	44-48
CHANGE IN LONG-TERM BOND DEBT	49-50
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	51-54
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	55-56



# **McCALL GIBSON SWEDLUND BARFOOT PLLC**

*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

9600 Great Hills Trail  
Suite 150W  
Austin, Texas 78759  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Harris County Municipal  
Utility District No. 102  
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 102 (the "District"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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





## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Management's discussion and analysis of Harris County Municipal Utility District No. 102's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2017. 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 similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets, liabilities, and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of 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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental 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"). A budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$12,203,532 at September 30, 2017.

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. 102**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2017</u>	<u>2016</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 5,944,398	\$ 5,133,450	\$ 810,948
Capital Assets (Net of Accumulated Depreciation)	<u>14,469,172</u>	<u>15,317,159</u>	<u>(847,987)</u>
Total Assets	<u>\$ 20,413,570</u>	<u>\$ 20,450,609</u>	<u>\$ (37,039)</u>
Long-Term Liabilities	\$ 6,149,212	\$ 7,424,862	\$ 1,275,650
Other Liabilities	<u>2,060,826</u>	<u>2,162,287</u>	<u>101,461</u>
Total Liabilities	<u>\$ 8,210,038</u>	<u>\$ 9,587,149</u>	<u>\$ 1,377,111</u>
Net Position:			
Net Investment in Capital Assets	\$ 7,127,470	\$ 6,800,358	\$ 327,112
Restricted	620,074	661,403	(41,329)
Unrestricted	<u>4,455,988</u>	<u>3,401,699</u>	<u>1,054,289</u>
Total Net Position	<u>\$ 12,203,532</u>	<u>\$ 10,863,460</u>	<u>\$ 1,340,072</u>

The following table provides a summary of the District's operations for the years ended September 30, 2017, and September 30, 2016.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 2,852,561	\$ 2,886,813	\$ (34,252)
Sales Tax Receipts	152,104	150,050	2,054
Charges for Services	2,702,449	2,518,774	183,675
Other Revenues	<u>509,222</u>	<u>110,307</u>	<u>398,915</u>
Total Revenues	<u>\$ 6,216,336</u>	<u>\$ 5,665,944</u>	<u>\$ 550,392</u>
Expenses for Services	<u>(4,876,264)</u>	<u>(4,480,629)</u>	<u>(395,635)</u>
Change in Net Position	\$ 1,340,072	\$ 1,185,315	\$ 154,757
Net Position, Beginning of Year	<u>10,863,460</u>	<u>9,678,145</u>	<u>1,185,315</u>
Net Position, End of Year	<u>\$ 12,203,532</u>	<u>\$ 10,863,460</u>	<u>\$ 1,340,072</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

The District's combined fund balances as of September 30, 2017, were \$5,217,731, an increase of \$915,994 from the prior year.

The General Fund fund balance increased by \$1,048,666, primarily due to service revenues, insurance and FEMA reimbursements exceeding operating costs.

The Debt Service Fund fund balance decreased by \$78,019, primarily due to a timing difference between the collection of property taxes and debt service payment dates.

The Capital Projects Fund fund balance decreased by \$54,653, primarily due to the use of bond proceeds received in the prior fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$611,195 more than budgeted revenues. Actual expenditures were \$121,951 less than budgeted expenditures.

**CAPITAL ASSETS**

Capital assets as of September 30, 2017, total \$14,469,172 (net of accumulated depreciation) and include land, buildings and equipment as well as the water, wastewater and drainage systems. Significant projects completed in the current fiscal year include lift station rehabilitation. Construction in progress includes the North Area A and B sanitary sewer rehabilitation.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2017	2016	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 262,059	\$ 262,059	\$
Construction in Progress	73,805	31,415	42,390
Capital Assets, Net of Accumulated Depreciation:			
Buildings	47,718	51,394	(3,676)
Water System	7,877,271	8,467,961	(590,690)
Wastewater System	5,798,739	6,079,712	(280,973)
Drainage System	409,580	424,618	(15,038)
Total Net Capital Assets	<u>\$ 14,469,172</u>	<u>\$ 15,317,159</u>	<u>\$ (847,987)</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**LONG-TERM DEBT ACTIVITY**

At the end of the current fiscal year, the District had total long-term debt payable of \$7,485,000. The changes in the debt position of the District during the fiscal year ended September 30, 2017, are summarized as follows:

Bond Debt Payable, October 1, 2016	\$ 8,705,000
Less: Bond Principal Paid	<u>1,220,000</u>
Bond Debt Payable, September 30, 2017	<u>\$ 7,485,000</u>

The District’s bonds carry an underlying rating of “A1” by Moody’s Investors Service.

The Series 2011 bonds carry an insured rating of “A2” by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

The Series 2014 bonds carry an insured rating of “AA” by virtue of bond insurance issued by Municipal Assurance Corp.

The Series 2008 and Series 2012 Refunding bonds do not have an insured rating.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 102, c/o Coats Rose, P.C., 9 Greenway Plaza, Suite 1100, Houston, TX 77046.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2017**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 577,421	\$ 153,802
Investments	3,908,130	264,935
Cash with Paying Agent		151,147
Receivables:		
Property Taxes	27,349	35,546
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Doubtful Accounts of \$10,000)	255,497	
Accrued Interest	8,658	516
Other	180,258	
Due from Developers	20,770	
Due from Other Funds	1,521	
Prepaid Costs	87,038	
Due from Other Governments	29,174	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 5,095,816</b>	<b>\$ 605,946</b>

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



<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 122,468	\$ 853,691	\$	\$ 853,691
102,028	4,275,093		4,275,093
	151,147		151,147
	62,895		62,895
		19,093	19,093
	255,497		255,497
568	9,742		9,742
	180,258		180,258
	20,770		20,770
	1,521	(1,521)	
	87,038		87,038
	29,174		29,174
		262,059	262,059
		73,805	73,805
		14,133,308	14,133,308
<u>\$ 225,064</u>	<u>\$ 5,926,826</u>	<u>\$ 14,486,744</u>	<u>\$ 20,413,570</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2017**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 194,712	\$ 265
Accrued Interest Payable		
Due to Other Governments	78,128	
Due to Other Funds		1,521
Due to Taxpayers		826
Security Deposits	366,988	
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 639,828</b>	<b>\$ 2,612</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 27,349	\$ 35,546
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 87,038	\$
Restricted for Authorized Construction:		
Bond Proceeds		
Net Investment Revenues		
Restricted for Debt Service		567,788
Unassigned	4,341,601	
<b>TOTAL FUND BALANCES</b>	<b>\$ 4,428,639</b>	<b>\$ 567,788</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,095,816</b>	<b>\$ 605,946</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for:		
Debt Service		
Capital Projects		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 3,760	\$ 198,737	\$	\$ 198,737
	78,128	151,147	151,147
	1,521	(1,521)	78,128
	826		826
	366,988		366,988
		1,265,000	1,265,000
		6,149,212	6,149,212
<u>\$ 3,760</u>	<u>\$ 646,200</u>	<u>\$ 7,563,838</u>	<u>\$ 8,210,038</u>
<u>\$ -0-</u>	<u>\$ 62,895</u>	<u>\$ (62,895)</u>	<u>\$ -0-</u>
\$	\$ 87,038	\$ (87,038)	\$
72,510	72,510	(72,510)	
148,794	148,794	(148,794)	
	567,788	(567,788)	
	4,341,601	(4,341,601)	
<u>\$ 221,304</u>	<u>\$ 5,217,731</u>	<u>\$ (5,217,731)</u>	<u>\$ - 0 -</u>
<u>\$ 225,064</u>	<u>\$ 5,926,826</u>		
		\$ 7,127,470	\$ 7,127,470
		471,280	471,280
		148,794	148,794
		4,455,988	4,455,988
		<u>\$ 12,203,532</u>	<u>\$ 12,203,532</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

Total Fund Balances - Governmental Funds	\$	5,217,731
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.</p>		14,469,172
<p>Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2016 and prior tax levies became part of recognized revenues in the governmental activities of the District.</p>		81,988
<p>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:</p>		
Accrued Interest Payable	\$ (151,147)	
Bonds Payable Within One Year	(1,265,000)	
Bonds Payable After One Year	<u>(6,149,212)</u>	<u>(7,565,359)</u>
Total Net Position - Governmental Activities		<u>\$ 12,203,532</u>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 1,286,705	\$ 1,553,484
Sales Tax Receipts	152,104	
Water Service	718,384	
Wastewater Service	968,595	
Regional Water Authority Fees	892,998	
Penalty and Interest	65,792	25,529
Tap Connection and Inspection Fees	27,395	
Investment Revenues	26,207	3,021
Miscellaneous Revenues	37,146	918
Insurance Reimbursements	170,095	
FEMA Reimbursements	270,774	
	<u>\$ 4,616,195</u>	<u>\$ 1,582,952</u>
<b>TOTAL REVENUES</b>		
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 220,020	\$ 18,356
Contracted Services	1,196,481	65,242
Purchased Water Service	753,554	
Utilities	303,985	
Regional Water Authority Assessments	144,389	
Repairs and Maintenance	588,344	
Depreciation		
Other	322,610	4,506
Capital Outlay	38,146	
Debt Service:		
Bond Principal		1,220,000
Bond Interest		352,867
	<u>\$ 3,567,529</u>	<u>\$ 1,660,971</u>
<b>TOTAL EXPENDITURES/EXPENSES</b>		
<b>NET CHANGE IN FUND BALANCES</b>	\$ 1,048,666	\$ (78,019)
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - OCTOBER 1, 2016</b>	<u>3,379,973</u>	<u>645,807</u>
<b>FUND BALANCES/NET POSITION - SEPTEMBER 30, 2017</b>	<u>\$ 4,428,639</u>	<u>\$ 567,788</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 2,840,189	\$ 12,372	\$ 2,852,561
	152,104		152,104
	718,384		718,384
	968,595		968,595
	892,998		892,998
	91,321	3,756	95,077
	27,395		27,395
1,061	30,289		30,289
	38,064		38,064
	170,095		170,095
	270,774		270,774
<u>\$ 1,061</u>	<u>\$ 6,200,208</u>	<u>\$ 16,128</u>	<u>\$ 6,216,336</u>
\$ 13,161	\$ 251,537	\$	\$ 251,537
	1,261,723		1,261,723
	753,554		753,554
	303,985		303,985
	144,389		144,389
	588,344		588,344
		928,523	928,523
163	327,279		327,279
42,390	80,536	(80,536)	
	1,220,000	(1,220,000)	
	352,867	(35,937)	316,930
<u>\$ 55,714</u>	<u>\$ 5,284,214</u>	<u>\$ (407,950)</u>	<u>\$ 4,876,264</u>
\$ (54,653)	\$ 915,994	\$ (915,994)	\$
		1,340,072	1,340,072
<u>275,957</u>	<u>4,301,737</u>	<u>6,561,723</u>	<u>10,863,460</u>
<u>\$ 221,304</u>	<u>\$ 5,217,731</u>	<u>\$ 6,985,801</u>	<u>\$ 12,203,532</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Net Change in Fund Balances - Governmental Funds \$ 915,994

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. 12,372

Governmental funds report penalty and interest revenues on property taxes when collected. However, in the government-wide financial statements, revenues are recorded when the penalty and interest are assessed. 3,756

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. (928,523)

Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities. 80,536

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. 1,220,000

Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the debt through fiscal year-end and the current amortized portion of the bond discounts and bond premiums is added to the interest expense. 35,937

Change in Net Position - Governmental Activities \$ 1,340,072

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 1. CREATION OF DISTRICT**

Harris County Municipal Utility District No. 102, located in Harris County, Texas (the “District”) was created by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”), effective June 18, 1975. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct and maintain, parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on August 5, 1975, and the first bonds were sold on April 26, 1977.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

Financial Statement Presentation

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

Financial Statement Presentation (Continued)

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. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

Financial Statement Presentation (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

Governmental Funds

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

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

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned 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. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

Basis of Accounting (Continued)

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

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

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. Developer interest, 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 \$20,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pensions

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

Measurement Focus

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

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

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

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

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**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**

	Series 2008
Amount Outstanding – September 30, 2017	\$ 880,000
Interest Rates	4.75%
Maturity Dates – Beginning/Ending	April 1, 2018
Interest Payment Dates	April 1/ October 1
Callable Dates	N/A

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

	Series 2011	Refunding Series 2012	Series 2014
Amount Outstanding – September 30, 2017	\$ 4,220,000	\$ 385,000	\$ 2,000,000
Interest Rates	3.50% - 4.50%	3.00%	3.00% - 4.125%
Maturity Dates – Beginning/Ending	April 1, 2019/2030	April 1, 2018	April 1, 2019/2023, 2025, 2027, 2029, 2031, 2034
Interest Payment Dates	April 1/ October 1	April 1/ October 1	April 1/ October 1
Callable Dates	April 1, 2012*	N/A	April 1, 2023*

\* Or any date thereafter in such order as the District may determine, callable at par plus unpaid accrued interest in whole or in part at the option of the District. The Series 2014 term bonds maturing on April 1, 2025, April 1, 2027, April 1, 2029, April 1, 2031, and April 1, 2034, are subject to mandatory redemption beginning April 1, 2024, April 1, 2026, April 1, 2028, April 1, 2030, and April 1, 2032, respectively, by lot or other customary random selection method.

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2017:

	October 1, 2016	Additions	Retirements	September 1, 2017
Bonds Payable	\$ 8,705,000	\$	\$ 1,220,000	\$ 7,485,000
Unamortized Discounts	(105,941)		(16,358)	(89,583)
Unamortized Premiums	45,803		27,008	18,795
Bonds Payable, Net	<u>\$ 8,644,862</u>	<u>\$ -0-</u>	<u>\$ 1,230,650</u>	<u>\$ 7,414,212</u>
		Amount Due Within One Year		\$ 1,265,000
		Amount Due After One Year		<u>6,149,212</u>
		Bonds Payable, Net		<u>\$ 7,414,212</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

As of September 30, 2017, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,265,000	\$ 302,293	\$ 1,567,293
2019	355,000	248,943	603,943
2020	375,000	234,244	609,244
2021	395,000	218,719	613,719
2022	405,000	202,370	607,370
2023-2027	2,345,000	778,860	3,123,860
2028-2032	2,000,000	275,912	2,275,912
2033-2034	345,000	21,450	366,450
	<u>\$ 7,485,000</u>	<u>\$ 2,282,791</u>	<u>\$ 9,767,791</u>

As of September 30, 2017, the District had authorized but unissued bonds in the amount of \$18,707,000 for utility facilities.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount, and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

During the year ended September 30, 2017, the District levied an ad valorem debt service tax at the rate of \$0.35 per \$100 of assessed valuation, which resulted in a tax levy of \$1,565,523 on the adjusted taxable valuation of \$447,292,418 for the 2016 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.

The District's tax calendar is as follows:

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS**

- A. 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.
  
- B. The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each 5<sup>th</sup> year anniversary of each issue. In compliance with this requirement, the 5<sup>th</sup> year arbitrage rebate calculation reports were prepared on the Series 2008 bonds and the Series 2012 Refunding bonds. The reports reflect that the District did not have a rebate obligation to the federal government on these issues.
  
- C. The bond resolutions state that the District is required to provide continuing disclosure of certain general financial information and operating data to each nationally recognized municipal securities information repository and the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

**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 \$3,358,109 and the bank balance was \$3,603,166. Of the bank balance, \$2,410,120 was covered by federal depository insurance and the balance was covered by collateral pledged in the name of the District and held in a third-party depository.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**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 September 30, 2017, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 577,421	\$ 2,295,378	\$ 2,872,799
DEBT SERVICE FUND	153,802	107,012	260,814
CAPITAL PROJECTS FUND	122,468	102,028	224,496
TOTAL DEPOSITS	\$ 853,691	\$ 2,504,418	\$ 3,358,109

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. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers’ acceptances with limitations, (10) commercial

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

Investments (Continued)

paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District invests in the Texas Short Term Asset Reserve Program (“TexSTAR”), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and FirstSouthwest, a Division of Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

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 meets the criteria established in GASB Statement No. 79 and measures all its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of September 30, 2017, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years	
		Less Than 1	1-5
<u>GENERAL FUND</u>			
TexPool	\$ 1,612,752	\$ 1,612,752	\$
Certificates of Deposit	2,295,378	2,295,378	
<u>DEBT SERVICE FUND</u>			
TexSTAR	157,923	157,923	
Certificates of Deposit	107,012	107,012	
<u>CAPITAL PROJECTS FUND</u>			
Certificates of Deposit	102,028	102,028	
<b>TOTAL INVESTMENTS</b>	<b>\$ 4,275,093</b>	<b>\$ 4,275,093</b>	<b>\$ - 0 -</b>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2017, the District's investments in TexPool and TexSTAR were rated "AAAm" by Standard and Poor's. The District also manages credit risk by investing in certificates of deposits insured by the FDIC.

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

Restrictions

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2017:

	October 1, 2016	Increases	Decreases	September 30, 2017
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 262,059	\$	\$	\$ 262,059
Construction in Progress	31,415	80,536	38,146	73,805
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 293,474</u>	<u>\$ 80,536</u>	<u>\$ 38,146</u>	<u>\$ 335,864</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings	\$ 147,041	\$	\$	\$ 147,041
Water System	15,562,311	38,146		15,600,457
Wastewater System	12,175,071			12,175,071
Drainage System	657,224			657,224
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 28,541,647</u>	<u>\$ 38,146</u>	<u>\$ - 0 -</u>	<u>\$ 28,579,793</u>
<b>Less Accumulated Depreciation</b>				
Buildings	\$ 95,647	\$ 3,676	\$	\$ 99,323
Water System	7,094,350	628,836		7,723,186
Wastewater System	6,095,359	280,973		6,376,332
Drainage System	232,606	15,038		247,644
<b>Total Accumulated Depreciation</b>	<u>\$ 13,517,962</u>	<u>\$ 928,523</u>	<u>\$ - 0 -</u>	<u>\$ 14,446,485</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 15,023,685</u>	<u>\$ (890,377)</u>	<u>\$ - 0 -</u>	<u>\$ 14,133,308</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 15,317,159</u>	<u>\$ (809,841)</u>	<u>\$ 38,146</u>	<u>\$ 14,469,172</u>

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

**NOTE 7. MAINTENANCE TAX**

On April 3, 1976, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. On November 8, 2011, voters of the District approved a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation. During the year ended September 30, 2017, the District levied an ad valorem maintenance tax at the rate of \$0.29 per \$100 of assessed valuation, which resulted in a tax levy of \$1,297,148 on the adjusted taxable valuation of \$447,292,418 for the 2016 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 8. EMERGENCY WATER SUPPLY CONTRACTS**

Harris County Municipal Utility District No. 185

On December 17, 1981, the District executed an emergency water supply contract with Harris County Municipal Utility District No. 185 (“District No. 185”). The contract provides that District No. 185 will cause to be constructed an interconnect with the District to be used as an emergency water supply. The term of the agreement was for ten years. On March 23, 1992, the contract was amended to extend the term of the agreement for a period of 40 years. The price to be paid for water delivered shall be the highest rate at which water is supplied by either district to residential customers within its boundaries.

Horsepen Bayou Municipal Utility District

On January 3, 1980, the District executed an emergency water supply contract with Horsepen Bayou Municipal Utility District (“Horsepen Bayou”). The contract provides that Horsepen Bayou will cause to be constructed an interconnect with the District to be used as an emergency water supply. The term of the original agreement was for ten years. Various contract amendments have been made to extend the term of the contract. The contract will expire January 3, 2020. The contract also states that for all water delivered to a district under the terms of this contract, the receiving district shall pay the supplying district an amount equal to the fee, charge or assessment, if any, that is applicable to the water so delivered and that is charged to the supplying district by the West Harris County Regional Water Authority. The districts have chosen not to bill each other for water used.

Harris County Municipal Utility District No. 250

On January 23, 1984, the District entered into a contract with Harris County Municipal Utility District No. 250 (“District No. 250”) to provide for emergency water supply. The contract provides for District No. 250 to construct the interconnect with the District. The contract was supplemented on August 26, 1993, to extend the term of the agreement to January 22, 2004. On March 29, 2005, the District and District No. 250 entered into the Amended and Restated Emergency Water Supply Agreement. The price for water will be the rate charged to residential customers within the boundaries of the supplying district, plus the pumpage fees charged to the supplying district by the West Harris County Regional Water Authority. The term of the agreement is five years and shall continue for additional one-year periods unless terminated by either party giving 120 days written notification.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 9. JOINT AGREEMENT FOR DRAINAGE FACILITIES**

On October 24, 1994, the District and Horsepen Bayou Municipal Utility District (“Horsepen Bayou”) entered into an agreement to share in the construction and operation of a 13.763-acre detention pond. Construction costs including engineering fees, legal fees and permits were shared based on pro-rata capacity allocated to each district. Horsepen Bayou owns 57.60% and the District owns 42.40%. The term of the agreement is 40 years from December 7, 1994 and thereafter year to year.

Horsepen Bayou operates and maintains the detention pond for the benefit of both districts until the detention pond is conveyed to the County. The cost of operating and maintaining the detention pond as well as legal fees shall be shared based on pro-rata capacity allocated to each district. Horsepen Bayou will prepare an annual budget each year and each district will pay its pro-rata share into a separate account maintained by Horsepen Bayou exclusively for the purpose of paying for the cost of operations and maintenance on the detention pond.

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

The District is located within the boundaries of the West Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the “Act”), as passed by the 77th Texas Legislature, in 2001. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Authority is overseeing that its participants comply with subsidence district pumpage requirements.

The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee is \$2.45 per 1,000 gallons of water pumped from each well. The District recorded an expenditure of \$144,389 for fees assessed during the current fiscal year.

The District also recorded an expenditure of \$753,554 for water received from the Authority during the current fiscal year. The current rate is \$2.85 per 1,000 gallons of water received.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

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

On April 1, 2006, the District entered into a Water Delivery Agreement with the Authority whereby the District agreed to allow the Authority to use the District's lines to deliver water to District No. 250. The District receives compensation from the Authority in the form of credits for electricity which are applied against pumpage and/or surface water fees in return for use of the District's lines.

During a prior fiscal year, the District completed the construction of the new disinfection system at their water plant. Upon completion, the District began receiving water from the Authority. Districts receive a reimbursement from the Authority for the cost of the new disinfection systems. The District expended \$954,382 for the design and construction of their project. On December 19, 2008, the District received \$547,875 from the Authority for reimbursement of a portion of the disinfection system. On May 22, 2011, the District received an additional \$152,250 from the Authority for the costs of the disinfection system.

**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. STRATEGIC PARTNERSHIP AGREEMENT**

Effective June 18, 2004, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and the Act, the City shall annex a tract of land defined as the "Tract" for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District.

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 shall have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and State laws. Provisions of the Regulatory Plan adopted by the City will be applicable to the District and the Tract of land within the District. The District's assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period of this agreement. After the Tract is 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.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT (Continued)**

The City imposes a Sales and Use Tax within the boundaries of the Tract upon the 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 the future amendments to Chapter 321 of the Tax Code. The City agreed to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. The City agreed 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 fiscal year, the District recorded \$152,104 of revenue related to this agreement, of which \$29,174 was receivable at September 30, 2017.

**NOTE 13. INTERFUND BALANCES**

The Debt Service Fund (Tax Account) owed the General Fund \$1,521 for maintenance tax collections.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2017**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Property Taxes	\$ 1,260,000	\$ 1,286,705	\$ 26,705
Sales Tax Receipts	160,000	152,104	(7,896)
Water Service	825,000	718,384	(106,616)
Wastewater Service	925,000	968,595	43,595
Regional Water Authority Fees	770,000	892,998	122,998
Penalty and Interest	55,000	65,792	10,792
Tap Connection and Inspection Fees		27,395	27,395
Investment Revenues	10,000	26,207	16,207
Miscellaneous Revenues		37,146	37,146
Insurance Reimbursements		170,095	170,095
FEMA Reimbursements		270,774	270,774
<b>TOTAL REVENUES</b>	<u>\$ 4,005,000</u>	<u>\$ 4,616,195</u>	<u>\$ 611,195</u>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 229,700	\$ 220,020	\$ 9,680
Contracted Services	1,192,000	1,196,481	(4,481)
Purchased Water Service	855,000	753,554	101,446
Utilities	300,000	303,985	(3,985)
Regional Water Authority Assessments		144,389	(144,389)
Repairs and Maintenance	740,000	588,344	151,656
Other	372,780	322,610	50,170
Capital Outlay		38,146	(38,146)
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,689,480</u>	<u>\$ 3,567,529</u>	<u>\$ 121,951</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 315,520	\$ 1,048,666	\$ 733,146
<b>FUND BALANCE - OCTOBER 1, 2016</b>	<u>3,379,973</u>	<u>3,379,973</u>	
<b>FUND BALANCE - SEPTEMBER 30, 2017</b>	<u>\$ 3,695,493</u>	<u>\$ 4,428,639</u>	<u>\$ 733,146</u>

See accompanying independent auditor's report.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**SUPPLEMENTARY INFORMATION REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**SEPTEMBER 30, 2017**





**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**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
_____	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u>  X  </u>	Other (specify): _____				

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order effective June 26, 2017.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 10.00	6,000	N	\$ 2.00 2.50 3.00	6,001 to 12,000 12,001 to 20,000 20,001 and up
WASTEWATER:	\$ 23.00		Y		
SURCHARGE:					
Regional Water Authority Fees			N	\$ 2.99*	1,001 and up

District employs winter averaging for wastewater usage? \_\_\_\_\_   X    
Yes                  No

Total monthly charges per 10,000 gallons usage: Water: \$18.00 Wastewater: \$23.00 Surcharge: \$29.90 Total \$70.90

\* Based on current West Harris County Regional Water Authority surface water rate plus 5%.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

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

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>2,971</u>	<u>2,910</u>	x 1.0	<u>2,910</u>
1"	<u>35</u>	<u>34</u>	x 2.5	<u>85</u>
1½"	<u>22</u>	<u>22</u>	x 5.0	<u>110</u>
2"	<u>32</u>	<u>32</u>	x 8.0	<u>256</u>
3"			x 15.0	
4"	<u>4</u>	<u>4</u>	x 25.0	<u>100</u>
6"	<u>2</u>	<u>2</u>	x 50.0	<u>100</u>
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>3,066</u></u>	<u><u>3,004</u></u>		<u><u>3,561</u></u>
Total Wastewater Connections	<u><u>2,993</u></u>	<u><u>2,935</u></u>	x 1.0	<u><u>2,935</u></u>

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

Gallons pumped into system:	60,242,000	Water Accountability Ratio: 95.5% (Gallons billed and sold/Gallons pumped and purchased)
Gallons purchased:	293,987,000	From: West Harris County Regional Water Authority
Gallons billed to customers:	311,196,000	
Gallons sold:	26,978,000	To: Harris County Municipal Utility District No. 250

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

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

Entirely  Partly  Not at all

ETJ's in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

PROFESSIONAL FEES:	
Auditing	\$ 15,775
Engineering	105,903
Legal	<u>98,342</u>
TOTAL PROFESSIONAL FEES	<u>\$ 220,020</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	<u>\$ 753,554</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 23,900
Operations and Billing	<u>289,298</u>
TOTAL CONTRACTED SERVICES	<u>\$ 313,198</u>
UTILITIES:	
Electricity	<u>\$ 303,985</u>
REPAIRS AND MAINTENANCE	<u>\$ 588,344</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 19,500
Dues	580
Election Costs	2,785
Insurance	41,397
Legal Notices	2,950
Office Supplies and Postage	46,721
Payroll Taxes	1,330
Travel and Meetings	7,804
Other	<u>12,492</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 135,559</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

CAPITAL OUTLAY:	
Capitalized Assets	\$ 38,146
Expenditures Not Capitalized	<u>                    </u>
TOTAL CAPITAL OUTLAY:	<u>\$ 38,146</u>
SOLID WASTE DISPOSAL	<u>\$ 480,383</u>
SECURITY	<u>\$ 402,900</u>
OTHER EXPENDITURES:	
Chemicals	\$ 32,685
Laboratory Fees	64,318
Permit Fees	20,538
Inspection Fees	4,606
Regional Water Authority Assessments	144,389
Commission Regulatory Assessments	7,940
Sludge Hauling	<u>56,964</u>
TOTAL OTHER EXPENDITURES	<u>\$ 331,440</u>
TOTAL EXPENDITURES	<u>\$ 3,567,529</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**INVESTMENTS**  
**SEPTEMBER 30, 2017**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0003	1.0270%	Daily	\$ 1,612,752	\$
Certificate of Deposit	XXXX0408	0.7500%	10/18/17	240,964	1,718
Certificate of Deposit	XXXX0399	1.0000%	03/22/18	240,000	1,263
Certificate of Deposit	XXXX5622	1.2800%	07/13/18	500,000	1,385
Certificate of Deposit	XXXX7951	0.5000%	02/11/18	245,000	775
Certificate of Deposit	XXXX5581	1.1600%	03/17/18	240,000	1,503
Certificate of Deposit	XXXX3913	0.7000%	03/23/18	101,002	370
Certificate of Deposit	XXXX2488	0.5100%	03/24/18	243,047	645
Certificate of Deposit	XXXX6636	0.7500%	03/24/18	242,034	945
Certificate of Deposit	XXXX7638	0.9000%	09/21/18	<u>243,331</u>	<u>54</u>
TOTAL GENERAL FUND				<u>\$ 3,908,130</u>	<u>\$ 8,658</u>
<u>DEBT SERVICE FUND</u>					
TexSTAR	XXXX3000	1.0317%	Daily	\$ 157,923	\$
Certificate of Deposit	XXXX1460	1.0000%	04/07/18	<u>107,012</u>	<u>516</u>
TOTAL DEBT SERVICE FUND				<u>\$ 264,935</u>	<u>\$ 516</u>
<u>CAPITAL PROJECTS FUND</u>					
Certificate of Deposit	XXXX1871	0.7500%	01/02/18	<u>\$ 102,028</u>	<u>\$ 568</u>
TOTAL - ALL FUNDS				<u><u>\$ 4,275,093</u></u>	<u><u>\$ 9,742</u></u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2016	\$	21,726	\$	28,797
Adjustments to Beginning				
Balance		<u>(4,820)</u>	\$	<u>22,507</u>
Original 2016 Tax Levy	\$	1,240,490	\$	1,497,143
Adjustment to 2016 Tax Levy		<u>56,658</u>	<u>1,297,148</u>	<u>1,565,523</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	1,314,054	\$
				1,588,030
TAX COLLECTIONS:				
Prior Years	\$	4,746	\$	6,293
Current Year		<u>1,281,959</u>	<u>1,286,705</u>	<u>1,547,191</u>
				<u>1,553,484</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2017		<u>\$</u>	<u>27,349</u>	<u>\$</u>
				<u>34,546</u>
TAXES RECEIVABLE BY				
YEAR:				
2016		\$	15,189	\$
2015			4,338	18,332
2014			2,124	5,639
2013			1,746	2,832
2012			1,545	2,328
2011 and Prior			<u>2,407</u>	<u>2,059</u>
				<u>3,356</u>
TOTAL		\$	<u>27,349</u>	\$
				<u>34,546</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	2016	2015	2014	2013
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 85,197,706	\$ 82,803,732	\$ 70,931,053	\$ 70,931,053
Improvements	415,531,027	377,696,251	348,600,046	319,845,877
Personal Property	14,058,895	15,138,212	12,785,612	12,785,612
Exemptions	(67,495,210)	(56,491,033)	(53,568,715)	(53,568,715)
<b>TOTAL PROPERTY VALUATIONS</b>	<b>\$ 447,292,418</b>	<b>\$ 419,147,162</b>	<b>\$ 378,747,996</b>	<b>\$ 349,993,827</b>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.35	\$ 0.39	\$ 0.40	\$ 0.40
Maintenance**	0.29	0.30	0.30	0.30
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<b>\$ 0.64</b>	<b>\$ 0.69</b>	<b>\$ 0.70</b>	<b>\$ 0.70</b>
<b>ADJUSTED TAX LEVY*</b>	<b>\$ 2,862,671</b>	<b>\$ 2,892,864</b>	<b>\$ 2,652,048</b>	<b>\$ 2,450,698</b>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	<b>98.83 %</b>	<b>99.66 %</b>	<b>99.81 %</b>	<b>99.83 %</b>

\* 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 \$0.25 per \$100 of assessed valuation approved by voters on April 3, 1976. On November 8, 2011, voters of the District approved to increase the maximum tax rate to \$0.50.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2017**

S E R I E S - 2 0 0 8			
Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due April 1/ October 1	Total
2018	\$ 880,000	\$ 41,800	\$ 921,800
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
	\$ 880,000	\$ 41,800	\$ 921,800

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2017**

S E R I E S - 2 0 1 1

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due April 1/ October 1	Total
2018	\$	\$ 177,062	\$ 177,062
2019	270,000	177,062	447,062
2020	285,000	164,912	449,912
2021	300,000	152,088	452,088
2022	310,000	138,588	448,588
2023	325,000	127,738	452,738
2024	340,000	115,550	455,550
2025	355,000	102,376	457,376
2026	370,000	88,176	458,176
2027	390,000	72,912	462,912
2028	405,000	56,338	461,338
2029	425,000	38,619	463,619
2030	445,000	20,026	465,026
2031			
2032			
2033			
2034			
	<u>\$ 4,220,000</u>	<u>\$ 1,431,447</u>	<u>\$ 5,651,447</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2017**

REFUNDING SERIES - 2012

<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due April 1</u>	<u>Interest Due April 1/ October 1</u>	<u>Total</u>
2018	\$ 385,000	\$ 11,550	\$ 396,550
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
	<u>\$ 385,000</u>	<u>\$ 11,550</u>	<u>\$ 396,550</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2017**

SERIES - 2014

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due April 1/ October 1	Total
2018	\$	\$ 71,881	\$ 71,881
2019	85,000	71,881	156,881
2020	90,000	69,332	159,332
2021	95,000	66,631	161,631
2022	95,000	63,782	158,782
2023	100,000	60,932	160,932
2024	105,000	57,931	162,931
2025	115,000	54,783	169,783
2026	120,000	51,331	171,331
2027	125,000	47,131	172,131
2028	130,000	42,756	172,756
2029	140,000	37,881	177,881
2030	145,000	32,630	177,630
2031	150,000	26,831	176,831
2032	160,000	20,831	180,831
2033	170,000	14,231	184,231
2034	175,000	7,219	182,219
	<u>\$ 2,000,000</u>	<u>\$ 797,994</u>	<u>\$ 2,797,994</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2017**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal Interest Due
2018	\$ 1,265,000	\$ 302,293	\$ 1,567,293
2019	355,000	248,943	603,943
2020	375,000	234,244	609,244
2021	395,000	218,719	613,719
2022	405,000	202,370	607,370
2023	425,000	188,670	613,670
2024	445,000	173,481	618,481
2025	470,000	157,159	627,159
2026	490,000	139,507	629,507
2027	515,000	120,043	635,043
2028	535,000	99,094	634,094
2029	565,000	76,500	641,500
2030	590,000	52,656	642,656
2031	150,000	26,831	176,831
2032	160,000	20,831	180,831
2033	170,000	14,231	184,231
2034	175,000	7,219	182,219
	<u>\$ 7,485,000</u>	<u>\$ 2,282,791</u>	<u>\$ 9,767,791</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**CHANGE IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2016
Harris County Municipal Utility District No. 102 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2008	\$ 5,015,000	\$ 1,740,000
Harris County Municipal Utility District No. 102 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2011	4,220,000	4,220,000
Harris County Municipal Utility District No. 102 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2012	2,490,000	745,000
Harris County Municipal Utility District No. 102 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2014	<u>2,000,000</u>	<u>2,000,000</u>
<b>TOTAL</b>	<u><u>\$ 13,725,000</u></u>	<u><u>\$ 8,705,000</u></u>

Bond Authority:	Tax Bonds*	Refunding Bonds
Amount Authorized by Voters	\$ 53,447,000	\$ - 0 -
Amount Issued	<u>34,740,000</u>	<u>                    </u>
Remaining to be Issued	<u><u>\$ 18,707,000</u></u>	<u><u>\$ - 0 -</u></u>

\* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

Debt Service Fund cash, investments and cash with paying agent balances as of September 30, 2017:	<u><u>\$ 569,884</u></u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u><u>\$ 574,576</u></u>

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

Current Year Transactions

<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2017</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 860,000	\$ 81,574	\$ 880,000	Wells Fargo Bank Texas, N.A.
		177,062	4,220,000	Wells Fargo Bank Texas, N.A.
	360,000	22,350	385,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		71,881	2,000,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 1,220,000</u>	<u>\$ 352,867</u>	<u>\$ 7,485,000</u>	

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amount		
	2017	2016	2015
<b>REVENUES</b>			
Property Taxes	\$ 1,286,705	\$ 1,256,781	\$ 1,123,697
Sales Tax Receipts	152,104	150,050	155,309
Water Service	718,384	617,988	677,778
Wastewater Service	968,595	972,920	971,550
Regional Water Authority Fees	892,998	815,094	767,949
Penalty and Interest	65,792	53,510	86,209
Tap Connection and Inspection Fees	27,395	19,200	20,370
Investment Revenues	26,207	14,463	7,978
Miscellaneous Revenues	37,146	92,254	48,459
Insurance Reimbursements	170,095		
FEMA Reimbursements	270,774		
<b>TOTAL REVENUES</b>	<u>\$ 4,616,195</u>	<u>\$ 3,992,260</u>	<u>\$ 3,859,299</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 220,020	\$ 148,091	\$ 204,311
Contracted Services	1,196,481	1,160,083	1,113,633
Purchased Water Service	753,554	734,915	734,368
Utilities	303,985	296,359	261,218
Regional Water Authority Assessments	144,389	114,547	41,208
Repairs and Maintenance	588,344	765,299	421,806
Other	322,610	363,227	336,274
Capital Outlay	38,146	127,096	
Bond Issuance Costs			
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,567,529</u>	<u>\$ 3,709,617</u>	<u>\$ 3,112,818</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 1,048,666</u>	<u>\$ 282,643</u>	<u>\$ 746,481</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In(Out)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 1,048,666	\$ 282,643	\$ 746,481
<b>BEGINNING FUND BALANCE</b>	<u>3,379,973</u>	<u>3,097,330</u>	<u>2,350,849</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 4,428,639</u>	<u>\$ 3,379,973</u>	<u>\$ 3,097,330</u>



		Percentage of Total Revenues				
2014	2013	2017	2016	2015	2014	2013
\$ 1,050,597	\$ 1,051,483	27.8 %	31.4 %	29.1 %	28.1 %	28.0
176,748	167,660	3.3	3.8	4.0	4.7	4.5
644,089	624,051	15.6	15.5	17.6	17.2	16.6
967,665	962,962	21.0	24.4	25.2	25.8	25.7
756,812	785,759	19.3	20.4	19.9	20.2	20.9
86,919	88,463	1.4	1.3	2.2	2.3	2.4
23,686	24,228	0.6	0.5	0.5	0.6	0.6
5,227	4,744	0.6	0.4	0.2	0.1	0.1
36,964	44,738	0.8	2.3	1.3	1.0	1.2
		3.7				
		5.9				
<u>\$ 3,748,707</u>	<u>\$ 3,754,088</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0</u>
\$ 136,959	\$ 313,822	4.8 %	3.7 %	5.3 %	3.7 %	8.4
1,129,236	1,151,667	25.9	29.1	28.9	30.1	30.7
700,592	637,012	16.3	18.4	19.0	18.7	17.0
245,206	281,758	6.6	7.4	6.8	6.5	7.5
59,426	160,729	3.1	2.9	1.1	1.6	4.3
394,414	466,868	12.7	19.2	10.9	10.5	12.4
336,483	352,599	7.0	9.1	8.7	9.0	9.4
	82,161	0.8	3.2			2.2
	7,126					0.2
<u>\$ 3,002,316</u>	<u>\$ 3,453,742</u>	<u>77.2 %</u>	<u>93.0 %</u>	<u>80.7 %</u>	<u>80.1 %</u>	<u>92.1</u>
<u>\$ 746,391</u>	<u>\$ 300,346</u>	<u>22.8 %</u>	<u>7.0 %</u>	<u>19.3 %</u>	<u>19.9 %</u>	<u>7.9</u>
<u>\$ 5,393</u>	<u>\$ - 0 -</u>					
\$ 751,784	\$ 300,346					
1,599,065	1,298,719					
<u>\$ 2,350,849</u>	<u>\$ 1,599,065</u>					

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amount		
	2017	2016	2015
<b>REVENUES</b>			
Property Taxes	\$ 1,553,484	\$ 1,634,241	\$ 1,498,245
Penalty and Interest	25,529	28,332	19,714
Investment Revenues	3,021	1,841	2,071
Miscellaneous Revenues	918	10	
<b>TOTAL REVENUES</b>	<b>\$ 1,582,952</b>	<b>\$ 1,664,424</b>	<b>\$ 1,520,030</b>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 86,054	\$ 81,294	\$ 83,139
Debt Service Principal	1,220,000	1,170,000	1,130,000
Debt Service Interest and Fees	354,917	402,393	444,336
Bond Issuance Costs			
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,660,971</b>	<b>\$ 1,653,687</b>	<b>\$ 1,657,475</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (78,019)</b>	<b>\$ 10,737</b>	<b>\$ (137,445)</b>
<b>BEGINNING FUND BALANCE</b>	<b>645,807</b>	<b>635,070</b>	<b>772,515</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 567,788</b>	<b>\$ 645,807</b>	<b>\$ 635,070</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>3,004</b>	<b>3,010</b>	<b>3,025</b>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>2,935</b>	<b>2,942</b>	<b>2,961</b>

		Percentage of Total Revenues				
<u>2014</u>	<u>2013</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,401,404	\$ 1,402,834	98.1 %	98.2 %	98.6 %	98.1 %	98.5 %
24,001	16,873	1.6	1.7	1.3	1.7	1.2
3,495	3,530	0.2	0.1	0.1	0.2	0.2
	714	0.1				0.1
<u>\$ 1,428,900</u>	<u>\$ 1,423,951</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 78,032	\$ 82,481	5.4 %	4.9 %	5.5 %	5.5 %	5.8 %
1,100,000	1,035,000	77.1	70.3	74.3	77.0	72.7
406,785	466,243	22.4	24.2	29.2	28.5	32.7
	2,251					0.2
<u>\$ 1,584,817</u>	<u>\$ 1,585,975</u>	<u>104.9 %</u>	<u>99.4 %</u>	<u>109.0 %</u>	<u>111.0 %</u>	<u>111.4 %</u>
\$ (155,917)	\$ (162,024)	<u>(4.9) %</u>	<u>0.6 %</u>	<u>(9.0) %</u>	<u>(11.0) %</u>	<u>(11.4) %</u>
<u>928,432</u>	<u>1,090,456</u>					
<u>\$ 772,515</u>	<u>\$ 928,432</u>					
<u>2,999</u>	<u>2,993</u>					
<u>2,938</u>	<u>2,930</u>					

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**SEPTEMBER 30, 2017**

District Mailing Address - Harris County Municipal Utility District No. 102  
c/o Coats Rose, P.C.  
9 Greenway Plaza, Suite 1100  
Houston, TX 77046

District Telephone Number - (713) 651-0111

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>September 30, 2017</u>	Expense Reimbursements for the year ended <u>September 30, 2017</u>	<u>Title</u>
Randal W. Ward	05/15 05/19 (Elected)	\$ 7,500	\$ 3,533	President
Douglas Jordan	05/17 05/21 (Elected)	\$ 3,150	\$ 2,948	Vice President
David Scholler	05/17 05/21 (Elected)	\$ 1,800	\$ -0-	Secretary/ Treasurer
Jason Iken	05/15 05/19 (Elected)	\$ 1,650	\$ 103	Assistant Secretary
Robert Moorman	05/17 05/21 (Elected)	\$ 5,400	\$ 1,279	Assistant Secretary/ Assistant Treasurer/ Investment Officer

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

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054):  
May 22, 2017

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on July 28, 2003. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**SEPTEMBER 30, 2017**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2017</u>	<u>Title</u>
Coats Rose, P.C.	09/18/80	\$ 120,861 \$ -0-	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/21/87	\$ 15,775	Auditor
Myrtle Cruz, Inc.	04/20/95	\$ 27,474	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	02/26/96	\$ 7,432	Delinquent Tax Attorney
AEI Engineering, LLC	04/05/93	\$ 119,518	Engineer
Robert W. Baird & Co. Incorporated	04/27/15	\$ -0-	Financial Advisor
Municipal District Services, L.L.C.	11/30/09	\$ 754,270	Operator
Assessments of the Southwest, Inc.	10/01/03	\$ 45,524	Tax Assessor/ Collector

