

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2018

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2018

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 | 16-31 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND | 33 |
| SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE | |
| NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements) | |
| SERVICES AND RATES | 35-37 |
| GENERAL FUND EXPENDITURES | 38-39 |
| INVESTMENTS | 40 |
| TAXES LEVIED AND RECEIVABLE | 41-42 |
| LONG-TERM DEBT SERVICE REQUIREMENTS | 43-46 |
| CHANGE IN LONG-TERM BOND DEBT | 47-48 |
| COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS | 49-52 |
| BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS | 53-54 |

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

9600 Great Hills Trail
Suite 150W
Austin, Texas 78759
(512) 610-2209
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, 2018, 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, 2018, 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, 2018**

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, 2018. 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 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 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. 102
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental 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 \$13,151,283 at September 30, 2018.

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, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

| | <u>Summary of Changes in the Statement of Net Position</u> | | |
|---|--|----------------------|---|
| | <u>2018</u> | <u>2017</u> | <u>Change Positive (Negative)</u> |
| Current and Other Assets | \$ 10,601,451 | \$ 5,944,398 | \$ 4,657,053 |
| Capital Assets (Net of Accumulated Depreciation) | <u>13,888,953</u> | <u>14,469,172</u> | <u>(580,219)</u> |
| Total Assets | <u>\$ 24,490,404</u> | <u>\$ 20,413,570</u> | <u>\$ 4,076,834</u> |
| Long-Term Liabilities | \$ 9,650,019 | \$ 6,149,212 | \$ (3,500,807) |
| Other Liabilities | <u>1,689,102</u> | <u>2,060,826</u> | <u>371,724</u> |
| Total Liabilities | <u>\$ 11,339,121</u> | <u>\$ 8,210,038</u> | <u>\$ (3,129,083)</u> |
| Net Position: | | | |
| Net Investment in Capital Assets | \$ 7,324,685 | \$ 7,127,470 | \$ 197,215 |
| Restricted | 479,224 | 620,074 | (140,850) |
| Unrestricted | <u>5,347,374</u> | <u>4,455,988</u> | <u>891,386</u> |
| Total Net Position | <u>\$ 13,151,283</u> | <u>\$ 12,203,532</u> | <u>\$ 947,751</u> |

The following table provides a summary of the District's operations for the years ended September 30, 2018, and September 30, 2017.

| | <u>Summary of Changes in the Statement of Activities</u> | | |
|---------------------------------|--|----------------------|---|
| | <u>2018</u> | <u>2017</u> | <u>Change Positive (Negative)</u> |
| Revenues: | | | |
| Property Taxes | \$ 3,040,191 | \$ 2,852,561 | \$ 187,630 |
| Sales Tax Receipts | 143,632 | 152,104 | (8,472) |
| Charges for Services | 2,694,599 | 2,702,449 | (7,850) |
| Other Revenues | <u>340,175</u> | <u>509,222</u> | <u>(169,047)</u> |
| Total Revenues | <u>\$ 6,218,597</u> | <u>\$ 6,216,336</u> | <u>\$ 2,261</u> |
| Expenses for Services | <u>(5,270,846)</u> | <u>(4,876,264)</u> | <u>(394,582)</u> |
| Change in Net Position | \$ 947,751 | \$ 1,340,072 | \$ (392,321) |
| Net Position, Beginning of Year | <u>12,203,532</u> | <u>10,863,460</u> | <u>1,340,072</u> |
| Net Position, End of Year | <u>\$ 13,151,283</u> | <u>\$ 12,203,532</u> | <u>\$ 947,751</u> |

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2018, were \$9,832,991, an increase of \$4,615,260 from the prior year.

The General Fund fund balance increased by \$888,163, primarily due to service revenues, insurance and FEMA reimbursements exceeding operating costs.

The Debt Service Fund fund balance decreased by \$58,982, primarily due to a timing difference between the collection of property taxes and debt service payment dates.

The Capital Projects Fund fund balance increased by \$3,786,079, primarily due to the Series 2018 bond proceeds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$360,530 more than budgeted revenues. Actual expenditures were \$213,263 less than budgeted expenditures.

CAPITAL ASSETS

Capital assets as of September 30, 2018, total \$13,888,953 (net of accumulated depreciation) and include land, buildings and equipment as well as the water, wastewater and drainage systems. Construction in progress includes the wastewater disinfection improvement project, ground storage tank rehabilitation and cleaning and televising sanitary sewers in North Area B.

Capital Assets At Year-End, Net of Accumulated Depreciation

| | 2018 | 2017 | Change Positive (Negative) |
|---|----------------------|----------------------|----------------------------------|
| Capital Assets Not Being Depreciated: | | | |
| Land and Land Improvements | \$ 262,059 | \$ 262,059 | \$ |
| Construction in Progress | 208,527 | 73,805 | 134,722 |
| Capital Assets, Net of Accumulated Depreciation: | | | |
| Buildings | 44,042 | 47,718 | (3,676) |
| Water System | 7,452,191 | 7,877,271 | (425,080) |
| Wastewater System | 5,527,592 | 5,798,739 | (271,147) |
| Drainage System | 394,542 | 409,580 | (15,038) |
| Total Net Capital Assets | <u>\$ 13,888,953</u> | <u>\$ 14,469,172</u> | <u>\$ (580,219)</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, 2018**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$10,520,000. The changes in the debt position of the District during the fiscal year ended September 30, 2018, are summarized as follows:

| | |
|---------------------------------------|----------------------|
| Bond Debt Payable, October 1, 2017 | \$ 7,485,000 |
| Add: Series 2018 Bonds | 4,300,000 |
| Less: Bond Principal Paid | <u>1,265,000</u> |
| Bond Debt Payable, September 30, 2018 | <u>\$ 10,520,000</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 2018 bonds carry an insured rating of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company.

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 1000, Houston, TX 77046.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2018

| | <u>General Fund</u> | <u>Debt Service Fund</u> |
|---|---------------------|------------------------------|
| ASSETS | | |
| Cash | \$ 640,245 | \$ 183,960 |
| Investments | 4,602,920 | 209,883 |
| Cash with Paying Agent | | 124,472 |
| Receivables: | | |
| Property Taxes | 30,572 | 35,736 |
| Penalty and Interest on Delinquent Taxes | | |
| Service Accounts (Net of Allowance for Doubtful Accounts of \$4,000) | 260,398 | |
| Accrued Interest | 23,874 | 938 |
| Other | 180,258 | |
| Due from Developers | 20,922 | |
| Due from Other Funds | 120,517 | 4,200 |
| Prepaid Costs | 90,881 | |
| Due from Other Governments | 29,844 | |
| Land | | |
| Construction in Progress | | |
| Capital Assets (Net of Accumulated Depreciation) | | |
| TOTAL ASSETS | <u>\$ 6,000,431</u> | <u>\$ 559,189</u> |

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> |
|----------------------------------|----------------------|----------------------|--------------------------------------|
| \$ 4,042,766 | \$ 4,866,971 | \$ | \$ 4,866,971 |
| 102,796 | 4,915,599 | | 4,915,599 |
| | 124,472 | | 124,472 |
| | 66,308 | | 66,308 |
| | | 20,223 | 20,223 |
| | 260,398 | | 260,398 |
| 763 | 25,575 | | 25,575 |
| | 180,258 | | 180,258 |
| | 20,922 | | 20,922 |
| | 124,717 | (124,717) | |
| | 90,881 | | 90,881 |
| | 29,844 | | 29,844 |
| | | 262,059 | 262,059 |
| | | 208,527 | 208,527 |
| | | <u>13,418,367</u> | <u>13,418,367</u> |
| <u>\$ 4,146,325</u> | <u>\$ 10,705,945</u> | <u>\$ 13,784,459</u> | <u>\$ 24,490,404</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, 2018

| | General Fund | Debt Service Fund |
|---|---------------------|----------------------|
| LIABILITIES | | |
| Accounts Payable | \$ 195,121 | \$ 1,694 |
| Accrued Interest Payable | | |
| Due to Other Governments | 80,533 | |
| Retainage Payable | | |
| Due to Other Funds | 4,200 | 5,528 |
| Due to Taxpayers | | 101 |
| Security Deposits | 373,203 | |
| Accrued Bond Interest Received at Time of Sale | | 7,324 |
| Long-Term Liabilities: | | |
| Due Within One Year | | |
| Due After One Year | | |
| TOTAL LIABILITIES | \$ 653,057 | \$ 14,647 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Property Taxes | \$ 30,572 | \$ 35,736 |
| FUND BALANCES | | |
| Nonspendable: | | |
| Prepaid Costs | \$ 90,881 | \$ |
| Restricted for Authorized Construction: | | |
| Bond Proceeds | | |
| Net Investment Revenues | | |
| Restricted for Debt Service | | 508,806 |
| Unassigned | 5,225,921 | |
| TOTAL FUND BALANCES | \$ 5,316,802 | \$ 508,806 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 6,000,431 | \$ 559,189 |
| NET POSITION | | |
| Net Investment in Capital Assets | | |
| Restricted for: | | |
| Debt Service | | |
| Capital Projects | | |
| Unrestricted | | |
| TOTAL NET POSITION | | |

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

| Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|--------------------------|----------------------|-----------------------|------------------------------|
| \$ 20,876 | \$ 217,691 | \$ | \$ 217,691 |
| | | 244,497 | 244,497 |
| | 80,533 | | 80,533 |
| 3,077 | 3,077 | | 3,077 |
| 114,989 | 124,717 | (124,717) | |
| | 101 | | 101 |
| | 373,203 | | 373,203 |
| | 7,324 | (7,324) | |
| | | 770,000 | 770,000 |
| | | 9,650,019 | 9,650,019 |
| <u>\$ 138,942</u> | <u>\$ 806,646</u> | <u>\$ 10,532,475</u> | <u>\$ 11,339,121</u> |
| <u>\$ -0-</u> | <u>\$ 66,308</u> | <u>\$ (66,308)</u> | <u>\$ -0-</u> |
| \$ | \$ 90,881 | \$ (90,881) | \$ |
| 3,855,751 | 3,855,751 | (3,855,751) | |
| 151,632 | 151,632 | (151,632) | |
| | 508,806 | (508,806) | |
| | 5,225,921 | (5,225,921) | |
| <u>\$ 4,007,383</u> | <u>\$ 9,832,991</u> | <u>\$ (9,832,991)</u> | <u>\$ - 0 -</u> |
| <u>\$ 4,146,325</u> | <u>\$ 10,705,945</u> | | |
| | | \$ 7,324,685 | \$ 7,324,685 |
| | | 327,592 | 327,592 |
| | | 151,632 | 151,632 |
| | | 5,347,374 | 5,347,374 |
| | | <u>\$ 13,151,283</u> | <u>\$ 13,151,283</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, 2018**

| | | |
|--|--------------------|----------------------|
| Total Fund Balances - Governmental Funds | \$ | 9,832,991 |
| <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> | | 13,888,953 |
| <p>Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2017 and prior tax levies became part of recognized revenues in the governmental activities of the District.</p> | | 86,531 |
| <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 | \$ (237,173) | |
| Bonds Payable Within One Year | (770,000) | |
| Bonds Payable After One Year | <u>(9,650,019)</u> | <u>(10,657,192)</u> |
| Total Net Position - Governmental Activities | | <u>\$ 13,151,283</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, 2018

| | General Fund | Debt Service Fund |
|--|---------------------|----------------------|
| REVENUES | | |
| Property Taxes | \$ 1,469,898 | \$ 1,565,880 |
| Sales Tax Receipts | 143,632 | |
| Water Service | 683,990 | |
| Wastewater Service | 951,222 | |
| Regional Water Authority Fees | 945,205 | |
| Penalty and Interest | 56,030 | 32,053 |
| Tap Connection and Inspection Fees | 25,969 | |
| Investment Revenues | 62,973 | 4,575 |
| Miscellaneous Revenues | 31,058 | 289 |
| Insurance Reimbursements | 83,607 | |
| FEMA Reimbursements | 154,596 | |
| | <u>\$ 4,608,180</u> | <u>\$ 1,602,797</u> |
| TOTAL REVENUES | | |
| EXPENDITURES/EXPENSES | | |
| Service Operations: | | |
| Professional Fees | \$ 221,258 | \$ 19,423 |
| Contracted Services | 1,205,049 | 68,116 |
| Purchased Water Service | 649,668 | |
| Utilities | 241,076 | |
| Regional Water Authority Assessments | 284,297 | |
| Repairs and Maintenance | 715,436 | |
| Depreciation | | |
| Other | 381,885 | 6,946 |
| Capital Outlay | 21,348 | |
| Debt Service: | | |
| Bond Principal | | 1,265,000 |
| Bond Interest | | 302,294 |
| Bond Issuance Costs | | |
| | <u>\$ 3,720,017</u> | <u>\$ 1,661,779</u> |
| TOTAL EXPENDITURES/EXPENSES | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ 888,163</u> | <u>\$ (58,982)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Long-Term Debt Issued | \$ | \$ |
| Bond Discount | | |
| | <u>\$ -0-</u> | <u>\$ -0-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | | |
| NET CHANGE IN FUND BALANCES | \$ 888,163 | \$ (58,982) |
| CHANGE IN NET POSITION | | |
| FUND BALANCES/NET POSITION - OCTOBER 1, 2017 | <u>4,428,639</u> | <u>567,788</u> |
| FUND BALANCES/NET POSITION - SEPTEMBER 30, 2018 | <u>\$ 5,316,802</u> | <u>\$ 508,806</u> |

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

| Capital Projects Fund | Total | Adjustments | Statement of Activities |
|--------------------------|---------------------|-----------------------|----------------------------|
| \$ | \$ 3,035,778 | \$ 4,413 | \$ 3,040,191 |
| | 143,632 | | 143,632 |
| | 683,990 | | 683,990 |
| | 951,222 | | 951,222 |
| | 945,205 | | 945,205 |
| | 88,083 | 130 | 88,213 |
| | 25,969 | | 25,969 |
| 3,077 | 70,625 | | 70,625 |
| | 31,347 | | 31,347 |
| | 83,607 | | 83,607 |
| | 154,596 | | 154,596 |
| <u>\$ 3,077</u> | <u>\$ 6,214,054</u> | <u>\$ 4,543</u> | <u>\$ 6,218,597</u> |
| \$ 6,100 | \$ 246,781 | \$ 31,839 | \$ 278,620 |
| | 1,273,165 | | 1,273,165 |
| | 649,668 | | 649,668 |
| | 241,076 | | 241,076 |
| | 284,297 | | 284,297 |
| | 715,436 | | 715,436 |
| | | 736,289 | 736,289 |
| 239 | 389,070 | | 389,070 |
| 166,561 | 187,909 | (187,909) | |
| | 1,265,000 | (1,265,000) | |
| | 302,294 | 74,565 | 376,859 |
| 326,366 | 326,366 | | 326,366 |
| <u>\$ 499,266</u> | <u>\$ 5,881,062</u> | <u>\$ (610,216)</u> | <u>\$ 5,270,846</u> |
| <u>\$ (496,189)</u> | <u>\$ 332,992</u> | <u>\$ (332,992)</u> | <u>\$ - 0 -</u> |
| \$ 4,300,000 | \$ 4,300,000 | \$ (4,300,000) | \$ |
| (17,732) | (17,732) | 17,732 | |
| <u>\$ 4,282,268</u> | <u>\$ 4,282,268</u> | <u>\$ (4,282,268)</u> | <u>\$ - 0 -</u> |
| \$ 3,786,079 | \$ 4,615,260 | \$ (4,615,260) | \$ |
| | | 947,751 | 947,751 |
| 221,304 | 5,217,731 | 6,985,801 | 12,203,532 |
| <u>\$ 4,007,383</u> | <u>\$ 9,832,991</u> | <u>\$ 3,318,292</u> | <u>\$ 13,151,283</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, 2018**

| | |
|--|--------------------|
| Net Change in Fund Balances - Governmental Funds | \$ 4,615,260 |
| 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. | 4,413 |
| 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. | 130 |
| 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. | (736,289) |
| 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. | 156,070 |
| 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. | 1,265,000 |
| 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. | (74,565) |
| Governmental funds report bond discounts as other financing uses in the year paid. However, in the government-wide financial statement, the bond discounts are amortized over the life of the bonds and the current year amortized portion is added to interest expense. | 17,732 |
| Governmental funds report bond proceeds as other financing sources. In the government-wide statements, the issuance of long-term debt increases liabilities in the Statement of Net Position and does not affect the Statement of Activities. | <u>(4,300,000)</u> |
| Change in Net Position - Governmental Activities | <u>\$ 947,751</u> |

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, 2018

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 (“GASB Codification”).

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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. 102
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018

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, 2018

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, 2018

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

| | <u>Series 2011</u> | <u>Series 2014</u> | <u>Series 2018</u> |
|--|-----------------------|---|-----------------------|
| Amount Outstanding – September 30, 2018 | \$ 4,220,000 | \$ 2,000,000 | \$ 4,300,000 |
| Interest Rates | 3.50% - 4.50% | 3.00% - 4.125% | 2.00% – 3.00% |
| Maturity Dates – Beginning/Ending | April 1, 2019/2030 | April 1, 2019/2023, 2025, 2027, 2029, 2031, 2034 | April 1, 2019/2027 |
| Interest Payment Dates | April 1/ October 1 | April 1/ October 1 | April 1/ October 1 |
| Callable Dates | April 1, 2012* | April 1, 2023* | April 1, 2023* |

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3. LONG-TERM DEBT (Continued)

* 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, 2018:

| | October 1, 2017 | Additions | Retirements | September 1, 2018 |
|-----------------------|--------------------|----------------------------|--------------|----------------------|
| Bonds Payable | \$ 7,485,000 | \$ 4,300,000 | \$ 1,265,000 | \$ 10,520,000 |
| Unamortized Discounts | (89,583) | (17,732) | (15,547) | (91,768) |
| Unamortized Premiums | 18,795 | | 27,008 | (8,213) |
| Bonds Payable, Net | \$ 7,414,212 | \$ 4,282,268 | \$ 1,276,461 | \$ 10,420,019 |
| | | Amount Due Within One Year | | \$ 770,000 |
| | | Amount Due After One Year | | 9,650,019 |
| | | Bonds Payable, Net | | \$ 10,420,019 |

As of September 30, 2018, the debt service requirements on the bonds outstanding were as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|---------------|--------------|---------------|
| 2019 | \$ 770,000 | \$ 314,043 | \$ 1,084,043 |
| 2020 | 820,000 | 323,594 | 1,143,594 |
| 2021 | 850,000 | 299,169 | 1,149,169 |
| 2022 | 880,000 | 273,720 | 1,153,720 |
| 2023 | 905,000 | 250,520 | 1,155,520 |
| 2024-2028 | 4,485,000 | 830,934 | 5,315,934 |
| 2029-2033 | 1,635,000 | 191,049 | 1,826,049 |
| 2034 | 175,000 | 7,219 | 182,219 |
| | \$ 10,520,000 | \$ 2,490,248 | \$ 13,010,248 |

As of September 30, 2018, the District had authorized but unissued bonds in the amount of \$14,407,000 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 3. LONG-TERM DEBT (Continued)

During the year ended September 30, 2018, the District levied an ad valorem debt service tax at the rate of \$0.33 per \$100 of assessed valuation, which resulted in a tax levy of \$1,574,830 on the adjusted taxable valuation of \$477,221,394 for the 2017 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.

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 5th year anniversary of each issue. In compliance with this requirement, the final 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 \$8,996,173 and the bank balance was \$9,123,426. Of the bank balance, \$3,077,425 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.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2018, as listed below:

| | Cash | Certificates of Deposit | Total |
|-----------------------|--------------|----------------------------|--------------|
| GENERAL FUND | \$ 640,245 | \$ 3,918,322 | \$ 4,558,567 |
| DEBT SERVICE FUND | 183,960 | 108,084 | 292,044 |
| CAPITAL PROJECTS FUND | 4,042,766 | 102,796 | 4,145,562 |
| TOTAL DEPOSITS | \$ 4,866,971 | \$ 4,129,202 | \$ 8,996,173 |

Investments

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and FirstSouthwest, a Division of Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered 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 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, 2018, 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 | \$ 684,598 | \$ 684,598 | \$ |
| Certificates of Deposit | 3,918,322 | 3,918,322 | |
| <u>DEBT SERVICE FUND</u> | | | |
| TexSTAR | 101,799 | 101,799 | |
| Certificates of Deposit | 108,084 | 108,084 | |
| <u>CAPITAL PROJECTS FUND</u> | | | |
| Certificates of Deposit | 102,796 | 102,796 | |
| TOTAL INVESTMENTS | \$ 4,915,599 | \$ 4,915,599 | \$ - 0 - |

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018, 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, 2018

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018:

| | October 1, 2017 | Increases | Decreases | September 30, 2018 |
|--|----------------------|---------------------|------------------|-----------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land and Land Improvements | \$ 262,059 | \$ | \$ | \$ 262,059 |
| Construction in Progress | 73,805 | 187,909 | 53,187 | 208,527 |
| Total Capital Assets Not Being Depreciated | <u>\$ 335,864</u> | <u>\$ 187,909</u> | <u>\$ 53,187</u> | <u>\$ 470,586</u> |
| Capital Assets Subject to Depreciation | | | | |
| Buildings | \$ 147,041 | \$ | \$ | \$ 147,041 |
| Water System | 15,600,457 | 21,348 | 34,622 | 15,587,183 |
| Wastewater System | 12,175,071 | | | 12,175,071 |
| Drainage System | 657,224 | | | 657,224 |
| Total Capital Assets Subject to Depreciation | <u>\$ 28,579,793</u> | <u>\$ 21,348</u> | <u>\$ 34,622</u> | <u>\$ 28,566,519</u> |
| Less Accumulated Depreciation | | | | |
| Buildings | \$ 99,323 | \$ 3,676 | \$ | \$ 102,999 |
| Water System | 7,723,186 | 446,428 | 34,622 | 8,134,992 |
| Wastewater System | 6,376,332 | 271,147 | | 6,647,479 |
| Drainage System | 247,644 | 15,038 | | 262,682 |
| Total Accumulated Depreciation | <u>\$ 14,446,485</u> | <u>\$ 736,289</u> | <u>\$ 34,622</u> | <u>\$ 15,148,152</u> |
| Total Depreciable Capital Assets, Net of Accumulated Depreciation | <u>\$ 14,133,308</u> | <u>\$ (714,941)</u> | <u>\$ - 0 -</u> | <u>\$ 13,418,367</u> |
| Total Capital Assets, Net of Accumulated Depreciation | <u>\$ 14,469,172</u> | <u>\$ (527,032)</u> | <u>\$ 53,187</u> | <u>\$ 13,888,953</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, 2018, the District levied an ad valorem maintenance tax at the rate of \$0.31 per \$100 of assessed valuation, which resulted in a tax levy of \$1,479,386 on the adjusted taxable valuation of \$477,221,394 for the 2017 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, 2018

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.

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 9. JOINT AGREEMENT FOR DRAINAGE FACILITIES

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 \$2.70 per 1,000 gallons of water pumped from each well. The District recorded an expenditure of \$284,297 for fees assessed during the current fiscal year.

The District also recorded an expenditure of \$649,668 for water received from the Authority during the current fiscal year. The current rate is \$3.10 per 1,000 gallons of water received.

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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.

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 \$143,632 of revenue related to this agreement, of which \$29,844 was receivable at September 30, 2018.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 13. INTERFUND BALANCES

The Debt Service Fund (Tax Account) owed the General Fund \$5,528 for maintenance tax collections, the General Fund owed the Debt Service Fund \$4,200 related to a duplicate reimbursement for arbitrage costs, and the Capital Projects Fund owed the General Fund \$114,989 for costs related to capital expenditures approved in the Series 2018 bond issue.

NOTE 14. BOND SALE

On August 28, 2018, the District issued \$4,300,000 of Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2018. Proceeds from the sale of the bonds will be used to finance the District's share of costs associated with the following: 1) wastewater treatment plant improvements; 2) lift station improvements at wastewater treatment plant; 3) lift station nos. 1, 2, and 3 improvements; 4) manhole inflow protection inserts; and 5) to pay for issuance costs of the bonds.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2018

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, 2018

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|------------------------------|---------------------|------------------------------------|
| REVENUES | | | |
| Property Taxes | \$ 1,367,650 | \$ 1,469,898 | \$ 102,248 |
| Sales Tax Receipts | 160,000 | 143,632 | (16,368) |
| Water Service | 825,000 | 683,990 | (141,010) |
| Wastewater Service | 925,000 | 951,222 | 26,222 |
| Regional Water Authority Fees | 895,000 | 945,205 | 50,205 |
| Penalty and Interest | 50,000 | 56,030 | 6,030 |
| Tap Connection and Inspection Fees | | 25,969 | 25,969 |
| Investment Revenues | 25,000 | 62,973 | 37,973 |
| Miscellaneous Revenues | | 31,058 | 31,058 |
| Insurance Reimbursements | | 83,607 | 83,607 |
| FEMA Reimbursements | | 154,596 | 154,596 |
| TOTAL REVENUES | \$ 4,247,650 | \$ 4,608,180 | \$ 360,530 |
| EXPENDITURES | | | |
| Services Operations: | | | |
| Professional Fees | \$ 230,500 | \$ 221,258 | \$ 9,242 |
| Contracted Services | 1,225,500 | 1,205,049 | 20,451 |
| Purchased Water Service | 950,000 | 649,668 | 300,332 |
| Utilities | 300,000 | 241,076 | 58,924 |
| Regional Water Authority Assessments | | 284,297 | (284,297) |
| Repairs and Maintenance | 740,000 | 715,436 | 24,564 |
| Other | 487,280 | 381,885 | 105,395 |
| Capital Outlay | | 21,348 | (21,348) |
| TOTAL EXPENDITURES | \$ 3,933,280 | \$ 3,720,017 | \$ 213,263 |
| NET CHANGE IN FUND BALANCE | \$ 314,370 | \$ 888,163 | \$ 573,793 |
| FUND BALANCE - OCTOBER 1, 2017 | 4,428,639 | 4,428,639 | |
| FUND BALANCE - SEPTEMBER 30, 2018 | \$ 4,743,009 | \$ 5,316,802 | \$ 573,793 |

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, 2018

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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 | \$ 3.26* | All |

District employs winter averaging for wastewater usage?

| | |
|-------|--------------|
| _____ | <u> X </u> |
| Yes | No |

Total monthly charges per 10,000 gallons usage: Water: \$18.00 Wastewater: \$23.00 Surcharge: \$32.60 Total \$73.60

* 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, 2018

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 | |
| ≤ ³ / ₄ " | <u>2,968</u> | <u>2,925</u> | x 1.0 | <u>2,925</u> |
| 1" | <u>35</u> | <u>32</u> | x 2.5 | <u>80</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" | <u>1</u> | <u>1</u> | x 80.0 | <u>80</u> |
| 10" | | | x 115.0 | |
| Total Water Connections | <u><u>3,064</u></u> | <u><u>3,018</u></u> | | <u><u>3,651</u></u> |
| Total Wastewater Connections | <u><u>2,993</u></u> | <u><u>2,951</u></u> | x 1.0 | <u><u>2,951</u></u> |

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

| | | |
|------------------------------|-------------|--|
| Gallons pumped into system: | 105,677,000 | Water Accountability Ratio: 94.11% (Gallons billed and sold/Gallons pumped and purchased) |
| Gallons purchased: | 242,062,000 | From: West Harris County Regional Water Authority |
| Gallons billed to customers: | 301,200,000 | |
| Gallons sold: | 26,054,000 | 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, 2018

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, 2018

| | |
|-----------------------------------|-------------------|
| PROFESSIONAL FEES: | |
| Auditing | \$ 15,300 |
| Engineering | 88,136 |
| Legal | <u>117,822</u> |
| TOTAL PROFESSIONAL FEES | <u>\$ 221,258</u> |
| PURCHASED SERVICES FOR RESALE: | |
| Purchased Water Service | <u>\$ 649,668</u> |
| CONTRACTED SERVICES: | |
| Bookkeeping | \$ 24,035 |
| Operations and Billing | <u>285,076</u> |
| TOTAL CONTRACTED SERVICES | <u>\$ 309,111</u> |
| UTILITIES: | |
| Electricity | <u>\$ 241,076</u> |
| REPAIRS AND MAINTENANCE | <u>\$ 715,436</u> |
| ADMINISTRATIVE EXPENDITURES: | |
| Director Fees | \$ 17,100 |
| Dues | 650 |
| Election Costs | 310 |
| Insurance | 44,524 |
| Office Supplies and Postage | 47,909 |
| Payroll Taxes | 1,296 |
| Travel and Meetings | 6,290 |
| Other | <u>9,093</u> |
| TOTAL ADMINISTRATIVE EXPENDITURES | <u>\$ 127,172</u> |

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | |
|--------------------------------------|-----------------------------|
| CAPITAL OUTLAY: | |
| Capitalized Assets | \$ 21,348 |
| Expenditures Not Capitalized | <u> </u> |
| TOTAL CAPITAL OUTLAY: | <u>\$ 21,348</u> |
| | |
| TAP CONNECTIONS | <u>\$ 6,000</u> |
| | |
| SOLID WASTE DISPOSAL | <u>\$ 486,990</u> |
| | |
| SECURITY | <u>\$ 408,948</u> |
| | |
| OTHER EXPENDITURES: | |
| Chemicals | \$ 92,322 |
| Laboratory Fees | 69,049 |
| Permit Fees | 18,523 |
| Inspection Fees | 1,137 |
| Regional Water Authority Assessments | 284,297 |
| Commission Regulatory Assessments | 7,705 |
| Sludge Hauling | <u>59,977</u> |
| TOTAL OTHER EXPENDITURES | <u>\$ 533,010</u> |
| | |
| TOTAL EXPENDITURES | <u><u>\$ 3,720,017</u></u> |

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
INVESTMENTS
SEPTEMBER 30, 2018

| 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 | 2.1244% | Daily | \$ 684,598 | \$ |
| Certificate of Deposit | XXXX2870 | 1.9300% | 03/22/19 | 240,000 | 2,437 |
| Certificate of Deposit | XXXX2498 | 1.8500% | 10/22/18 | 240,000 | 1,946 |
| Certificate of Deposit | XXXX3058 | 2.0000% | 04/23/19 | 240,000 | 2,104 |
| Certificate of Deposit | XXXX4311 | 2.0000% | 04/23/19 | 240,000 | 2,104 |
| Certificate of Deposit | XXXX0399 | 1.7500% | 03/22/19 | 242,412 | 2,231 |
| Certificate of Deposit | XXXX5622 | 2.3800% | 07/15/19 | 506,390 | 2,609 |
| Certificate of Deposit | XXXX7951 | 1.3000% | 02/11/19 | 246,229 | 2,026 |
| Certificate of Deposit | XXXX5581 | 2.1000% | 03/17/19 | 242,799 | 2,752 |
| Certificate of Deposit | XXXX2373 | 2.3800% | 08/09/19 | 241,911 | 820 |
| Certificate of Deposit | XXXX0408 | 1.8500% | 10/17/18 | 244,295 | 2,043 |
| Certificate of Deposit | XXXX2488 | 1.6000% | 03/24/19 | 244,286 | 2,035 |
| Certificate of Deposit | XXXX6624 | 2.3500% | 09/17/19 | 750,000 | 628 |
| Certificate of Deposit | XXXX9034 | 2.3500% | 09/21/19 | <u>240,000</u> | <u>139</u> |
| TOTAL GENERAL FUND | | | | <u>\$ 4,602,920</u> | <u>\$ 23,874</u> |
| <u>DEBT SERVICE FUND</u> | | | | | |
| TexSTAR | XXXX3000 | 2.1735% | Daily | \$ 101,799 | \$ |
| Certificate of Deposit | XXXX1460 | 1.8000% | 04/07/19 | <u>108,084</u> | <u>938</u> |
| TOTAL DEBT SERVICE FUND | | | | <u>\$ 209,883</u> | <u>\$ 938</u> |
| <u>CAPITAL PROJECTS FUND</u> | | | | | |
| Certificate of Deposit | XXXX1871 | 1.0000% | 01/02/19 | <u>\$ 102,796</u> | <u>\$ 763</u> |
| TOTAL - ALL FUNDS | | | | <u>\$ 4,915,599</u> | <u>\$ 25,575</u> |

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | Maintenance Taxes | | Debt Service Taxes | |
|-----------------------------|-------------------|------------------|--------------------|-----------------------------------|
| TAXES RECEIVABLE - | | | | |
| OCTOBER 1, 2017 | \$ | 27,349 | | \$ 34,546 |
| Adjustments to Beginning | | | | |
| Balance | | <u>(6,265)</u> | \$ 21,084 | <u>(7,760)</u> \$ 26,786 |
| Original 2017 Tax Levy | \$ | 1,366,159 | | \$ 1,454,298 |
| Adjustment to 2017 Tax Levy | | <u>113,227</u> | <u>1,479,386</u> | <u>120,532</u> <u>1,574,830</u> |
| TOTAL TO BE | | | | |
| ACCOUNTED FOR | | \$ 1,500,470 | | \$ 1,601,616 |
| TAX COLLECTIONS: | | | | |
| Prior Years | \$ | 6,193 | | \$ 7,743 |
| Current Year | | <u>1,463,705</u> | <u>1,469,898</u> | <u>1,558,137</u> <u>1,565,880</u> |
| TAXES RECEIVABLE - | | | | |
| SEPTEMBER 30, 2018 | | <u>\$ 30,572</u> | | <u>\$ 35,736</u> |
| TAXES RECEIVABLE BY | | | | |
| YEAR: | | | | |
| 2017 | | \$ 15,681 | | \$ 16,693 |
| 2016 | | 6,003 | | 7,244 |
| 2015 | | 3,107 | | 4,039 |
| 2014 | | 1,665 | | 2,220 |
| 2013 | | 1,333 | | 1,777 |
| 2012 and Prior | | <u>2,783</u> | | <u>3,763</u> |
| TOTAL | | <u>\$ 30,572</u> | | <u>\$ 35,736</u> |

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| PROPERTY VALUATIONS: | | | | |
| Land | \$ 93,424,568 | \$ 85,197,706 | \$ 82,803,732 | \$ 70,931,053 |
| Improvements | 437,687,552 | 415,531,027 | 377,696,251 | 348,600,046 |
| Personal Property | 13,391,314 | 14,058,895 | 15,138,212 | 12,785,612 |
| Exemptions | <u>(67,282,040)</u> | <u>(67,495,210)</u> | <u>(56,491,033)</u> | <u>(53,568,715)</u> |
| TOTAL PROPERTY VALUATIONS | <u>\$ 477,221,394</u> | <u>\$ 447,292,418</u> | <u>\$ 419,147,162</u> | <u>\$ 378,747,996</u> |
| TAX RATES PER \$100 VALUATION: | | | | |
| Debt Service | \$ 0.33 | \$ 0.35 | \$ 0.39 | \$ 0.40 |
| Maintenance** | <u>0.31</u> | <u>0.29</u> | <u>0.30</u> | <u>0.30</u> |
| TOTAL TAX RATES PER \$100 VALUATION | <u>\$ 0.64</u> | <u>\$ 0.64</u> | <u>\$ 0.69</u> | <u>\$ 0.70</u> |
| ADJUSTED TAX LEVY* | <u>\$ 3,054,216</u> | <u>\$ 2,862,671</u> | <u>\$ 2,892,864</u> | <u>\$ 2,652,048</u> |
| PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED | <u>98.94 %</u> | <u>99.54 %</u> | <u>99.75 %</u> | <u>99.85 %</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 \$0.25 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, 2018

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 |
|---|-----------------------------|---------------------------------------|---------------------|
| 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>\$ 1,254,385</u> | <u>\$ 5,474,385</u> |

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2018

S E R I E S - 2 0 1 4

| Due During Fiscal Years Ending September 30 | Principal Due April 1 | Interest Due April 1/ October 1 | Total |
|---|-----------------------------|---------------------------------------|---------------------|
| 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>\$ 726,113</u> | <u>\$ 2,726,113</u> |

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2018

S E R I E S - 2 0 1 8

| Due During Fiscal Years Ending September 30 | Principal Due April 1 | Interest Due April 1/ October 1 | Total |
|---|-----------------------------|---------------------------------------|---------------------|
| 2019 | \$ 415,000 | \$ 65,100 | \$ 480,100 |
| 2020 | 445,000 | 89,350 | 534,350 |
| 2021 | 455,000 | 80,450 | 535,450 |
| 2022 | 475,000 | 71,350 | 546,350 |
| 2023 | 480,000 | 61,850 | 541,850 |
| 2024 | 490,000 | 52,250 | 542,250 |
| 2025 | 500,000 | 42,450 | 542,450 |
| 2026 | 515,000 | 31,200 | 546,200 |
| 2027 | 525,000 | 15,750 | 540,750 |
| 2028 | | | |
| 2029 | | | |
| 2030 | | | |
| 2031 | | | |
| 2032 | | | |
| 2033 | | | |
| 2034 | | | |
| | <u>\$ 4,300,000</u> | <u>\$ 509,750</u> | <u>\$ 4,809,750</u> |

THIS PAGE INTENTIONALLY LEFT BLANK

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2018

ANNUAL REQUIREMENTS
FOR ALL SERIES

| Due During Fiscal Years Ending September 30 | Total Principal Due | Total Interest Due | Total Principal Interest Due |
|---|------------------------|-----------------------|------------------------------------|
| 2019 | \$ 770,000 | \$ 314,043 | \$ 1,084,043 |
| 2020 | 820,000 | 323,594 | 1,143,594 |
| 2021 | 850,000 | 299,169 | 1,149,169 |
| 2022 | 880,000 | 273,720 | 1,153,720 |
| 2023 | 905,000 | 250,520 | 1,155,520 |
| 2024 | 935,000 | 225,731 | 1,160,731 |
| 2025 | 970,000 | 199,609 | 1,169,609 |
| 2026 | 1,005,000 | 170,707 | 1,175,707 |
| 2027 | 1,040,000 | 135,793 | 1,175,793 |
| 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>\$ 10,520,000</u> | <u>\$ 2,490,248</u> | <u>\$ 13,010,248</u> |

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| Description | Original Bonds Issued | Bonds Outstanding October 1, 2017 |
|--|-----------------------------|---|
| Harris County Municipal Utility District No. 102 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2008 | \$ 5,015,000 | \$ 880,000 |
| 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 | 385,000 |
| Harris County Municipal Utility District No. 102 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2014 | 2,000,000 | 2,000,000 |
| Harris County Municipal Utility District No. 102 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2018 | <u>4,300,000</u> | |
| TOTAL | <u><u>\$ 18,025,000</u></u> | <u><u>\$ 7,485,000</u></u> |
| Bond Authority: | <u>Tax Bonds*</u> | <u>Refunding Bonds</u> |
| Amount Authorized by Voters | \$ 53,447,000 | \$ - 0 - |
| Amount Issued | <u>39,040,000</u> | |
| Remaining to be Issued | <u><u>\$ 14,407,000</u></u> | <u><u>\$ - 0 -</u></u> |
| Debt Service Fund cash, investments and cash with paying agent balances as of September 30, 2018: | | <u><u>\$ 518,315</u></u> |
| Average annual debt service payment (principal and interest) for remaining term of all debt: | | <u><u>\$ 813,141</u></u> |

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

* Included in amount authorized by voters for tax bonds.

Current Year Transactions

| Bonds Sold | Retirements | | Bonds Outstanding September 30, 2018 | Paying Agent |
|---------------------|---------------------|-------------------|--|--|
| | Principal | Interest | | |
| \$ | \$ 880,000 | \$ 41,800 | \$ -0- | Wells Fargo Bank Texas, N.A. |
| | | 177,062 | 4,220,000 | Wells Fargo Bank Texas, N.A. |
| | 385,000 | 11,550 | -0- | The Bank of New York Mellon Trust Company, N.A. Dallas, TX |
| | | 71,882 | 2,000,000 | The Bank of New York Mellon Trust Company, N.A. Dallas, TX |
| <u>4,300,000</u> | | | <u>4,300,000</u> | Amegy Bank Houston, TX |
| <u>\$ 4,300,000</u> | <u>\$ 1,265,000</u> | <u>\$ 302,294</u> | <u>\$ 10,520,000</u> | |

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

| | Amount | | |
|--|---------------------|---------------------|---------------------|
| | 2018 | 2017 | 2016 |
| REVENUES | | | |
| Property Taxes | \$ 1,469,898 | \$ 1,286,705 | \$ 1,256,781 |
| Sales Tax Receipts | 143,632 | 152,104 | 150,050 |
| Water Service | 683,990 | 718,384 | 617,988 |
| Wastewater Service | 951,222 | 968,595 | 972,920 |
| Regional Water Authority Fees | 945,205 | 892,998 | 815,094 |
| Penalty and Interest | 56,030 | 65,792 | 53,510 |
| Tap Connection and Inspection Fees | 25,969 | 27,395 | 19,200 |
| Investment Revenues | 62,973 | 26,207 | 14,463 |
| Miscellaneous Revenues | 31,058 | 37,146 | 92,254 |
| Insurance Reimbursements | 83,607 | 170,095 | |
| FEMA Reimbursements | 154,596 | 270,774 | |
| TOTAL REVENUES | \$ 4,608,180 | \$ 4,616,195 | \$ 3,992,260 |
| EXPENDITURES | | | |
| Professional Fees | \$ 221,258 | \$ 220,020 | \$ 148,091 |
| Contracted Services | 1,205,049 | 1,196,481 | 1,160,083 |
| Purchased Water Service | 649,668 | 753,554 | 734,915 |
| Utilities | 241,076 | 303,985 | 296,359 |
| Regional Water Authority Assessments | 284,297 | 144,389 | 114,547 |
| Repairs and Maintenance | 715,436 | 588,344 | 765,299 |
| Other | 381,885 | 322,610 | 363,227 |
| Capital Outlay | 21,348 | 38,146 | 127,096 |
| TOTAL EXPENDITURES | \$ 3,720,017 | \$ 3,567,529 | \$ 3,709,617 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 888,163 | \$ 1,048,666 | \$ 282,643 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In(Out) | \$ - 0 - | \$ - 0 - | \$ - 0 - |
| NET CHANGE IN FUND BALANCE | \$ 888,163 | \$ 1,048,666 | \$ 282,643 |
| BEGINNING FUND BALANCE | 4,428,639 | 3,379,973 | 3,097,330 |
| ENDING FUND BALANCE | \$ 5,316,802 | \$ 4,428,639 | \$ 3,379,973 |

| | | Percentage of Total Revenues | | | | |
|---------------------|---------------------|------------------------------|----------------|----------------|----------------|--------------|
| 2015 | 2014 | 2018 | 2017 | 2016 | 2015 | 2014 |
| \$ 1,123,697 | \$ 1,050,597 | 31.9 % | 27.8 % | 31.4 % | 29.1 % | 28.1 |
| 155,309 | 176,748 | 3.1 | 3.3 | 3.8 | 4.0 | 4.7 |
| 677,778 | 644,089 | 14.8 | 15.6 | 15.5 | 17.6 | 17.2 |
| 971,550 | 967,665 | 20.6 | 21.0 | 24.4 | 25.2 | 25.8 |
| 767,949 | 756,812 | 20.5 | 19.3 | 20.4 | 19.9 | 20.2 |
| 86,209 | 86,919 | 1.2 | 1.4 | 1.3 | 2.2 | 2.3 |
| 20,370 | 23,686 | 0.6 | 0.6 | 0.5 | 0.5 | 0.6 |
| 7,978 | 5,227 | 1.4 | 0.6 | 0.4 | 0.2 | 0.1 |
| 48,459 | 36,964 | 0.7 | 0.8 | 2.3 | 1.3 | 1.0 |
| | | 1.8 | 3.7 | | | |
| | | 3.4 | 5.9 | | | |
| <u>\$ 3,859,299</u> | <u>\$ 3,748,707</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0</u> |
| \$ 204,311 | \$ 136,959 | 4.8 % | 4.8 % | 3.7 % | 5.3 % | 3.7 |
| 1,113,633 | 1,129,236 | 26.2 | 25.9 | 29.1 | 28.9 | 30.1 |
| 734,368 | 700,592 | 14.1 | 16.3 | 18.4 | 19.0 | 18.7 |
| 261,218 | 245,206 | 5.2 | 6.6 | 7.4 | 6.8 | 6.5 |
| 41,208 | 59,426 | 6.2 | 3.1 | 2.9 | 1.1 | 1.6 |
| 421,806 | 394,414 | 15.5 | 12.7 | 19.2 | 10.9 | 10.5 |
| 336,274 | 336,483 | 8.3 | 7.0 | 9.1 | 8.7 | 9.0 |
| | | 0.5 | 0.8 | 3.2 | | |
| <u>\$ 3,112,818</u> | <u>\$ 3,002,316</u> | <u>80.8 %</u> | <u>77.2 %</u> | <u>93.0 %</u> | <u>80.7 %</u> | <u>80.1</u> |
| <u>\$ 746,481</u> | <u>\$ 746,391</u> | <u>19.2 %</u> | <u>22.8 %</u> | <u>7.0 %</u> | <u>19.3 %</u> | <u>19.9</u> |
| <u>\$ - 0 -</u> | <u>\$ 5,393</u> | | | | | |
| \$ 746,481 | \$ 751,784 | | | | | |
| <u>2,350,849</u> | <u>1,599,065</u> | | | | | |
| <u>\$ 3,097,330</u> | <u>\$ 2,350,849</u> | | | | | |

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

| | Amount | | |
|---|---------------------|---------------------|---------------------|
| | 2018 | 2017 | 2016 |
| REVENUES | | | |
| Property Taxes | \$ 1,565,880 | \$ 1,553,484 | \$ 1,634,241 |
| Penalty and Interest | 32,053 | 25,529 | 28,332 |
| Investment Revenues | 4,575 | 3,021 | 1,841 |
| Miscellaneous Revenues | 289 | 918 | 10 |
| TOTAL REVENUES | \$ 1,602,797 | \$ 1,582,952 | \$ 1,664,424 |
| EXPENDITURES | | | |
| Tax Collection Expenditures | \$ 93,435 | \$ 86,054 | \$ 81,294 |
| Debt Service Principal | 1,265,000 | 1,220,000 | 1,170,000 |
| Debt Service Interest and Fees | 303,344 | 354,917 | 402,393 |
| TOTAL EXPENDITURES | \$ 1,661,779 | \$ 1,660,971 | \$ 1,653,687 |
| NET CHANGE IN FUND BALANCE | \$ (58,982) | \$ (78,019) | \$ 10,737 |
| BEGINNING FUND BALANCE | 567,788 | 645,807 | 635,070 |
| ENDING FUND BALANCE | \$ 508,806 | \$ 567,788 | \$ 645,807 |
| TOTAL ACTIVE RETAIL WATER CONNECTIONS | 3,018 | 3,004 | 3,010 |
| TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS | 2,951 | 2,935 | 2,942 |

| | | Percentage of Total Revenues | | | | |
|---------------------|---------------------|------------------------------|----------------|----------------|----------------|-----------------|
| <u>2015</u> | <u>2014</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| \$ 1,498,245 | \$ 1,401,404 | 97.7 % | 98.1 % | 98.2 % | 98.6 % | 98.1 % |
| 19,714 | 24,001 | 2.0 | 1.6 | 1.7 | 1.3 | 1.7 |
| 2,071 | 3,495 | 0.3 | 0.2 | 0.1 | 0.1 | 0.2 |
| | | | 0.1 | | | |
| <u>\$ 1,520,030</u> | <u>\$ 1,428,900</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |
| \$ 83,139 | \$ 78,032 | 5.8 % | 5.4 % | 4.9 % | 5.5 % | 5.5 % |
| 1,130,000 | 1,100,000 | 78.9 | 77.1 | 70.3 | 74.3 | 77.0 |
| 444,336 | 406,785 | 18.9 | 22.4 | 24.2 | 29.2 | 28.5 |
| <u>\$ 1,657,475</u> | <u>\$ 1,584,817</u> | <u>103.6 %</u> | <u>104.9 %</u> | <u>99.4 %</u> | <u>109.0 %</u> | <u>111.0 %</u> |
| \$ (137,445) | \$ (155,917) | <u>(3.6) %</u> | <u>(4.9) %</u> | <u>0.6 %</u> | <u>(9.0) %</u> | <u>(11.0) %</u> |
| <u>772,515</u> | <u>928,432</u> | | | | | |
| <u>\$ 635,070</u> | <u>\$ 772,515</u> | | | | | |
| <u>3,025</u> | <u>2,999</u> | | | | | |
| <u>2,961</u> | <u>2,938</u> | | | | | |

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 102
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2018

District Mailing Address - Harris County Municipal Utility District No. 102
c/o Coats Rose, P.C.
9 Greenway Plaza, Suite 1000
Houston, TX 77046

District Telephone Number - (713) 651-0111

| Board Members | Term of Office (Elected or Appointed) | Fees of Office for the year ended September 30, 2018 | Expense Reimbursements for the year ended September 30, 2018 | Title |
|----------------------|--|--|--|--|
| Randal W. Ward | 05/15 05/19 (Elected) | \$ 5,100 | \$ 1,185 | President |
| Douglas Jordan | 05/17 05/21 (Elected) | \$ 2,400 | \$ 1,340 | Vice President |
| Jason Iken | 05/15 05/19 (Elected) | \$ 2,700 | \$ 297 | Secretary |
| Robert Moorman | 05/17 05/21 (Elected) | \$ 6,150 | \$ 1,053 | Assistant Secretary/ Treasurer/ Investment Officer |
| Richard Barbour | 09/18 05/21 (Appointed) | \$ 150 | \$ -0- | Assistant Secretary |

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

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054):
October 22, 2018

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, 2018

| Consultants: | <u>Date Hired</u> | <u>Fees for the year ended September 30, 2018</u> | <u>Title</u> |
|---|-------------------|---|---------------------------------|
| Coats Rose, P.C. | 09/18/80 | \$ 129,024 \$ 88,406 | General Counsel Bond Counsel |
| McCall Gibson Swedlund Barfoot PLLC | 09/21/87 | \$ 15,300 \$ 900 | Auditor Bond Related |
| Myrtle Cruz, Inc. | 04/20/95 | \$ 30,518 | Bookkeeper |
| Perdue, Brandon, Fielder, Collins & Mott, L.L.P. | 02/26/96 | \$ 10,431 | Delinquent Tax Attorney |
| AEI Engineering, LLC | 04/05/93 | \$ 295,453 | Engineer |
| Robert W. Baird & Co. Incorporated | 04/27/15 | \$ 77,162 | Financial Advisor |
| Municipal District Services, LLC | 11/30/09 | \$ 971,761 | Operator |
| Assessments of the Southwest, Inc. | 10/01/03 | \$ 48,187 | Tax Assessor/ Collector |

