

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2018

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northwest Harris County Municipal Utility District No. 24
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Northwest Harris County Municipal Utility District No. 24 (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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

March 5, 2019

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Management’s discussion and analysis of Northwest Harris County Municipal Utility District No. 24’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2018. Please read in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
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 Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”). The budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets exceeded liabilities by \$17,549,073 as of September 30, 2018.

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

The following is a comparative analysis of the Statement of Net Position as of September 30, 2018, and September 30, 2017:

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
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	\$ 13,922,937	\$ 12,260,268	\$ 1,662,669
Capital Assets (Net of Accumulated Depreciation)	<u>9,523,469</u>	<u>9,403,212</u>	<u>120,257</u>
Total Assets	<u>\$ 23,446,406</u>	<u>\$ 21,663,480</u>	<u>\$ 1,782,926</u>
Due to Developer	\$ 376,626	\$ 814,204	\$ 437,578
Long -Term Liabilities	4,823,328	5,139,427	316,099
Other Liabilities	<u>697,379</u>	<u>479,194</u>	<u>(218,185)</u>
Total Liabilities	<u>\$ 5,897,333</u>	<u>\$ 6,432,825</u>	<u>\$ 535,492</u>
Net Position:			
Net Investment in Capital Assets	\$ 4,005,635	\$ 3,131,689	\$ 873,946
Restricted	1,793,339	1,818,999	(25,660)
Unrestricted	<u>11,750,099</u>	<u>10,279,967</u>	<u>1,470,132</u>
Total Net Position	<u>\$ 17,549,073</u>	<u>\$ 15,230,655</u>	<u>\$ 2,318,418</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	\$ 3,947,790	\$ 3,426,463	\$ 521,327
Charges for Services	650,456	505,717	144,739
Other Revenues	<u>377,070</u>	<u>278,148</u>	<u>98,922</u>
Total Revenues	<u>\$ 4,975,316</u>	<u>\$ 4,210,328</u>	<u>\$ 764,988</u>
Expenses for Services	<u>2,656,898</u>	<u>2,339,752</u>	<u>(317,146)</u>
Change in Net Position	\$ 2,318,418	\$ 1,870,576	\$ 447,842
Net Position, Beginning of Year	<u>15,230,655</u>	<u>13,360,079</u>	<u>1,870,576</u>
Net Position, End of Year	<u>\$ 17,549,073</u>	<u>\$ 15,230,655</u>	<u>\$ 2,318,418</u>

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
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 \$11,762,639, an increase of \$1,470,257 from the prior year.

The General Fund fund balance increased by \$1,503,980, primarily due to service revenues exceeding operating expenditures.

The Debt Service Fund fund balance decreased by \$33,735, primarily due to the structure of the District's outstanding debt requirements.

The Capital Projects Fund fund balance increased by \$12.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District did not amend the budget during the current fiscal year. Actual revenues were \$992,031 more than budgeted revenues, primarily due to higher than anticipated investment, sales, property tax and tap connection and inspection revenues. Actual expenditures were \$1,245,214 less than budgeted expenditures, primarily due to lower than anticipated capital outlay.

CAPITAL ASSETS

Capital assets as of September 30, 2018, total \$9,523,469 (net of accumulated depreciation) and include land and buildings as well as the water and wastewater systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2018	2017	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,900,067	\$ 1,733,468	\$ 166,599
Construction in Progress	115,884	71,347	44,537
Capital Assets, Net of Accumulated Depreciation:			
Building and Improvements	1,994,971	1,863,908	131,063
Water System	1,784,306	1,848,917	(64,611)
Wastewater System	<u>3,728,241</u>	<u>3,885,572</u>	<u>(157,331)</u>
Total Net Capital Assets	<u>\$ 9,523,469</u>	<u>\$ 9,403,212</u>	<u>\$ 120,257</u>

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

LONG-TERM DEBT ACTIVITY

As of September 30, 2018, the District had total bond debt payable of \$5,250,000.

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	\$ 5,575,000
Less: Bond Principal Paid	<u>325,000</u>
Bond Debt Payable, September 30, 2018	<u>\$ 5,250,000</u>

The District’s bonds carry an underlying rating of “A”. The Series 2009 bonds carry an “AA” rating by virtue of bond insurance issued by Assured Guaranty Corp. The above ratings are as of September 30, 2018, and reflect all rating changes, if any through the fiscal year end.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Northwest Harris County Municipal Utility District No. 24, c/o Roach & Mitchell, PLLC, 2800 Post Oak Blvd., Suite 4100, Houston, TX 77056.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2018**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 7,332,096	\$ 1,360,183
Investments	2,595,202	671,705
Receivables:		
Property Taxes	23,292	4,944
Penalty and Interest on Delinquent Taxes		
Service Accounts	42,632	
Accrued Interest	2,148	4,296
Other	6,372	
Due from City of Houston	47,991	
Due from Director	16,500	
Due from Engineer	18,867	
Due from Other Funds	106,746	8,949
Prepaid Costs	11,369	
Due from Regional Water Authority		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 10,203,215	\$ 2,050,077

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>
\$ 6,297	\$ 8,698,576	\$	\$ 8,698,576
823	3,267,730		3,267,730
	28,236		28,236
		8,742	8,742
	42,632		42,632
	6,444		6,444
	6,372		6,372
	47,991		47,991
	16,500		16,500
	18,867		18,867
	115,695	(115,695)	
	11,369		11,369
		1,769,478	1,769,478
		1,900,067	1,900,067
		115,884	115,884
		7,507,518	7,507,518
<u>\$ 7,120</u>	<u>\$ 12,260,412</u>	<u>\$ 11,185,994</u>	<u>\$ 23,446,406</u>

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

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2018**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 171,379	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds	8,949	106,746
Due to Taxpayers		140,197
Due to Voluntary Services	441	
Security Deposits	41,825	
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
	\$ 222,594	\$ 246,943
TOTAL LIABILITIES		
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 23,292	\$ 4,944
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 11,369	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,798,190
Assigned to 2019 Budget Deficit	1,461,250	
Unassigned	8,484,710	
TOTAL FUND BALANCES	\$ 9,957,329	\$ 1,798,190
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,203,215	\$ 2,050,077
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 171,379	\$	\$ 171,379
		18,537	18,537
		376,626	376,626
	115,695	(115,695)	
	140,197		140,197
	441		441
	41,825		41,825
		325,000	325,000
		4,823,328	4,823,328
<u>\$ - 0 -</u>	<u>\$ 469,537</u>	<u>\$ 5,427,796</u>	<u>\$ 5,897,333</u>
<u>\$ - 0 -</u>	<u>\$ 28,236</u>	<u>\$ (28,236)</u>	<u>\$ - 0 -</u>
\$	\$ 11,369	\$ (11,369)	\$
7,120	7,120	(7,120)	
	1,798,190	(1,798,190)	
	1,461,250	(1,461,250)	
	8,484,710	(8,484,710)	
<u>\$ 7,120</u>	<u>\$ 11,762,639</u>	<u>\$ (11,762,639)</u>	<u>\$ - 0 -</u>
<u>\$ 7,120</u>	<u>\$ 12,260,412</u>		
		\$ 4,005,635	\$ 4,005,635
		1,793,339	1,793,339
		11,750,099	11,750,099
		<u>\$ 17,549,073</u>	<u>\$ 17,549,073</u>

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

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

Total Fund Balances - Governmental Funds \$ 11,762,639

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

Credits due from the North Harris County Regional Water Authority for asset reimbursements are not current financial resources and, therefore, are not reported as assets in the governmental funds. 1,769,478

Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 9,523,469

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 revenue in the governmental activities of the District. 36,978

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

Due to Developer	\$ (376,626)	
Accrued Interest Payable	(18,537)	
Bonds Payable	<u>(5,148,328)</u>	<u>(5,543,491)</u>

Total Net Position - Governmental Activities \$ 17,549,073

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

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**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes	\$ 3,391,737	\$ 539,374
Water Service	184,676	
Wastewater Service	101,148	
Regional Water Authority Fees	195,034	
Penalty and Interest	6,525	24,759
Tap Connection and Inspection Fees	119,733	
Sales Tax Revenues	131,275	
Investment Revenues	244,978	14,301
Security Fees	14,126	
Administration Building Rentals	21,530	
Miscellaneous Revenues	<u>13,269</u>	<u>24</u>
TOTAL REVENUES	<u>\$ 4,424,031</u>	<u>\$ 578,458</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 208,060	\$ 1,078
Contracted Services	638,343	43,402
Purchased Water Service	250,845	
Utilities	118,409	
Regional Water Authority Assessment	19,696	
Repairs and Maintenance	270,749	
Depreciation		
Other	467,029	3,200
Capital Outlay	946,920	
Debt Service:		
Bond Principal		325,000
Bond Interest		<u>239,513</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 2,920,051</u>	<u>\$ 612,193</u>
NET CHANGE IN FUND BALANCES	\$ 1,503,980	\$ (33,735)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2017	<u>8,453,349</u>	<u>1,831,925</u>
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2018	<u>\$ 9,957,329</u>	<u>\$ 1,798,190</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,931,111	\$ 16,679	\$ 3,947,790
	184,676		184,676
	101,148		101,148
	195,034		195,034
	31,284	4,455	35,739
	119,733		119,733
	131,275		131,275
22	259,301	(48,329)	210,972
	14,126		14,126
	21,530		21,530
	13,293		13,293
\$ 22	\$ 5,002,511	\$ (27,195)	\$ 4,975,316
\$	\$ 209,138	\$	\$ 209,138
	681,745		681,745
	250,845		250,845
	118,409		118,409
	19,696		19,696
	270,749	45,871	316,620
		343,214	343,214
10	470,239		470,239
	946,920	(946,920)	
	325,000	(325,000)	
	239,513	7,479	246,992
\$ 10	\$ 3,532,254	\$ (875,356)	\$ 2,656,898
\$ 12	\$ 1,470,257	\$ (1,470,257)	\$
		2,318,418	2,318,418
7,108	10,292,382	4,938,273	15,230,655
\$ 7,120	\$ 11,762,639	\$ 5,786,434	\$ 17,549,073

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

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
RECONCILIATION OF THE GOVERNMENTAL FUNDS 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 \$ 1,470,257

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

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied. 16,679

Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed. 4,455

Credits received in the current year from the North Harris County Regional Water Authority for chloramine conversion and capital contributions are recorded as investment revenues. However, the portion applicable to principal is recorded as a reduction of the long-term receivable in the Statement of Net Position. (48,329)

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (343,214)

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. 901,049

Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities. 325,000

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. (7,479)

Change in Net Position - Governmental Activities \$ 2,318,418

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

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1. CREATION OF DISTRICT

Northwest Harris County Municipal Utility District No. 24 (“the District”) was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the “Commission”), effective January 20, 1982, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater, drainage and recreational facilities and to provide such facilities and services to the customers of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

The GASB Codification 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:

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Basis of Accounting

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

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
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 revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or used. 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 expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including 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 \$5,000 or more and an estimated useful life of at least two years following the date of acquisition. 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:

	<u>Years</u>
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-40
All Other Equipment	3-20

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
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

A pension plan has not been established. This District one full time employee, however, the Internal Revenue Service has determined that directors are considered “employees” for federal payroll tax purposes only.

Measurement Focus

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

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. 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 formal action by the Board. The District does not have any committed fund balances.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
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. At year-end, the District has assigned \$1,461,250 of its General Fund fund balance to cover a projected budget shortfall in fiscal year 2019.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2009
Amount Outstanding – September 30, 2018	\$ 5,250,000
Interest Rates	3.70% - 4.50%
Maturity Dates – Beginning/Ending	September 1, 2019/2029
Interest Payment Dates	March 1/ September 1
Callable Dates	September 1, 2018*

* Or on any date thereafter, in whole or in part, at the option of the District, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2018:

	October 1, 2017	Additions	Retirements	September 30, 2018
Bonds Payable	\$ 5,575,000	\$	\$ 325,000	\$ 5,250,000
Unamortized Discounts	(110,573)		(8,901)	(101,672)
Bonds Payable, Net	\$ 5,464,427	\$ -0-	\$ 316,099	\$ 5,148,328
			Amount Due Within One Year	\$ 325,000
			Amount Due After One Year	4,823,328
			Bonds Payable, Net	\$ 5,148,328

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

Fiscal Year	Principal	Interest	Total
2019	\$ 325,000	\$ 222,450	\$ 547,450
2020	350,000	210,425	560,425
2021	375,000	197,125	572,125
2022	400,000	182,500	582,500
2023	425,000	166,500	591,500
2024-2028	2,725,000	535,250	3,260,250
2029	650,000	29,250	679,250
	\$ 5,250,000	\$ 1,543,500	\$ 6,793,500

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

As of September 30, 2018, the District had authorized but unissued bonds in the amount of \$3,480,000 for utility facilities and \$7,295,000 for refunding bonds.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
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 \$0.08 per \$100 of assessed valuation, which resulted in a tax levy of \$558,591 on the adjusted taxable valuation of \$698,238,263 for the 2017 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for maintenance tax levy.

The District's tax calendar is as follows:

- Levy Date - October 1 or 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

The bond order states that so long as any of the bonds or coupons remain outstanding, the District covenants that it will at all times keep insured such parts of the system as are customarily insured by municipal utility districts and political subdivisions in Texas operating like properties in similar locations under the same circumstances with a responsible insurance company or companies against risks, accidents or casualties against which and to the extent insurance is customarily carried by such municipal corporations and political subdivisions; provided, however, that at any time while any contractor engaged in construction work shall be fully responsible therefor, the District shall not be required to carry such insurance.

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.

The bond order states that the District is required to annually provide continuing disclosure of certain general financial information and operating data to the Municipal Securities Rulemaking Board. 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.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
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 \$9,676,594 and the bank balances were \$9,690,074. The District was not exposed to custodial credit risk at year-end.

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

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 7,332,096	\$ 498,018	\$ 7,830,114
DEBT SERVICE FUND	1,360,183	480,000	1,840,183
CAPITAL PROJECTS FUND	6,297		6,297
TOTAL DEPOSITS	\$ 8,698,576	\$ 978,018	\$ 9,676,594

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.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
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 TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures 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. The District's investments in certificates of deposit are recorded at amortized cost.

As of September 30, 2018, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 2,097,184	\$2,097,184
Certificates of Deposit	498,018	498,018
<u>DEBT SERVICE FUND</u>		
TexPool	191,705	191,705
Certificates of Deposit	480,000	480,000
<u>CAPITAL PROJECTS FUND</u>		
TexPool	823	823
TOTAL INVESTMENTS	<u>\$ 3,267,730</u>	<u>\$3,267,730</u>

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 were rated "AAAm" by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Restrictions

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

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

NOTE 6. CAPITAL ASSETS

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

	October 1, 2017	Increases	Decreases	September 30, 2018
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,733,468	\$ 166,599	\$	\$ 1,900,067
Construction in Progress	<u>71,347</u>	<u>463,471</u>	<u>418,934</u>	<u>115,884</u>
Total Capital Assets Not Being Depreciated	<u>\$ 1,804,815</u>	<u>\$ 630,070</u>	<u>\$ 418,934</u>	<u>\$ 2,015,951</u>
Capital Assets Subject to Depreciation				
Building and Improvements	\$ 2,067,186	\$ 206,016	\$	\$ 2,273,202
Water System	3,462,279	34,979		3,497,258
Wastewater System	<u>5,984,829</u>	<u>11,340</u>		<u>5,996,169</u>
Total Capital Assets Subject to Depreciation	<u>\$ 11,514,294</u>	<u>\$ 252,335</u>	<u>\$ - 0 -</u>	<u>\$ 11,766,629</u>
Less Accumulated Depreciation				
Building and Improvements	\$ 203,278	\$ 74,953	\$	\$ 278,231
Water System	1,613,362	99,590		1,712,952
Wastewater System	<u>2,099,257</u>	<u>168,671</u>		<u>2,267,928</u>
Total Accumulated Depreciation	<u>\$ 3,915,897</u>	<u>\$ 343,214</u>	<u>\$ - 0 -</u>	<u>\$ 4,259,111</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,598,397</u>	<u>\$ (90,879)</u>	<u>\$ - 0 -</u>	<u>\$ 7,507,518</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,403,212</u>	<u>\$ 539,191</u>	<u>\$ 418,934</u>	<u>\$ 9,523,469</u>

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 7. MAINTENANCE TAX

On February 27, 1982, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation of taxable property within the District. During the year ended September 30, 2018, the District levied an ad valorem maintenance tax at the rate of \$0.50 per \$100 of assessed valuation, which resulted in a tax levy of \$3,491,191 on the adjusted taxable valuation of \$698,238,263 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.

NOTE 8. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the "Act"), as passed by the seventy-fifth Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority has entered into a contract for purchase of surface water from the City of Houston, Texas to assure that its participants comply with the Harris-Galveston Subsidence District ("HGSD") pumpage requirements, which mandate that districts within HGSD boundaries, including the District, convert a percentage of their water use to surface water over a period of time.

The Authority currently 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 rate is \$3.40 per 1,000 gallons of water pumped from each well. The District recorded an expenditure of \$19,696 for fees assessed during the current fiscal year.

The current rate for surface water is \$3.85 per 1,000 gallons of water purchased. The District recorded expenditures of \$250,845 for water purchased from the Authority during the current fiscal year.

CAPITAL CONTRIBUTION CONTRACT

The District previously entered into a Capital Contribution Contract with the Authority. The District paid the Authority \$1,543,624 and \$234,328 for the District's share of the construction of Phase I of the 2010 Surface Water Distribution and Transmission System. The District receives capital contribution credits to be applied to the quarterly pumpage fees which the Authority assesses, water purchased by the District from the Authority, or to be paid to the District in cash. The Authority calculated the credit by amortizing the capital contribution over the life of the Authority's bonds after the Authority issues its bonds for this project. The District began receiving the capital contribution credits in 2003. Total credits received in the current fiscal year were \$129,663 consisting of \$44,109 in principal and \$85,554 in interest. The September 30, 2018, capital contribution balance was \$1,557,909.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**NOTE 8. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)**

CAPITAL CONTRIBUTION CONTRACT (Continued)

Future capital contribution principal repayments are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 46,526	\$ 83,137	\$ 129,663
2020	49,077	80,586	129,663
2021	51,767	77,896	129,663
2022	54,605	75,058	129,663
2023	57,599	72,063	129,662
2024-2028	338,995	309,319	648,314
2029-2033	442,774	205,541	648,315
2034-2038	516,566	74,927	591,493
	<u>\$ 1,557,909</u>	<u>\$ 978,527</u>	<u>\$ 2,536,436</u>

CHLORAMINATION CONVERSION COSTS RECEIVABLE

The District funded the construction costs for the conversion to surface water. The total cost of the project approved by the Authority for reimbursement was \$236,304, which will be credited to the District over 30 years at a rate of 6%. Principal repayments began in November 2011. Total credits received in the current fiscal year were \$17,167 consisting of \$4,220 in principal and \$12,947 in interest. The September 30, 2018, chloramine conversion balance was \$211,569. Future repayments are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 4,473	\$ 12,694	\$ 17,167
2020	4,742	12,426	17,168
2021	5,026	12,141	17,167
2022	5,328	11,840	17,168
2023	5,647	11,520	17,167
2024-2028	33,745	52,092	85,837
2029-2033	45,171	40,666	85,837
2034-2038	60,436	25,401	85,837
2039-2042	47,001	5,833	52,834
	<u>\$ 211,569</u>	<u>\$ 184,613</u>	<u>\$ 396,182</u>

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 9. WATER SUPPLY AGREEMENTS

On November 1, 2007, the District approved the Emergency Water Supply Agreement between the District, Harris County Utility District No. 14 (District No. 14) and Harris County Utility District No. 15 (District No. 15). The District and District No. 14 have constructed on a 50-50 cost basis the necessary facilities to allow for the delivery of potable water between the two districts. The District has retained title to the interconnect facilities; however, any interconnect maintenance and repair costs will be split on a 50-50 cost basis. Under the terms of the agreement, the district supplying water will bill the receiving district at the same rate charged to residential and commercial users of water located within the boundaries of the district supplying the water, including any regulatory or withdrawal fees. Billing for each district will be determined based upon total estimated pumpage from one district to another based upon the meter readings within a district during the time of usage, as determined by the operator of the district supplying the water. The term of the agreement is for a period of 20 years from the date of the agreement.

NOTE 10. STRATEGIC PARTNERSHIP AGREEMENT

On October 18, 2012, the District entered into a Strategic Partnership Agreement (“SPA”) with the City of Houston, Texas. Under the agreement, and in accordance with Subchapter F of Chapter 43 of the Texas Local Government Code, the City has annexed certain area of the District for the limited purposes of applying the City’s Planning, Zoning, Health, and Safety Ordinances within aid areas.

The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District. The taxable property within the District is not liable for any present or future debts of the City, and current and future taxes levied by the City may not be levied on taxable property within the District. The District’s assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period preceding full-purpose annexation. The City may not annex the District for full purposes until the end of the SPA term. The qualified voters if any, within the annexed areas of the District may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the District.

The City shall impose a Sales and Use Tax within the boundaries of the District under the SPA on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under future amendments to Chapter 321 of the Tax Code. The City agrees to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the District. The City agrees to deliver to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller’s office. During the current fiscal year, the District recorded sales tax revenue in the amount of \$131,275, of which \$47,991 is recorded as a receivable. The term of this SPA is 30 years from the effective date.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 11. UNREIMBURSED COSTS

The District has executed financing agreements with Developers within the District. The agreements call for the Developers to fund costs associated with water, wastewater and drainage facilities until such time as the District can sell bonds to reimburse the Developers. The District has recorded a liability in the amount of \$376,626 in the Statement of Net Position for completed facilities. Reimbursement to the Developers for these projects is contingent upon approval from the Commission and the future sale of bonds or use of available General Fund monies.

NOTE 12. INTERFUND PAYABLES AND RECEIVABLES

The Debt Service Fund owes the General Fund \$99,745 for the maintenance tax collections, \$7,001 expenses related to the bond defeasment and bond issuance costs paid in a prior fiscal year and the General Fund owes the Debt Service Fund \$8,949 for additional costs paid on the General Fund's behalf in fiscal year 2011.

NOTE 13. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 14. SUBSEQUENT EVENT – BOND REDEMPTION

Subsequent to year-end, on November 1, 2018, the District used available General Fund monies to retire \$1,300,000 of its Series 2009 Unlimited Tax Bonds. The Series 2009 bonds had maturity dates of March 1, 2028 and 2029, with interest rates of 4.50%.

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NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 2,700,000	\$ 3,391,737	\$ 691,737
Water Service	205,000	184,676	(20,324)
Wastewater Service	100,000	101,148	1,148
Regional Water Authority Fee	260,000	195,034	(64,966)
Penalty and Interest	7,000	6,525	(475)
Tap Connection and Inspection Fees		119,733	119,733
Sales Tax Revenues		131,275	131,275
Investment Revenues	20,000	244,978	224,978
Security Fees	15,000	14,126	(874)
Administration Building Rentals		21,530	21,530
Miscellaneous Revenues	125,000	13,269	(111,731)
TOTAL REVENUES	\$ 3,432,000	\$ 4,424,031	\$ 992,031
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 262,500	\$ 208,060	\$ 54,440
Contracted Services	444,100	638,343	(194,243)
Purchased Water Service		250,845	(250,845)
Utilities	70,000	118,409	(48,409)
Regional Water Authority Assessment	100,000	19,696	80,304
Repairs and Maintenance	209,600	270,749	(61,149)
Other	354,065	467,029	(112,964)
Capital Outlay	2,725,000	946,920	1,778,080
TOTAL EXPENDITURES	\$ 4,165,265	\$ 2,920,051	\$ 1,245,214
NET CHANGE IN FUND BALANCE	\$ (733,265)	\$ 1,503,980	\$ 2,237,245
FUND BALANCE - OCTOBER 1, 2017	8,453,349	8,453,349	
FUND BALANCE - SEPTEMBER 30, 2018	\$ 7,720,084	\$ 9,957,329	\$ 2,237,245

See accompanying independent auditor's report.

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NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
SEPTEMBER 30, 2018

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
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
_____	Solid Waste/Garbage	_____	Flood Control	_____	Roads
_____	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
_____	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective on April 4, 2017.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 12.00	6,000	N	\$ 2.00 \$ 2.25 \$ 2.50 \$ 2.75	6,001 to 10,000 10,001 to 15,000 15,001 to 25,000 25,001 and up
WASTEWATER:	\$ 7.50	7,000	N	\$ 1.50	7,001 and up
SURCHARGE:					
Regional Water Authority Fees				\$ 3.35	1,000 and up

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

Total monthly charges per 10,000 gallons usage: Water: \$20.00 Wastewater: \$12.00 Surcharge: \$33.50 Total: \$65.50

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
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>338</u>	<u>332</u>	x 1.0	<u>332</u>
1"	<u>31</u>	<u>29</u>	x 2.5	<u>73</u>
1½"	<u>7</u>	<u>7</u>	x 5.0	<u>35</u>
2"	<u>40</u>	<u>40</u>	x 8.0	<u>320</u>
3"	<u>2</u>	<u>2</u>	x 15.0	<u>30</u>
4"	<u>2</u>	<u>2</u>	x 25.0	<u>50</u>
6"	<u>1</u>	<u>1</u>	x 50.0	<u>50</u>
8"	<u>2</u>	<u>2</u>	x 80.0	<u>160</u>
10"			x 115.0	
Total Water Connections	<u><u>423</u></u>	<u><u>415</u></u>		<u><u>1,050</u></u>
Total Wastewater Connections	<u><u>403</u></u>	<u><u>393</u></u>	x 1.0	<u><u>393</u></u>

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

Gallons pumped into system:	6,030,000	Water Accountability Ratio: 94% (Gallons billed plus leaks and flushing/Gallons pumped)
Gallons billed to customers:	64,900,000	
Gallons Purchased:	67,494,000	From: North Harris County Regional Water Authority
Leaks and Flushing:	3,885,000	

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

PROFESSIONAL FEES:	
Auditing	\$ 19,300
Engineering	70,268
Legal	<u>118,492</u>
TOTAL PROFESSIONAL FEES	<u>\$ 208,060</u>
PURCHASED WATER SERVICE	<u>\$ 250,845</u>
CONTRACTED SERVICES:	
Professional Chef Services	\$ 106,229
Bookkeeping	21,306
Operations and Billing	23,333
IT Consultant	16,792
General Manager	107,567
Cleaning Services	<u>54,798</u>
TOTAL CONTRACTED SERVICES	<u>\$ 330,025</u>
UTILITIES	<u>\$ 118,409</u>
REPAIRS AND MAINTENANCE	<u>\$ 270,749</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 34,800
Dues	650
Election Costs	23,062
Insurance	28,453
Office Supplies and Postage	19,818
Payroll Taxes	33,838
Travel and Meetings	32,132
Other	<u>84,644</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 257,397</u>
CAPITAL OUTLAY	<u>\$ 946,920</u>
TAP CONNECTIONS	<u>\$ 58,980</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

SECURITY	\$ <u>308,318</u>
OTHER EXPENDITURES:	
Administration Building	\$ 13,611
Chemicals	54,805
Laboratory Fees	51,049
Permit Fees	2,726
Reconnection Fees	720
Inspection Fees	400
Regulatory Assessment	1,351
Regional Water Authority Assessment	19,696
Sludge Hauling	<u>25,990</u>
TOTAL OTHER EXPENDITURES	\$ <u>170,348</u>
TOTAL EXPENDITURES	\$ <u><u>2,920,051</u></u>

Number of persons employed by the District 1 Full-Time -0- Part-Time

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
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	XXXX0004	Varies	Daily	\$ 2,097,184	\$
Certificate of Deposit	XXXX1723	1.85%	10/12/18	249,304	2,148
Certificate of Deposit	XXXX4162	2.10%	04/05/19	248,714	
TOTAL GENERAL FUND				<u>\$ 2,595,202</u>	<u>\$ 2,148</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 191,705	\$
Certificate of Deposit	XXXX0680	1.75%	10/01/18	240,000	2,094
Certificate of Deposit	XXXX1732	1.85%	10/01/18	240,000	2,202
TOTAL DEBT SERVICE FUND				<u>\$ 671,705</u>	<u>\$ 4,296</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0005	Varies	Daily	\$ 823	\$ - 0 -
TOTAL - ALL FUNDS				<u>\$ 3,267,730</u>	<u>\$ 6,444</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2017	\$	8,811	\$	2,746
Adjustments to Beginning				
Balance		<u>(84,973)</u>	\$	<u>(17,019)</u>
		\$	(76,162)	\$
			<u>(17,019)</u>	(14,273)
Original 2017 Tax Levy	\$	3,160,550	\$	505,688
Adjustment to 2017 Tax Levy		<u>330,641</u>		<u>52,903</u>
		<u>3,491,191</u>		<u>558,591</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	3,415,029	\$
				544,318
TAX COLLECTIONS:				
Prior Years	\$	(82,011)	\$	(16,426)
Current Year		<u>3,473,748</u>		<u>555,800</u>
		<u>3,391,737</u>		<u>539,374</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2018		<u>\$</u>	<u>23,292</u>	<u>\$</u>
				<u>4,944</u>
TAXES RECEIVABLE BY				
YEAR:				
2017	\$	17,443	\$	2,791
2016		3,469		694
2015		154		61
2014		1,357		814
2013		674		445
2012 and prior		<u>195</u>		<u>139</u>
TOTAL	\$	<u>23,292</u>	\$	<u>4,944</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
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	\$ 77,143,191	\$ 76,854,506	\$ 70,395,285	\$ 57,362,977
Improvements	295,658,844	287,628,389	264,160,704	200,096,404
Personal Property	516,186,271	560,688,599	567,949,818	426,044,174
Exemptions	<u>(190,750,043)</u>	<u>(343,687,734)</u>	<u>(350,616,285)</u>	<u>(245,011,997)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 698,238,263</u>	<u>\$ 581,483,760</u>	<u>\$ 551,889,522</u>	<u>\$ 438,491,558</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.08	\$ 0.10	\$ 0.20	\$ 0.30
Maintenance	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.58</u>	<u>\$ 0.60</u>	<u>\$ 0.70</u>	<u>\$ 0.80</u>
ADJUSTED TAX LEVY*	<u>\$ 4,049,782</u>	<u>\$ 3,488,903</u>	<u>\$ 3,863,226</u>	<u>\$ 3,507,931</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.50 %</u>	<u>99.88 %</u>	<u>99.99 %</u>	<u>99.93 %</u>

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

Maintenance Tax – Maximum tax rate of \$0.50 per \$100 of assessed valuation was approved by voters on February 27, 1982.

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2018**

S E R I E S - 2 0 0 9

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2019	\$ 325,000	\$ 222,450	\$ 547,450
2020	350,000	210,425	560,425
2021	375,000	197,125	572,125
2022	400,000	182,500	582,500
2023	425,000	166,500	591,500
2024	450,000	149,075	599,075
2025	475,000	130,175	605,175
2026	500,000	109,750	609,750
2027	650,000	87,750	737,750
2028	650,000	58,500	708,500
2029	650,000	29,250	679,250
	<u>\$ 5,250,000</u>	<u>\$ 1,543,500</u>	<u>\$ 6,793,500</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2017
Northwest Harris County Municipal Utility District No. 24 Unlimited Tax Bonds - Series 2009	\$ 6,240,000	\$ 5,575,000
Bond Authority:	Tax Bonds*	Refunding Bonds
Amount Authorized by Voters	\$ 19,000,000	\$ 9,000,000
Amount Issued	15,520,000	1,705,000
Remaining Authorized	\$ 3,480,000	\$ 7,295,000
Debt Service Fund cash and investment balances as of September 30, 2018:		\$ 2,031,888
Average annual debt service payment (principal and interest) for remaining term of all debt:		\$ 617,591

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

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2018</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
<u>\$ - 0 -</u>	<u>\$ 325,000</u>	<u>\$ 239,513</u>	<u>\$ 5,250,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
COMPARATIVE SCHEDULE OF REVENUE AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2018	2017	2016
REVENUES			
Property Taxes	\$ 3,391,737	\$ 2,871,714	\$ 2,768,328
Water Service	184,676	174,629	194,976
Wastewater Service	101,148	95,399	103,979
Regional Water Authority Fee	195,034	178,968	176,194
Penalty and Interest	6,525	6,554	5,957
Tap Connection and Inspection Fees	119,733	3,960	3,960
Sales Tax Revenues	131,275	123,358	91,908
Investment Revenues	244,978	166,579	158,513
Security Fees	14,126	14,049	14,675
Administration Building Rentals	21,530	16,110	27,247
Miscellaneous Revenues	13,269	10,800	2,522
TOTAL REVENUES	\$ 4,424,031	\$ 3,662,120	\$ 3,548,259
EXPENDITURES			
Professional Fees	\$ 208,060	\$ 247,277	\$ 195,453
Contracted Services	638,343	421,373	331,843
Purchased Water Service	250,845	199,623	181,395
Utilities	118,409	78,517	79,628
Regional Water Authority Assessment	19,696	2,491	1,278
Repairs and Maintenance	270,749	249,765	363,735
Other	467,029	497,928	340,767
Capital Outlay	946,920	695,250	398,952
Debt Service:			
Bond Principal			1,015,000
Bond Interest			10,854
TOTAL EXPENDITURES	\$ 2,920,051	\$ 2,392,224	\$ 2,918,905
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,503,980	\$ 1,269,896	\$ 629,354
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$ - 0 -	\$ - 0 -	\$ 1,199,064
NET CHANGE IN FUND BALANCE	\$ 1,503,980	\$ 1,269,896	\$ 1,828,418
BEGINNING FUND BALANCE	8,453,349	7,183,453	5,355,035
ENDING FUND BALANCE	\$ 9,957,329	\$ 8,453,349	\$ 7,183,453

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2015	2014	2018	2017	2016	2015	2014
\$ 2,185,133	\$ 2,021,023	76.7 %	78.4 %	77.9 %	71.7 %	67.5 %
191,555	198,324	4.2	4.8	5.5	6.3	6.6
110,630	109,067	2.3	2.6	2.9	3.6	3.6
159,786	146,453	4.4	4.9	5.0	5.2	4.9
6,106	5,232	0.1	0.2	0.2	0.2	0.2
3,480	111,660	2.7	0.1	0.1	0.1	3.7
190,579	200,606	3.0	3.4	2.6	6.2	6.7
155,876	155,343	5.5	4.5	4.5	5.1	5.2
14,676	14,356	0.3	0.4	0.4	0.5	0.5
21,570	25,435	0.5	0.4	0.8	0.7	0.9
11,164	4,696	0.3	0.3	0.1	0.4	0.2
<u>\$ 3,050,555</u>	<u>\$ 2,992,195</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 204,070	\$ 161,755	4.7 %	6.8 %	5.5 %	6.7 %	5.4 %
299,896	319,610	14.4	11.5	9.4	9.8	10.7
179,159	163,094	5.7	5.5	5.1	5.9	5.5
95,019	73,523	2.7	2.1	2.2	3.1	2.5
5,952	704	0.4	0.1		0.2	
304,810	124,587	6.1	6.8	10.3	10.0	4.2
344,627	373,087	10.6	13.6	9.6	11.3	12.5
143,830	1,021,374	21.4	19.0	11.2	4.7	34.1
				28.6		
				0.3		
<u>\$ 1,577,363</u>	<u>\$ 2,237,734</u>	<u>66.0 %</u>	<u>65.4 %</u>	<u>82.2 %</u>	<u>51.7 %</u>	<u>74.9 %</u>
\$ 1,473,192	\$ 754,461	<u>34.0 %</u>	<u>34.6 %</u>	<u>17.8 %</u>	<u>48.3 %</u>	<u>25.1 %</u>
\$ (350,000)	\$ - 0 -					
\$ 1,123,192	\$ 754,461					
<u>4,231,843</u>	<u>3,477,382</u>					
<u>\$ 5,355,035</u>	<u>\$ 4,231,843</u>					

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
COMPARATIVE SCHEDULE OF REVENUE AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2018	2017	2016
REVENUES			
Property Taxes	\$ 539,374	\$ 567,638	\$ 1,112,508
Penalty and Interest	24,759	33,640	27,549
Miscellaneous Revenues	14,325	7,081	4,307
TOTAL REVENUES	\$ 578,458	\$ 608,359	\$ 1,144,364
EXPENDITURES			
Tax Collection Expenditures	\$ 46,930	\$ 49,493	\$ 54,371
Debt Service Principal	325,000	325,000	50,000
Debt Service Interest and Fees	240,263	257,925	259,950
TOTAL EXPENDITURES	\$ 612,193	\$ 632,418	\$ 364,321
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (33,735)	\$ (24,059)	\$ 780,043
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ - 0 -	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ (33,735)	\$ (24,059)	\$ 780,043
BEGINNING FUND BALANCE	1,831,925	1,855,984	1,075,941
ENDING FUND BALANCE	\$ 1,798,190	\$ 1,831,925	\$ 1,855,984
TOTAL ACTIVE RETAIL WATER CONNECTIONS	415	409	411
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	393	395	395

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2015	2014	2018	2017	2016	2015	2014
\$ 1,311,448	\$ 1,334,171	93.2 %	93.3 %	97.2 %	98.0 %	98.5 %
24,441	14,971	4.3	5.5	2.4	1.8	1.1
3,129	5,472	2.5	1.2	0.4	0.2	0.4
<u>\$ 1,339,018</u>	<u>\$ 1,354,614</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 62,606	\$ 45,371	8.1 %	8.1 %	4.8 %	4.7 %	3.3 %
590,000	2,570,000	56.2	53.4	4.4	44.1	189.7
329,903	443,390	41.5	42.4	22.7	24.6	32.7
<u>\$ 982,509</u>	<u>\$ 3,058,761</u>	<u>105.8 %</u>	<u>103.9 %</u>	<u>31.9 %</u>	<u>73.4 %</u>	<u>225.7 %</u>
<u>\$ 356,509</u>	<u>\$ (1,704,147)</u>	<u>(5.8) %</u>	<u>(3.9) %</u>	<u>68.1 %</u>	<u>26.6 %</u>	<u>(125.7) %</u>
<u>\$ - 0 -</u>	<u>\$ 350,000</u>					
\$ 356,509	\$ (1,354,147)					
719,432	2,073,579					
<u>\$ 1,075,941</u>	<u>\$ 719,432</u>					
408	400					
392	385					

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2018**

District Mailing Address - Northwest Harris County Municipal Utility District No. 24
c/o Roach & Mitchell, PLLC
2800 Post Oak Blvd., Suite 4100
Houston, TX 77056

District Telephone Number - (832) 390-2268

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
William A. Puder	05/16 05/20 (Elected)	\$ 7,200	\$ 4,531	President
Darrel V. Felton	05/18 05/22 (Elected)	\$ 7,200	\$ 26,014	Vice President
Darryl K. Simon	05/18 05/22 (Elected)	\$ 6,450	\$ 1,933	Secretary
Clarence Miller	05/16 05/20 (Elected)	\$ 6,950	\$ 12,665	Director/ General Manager
Mark A. Cain	05/16 05/20 (Elected)	\$ 5,100	\$ 1,883	Assistant Secretary

Note: 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 developer or with any of the District's consultants.

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054): July 20, 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). Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

* Expense reimbursements include meeting meals, mileage, conference advances, administration supplies and equipment. A portion of these expenditures lacked documentation and a receivable has been accrued for the amounts due back to the District. Please see the Statement of Net Position for more detail.

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 24
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2018**

Key Personnel:	<u>Date Hired</u>	Fees for the year ended <u>September 30, 2018</u>	<u>Title</u>
Clarence Miller	09/13/13	\$ 114,870*	General Manager
Consultants:			
Roach & Mitchell, PLLC	12/06/11	\$ 137,649	General Counsel
McCall Gibson Swedlund Barfoot PLLC	08/27/12	\$ 19,300	Auditor
Myrtle Cruz, Inc.	05/04/82	\$ 25,056	Bookkeeper
Linebarger Goggan Blair & Sampson, LLP	07/01/15	\$ 1,078	Delinquent Tax Attorney
Pape-Dawson Engineers, Inc.	11/19/13	\$ 213,400	Engineer
Masterson Advisors LLC	06/07/18	\$ -0-	Financial Advisor
Hilltop Securities Inc.	01/28/82	\$ -0-	Former Financial Advisor
Bill Russell	04/06/04	\$ -0-	Investment Officer
Municipal Operations & Consulting, Inc.	06/07/11	\$ 280,891	Operator
Tax Tech, Inc.	02/03/15	\$ 14,134	Tax Assessor/ Collector

* Includes vehicle, healthcare and telephone stipend.

See accompanying independent auditor's report.

