

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017

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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. 24
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. 24 (the "District"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

April 4, 2018

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Management’s discussion and analysis of 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 December 31, 2017. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective 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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

FUND FINANCIAL STATEMENTS (Continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,680,785 as of December 31, 2017.

A portion of the District's net position reflects its net investment in capital assets (e.g. 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. 24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2017</u>	<u>2016</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 11,015,656	\$ 10,474,734	\$ 540,922
Capital Assets (Net of Accumulated Depreciation)	<u>30,018,461</u>	<u>30,963,206</u>	<u>(944,745)</u>
Total Assets	\$ 41,034,117	\$ 41,437,940	\$ (403,823)
Deferred Outflows of Resources	<u>\$ 179,693</u>	<u>\$ 205,865</u>	<u>\$ (26,172)</u>
Due to Developers	\$ 1,749,716	\$ 1,749,716	\$
Long-Term Liabilities	15,355,947	17,068,506	1,712,559
Other Liabilities	<u>2,817,270</u>	<u>2,963,457</u>	<u>146,187</u>
Total Liabilities	\$ 19,922,933	\$ 21,781,679	\$ 1,858,746
Deferred Inflows of Resources	<u>\$ 3,610,092</u>	<u>\$ 3,735,473</u>	<u>\$ 125,381</u>
Net Position:			
Net Investment in Capital Assets	\$ 11,609,470	\$ 11,044,746	\$ 564,724
Restricted	1,424,412	1,279,090	145,322
Unrestricted	<u>4,646,903</u>	<u>3,802,817</u>	<u>844,086</u>
Total Net Position	<u>\$ 17,680,785</u>	<u>\$ 16,126,653</u>	<u>\$ 1,554,132</u>

The following table provides a summary of the District's operations for the years ending December 31, 2017, and December 31, 2016.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 3,772,990	\$ 3,469,320	\$ 303,670
Charges for Services	3,814,848	3,315,249	499,599
Other Revenues	<u>127,909</u>	<u>99,664</u>	<u>28,245</u>
Total Revenues	\$ 7,715,747	\$ 6,884,233	\$ 831,514
Expenses for Services	<u>6,161,615</u>	<u>5,767,875</u>	<u>(393,740)</u>
Change in Net Position	\$ 1,554,132	\$ 1,116,358	\$ 437,774
Net Position, Beginning of Year	<u>16,126,653</u>	<u>15,010,295</u>	<u>1,116,358</u>
Net Position, End of Year	<u>\$ 17,680,785</u>	<u>\$ 16,126,653</u>	<u>\$ 1,554,132</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as December 31, 2017, were \$5,803,539, an increase of \$1,001,251 from the prior year.

The General Fund fund balance increased by \$859,869, primarily due to service revenues and property tax collections exceeding operating expenditures and capital costs.

The Debt Service Fund fund balance increased by \$147,988, primarily due to the structure of the District's outstanding debt service requirements.

The Capital Projects Fund fund balance decreased by \$6,606.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$671,562 more than budgeted revenues and actual expenditures were \$187,927 less than budgeted expenditures.

CAPITAL ASSETS

Capital assets as of December 31, 2017, total \$30,018,461 (net of accumulated depreciation) and include land, buildings and equipment as well as the water, wastewater and drainage systems.

Capital asset events during the current fiscal year included the following:

- Sanitary sewer rehabilitation, phase 11
- Emergency rehabilitation of water well no. 3
- Reclaimed water project at the wastewater treatment plant

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

CAPITAL ASSETS (Continued)

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2017	2016	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 2,433,366	\$ 2,433,366	\$
Construction in Progress	12,785		12,785
Capital Assets, Net of Accumulated Depreciation:			
Buildings	326,939	342,981	(16,042)
Landscaping	446,163	495,332	(49,169)
Water System	7,018,032	7,327,562	(309,530)
Wastewater System	14,098,830	14,525,425	(426,595)
Drainage	3,636,794	3,741,418	(104,624)
Detention Ponds	2,045,552	2,097,122	(51,570)
Total Net Capital Assets	\$ 30,018,461	\$ 30,963,206	\$ (944,745)

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

LONG-TERM DEBT ACTIVITY

As of December 31, 2017, the District had total long-term debt payable of \$17,040,000. The changes in the debt position of the District during the fiscal year ended December 31, 2017, are summarized as follows:

Bond Debt Payable, January 1, 2017	\$ 18,565,000
Less: Bond Principal Paid	1,525,000
Bond Debt Payable, December 31, 2017	\$ 17,040,000

The District's bonds carry an underlying rating of "A1" by Moody's. The Series 2008 Bonds carry an insured rating of "AA" Standard and Poor's by virtue of bond insurance issued by Assured Guaranty Corp. The Series 2011 Bonds carry an insured rating of "A2" from Moody's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2013 Refunding Bonds, Series 2015 Bonds and Series 2016 Bonds carry an insured rating of "AA" from Standard and Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 24, c/o Strawn & Richardson, PC, 6750 West Loop South, Suite 865, Bellaire, TX 77401-4103.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2017

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 290,694	\$ 204,607
Investments	4,660,231	1,463,744
Receivables:		
Property Taxes	1,277,607	1,821,573
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Doubtful Accounts of \$10,000)	296,410	
Accrued Interest	1,643	
Builder Damages	409	
Due from Other Funds	9,848	26,984
Chloramination Credits Receivable		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 6,536,842	\$ 3,516,908
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,536,842	\$ 3,516,908

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>
\$ 399,717	\$ 895,018	\$	\$ 895,018
	6,123,975		6,123,975
	3,099,180		3,099,180
		19,100	19,100
	296,410		296,410
	1,643		1,643
	409		409
	36,832	(36,832)	
		579,921	579,921
		2,433,366	2,433,366
		12,785	12,785
		<u>27,572,310</u>	<u>27,572,310</u>
<u>\$ 399,717</u>	<u>\$ 10,453,467</u>	<u>\$ 30,580,650</u>	<u>\$ 41,034,117</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 179,693</u>	<u>\$ 179,693</u>
<u>\$ 399,717</u>	<u>\$ 10,453,467</u>	<u>\$ 30,760,343</u>	<u>\$ 41,213,810</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2017

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 99,275	\$ 2,503
Accrued Interest Payable		
Due to Other Governments	108,030	
Due to Developers		
Due to Other Funds	26,984	6,200
Due to Taxpayers		1,816
Annexation/Construction Deposits	202,016	
Security Deposits	542,430	
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	\$ 978,735	\$ 10,519
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 1,508,022	\$ 2,149,004
 FUND BALANCES		
Restricted for Authorized Construction:		
Bond Proceeds	\$	\$
Net Investment Revenues		
Restricted for Debt Service		1,357,385
Unassigned	4,050,085	
TOTAL FUND BALANCES	\$ 4,050,085	\$ 1,357,385
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,536,842	\$ 3,516,908
 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
\$	\$ 101,778	\$	\$ 101,778
		166,200	166,200
	108,030		108,030
		1,749,716	1,749,716
3,648	36,832	(36,832)	
	1,816		1,816
	202,016		202,016
	542,430		542,430
		1,695,000	1,695,000
		15,355,947	15,355,947
<u>\$ 3,648</u>	<u>\$ 992,902</u>	<u>\$ 18,930,031</u>	<u>\$ 19,922,933</u>
<u>\$ -0-</u>	<u>\$ 3,657,026</u>	<u>\$ (46,934)</u>	<u>\$ 3,610,092</u>
\$ 211,979	\$ 211,979	\$ (211,979)	\$
184,090	184,090	(184,090)	
	1,357,385	(1,357,385)	
	4,050,085	(4,050,085)	
<u>\$ 396,069</u>	<u>\$ 5,803,539</u>	<u>\$ (5,803,539)</u>	<u>\$ - 0 -</u>
<u>\$ 399,717</u>	<u>\$ 10,453,467</u>		
		\$ 11,609,470	\$ 11,609,470
		1,240,322	1,240,322
		184,090	184,090
		4,646,903	4,646,903
		<u>\$ 17,680,785</u>	<u>\$ 17,680,785</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

Total Fund Balances - Governmental Funds \$ 5,803,539

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 capital contributions and asset reimbursements are not current financial resources and, therefore, are not reported as assets in the governmental funds. 579,921

The difference between the net carrying amount of refunded bonds and the reacquisition price is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 179,693

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. 30,018,461

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2016 and prior tax levies became part of recognized revenues in the governmental activities of the District. 66,034

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

Due to Developers	\$ (1,749,716)	
Accrued Interest Payable	(166,200)	
Bonds Payable Within One Year	(1,695,000)	
Bonds Payable After One Year	<u>(15,355,947)</u>	<u>(18,966,863)</u>

Total Net Position - Governmental Activities \$ 17,680,785

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,558,572	\$ 2,227,728
Water Service	779,178	
Wastewater Service	1,111,193	
Tax Revenue from Other Government	29,265	
Regional Water Authority Fees	1,508,269	
Penalty and Interest	37,466	34,288
Tap Connection and Inspection Fees	316,210	
Investment Revenues	87,300	12,486
Miscellaneous Revenues	32,109	6,198
TOTAL REVENUES	\$ 5,459,562	\$ 2,280,700
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 229,006	\$ 11,409
Contracted Services	666,835	70,612
Purchased Water Service	1,089,062	
Utilities	247,276	
Regional Water Authority Assessments	457,322	
Repairs and Maintenance	1,002,090	
Depreciation		
Other	693,126	14,203
Capital Outlay	214,976	
Debt Service:		
Bond Principal		1,525,000
Bond Interest		511,488
TOTAL EXPENDITURES/EXPENSES	\$ 4,599,693	\$ 2,132,712
NET CHANGE IN FUND BALANCES	\$ 859,869	\$ 147,988
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2017	3,190,216	1,209,397
FUND BALANCES/NET POSITION - DECEMBER 31, 2017	\$ 4,050,085	\$ 1,357,385

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,786,300	\$ (13,310)	\$ 3,772,990
	779,178		779,178
	1,111,193		1,111,193
	29,265		29,265
	1,508,269		1,508,269
	71,754	(1,021)	70,733
	316,210		316,210
666	100,452	(10,850)	89,602
	38,307		38,307
<u>\$ 666</u>	<u>\$ 7,740,928</u>	<u>\$ (25,181)</u>	<u>\$ 7,715,747</u>
\$ 5,000	\$ 245,415	\$	\$ 245,415
	737,447		737,447
	1,089,062		1,089,062
	247,276		247,276
	457,322		457,322
	1,002,090		1,002,090
		1,159,721	1,159,721
2,272	709,601		709,601
	214,976	(214,976)	
	1,525,000	(1,525,000)	
	511,488	2,193	513,681
<u>\$ 7,272</u>	<u>\$ 6,739,677</u>	<u>\$ (578,062)</u>	<u>\$ 6,161,615</u>
\$ (6,606)	\$ 1,001,251	\$ (1,001,251)	\$
		1,554,132	1,554,132
<u>402,675</u>	<u>4,802,288</u>	<u>11,324,365</u>	<u>16,126,653</u>
<u>\$ 396,069</u>	<u>\$ 5,803,539</u>	<u>\$ 11,877,246</u>	<u>\$ 17,680,785</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balances - Governmental Funds	\$	1,001,251
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.		(13,310)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.		(1,021)
Governmental funds report North Harris County Regional Water Authority credits as revenues. In the government-wide financial statements, the principal portion of the credits decreases long-term receivables and the balance is recorded as investment revenue.		(10,850)
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(1,159,721)
Governmental funds report capital costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital assets are expensed in the Statement of Activities.		214,976
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments on long-term debt decrease long-term liabilities and the Statement of Activities is not affected.		1,525,000
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 long-term debt through fiscal year-end.		<u>(2,193)</u>
Change in Net Position - Governmental Activities	\$	<u><u>1,554,132</u></u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 24 of Harris County, Texas (the “District”) was created on December 12, 1972, by an Order of the Texas Department of Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct 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 February 7, 1973, and the first bonds were sold on February 15, 1975.

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”).

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:

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 of the government-wide Statement of Activities.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 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 each fund to be a major fund.

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

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include 2016 taxes collected during the period October 1, 2016, to December 31, 2017. In addition, taxes collected from January 1, 2017, to December 31, 2017, for all prior tax levies are included in revenue. The 2017 tax levy has been fully deferred to meet operating expenditures for the 2018 fiscal year.

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a total cost of \$10,000 and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

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

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 has determined that fees of office received by Directors are wages subject to federal income tax withholding for payroll 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

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.

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3. LONG-TERM DEBT

	Series 2008	Series 2011
Amount Outstanding – December 31, 2017	\$ 1,800,000	\$ 2,305,000
Interest Rates	3.90% - 4.15%	3.25% - 4.25%
Maturity Dates – Beginning/Ending	March 1, 2019, 2021, 2023, 2025	March 1, 2018/2019, 2021, 2023, 2025, 2027, 2029
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	March 1, 2017*	March 1, 2019*

	Series 2013 Refunding Bonds	Series 2015	Series 2016
Amount Outstanding – December 31, 2017	\$ 5,980,000	\$ 5,465,000	\$ 1,490,000
Interest Rates	2.00% - 3.50%	2.00% - 3.00%	2.00% - 2.50%
Maturity Dates – Beginning/Ending	March 1, 2018/2025	March 1, 2018/2020 2022/2030	March 1, 2018/2020 2022,2024, 2026,2030
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	March 1, 2021*	March 1, 2023*	March 1, 2024*

* At the option of the District as a whole or in part on the call option date or any date thereafter, at par plus accrued interest to the date of redemption. Series 2008 term bonds maturing March 1, 2019, March 1, 2021, March 1, 2023, and March 1, 2025 are subject to mandatory redemption by lot beginning March 1, 2018, March 1, 2020, March 1, 2022, and March 1, 2024, respectively. Series 2011 term bonds maturing on March 1, 2021, March 1, 2023, March 1, 2025, March 1, 2027, and March 1, 2029 are subject to mandatory redemption by lot beginning March 1, 2020, March 1, 2022, March 1, 2024, March 1, 2026, and March 1, 2028, respectively. Series 2015 term bonds maturing on March 1, 2022 are subject to mandatory redemption by lot are other customary method of random selection beginning on March 1, 2021. Series 2016 term bonds maturing on March 1, 2022, March 1, 2024, March 1, 2026, and March 1, 2030 are subject to mandatory redemption by lot or other customary method of random selection beginning March 1, 2021, March 1, 2023, March 1, 2025, and March 1, 2027, respectively.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding the changes in the long-term liabilities for the year ended December 31, 2017:

	January 1, 2017	Additions	Retirements	December 31, 2017
Bonds Payable	\$ 18,565,000	\$	\$ 1,525,000	\$ 17,040,000
Unamortized Discounts	(103,288)		(14,015)	(89,273)
Unamortized Premiums	131,794		31,574	100,220
Bonds Payable, Net	\$ 18,593,506	\$ -0-	\$ 1,542,559	\$ 17,050,947
		Amount Due Within One Year		\$ 1,695,000
		Amount Due After One Year		15,355,947
		Bonds Payable, Net		\$ 17,050,947

As of December 31, 2017, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 1,695,000	\$ 477,994	\$ 2,172,994
2019	1,690,000	436,720	2,126,720
2020	1,685,000	395,980	2,080,980
2021	1,685,000	352,056	2,037,056
2022	1,690,000	301,966	1,991,966
2023-2027	6,585,000	760,910	7,345,910
2028-2030	2,010,000	88,656	2,098,656
	\$ 17,040,000	\$ 2,814,282	\$ 19,854,282

As of December 31, 2017, the District had authorized but unissued tax bonds in the amount of \$11,975,000.

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

During the year ended December 31, 2017, the District levied an ad valorem debt service tax rate of \$0.27 per \$100 of assessed valuation, which resulted in a tax levy of \$2,118,967 on the adjusted taxable valuation of \$784,657,631 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 the maintenance tax levy.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3. LONG-TERM DEBT (Continued)

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 ORDER AND LEGAL REQUIREMENTS

- A. The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of each issue.
- B. The bond orders state that the District is required to provide to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access system continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$1,310,125 and the bank balance was \$1,319,737. Of the bank balance, \$898,784 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 December 31, 2017, as listed below:

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 290,694	\$ 415,107	\$ 705,801
DEBT SERVICE FUND	204,607		204,607
CAPITAL PROJECTS FUND	399,717		399,717
TOTAL DEPOSITS	\$ 895,018	\$ 415,107	\$ 1,310,125

Investments

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

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and measures all of 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

As of December 31, 2017, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 4,235,735	\$ 4,235,735
TexSTAR	9,389	9,389
Certificates of Deposit	415,107	415,107
<u>DEBT SERVICE FUND</u>		
TexPool	934,555	934,555
TexSTAR	529,189	529,189
TOTAL INVESTMENTS	\$ 6,123,975	\$ 6,123,975

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2017, the District’s investments in TexPool and TexSTAR were rated “AAAm” by Standard and Poor’s. The District also manages credit risk by investing in certificates of deposit with balances covered in accordance with Texas statutes.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers its investments in TexPool and TexSTAR to have a maturity of less than one year due to the fact the share positions 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 credit rate risk by investing in certificates of deposit with maturities of approximately one year or less.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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 year ended December 31, 2017:

	January 1, 2017	Increases	Decreases	December 31, 2017
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 2,433,366	\$	\$	\$ 2,433,366
Construction in Progress		214,976	202,191	12,785
Total Capital Assets Not Being Depreciated	<u>\$ 2,433,366</u>	<u>\$ 214,976</u>	<u>\$ 202,191</u>	<u>\$ 2,446,151</u>
Capital Assets Subject to Depreciation				
Buildings	\$ 600,043	\$	\$	\$ 600,043
Landscaping	559,645			559,645
Water System	12,903,406	154,329		13,057,735
Wastewater System	19,817,133	47,862		19,864,995
Drainage System	4,273,324			4,273,324
Detention Ponds	2,807,040			2,807,040
Total Capital Assets Cost Subject to Depreciation	<u>\$ 40,960,591</u>	<u>\$ 202,191</u>	<u>\$ -0-</u>	<u>\$ 41,162,782</u>
Accumulated Depreciation				
Buildings	\$ 257,062	\$ 16,042	\$	\$ 273,104
Landscaping	64,313	49,169		113,482
Water System	5,575,844	463,859		6,039,703
Wastewater System	5,291,708	474,457		5,766,165
Drainage System	531,906	104,624		636,530
Detention Ponds	709,918	51,570		761,488
Total Accumulated Depreciation	<u>\$ 12,430,751</u>	<u>\$ 1,159,721</u>	<u>\$ -0-</u>	<u>\$ 13,590,472</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 28,529,840</u>	<u>\$ (957,530)</u>	<u>\$ -0-</u>	<u>\$ 27,572,310</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 30,963,206</u>	<u>\$ (742,554)</u>	<u>\$ 202,191</u>	<u>\$ 30,018,461</u>

The District has financed certain drainage facilities that the County has accepted for maintenance. Such drainage facilities have not been capitalized by the District.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7. MAINTENANCE TAX

At an election held on August 17, 1974, the voters of the District approved the levy and collection of a maintenance tax at an unlimited rate per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to fund expenditures of operating the District's waterworks and sanitary sewer system. During the year ended December 31, 2017, the District levied an ad valorem maintenance tax rate of \$0.19 per \$100 of assessed valuation, which resulted in a tax levy of \$1,491,125 on the adjusted taxable valuation of \$784,657,631 for the 2017 tax year.

NOTE 8. WATER SUPPLY AND WASTE DISPOSAL CONTRACT

On March 26, 1987, the District executed a contract with Kleinwood Municipal Utility District ("Kleinwood") providing for the District to serve a certain 14-acre tract of land located within Kleinwood. Kleinwood is unable to provide service to this tract of land. The developer of the tract agreed to construct the water and sewer lines on the property with the District agreeing to provide ordinary maintenance on the facilities. Extraordinary repairs are to be shared by both districts. The District is entitled to collect all tap fees and revenues to be derived from operating the system. The developer has conveyed the utilities to the District by general warranty deed.

Kleinwood agreed to fund to the District seventy percent (70%) of the ad valorem taxes levied by Kleinwood on the development each year for the term of the contract. By March 1 of each year, Kleinwood agreed to pay the amount provided for above to the District and provide documentation supporting the calculation of the amount paid. If an owner of property within the development has not paid the taxes due by March 1, Kleinwood shall have 30 days from any payment date to pay the District an amount equal to seventy percent (70%) of the taxes, penalty and interest accrued to date, excluding any fifteen percent (15%) penalties. At such time as ninety percent (90%) of the taxes levied by Kleinwood on the development are collected by Kleinwood, Kleinwood will fund the entire remaining amount owing for that year to the District. The payment by Kleinwood is to be a cost of operating their water and sewer system.

The District can charge the residents within this development in accordance with an out-of-district rate provided the charge shall not exceed two times the amount charged within the District. Presently, the District charges the residents within this development at 150% of in-district customer rates. The agreement has a term of 40 years. During the current fiscal year, the District recorded revenue of \$29,265 from Kleinwood for the 70% provisions of this agreement.

NOTE 9. EMERGENCY WATER SUPPLY AGREEMENTS

On October 14, 1991, the District executed an Emergency Water Supply Agreement with Cypress-Klein Utility District. The agreement provides for each district to jointly share in the cost of making the connection to each other's water system. The cost of water supplied to each District is to be \$250 per day. The agreement has a term of 40 years. On March 18, 1999, by letter agreement, the District agreed to allow Cypress-Klein to serve Harris County Municipal Utility District No. 316 through the same interconnect.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9. EMERGENCY WATER SUPPLY AGREEMENTS (Continued)

On May 13, 2008, the District executed an Emergency Water Supply Contract with Spring Creek Forest Public Utility District. The contract provides that during an emergency, the district experiencing the emergency shall be supplied water by the other district through an existing emergency water connection. The cost of water supplied to each district is to be \$0.75 per 1,000 gallons of water supplied, plus any fee imposed by a regional water authority, groundwater conservation district, governmental entity or contractual arrangement. If the supplying party purchases all or a portion of the water supplied during an emergency from a third party due to an inability of such supplying party to meet the water demands of its own customers and the receiving party solely through utilization of its own water production facilities, the receiving party shall pay the supplying party for water received from the third party at a rate per 1,000 gallons equal to the rate paid by the supplying party for such water in the event that such rate is greater than \$0.75 per 1,000 gallons. The agreement has a term of 20 years.

On January 4, 2012, the District executed an Emergency Water Supply Contract with Northwest Harris County Municipal Utility District No. 30. The contract provides that during an emergency, the district experiencing the emergency shall be supplied water by the other district through an existing emergency water connection. The cost of water supplied to each district is the current per 1,000 gallons surface water fee paid to the Authority by the supplying district. The term of this contract is 25 years.

NOTE 10. RISK MANAGEMENT

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

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the "Act"), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority is overseeing that its participants comply with the Harris-Galveston Subsidence District pumpage requirements. The District is required to convert its water supply to surface water over a period of time.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

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 \$2.90 per 1,000 gallons of water pumped from each well. The District recorded an expenditure of \$457,322 for fees assessed during the current fiscal year. In addition, the District purchased surface water from the Authority. The current rate is \$3.35 per 1,000 gallons of water delivered. The District recorded expenditures of \$1,089,062 for water purchased during 2017.

The Authority required the District to convert its water system to chloramine disinfection for as long as it is connected to the Authority's system. The District's cost of this conversion was \$637,235. The Authority calculated the reimbursement at 6% interest over a 30-year period. The District began receiving chloramine conversion credits on the December 2011 Authority billing. Total credits received in the current fiscal year were \$46,296. Of this amount, \$10,850 was a return of principal with the balance being applicable to interest. The following is a schedule of the remaining chloramine conversion credits to be received under the terms of the agreement.

Fiscal Year	Principal	Interest	Total
2018	\$ 11,501	\$ 34,795	\$ 46,296
2019	12,191	34,105	46,296
2020	12,922	33,374	46,296
2021	13,698	32,598	46,296
2022	14,519	31,777	46,296
2023-2027	86,758	144,722	231,480
2028-2032	116,101	115,379	231,480
2033-2037	155,370	76,110	231,480
2038-2041	<u>156,861</u>	<u>23,706</u>	<u>180,567</u>
	<u>\$ 579,921</u>	<u>\$ 526,566</u>	<u>\$ 1,106,487</u>

NOTE 12. INTERFUND BALANCES

As of December 31, 2017, the General Fund owed the Debt Service Fund (Tax Account) \$26,984 for an excess transfer of maintenance tax collections and the Debt Service Fund owed the General Fund \$6,200 for arbitrage and disclosure costs. The Capital Projects Fund owed the General Fund \$3,648 for money that was withheld from a developer reimbursement to cover legal and engineering fees owed to the District.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13. UNREIMBURSED COSTS

The District has entered into development financing agreements with developers within the District. The agreements call for the developers to fund costs associated with water, sewer, and drainage facilities until such time as the District can sell bonds. As of December 31, 2017, the District recorded an estimated liability of \$1,749,716 for completed projects.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 1,300,000	\$ 1,558,572	\$ 258,572
Water Service	778,000	779,178	1,178
Wastewater Service	1,073,000	1,111,193	38,193
Tax Revenue from Other Government	30,000	29,265	(735)
Regional Water Authority Fees	1,484,000	1,508,269	24,269
Penalty and Interest	5,000	37,466	32,466
Tap Connection and Inspection Fees	28,000	316,210	288,210
Investment Revenues	61,000	87,300	26,300
Miscellaneous Revenues	<u>29,000</u>	<u>32,109</u>	<u>3,109</u>
TOTAL REVENUES	<u>\$ 4,788,000</u>	<u>\$ 5,459,562</u>	<u>\$ 671,562</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 237,000	\$ 229,006	\$ 7,994
Contracted Services	662,600	666,835	(4,235)
Purchased Water Service/Pumpage Fees	1,447,000	1,546,384	(99,384)
Utilities	243,000	247,276	(4,276)
Repairs and Maintenance	745,000	1,002,090	(257,090)
Other	559,020	693,126	(134,106)
Capital Outlay	<u>894,000</u>	<u>214,976</u>	<u>679,024</u>
TOTAL EXPENDITURES	<u>\$ 4,787,620</u>	<u>\$ 4,599,693</u>	<u>\$ 187,927</u>
NET CHANGE IN FUND BALANCE	\$ 380	\$ 859,869	\$ 859,489
FUND BALANCE - JANUARY 1, 2017	<u>3,190,216</u>	<u>3,190,216</u>	<u> </u>
FUND BALANCE - DECEMBER 31, 2017	<u>\$ 3,190,596</u>	<u>\$ 4,050,085</u>	<u>\$ 859,489</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
DECEMBER 31, 2017

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2017

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

<u> X </u>	Retail Water	<u> </u>	Wholesale Water	<u> X </u>	Drainage
<u> X </u>	Retail Wastewater	<u> </u>	Wholesale Wastewater	<u> </u>	Irrigation
<u> </u>	Parks/Recreation	<u> </u>	Fire Protection	<u> </u>	Security
<u> X </u>	Solid Waste/Garbage	<u> </u>	Flood Control	<u> </u>	Roads
<u> </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u> </u>	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 3/4" METER (OR EQUIVALENT):

Based on the rate order effective September 1, 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:	\$ 8.00	3,000	N	\$ 1.00 \$ 1.25 \$ 1.50 \$ 1.75	3,001 to 10,000 10,001 to 20,000 20,001 to 30,000 30,001 and up
WASTEWATER:	\$ 12.00*		Y		
SURCHARGE:					
Regional Water Authority Fees			N	\$ 3.86	All

District employs winter averaging for wastewater usage? X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$15.00 Wastewater: \$12.00 Surcharge: \$38.60 Total: \$65.60

* All single family homes within Oakwood Glen, Shannon Forest, Woodbriar Place, Oakwood West, Glenn Haven Estates, Villas of Oakwood Glen, Lyndhurst Village, Deer Creek Condos, Twin Falls, Willowick Forest, The Chancel and Creekside Farms shall be billed a monthly service charge for sewer of \$28.22. The District provides solid waste disposal in those subdivisions.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2017

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>3,068</u>	<u>3,043</u>	x 1.0	<u>3,043</u>
1"	<u>91</u>	<u>90</u>	x 2.5	<u>225</u>
1½"	<u>28</u>	<u>28</u>	x 5.0	<u>140</u>
2"	<u>50</u>	<u>48</u>	x 8.0	<u>384</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>2</u>	<u>2</u>	x 50.0	<u>100</u>
8"	<u>5</u>	<u>5</u>	x 80.0	<u>400</u>
10"			x 115.0	
Total Water Connections	<u><u>3,248</u></u>	<u><u>3,220</u></u>		<u><u>4,372</u></u>
Total Wastewater Connections	<u><u>3,205</u></u>	<u><u>3,177</u></u>	x 1.0	<u><u>3,177</u></u>

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

Gallons pumped into system: 147,980,000 Water Accountability Ratio: 92.2 %
(Gallons billed and sold/Gallons pumped and purchased)

Gallons purchased: 309,089,000 From: North Harris County Regional
Water Authority

Gallons billed to customers: 421,576,000

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017

PROFESSIONAL FEES:	
Auditing	\$ 19,850
Engineering	89,103
Financial Advisor	2,500
Legal	<u>117,553</u>
TOTAL PROFESSIONAL FEES	<u>\$ 229,006</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	<u>\$ 1,089,062</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 14,457
Operations and Billing	205,550
Building Management	5,250
Recording Secretary	<u>3,750</u>
TOTAL CONTRACTED SERVICES	<u>\$ 229,007</u>
UTILITIES:	
Electricity	\$ 222,109
Telephone	<u>25,167</u>
TOTAL UTILITIES	<u>\$ 247,276</u>
REPAIRS AND MAINTENANCE	<u>\$ 1,002,090</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 31,050
Insurance	53,382
Legal Notices	14,947
Office Building Expenses	16,174
Office Supplies and Postage	72,145
Payroll Taxes	2,375
Travel and Meetings	10,341
Other	<u>22,257</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 222,671</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017

CAPITAL OUTLAY:	
Capitalized Assets	\$ 214,976
Expenditures Not Capitalized	<u> </u>
TOTAL CAPITAL OUTLAY	<u>\$ 214,976</u>
TAP CONNECTIONS	<u>\$ 98,573</u>
SOLID WASTE DISPOSAL	<u>\$ 437,828</u>
OTHER EXPENDITURES:	
Chemicals	\$ 124,209
Laboratory Fees	141,924
Permit Fees	32,375
Inspection Fees	18,667
Regional Water Authority Assessments	457,322
Regulatory Assessment	9,457
Sludge Hauling	<u>45,250</u>
TOTAL OTHER EXPENDITURES	<u>\$ 829,204</u>
TOTAL EXPENDITURES	<u>\$ 4,599,693</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
INVESTMENTS
DECEMBER 31, 2017

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0003	1.2803%	Daily	\$ 4,235,735	\$
TexSTAR	XXXX1000	1.2938%	Daily	9,389	
Certificate of Deposit	XXXX1384	0.8000%	04/18/18	209,037	1,194
Certificate of Deposit	XXXX3781	1.5100%	07/10/18	206,070	449
TOTAL GENERAL FUND				<u>\$ 4,660,231</u>	<u>\$ 1,643</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0012	1.2803%	Daily	\$ 934,555	\$
TexSTAR	XXXX2000	1.2938%	Daily	529,189	
TOTAL DEBT SERVICE FUND				<u>\$ 1,463,744</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 6,123,975</u>	<u>\$ 1,643</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JANUARY 1, 2017	\$ 1,172,032		\$ 1,681,561	
Adjustments to Beginning				
Balance	<u>15,504</u>	\$ 1,187,536	<u>22,013</u>	\$ 1,703,574
Original 2017 Tax Levy	\$ 1,550,605		\$ 2,203,491	
Adjustment to 2017 Tax Levy	<u>(59,480)</u>	<u>1,491,125</u>	<u>(84,524)</u>	<u>2,118,967</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 2,678,661		\$ 3,822,541
TAX COLLECTIONS:				
Prior Years	\$ 1,170,639		\$ 1,673,537	
Current Year	<u>230,415</u>	<u>1,401,054</u>	<u>327,431</u>	<u>2,000,968</u>
TAXES RECEIVABLE -				
DECEMBER 31, 2017		<u>\$ 1,277,607</u>		<u>\$ 1,821,573</u>
TAXES RECEIVABLE BY				
YEAR:				
2017		\$ 1,260,710		\$ 1,791,536
2016		6,294		8,991
2015		2,708		3,939
2014		1,590		2,529
2013		1,492		2,509
2012		1,150		2,481
2011		539		1,259
2010 and prior		<u>3,124</u>		<u>8,329</u>
TOTAL		<u>\$ 1,277,607</u>		<u>\$ 1,821,573</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016	2015	2014
PROPERTY VALUATIONS:				
Land	\$ 146,596,146	\$ 139,660,657	\$ 129,972,109	\$ 109,202,950
Improvements	686,979,793	641,583,140	550,482,211	477,395,645
Personal Property	16,220,953	14,676,658	14,055,293	15,167,978
Exemptions	(65,139,261)	(63,600,856)	(56,297,205)	(52,814,766)
TOTAL PROPERTY VALUATIONS	\$ 784,657,631	\$ 732,319,599	\$ 638,212,408	\$ 548,951,807
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.27	\$ 0.30	\$ 0.32	\$ 0.35
Maintenance**	0.19	0.21	0.22	0.22
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.46	\$ 0.51	\$ 0.54	\$ 0.57
ADJUSTED TAX LEVY*	\$ 3,610,092	\$ 3,735,473	\$ 3,447,183	\$ 3,127,787
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	15.45 %	99.59 %	99.81 %	99.87 %

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

** Maintenance Tax – An unlimited rate per \$100 of assessed valuation approved by voters on August 17, 1974.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

S E R I E S - 2 0 0 8			
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2018	\$ 225,000	\$ 68,288	\$ 293,288
2019	225,000	59,513	284,513
2020	225,000	50,625	275,625
2021	225,000	41,625	266,625
2022	225,000	32,513	257,513
2023	225,000	23,287	248,287
2024	225,000	14,006	239,006
2025	225,000	4,669	229,669
2026			
2027			
2028			
2029			
2030			
	\$ 1,800,000	\$ 294,526	\$ 2,094,526

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

S E R I E S - 2 0 1 1			
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2018	\$ 135,000	\$ 87,619	\$ 222,619
2019	145,000	81,669	226,669
2020	155,000	76,069	231,069
2021	165,000	70,868	235,868
2022	175,000	65,016	240,016
2023	185,000	58,491	243,491
2024	190,000	51,456	241,456
2025	200,000	43,900	243,900
2026	220,000	35,488	255,488
2027	230,000	26,206	256,206
2028	245,000	16,256	261,256
2029	260,000	5,525	265,525
2030			
	\$ 2,305,000	\$ 618,563	\$ 2,923,563

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

REFUNDING SERIES - 2013

Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2018	\$ 785,000	\$ 163,075	\$ 948,075
2019	770,000	147,525	917,525
2020	755,000	132,275	887,275
2021	745,000	113,550	858,550
2022	740,000	89,425	829,425
2023	735,000	63,613	798,613
2024	730,000	37,975	767,975
2025	720,000	12,600	732,600
2026			
2027			
2028			
2029			
2030			
	<u>\$ 5,980,000</u>	<u>\$ 760,038</u>	<u>\$ 6,740,038</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

S E R I E S - 2 0 1 5			
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2018	\$ 400,000	\$ 129,637	\$ 529,637
2019	400,000	121,638	521,638
2020	400,000	113,636	513,636
2021	400,000	105,638	505,638
2022	400,000	97,637	497,637
2023	400,000	88,888	488,888
2024	400,000	79,387	479,387
2025	400,000	69,888	469,888
2026	450,000	59,231	509,231
2027	450,000	47,137	497,137
2028	450,000	34,200	484,200
2029	450,000	20,700	470,700
2030	465,000	6,975	471,975
	\$ 5,465,000	\$ 974,592	\$ 6,439,592

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

S E R I E S - 2 0 1 6			
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2018	\$ 150,000	\$ 29,375	\$ 179,375
2019	150,000	26,375	176,375
2020	150,000	23,375	173,375
2021	150,000	20,375	170,375
2022	150,000	17,375	167,375
2023	150,000	14,375	164,375
2024	150,000	11,375	161,375
2025	150,000	8,375	158,375
2026	75,000	6,125	81,125
2027	75,000	4,438	79,438
2028	50,000	2,875	52,875
2029	50,000	1,625	51,625
2030	40,000	500	40,500
	\$ 1,490,000	\$ 166,563	\$ 1,656,563

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2018	\$ 1,695,000	\$ 477,994	\$ 2,172,994
2019	1,690,000	436,720	2,126,720
2020	1,685,000	395,980	2,080,980
2021	1,685,000	352,056	2,037,056
2022	1,690,000	301,966	1,991,966
2023	1,695,000	248,654	1,943,654
2024	1,695,000	194,199	1,889,199
2025	1,695,000	139,432	1,834,432
2026	745,000	100,844	845,844
2027	755,000	77,781	832,781
2028	745,000	53,331	798,331
2029	760,000	27,850	787,850
2030	505,000	7,475	512,475
	<u>\$ 17,040,000</u>	<u>\$ 2,814,282</u>	<u>\$ 19,854,282</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2017

Description	Original Bonds Issued	Bonds Outstanding January 1, 2017
Harris County Municipal Utility District No. 24 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2008	\$ 3,600,000	\$ 2,025,000
Harris County Municipal Utility District No. 24 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2011	2,880,000	2,435,000
Harris County Municipal Utility District No. 24 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2011A	2,950,000	485,000
Harris County Municipal Utility District No. 24 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2013	7,260,000	6,665,000
Harris County Municipal Utility District No. 24 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2015	5,465,000	5,465,000
Harris County Municipal Utility District No. 24 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2016	<u>1,490,000</u>	<u>1,490,000</u>
TOTAL	<u>\$ 23,645,000</u>	<u>\$ 18,565,000</u>
Debt Service Fund cash and investment balances as of December 31, 2017:		<u>\$ 1,668,351</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u><u>\$ 1,527,252</u></u>

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>					
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding December 31, 2017</u>		<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>			
\$	\$ 225,000	\$ 77,175	\$ 1,800,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	130,000	93,087	2,305,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	485,000	5,456	-0-		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	685,000	177,775	5,980,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
					The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		24,357	1,490,000		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 1,525,000</u>	<u>\$ 511,488</u>	<u>\$ 17,040,000</u>		

<u>Bond Authority:</u>	<u>Tax Bonds*</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 57,120,000	\$
Amount Issued	45,145,000	
Remaining to be Issued	<u>\$ 11,975,000</u>	<u>\$ - 0 -</u>

* 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.

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

	Amounts		
	2017	2016	2015
REVENUES			
Property Taxes	\$ 1,558,572	\$ 1,406,438	\$ 1,219,742
Water Service	779,178	774,008	724,435
Wastewater Service	1,111,193	1,074,589	1,006,981
Tax Revenue from Other Government	29,265	25,638	35,887
Regional Water Authority Fees	1,508,269	1,264,669	1,048,253
Penalty and Interest	37,466	39,170	38,852
Tap Connection and Inspection Fees	316,210	103,390	265,695
Investment Revenues	87,300	62,403	51,089
Groundwater Credits			
Miscellaneous Revenues	32,109	40,612	33,948
TOTAL REVENUES	\$ 5,459,562	\$ 4,790,917	\$ 4,424,882
EXPENDITURES			
Professional Fees	\$ 229,006	\$ 169,005	\$ 188,395
Contracted Services	666,835	658,768	587,532
Purchased Water Service	1,089,062	892,886	733,118
Utilities	247,276	243,894	246,178
Regional Water Authority Assessments	457,322	390,428	367,574
Repairs and Maintenance	1,002,090	917,737	731,732
Sludge Hauling	45,250	24,443	40,418
Other	647,876	568,949	656,397
Capital Outlay	214,976	340,743	697,621
TOTAL EXPENDITURES	\$ 4,599,693	\$ 4,206,853	\$ 4,248,965
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 859,869	\$ 584,064	\$ 175,917
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ -0-	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCE	\$ 859,869	\$ 584,064	\$ 175,917
BEGINNING FUND BALANCE	3,190,216	2,606,152	2,430,235
ENDING FUND BALANCE	\$ 4,050,085	\$ 3,190,216	\$ 2,606,152

See accompanying independent auditor's report.

		Percentage of Total Revenues						
2014	2013	2017	2016	2015	2014	2013		
\$ 1,104,457	\$ 891,742	28.5 %	29.4 %	27.4 %	26.1 %	23.5 %		
643,579	771,641	14.3	16.2	16.4	15.2	20.3		
929,653	949,570	20.4	22.4	22.8	21.9	24.9		
31,466	30,778	0.5	0.5	0.8	0.7	0.8		
993,537	896,487	27.6	26.4	23.7	23.4	23.5		
38,165	47,324	0.7	0.8	0.9	0.9	1.2		
225,896	137,762	5.8	2.2	6.0	5.3	3.6		
49,214	49,621	1.6	1.3	1.2	1.2	1.3		
71,894					1.7			
152,937	33,994	0.6	0.8	0.8	3.6	0.9		
<u>\$ 4,240,798</u>	<u>\$ 3,808,919</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 235,695	\$ 151,799	4.2 %	3.5 %	4.3 %	5.6 %	4.0 %		
552,653	580,327	12.2	13.8	13.3	13.0	15.2		
787,748	691,517	19.9	18.6	16.6	18.6	18.2		
252,192	308,715	4.5	5.1	5.6	5.9	8.1		
263,172	367,087	8.4	8.1	8.3	6.2	9.6		
664,078	693,568	18.4	19.2	16.5	15.7	18.2		
47,967	31,271	0.8	0.5	0.9	1.1	0.8		
587,467	617,071	11.9	11.9	14.8	13.9	16.2		
43,065	245,325	3.9	7.1	15.8	1.0	6.4		
<u>\$ 3,434,037</u>	<u>\$ 3,686,680</u>	<u>84.2 %</u>	<u>87.8 %</u>	<u>96.1 %</u>	<u>81.0 %</u>	<u>96.7 %</u>		
\$ 806,761	\$ 122,239	<u>15.8 %</u>	<u>12.2 %</u>	<u>3.9 %</u>	<u>19.0 %</u>	<u>3.3 %</u>		
\$ -0-	\$ 17,071							
\$ 806,761	\$ 139,310							
1,623,474	1,484,164							
<u>\$ 2,430,235</u>	<u>\$ 1,623,474</u>							

See accompanying independent auditor's report.

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

	Amounts		
	2017	2016	2015
REVENUES			
Property Taxes	\$ 2,227,728	\$ 2,047,125	\$ 1,941,791
Penalty and Interest	34,288	28,411	28,788
Investment Revenues	12,486	4,895	1,030
Miscellaneous Revenues	6,198	1,511	
TOTAL REVENUES	\$ 2,280,700	\$ 2,081,942	\$ 1,971,609
EXPENDITURES			
Tax Collection Expenditures	\$ 92,724	\$ 90,259	\$ 85,831
Debt Service Principal	1,525,000	1,235,000	1,650,000
Debt Service Interest and Fees	514,988	775,022	432,175
Bond Issuance Costs			
TOTAL EXPENDITURES	\$ 2,132,712	\$ 2,100,281	\$ 2,168,006
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 147,988	\$ (18,339)	\$ (196,397)
OTHER FINANCING SOURCES (USES)			
Refunding Bonds Issued	\$	\$	\$
Payment to Refunded Bond Escrow Agent			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCE	\$ 147,988	\$ (18,339)	\$ (196,397)
BEGINNING FUND BALANCE	1,209,397	1,227,736	1,424,133
ENDING FUND BALANCE	\$ 1,357,385	\$ 1,209,397	\$ 1,227,736
TOTAL ACTIVE RETAIL WATER CONNECTIONS	3,220	3,204	3,112
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	3,177	3,155	3,077

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2014	2013	2017	2016	2015	2014	2013
\$ 1,861,474	\$ 1,924,965	97.7 %	98.3 %	98.4 %	98.1 %	98.2 %
36,450	23,522	1.5	1.4	1.5	1.9	1.2
513	1,328	0.5	0.2	0.1		0.1
79	9,621	0.3	0.1			0.5
<u>\$ 1,898,516</u>	<u>\$ 1,959,436</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 83,105	\$ 72,648	4.1 %	4.3 %	4.4 %	4.4 %	3.7 %
1,660,000	1,435,000	66.9	59.3	83.7	87.4	73.2
440,165	717,463	22.6	37.2	21.9	23.2	36.6
	273,694					14.0
<u>\$ 2,183,270</u>	<u>\$ 2,498,805</u>	<u>93.6 %</u>	<u>100.8 %</u>	<u>110.0 %</u>	<u>115.0 %</u>	<u>127.5 %</u>
\$ (284,754)	\$ (539,369)	<u>6.4 %</u>	<u>(0.8) %</u>	<u>(10.0) %</u>	<u>(15.0) %</u>	<u>(27.5) %</u>
\$	\$ 7,260,000					
	(7,404,987)					
	420,505					
<u>\$ -0-</u>	<u>\$ 275,518</u>					
\$ (284,754)	\$ (263,851)					
1,708,887	1,972,738					
<u>\$ 1,424,133</u>	<u>\$ 1,708,887</u>					
2,909	2,835					
<u>2,874</u>	<u>2,805</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2017

District Mailing Address - Harris County Municipal Utility District No. 24
c/o Strawn & Richardson, PC
6750 West Loop South, Suite 865
Bellaire, TX 77401-4103

District Telephone Number - (713) 864-5466

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>December 31, 2017</u>	Expense Reimbursements for the year ended <u>December 31, 2017</u>	<u>Title</u>
Dennis L. Cormier	11/16 11/20 (Elected)	\$ 7,200	\$ 2,914	President
Ruben Gonzales, Jr.	11/16 11/20 (Elected)	\$ 6,450	\$ 860	Vice President
Peggy A. Winters	11/14 11/18 (Elected)	\$ 5,400	\$ 1,949	Secretary
Rick C. Corbin	11/16 11/20 (Elected)	\$ 7,200	\$ 1,671	Assistant Secretary
Marcia Fitzpatrick	10/17 11/18 (Appointed)	\$ 1,350	\$ -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):
November 6, 2017.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on July 16, 2003. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2017

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2017</u>	<u>Title</u>
Strawn & Richardson, PC	06/12/99	\$ 117,553	General Counsel/ Delinquent Tax Attorney/ Bond Counsel
		\$ 9,859	
		\$ -0-	
McCall Gibson Swedlund Barfoot PLLC	07/29/92	\$ 24,850	Auditor
ETI Bookkeeping Services	07/03/74	\$ 14,937	Bookkeeper
Eby Engineers, Inc.	03/21/90	\$ 114,544	Engineer
FirstSouthwest, a Division of Hilltop Securities	08/19/92	\$ 2,500	Financial Advisor
Kenneth Byrd	03/24/03	\$ -0-	Investment Officer
Hays Utility South Corporation	02/01/77	\$ 1,623,049	Operator
Christy Taylor	02/04/04	\$ 3,750	Recording Secretary
Equi-Tax Inc.	07/03/74	\$ 47,533	Tax Assessor/ Collector

See accompanying independent auditor's report.

