

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2018

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150

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ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 150
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. 150 (the "District"), as of and for the year ended April 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 April 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 and Special Revenue 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

September 18, 2018

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2018**

Management's discussion and analysis of Harris County Municipal Utility District No. 150's (the "District") financial performance provides an overview of the District's financial activities for the year ended April 30, 2018. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental 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 all of the District's assets, liabilities, and 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 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 four governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Special Revenue accounts for financial resources collected and administered by the District for the operations of a regional wastewater treatment plant. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2018**

FUND FINANCIAL STATEMENTS (Continued)

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.

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"). A budgetary comparison schedule is included as RSI for the General Fund and Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$4,138,425 as of April 30, 2018.

A portion of the District's net position reflects its net investment in capital assets (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 government-wide changes in net position:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 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	\$ 6,742,963	\$ 6,824,251	\$ (81,288)
Capital Assets (Net of Accumulated Depreciation)	<u>10,688,092</u>	<u>11,214,616</u>	<u>(526,524)</u>
Total Assets	<u>\$ 17,431,055</u>	<u>\$ 18,038,867</u>	<u>\$ (607,812)</u>
Deferred Outflows of Resources	<u>\$ 658,553</u>	<u>\$ 702,820</u>	<u>\$ (44,267)</u>
Due to Developer	\$	\$ 145,640	\$ 145,640
Long -Term Liabilities	13,262,158	14,115,898	853,740
Other Liabilities	<u>689,025</u>	<u>669,628</u>	<u>(19,397)</u>
Total Liabilities	<u>\$ 13,951,183</u>	<u>\$ 14,931,166</u>	<u>\$ 979,983</u>
Net Position:			
Net Investment in Capital Assets	\$ (1,872,515)	\$ (2,297,653)	\$ 425,138
Restricted	1,411,738	1,544,459	(132,721)
Unrestricted	<u>4,599,202</u>	<u>4,563,715</u>	<u>35,487</u>
Total Net Position	<u>\$ 4,138,425</u>	<u>\$ 3,810,521</u>	<u>\$ 327,904</u>

The following table provides a summary of the District's operations for the years ended April 30, 2018, and April 30, 2017. The District's net position increased by \$327,904.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2018</u>	<u>2017</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 1,850,827	\$ 1,857,126	\$ (6,299)
Charges for Services	2,776,276	3,343,013	(566,737)
Other Revenues	<u>310,214</u>	<u>296,162</u>	<u>14,052</u>
Total Revenues	<u>\$ 4,937,317</u>	<u>\$ 5,496,301</u>	<u>\$ (558,984)</u>
Expenses for Services	<u>4,609,413</u>	<u>4,900,535</u>	<u>291,122</u>
Change in Net Position	\$ 327,904	\$ 595,766	\$ (267,862)
Net Position, Beginning of Year	<u>3,810,521</u>	<u>3,214,755</u>	<u>595,766</u>
Net Position, End of Year	<u>\$ 4,138,425</u>	<u>\$ 3,810,521</u>	<u>\$ 327,904</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of April 30, 2018, were \$5,927,082, a decrease of \$96,894 from the prior year.

The General Fund fund balance increased by \$36,300, primarily due to service and tax revenues exceeding operating and capital expenditures.

The Debt Service Fund fund balance decreased by \$129,743, primarily due to the structure of the District's debt service requirements.

The Capital Projects Fund fund balance decreased by \$3,451.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the General Fund budget or the Special Revenue Fund budget during the current fiscal year. For the General Fund, actual revenues were \$206,727 more than budgeted. Actual expenditures were \$512,812 more than budgeted.

CAPITAL ASSETS

Capital assets as of April 30, 2018, total \$10,688,092 (net of accumulated depreciation). These capital assets include land, as well as the water and wastewater systems. Significant capital asset activity during the current year included water and wastewater facilities to serve Spears Road; lift station no.1 automatic transfer switch; water plants nos. 1 and 2 Hoffman Enclosures; fence for the elevated storage tank; underground non-potable waterline; and improvements at the joint wastewater treatment plant.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2018	2017	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 317,881	\$ 317,881	\$
Construction in Progress		8,689	(8,689)
Capital Assets, Net of Accumulated Depreciation:			
Water System	2,960,876	3,174,863	(213,987)
Wastewater System	7,409,335	7,713,183	(303,848)
Total Net Capital Assets	\$ 10,688,092	\$ 11,214,616	\$ (526,524)

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2018**

LONG-TERM DEBT ACTIVITY

At the end of the current year, the District had total bond debt payable of \$13,250,000. The changes in the debt position of the District during the year ended April 30, 2018, are summarized as follows:

Bond Debt Payable, May 1, 2017	\$ 14,095,000
Less: Bond Principal Paid	<u>845,000</u>
Bond Debt Payable, April 30, 2018	<u>\$ 13,250,000</u>

The District’s bonds carry an underlying rating of “A3”. The Series 2010 Refunding bonds do not carry an insured rating. The Series 2014 Refunding bonds carry an insured rating of “A2” by virtue of bond insurance issued by Assured Guaranty Municipal. The Series 2015 Refunding bonds carry an insured rating of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The above ratings are as of April 30, 2018, and reflect all rating changes of the bond insurers through the year then ended.

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. 150, c/o Marks Richardson PC, 3700 Buffalo Speedway, Suite 830, Houston, TX 77098.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>
ASSETS			
Cash	\$ 472,115	\$ 317,181	\$ 723,791
Investments	3,855,306		720,000
Receivables:			
Property Taxes	35,855		75,778
Penalty and Interest on Delinquent Taxes			
Service Accounts	270,386		
Accrued Interest	12,755		1,158
Due from City of Houston	56,721		
Due from Other Funds	76,428	52,407	
Prepaid Costs	86,457		
Due from Other Governmental Units		22,643	
Advance for Regional Water Authority			
Operations	17,429		
Advance for Regional Wastewater Treatment			
Plant Operations	270,941		
Land			
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	<u>\$ 5,154,393</u>	<u>\$ 392,231</u>	<u>\$ 1,520,727</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,154,393</u>	<u>\$ 392,231</u>	<u>\$ 1,520,727</u>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 24,303	\$ 1,537,390	\$	\$ 1,537,390
	4,575,306		4,575,306
	111,633		111,633
		30,549	30,549
	270,386		270,386
	13,913		13,913
	56,721		56,721
18,733	147,568	(147,568)	
	86,457	20,536	106,993
	22,643		22,643
	17,429		17,429
	270,941	(270,941)	
		317,881	317,881
		10,370,211	10,370,211
<u>\$ 43,036</u>	<u>\$ 7,110,387</u>	<u>\$ 10,320,668</u>	<u>\$ 17,431,055</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 658,553</u>	<u>\$ 658,553</u>
<u>\$ 43,036</u>	<u>\$ 7,110,387</u>	<u>\$ 10,979,221</u>	<u>\$ 18,089,608</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund
LIABILITIES			
Accounts Payable	\$ 250,654	\$ 50,781	\$
Accrued Interest Payable			
Due to Other Funds	71,140	2,461	73,967
Due to Taxpayers			29,709
Security Deposits	278,933		
Advance for Regional Wastewater Treatment Plant Operations		313,989	
Long-Term Liabilities:			
Due Within One Year			
Due After One Year			
TOTAL LIABILITIES	\$ 600,727	\$ 367,231	\$ 103,676
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 35,855	\$ -0-	\$ 75,778
FUND BALANCES			
Nonspendable:			
Prepaid Costs	\$ 86,457	\$	\$
For Regional Water Authority Operations	17,429		
For Regional Wastewater Treatment Plant Operations	270,941	25,000	
Restricted for Authorized Construction			
Restricted for Debt Service			1,341,273
Unassigned	4,142,984		
TOTAL FUND BALANCES	\$ 4,517,811	\$ 25,000	\$ 1,341,273
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,154,393	\$ 392,231	\$ 1,520,727
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.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 38	\$ 301,473	\$	\$ 301,473
		35,862	35,862
	147,568	(147,568)	
	29,709		29,709
	278,933		278,933
	313,989	(270,941)	43,048
		890,000	890,000
		12,372,158	12,372,158
<u>\$ 38</u>	<u>\$ 1,071,672</u>	<u>\$ 12,879,511</u>	<u>\$ 13,951,183</u>
<u>\$ -0-</u>	<u>\$ 111,633</u>	<u>\$ (111,633)</u>	<u>\$ -0-</u>
\$	\$ 86,457	\$ (86,457)	\$
	17,429	(17,429)	
	295,941	(295,941)	
42,998	42,998	(42,998)	
	1,341,273	(1,341,273)	
	4,142,984	(4,142,984)	
<u>\$ 42,998</u>	<u>\$ 5,927,082</u>	<u>\$ (5,927,082)</u>	<u>\$ - 0 -</u>
<u>\$ 43,036</u>	<u>\$ 7,110,387</u>		
		\$ (1,872,515)	\$ (1,872,515)
		1,411,738	1,411,738
		4,599,202	4,599,202
		<u>\$ 4,138,425</u>	<u>\$ 4,138,425</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2018

Total Fund Balances - Governmental Funds	\$	5,927,082
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale 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.		658,553
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Unamortized bond insurance premiums in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		20,536
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		10,688,092
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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.		142,182
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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:

Accrued Interest Payable	\$ (35,862)	
Bonds Payable	<u>(13,262,158)</u>	<u>(13,298,020)</u>

Total Net Position - Governmental Activities	\$	<u>4,138,425</u>
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The accompanying notes to the financial statements are an integral part of this report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>
REVENUES			
Property Taxes	\$ 641,361	\$	\$ 1,213,391
Water Service	690,127		
Wastewater Service	1,036,366	632,844	
Regional Water Authority Fees	748,144		
Penalty and Interest	54,143		38,716
Sales Tax Revenue	227,448		
Tap Connection and Inspection Fees	63,569		
Investment Revenues	28,077	490	7,160
Miscellaneous Revenues	46,832		99
TOTAL REVENUES	<u>\$ 3,536,067</u>	<u>\$ 633,334</u>	<u>\$ 1,259,366</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 441,231	\$ 34,832	\$ 13,569
Contracted Services	917,668	148,597	54,884
Purchased Water Service	781,515		
Purchased Wastewater Service	487,666		
Utilities	54,002	94,356	
Repairs and Maintenance	305,253	108,189	
Depreciation			
Other	216,168	182,313	24,432
Capital Outlay	296,264	65,047	
Debt Service:			
Bond Principal			845,000
Bond Interest			451,224
TOTAL EXPENDITURES/EXPENSES	<u>\$ 3,499,767</u>	<u>\$ 633,334</u>	<u>\$ 1,389,109</u>
NET CHANGE IN FUND BALANCES	\$ 36,300	\$ -0-	\$ (129,743)
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - MAY 1, 2017	<u>4,481,511</u>	<u>25,000</u>	<u>1,471,016</u>
FUND BALANCES/NET POSITION - APRIL 30, 2018	<u>\$ 4,517,811</u>	<u>\$ 25,000</u>	<u>\$ 1,341,273</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,854,752	\$ (3,925)	\$ 1,850,827
	690,127		690,127
	1,669,210	(487,666)	1,181,544
	748,144		748,144
	92,859	33	92,892
	227,448		227,448
	63,569		63,569
108	35,835		35,835
	46,931		46,931
<u>\$ 108</u>	<u>\$ 5,428,875</u>	<u>\$ (491,558)</u>	<u>\$ 4,937,317</u>
\$	\$ 489,632	\$ 8,689	\$ 498,321
443	1,121,592		1,121,592
	781,515		781,515
	487,666	(487,666)	
	148,358		148,358
	413,442		413,442
		671,470	671,470
105	423,018		423,018
3,011	364,322	(299,275)	65,047
	845,000	(845,000)	
	451,224	35,426	486,650
<u>\$ 3,559</u>	<u>\$ 5,525,769</u>	<u>\$ (916,356)</u>	<u>\$ 4,609,413</u>
\$ (3,451)	\$ (96,894)	\$ 96,894	\$
		327,904	327,904
46,449	6,023,976	(2,213,455)	3,810,521
<u>\$ 42,998</u>	<u>\$ 5,927,082</u>	<u>\$ (1,788,657)</u>	<u>\$ 4,138,425</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2018**

Net Change in Fund Balances - Governmental Funds	\$	(96,894)
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.		(3,925)
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.		33
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.		(671,470)
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.		290,586
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.		845,000
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.		<u>(35,426)</u>
Change in Net Position - Governmental Activities	\$	<u>327,904</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 150 of Harris County, Texas (the “District”) was created by an Order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the “Commission”), effective May 17, 1977, under the Texas Water Code, Chapters 49 and 54.

The District is empowered to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water and the collection, transportation, and treatment of wastewater 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 or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

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

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, i.e. the 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 revenue and expense of the government-wide Statement of Activities.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has four governmental funds and considers each to be a major fund.

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

Special Revenue Fund - To account for financial activities of the regional wastewater treatment plant.

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.

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as 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 greater than \$5,000 and a useful life over 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
Water System	10-45
Wastewater System	10-45
Drainage System	10-45

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund and the Special Revenue Fund. The budgets were 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 considered to be wages subject to federal income tax withholding for payroll purposes only.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Refunding Series 2010	Refunding Series 2014	Refunding Series 2015
Amount Outstanding - April 30, 2018	\$ 2,185,000	\$ 3,365,000	\$ 7,700,000
Interest Rates	3.75% - 4.40%	3.00% -3.50%	2.00% - 3.375%
Maturity Dates – Serially Beginning/Ending	April 1, 2019/2025	April 1, 2019/2025	April 1, 2019/2037
Interest Payment Dates	October 1/ April 1	October 1/ April 1	October 1/ April 1
Callable Dates	April 1, 2017*	October 1, 2023*	April 1, 2021*

* Or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

The following is a summary of transactions regarding long-term liabilities for the year ended April 30, 2018:

	May 1, 2017	Additions	Retirements	April 30, 2018
Bonds Payable	\$ 14,095,000	\$	\$ 845,000	\$ 13,250,000
Unamortized Discounts	(100,562)		(6,627)	(93,935)
Unamortized Premium	121,460		15,367	106,093
Bonds Payable, Net	<u>\$ 14,115,898</u>	<u>\$ -0-</u>	<u>\$ 853,740</u>	<u>\$ 13,262,158</u>
		Amount Due Within One Year		\$ 890,000
		Amount Due After One Year		<u>12,372,158</u>
		Bonds Payable, Net		<u>\$ 13,262,158</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 3. LONG-TERM DEBT (Continued)

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

Fiscal Year	Principal	Interest	Total
2019	\$ 890,000	\$ 430,343	\$ 1,320,343
2020	925,000	403,655	1,328,655
2021	955,000	375,805	1,330,805
2022	1,005,000	346,355	1,351,355
2023	1,050,000	312,655	1,362,655
2024-2028	3,535,000	1,062,798	4,597,798
2029-2033	2,500,000	638,062	3,138,062
2034-2037	2,390,000	203,714	2,593,714
	<u>\$ 13,250,000</u>	<u>\$ 3,773,387</u>	<u>\$ 17,023,387</u>

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.

During the year ended April 30, 2018, the District levied an ad valorem debt service tax rate of \$0.47 per \$100 of assessed valuation, which resulted in a tax levy of \$1,211,506 on the adjusted taxable valuation of \$257,768,902 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.

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

The Bond Orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to each nationally recognized municipal securities information depository and the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
NOTES TO THE FINANCIAL STATEMENTS
APRIL 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 \$5,402,390 and the bank balance was \$5,594,892. 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 April 30, 2018, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 472,115	\$ 3,145,000	\$ 3,617,115
SPECIAL REVENUE FUND	317,181		317,181
DEBT SERVICE FUND	723,791	720,000	1,443,791
CAPITAL PROJECTS FUND	24,303		24,303
TOTAL DEPOSITS	\$ 1,537,390	\$ 3,865,000	\$ 5,402,390

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 also invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), a public funds investment pool. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor and Wells Fargo Bank, N.A., serves as the custodian for the pool. Texas CLASS is subject to the general supervision of the Board of trustees and its Advisory Board, both of which are elected by the Texas CLASS participants. The investments are considered to be Level 1 investments because their fair value is measured by quoted prices in active markets. There are no limitations or restrictions on withdrawals from Texas CLASS.

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 710,306	\$ 710,306
Certificates of Deposit	3,145,000	3,145,000
<u>DEBT SERVICE FUND</u>		
Certificates of Deposit	720,000	720,000
TOTAL INVESTMENTS	\$ 4,575,306	\$ 4,575,306

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage. At April 30, 2018, the District’s investment in Texas CLASS was rated “AAAm” by Standard and Poor’s.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investments of the Special Revenue Fund are restricted for the wastewater treatment plant operations.

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 April 30, 2018:

	May 1, 2017	Increases	Decreases	April 30, 2018
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 317,881	\$	\$	\$ 317,881
Construction in Progress	<u>8,689</u>	<u>144,946</u>	<u>153,635</u>	<u></u>
Total Capital Assets Not Being Depreciated	<u>\$ 326,570</u>	<u>\$ 144,946</u>	<u>\$ 153,635</u>	<u>\$ 317,881</u>
Capital Assets Subject to Depreciation				
Water System	\$ 8,565,071	\$ 64,050	\$	\$ 8,629,121
Wastewater System	<u>12,866,645</u>	<u>89,585</u>	<u></u>	<u>12,956,230</u>
Total Capital Assets Subject to Depreciation	<u>\$ 21,431,716</u>	<u>\$ 153,635</u>	<u>\$ - 0 -</u>	<u>\$ 21,585,351</u>
Accumulated Depreciation				
Water System	\$ 5,390,208	\$ 278,037	\$	\$ 5,668,245
Wastewater System	<u>5,153,462</u>	<u>393,433</u>	<u></u>	<u>5,546,895</u>
Total Accumulated Depreciation	<u>\$ 10,543,670</u>	<u>\$ 671,470</u>	<u>\$ - 0 -</u>	<u>\$ 11,215,140</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 10,888,046</u>	<u>\$ (517,835)</u>	<u>\$ - 0 -</u>	<u>\$ 10,370,211</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,214,616</u>	<u>\$ (372,889)</u>	<u>\$ 153,635</u>	<u>\$ 10,688,092</u>

NOTE 7. MAINTENANCE TAX

On January 21, 1978, the voters of the District authorized a maintenance tax rate not to exceed \$0.25 per \$100 of assessed valuation. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 7. MAINTENANCE TAX (Continued)

During the year ended April 30, 2018, the District levied an ad valorem maintenance tax rate of \$0.25 per \$100 of assessed valuation, which resulted in a tax levy of \$644,418 on the adjusted taxable valuation of \$257,768,902 for the 2017 tax year.

NOTE 8. WASTE DISPOSAL AGREEMENT

On April 15, 1981, the District entered into a waste disposal contract with Harris County Municipal Utility District No. 217 (“District No. 217”) which extends for a term of 40 years. Under the terms of project contract, the districts share both construction and operating costs on a pro-rata basis using gallons-per-day (“gpd”) of capacity acquired as the determining factor. Construction of the 1,300,000 gpd wastewater plant was completed in March 1982. A rehabilitation/plant upgrade project was completed in 2005, and increased the capacity to 1,640,000 gpd. The District’s proportionate share of the 1,640,000 capacity plant is 86.29% or 1,415,156 gallons-per-day.

The District operates the plant and invoices District No. 217 monthly for its share of the operating costs based upon their ownership percentage of 13.71%. The District incurred operating costs of \$487,666 plus capital outlay costs of \$56,129 for the current fiscal year and maintained an operating reserve of \$270,941.

Transactions for the current year are summarized as follows:

	Harris County Municipal Utility District No. 150	Harris County Municipal Utility District No. 217	Total
Due from participants, May 1, 2017	\$ 51,208	\$ 8,323	\$ 59,531
Current year billings to Participants	543,795	89,049	632,844
Current year collections	542,596	74,729	617,325
Due from participants, April 30, 2018	\$ 52,407	\$ 22,643	\$ 75,050
Reserve balances at April 30, 2018	\$ 270,941	\$ 43,048	\$ 313,989

NOTE 9. 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 10. CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY

On December 13, 2002, the District, Fallbrook Utility District, Harris County Municipal Utility District No. 33, Harris County Municipal Utility District No. 217, Harris County Municipal Utility District No. 200, Harris County Municipal Utility District No. 205, Harris County Municipal Utility District No. 215, Harris County Municipal Utility District No. 304, Harris County Utility District No. 16, and Rankin Road West Municipal Utility District entered into a water consortium agreement and formed the Central Harris County Water Users Consortium (the "Consortium"). In October of 2004, the agreement was amended to include Harris County Municipal Utility District No. 399.

Effective June 17, 2005, the Central Harris County Regional Water Authority (the "Authority") was created to assume the duties of the Consortium. The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 3181, as passed by the Seventy-ninth Texas Legislature. The Authority encompasses essentially the same entities as the Consortium. The Consortium assigned its agreements and transferred its assets to the Authority. The purpose of the Authority is to assure that its participants comply with the Harris-Galveston Coastal Subsidence District ("HGCSA") pumpage requirements, which mandate that districts within HGCSA boundaries, including the District, convert a percentage of their water use to surface water over a period of time.

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, and also charges for surface water supplied to member districts. This fee enables the Authority to fulfill its purpose and regulatory functions and is subject to change at any time by the Authority. The District is now receiving surface water from the Authority. The District recorded an expenditure of \$781,515 for surface water received from the Authority during the current fiscal year. The current rate for surface water is \$3.35 per 1,000 gallons of water.

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT

Effective June 16, 2004, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement was amended on May 8, 2012. The agreement provides that in accordance with Subchapter F of the chapter 43 of the Local Government Code and the Act, the City shall annex a tract of land defined as the "Tract" for limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The District will continue to develop, to own, and to operate and maintain a water and wastewater system in the District.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

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

After the Tract is annexed for limited purposes by the City, the qualified voters of the Tract may vote in the City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the Tract.

The City shall impose a Sales and Use Tax within the boundaries of the Tract upon limited-purpose annexation of the Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City agreed to pay the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. The City agreed to deliver to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller's office.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purpose during the term of this Agreement. The term of this Agreement is 30 years from the effective date of this agreement. During the current fiscal year, the District recorded sales tax revenue of \$227,448 of which \$56,721 was recorded as receivable at year end.

NOTE 12. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

As of April 30, 2018, the District had the following interfund liabilities: the General Fund owed the Special Revenue Fund \$52,407 for wastewater treatment plant operating costs; and the Debt Service Fund owed the General Fund \$73,967 for maintenance tax collections. The General Fund owed the Capital Projects Fund \$18,733 for construction and engineering costs. The Special Revenue Fund owed the General Fund \$2,461 for miscellaneous expenditures paid by the General Fund.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150

REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2018

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 556,000	\$ 641,361	\$ 85,361
Water Service	700,000	690,127	(9,873)
Wastewater Service	1,028,000	1,036,366	8,366
Regional Water Authority Fee	680,000	748,144	68,144
Penalty and Interest	67,000	54,143	(12,857)
Sales Tax Revenue	230,000	227,448	(2,552)
Tap Connection and Inspection Fees	20,000	63,569	43,569
Investment Revenues	9,340	28,077	18,737
Miscellaneous Revenues	39,000	46,832	7,832
TOTAL REVENUES	\$ 3,329,340	\$ 3,536,067	\$ 206,727
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 159,600	\$ 441,231	\$ (281,631)
Contracted Services	911,000	917,668	(6,668)
Purchased Water Service	770,000	781,515	(11,515)
Purchased Wastewater Service	591,285	487,666	103,619
Utilities	72,000	54,002	17,998
Repairs and Maintenance	274,700	305,253	(30,553)
Other	208,370	216,168	(7,798)
Capital Outlay		296,264	(296,264)
TOTAL EXPENDITURES	\$ 2,986,955	\$ 3,499,767	\$ (512,812)
NET CHANGE IN FUND BALANCE	\$ 342,385	\$ 36,300	\$ (306,085)
FUND BALANCE - MAY 1, 2017	4,481,511	4,481,511	
FUND BALANCE - APRIL 30, 2018	\$ 4,823,896	\$ 4,517,811	\$ (306,085)

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED APRIL 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Wastewater Service	\$ 785,230	\$ 632,844	\$ (152,386)
Investment Revenues	105	490	385
TOTAL REVENUES	<u>\$ 785,335</u>	<u>\$ 633,334</u>	<u>\$ (152,001)</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 26,850	\$ 34,832	\$ (7,982)
Contracted Services	91,200	148,597	(57,397)
Utilities	132,000	94,356	37,644
Repairs and Maintenance	95,500	108,189	(12,689)
Other	339,785	182,313	157,472
Capital Outlay	<u>100,000</u>	<u>65,047</u>	<u>34,953</u>
TOTAL EXPENDITURES	<u>\$ 785,335</u>	<u>\$ 633,334</u>	<u>\$ 152,001</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - MAY 1, 2017	<u>25,000</u>	<u>25,000</u>	<u></u>
FUND BALANCE - APRIL 30, 2018	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

APRIL 30, 2018

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
SCHEDULE OF SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2018**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective February 21, 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:	\$ 16.50	6,000	N	\$ 1.25 \$ 1.80	6,001 to 12,000 12,001 and up
WASTEWATER:	\$ 28.00	6,000	N	\$ 2.00 \$ 2.25	6,001 to 12,000 12,001 and up

SURCHARGE:

Solid Waste/ Garbage					
Commission					
Regulatory Assessments					
Regional Water Authority Fees			N	\$ 3.69	1,001 and up
Other (Name)					

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

Total monthly charges per 10,000 gallons usage: Water: \$21.50 Wastewater: \$36.00 Surcharge: \$36.90 Total: \$94.40

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
SCHEDULE OF SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2018**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ ³ / ₄ "	<u>2,168</u>	<u>2,133</u>	x 1.0	<u>2,133</u>
1"	<u>32</u>	<u>26</u>	x 2.5	<u>65</u>
1½"	<u>14</u>	<u>12</u>	x 5.0	<u>60</u>
2"	<u>32</u>	<u>32</u>	x 8.0	<u>256</u>
3"	<u>1</u>	<u>1</u>	x 15.0	<u>15</u>
4"	<u>3</u>	<u>3</u>	x 25.0	<u>75</u>
6"			x 50.0	
8"	<u>2</u>	<u>2</u>	x 80.0	<u>160</u>
10"			x 115.0	
Total Water Connections	<u><u>2,252</u></u>	<u><u>2,209</u></u>		<u><u>2,764</u></u>
Total Wastewater Connections	<u><u>2,224</u></u>	<u><u>2,187</u></u>	x 1.0	<u><u>2,187</u></u>

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

Gallons pumped into system:	-0-	Water Accountability Ratio: 85.5% (Gallons billed/Gallons pumped and purchased)
Gallons billed to customers:	231,466,000	
Gallons purchased:	270,683,000	From: Central Harris County Regional Water Authority

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
SCHEDULE OF SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2018**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County 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. 150
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2018

PROFESSIONAL FEES:	
Auditing	\$ 16,750
Engineering	74,171
Legal	346,010
Financial Advisor	800
Other	<u>3,500</u>
TOTAL PROFESSIONAL FEES	<u>\$ 441,231</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 781,515
Purchased Wastewater Service	<u>487,666</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,269,181</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 39,485
Operations and Billing	<u>102,986</u>
TOTAL CONTRACTED SERVICES	<u>\$ 142,471</u>
UTILITIES:	
Electricity	\$ 30,214
Telephone	<u>23,788</u>
TOTAL UTILITIES	<u>\$ 54,002</u>
REPAIRS AND MAINTENANCE	<u>\$ 305,253</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 34,350
Election Costs	1,717
Insurance	17,445
Legal Notices	3,122
Office Supplies and Postage	45,394
Payroll Taxes	2,628
Travel and Meetings	8,278
Other	<u>27,322</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 140,256</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2018

CAPITAL OUTLAY:	
Capitalized Assets	\$ 296,264
Expenditures Not Capitalized	<u> </u>
TOTAL CAPITAL OUTLAY	<u>\$ 296,264</u>
TAP CONNECTIONS	<u>\$ 10,016</u>
SOLID WASTE DISPOSAL	<u>\$ 331,708</u>
SECURITY	<u>\$ 443,489</u>
OTHER EXPENDITURES:	
Chemicals	\$ 23,133
Laboratory Fees	18,180
Permit Fees	7,085
Reconnection Fees	8,970
Regulatory Assessment	<u>8,528</u>
TOTAL OTHER EXPENDITURES	<u>\$ 65,896</u>
TOTAL EXPENDITURES	<u>\$ 3,499,767</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
INVESTMENTS
APRIL 30, 2018

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>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 710,306	\$
Certificate of Deposit	XXXX7731	1.05%	01/07/19	90,000	293
Certificate of Deposit	XXXX0391	1.25%	02/13/19	240,000	626
Certificate of Deposit	XXXX2172	1.10%	02/07/19	240,000	593
Certificate of Deposit	XXXX1893	1.00%	08/04/18	240,000	1,769
Certificate of Deposit	XXXX1643	1.30%	03/06/19	95,000	186
Certificate of Deposit	XXXX1771	1.10%	12/21/18	120,000	470
Certificate of Deposit	XXXX0705	0.90%	09/09/18	100,000	574
Certificate of Deposit	XXXX4948	0.75%	05/20/18	240,000	1,706
Certificate of Deposit	XXXX9671	1.20%	11/28/18	240,000	1,239
Certificate of Deposit	XXXX8592	1.10%	02/21/19	100,000	205
Certificate of Deposit	XXXX6880	1.98%	04/16/19	240,000	182
Certificate of Deposit	XXXX4015	1.25%	03/15/19	240,000	378
Certificate of Deposit	XXXX3024	0.90%	07/25/18	240,000	734
Certificate of Deposit	XXXX9878	0.75%	06/20/18	240,000	1,548
Certificate of Deposit	XXXX3090	1.30%	01/13/19	240,000	906
Certificate of Deposit	XXXX7743	1.05%	10/17/18	240,000	1,346
TOTAL GENERAL FUND				<u>\$ 3,855,306</u>	<u>\$ 12,755</u>
<u>DEBT SERVICE FUND</u>					
Certificate of Deposit	XXXX3662	1.30%	03/20/19	\$ 240,000	\$ 351
Certificate of Deposit	XXXX0688	1.50%	03/20/19	240,000	404
Certificate of Deposit	XXXX4383	1.25%	03/12/19	240,000	403
TOTAL DEBT SERVICE FUND				<u>\$ 720,000</u>	<u>\$ 1,158</u>
TOTAL - ALL FUNDS				<u>\$ 4,575,306</u>	<u>\$ 13,913</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2018

	Maintenance Taxes		Debt Service Taxes
TAXES RECEIVABLE -			
MAY 1, 2017	\$ 35,030		\$ 80,528
Adjustments to Beginning			
Balance	<u>(2,232)</u>	\$ 32,798	<u>(2,865)</u> \$ 77,663
Original 2017 Tax Levy	\$ 580,565		\$ 1,091,461
Adjustment to 2017 Tax Levy	<u>63,853</u>	<u>644,418</u>	<u>120,045</u> <u>1,211,506</u>
TOTAL TO BE			
ACCOUNTED FOR		\$ 677,216	\$ 1,289,169
TAX COLLECTIONS:			
Prior Years	\$ 19,503		\$ 44,299
Current Year	<u>621,858</u>	<u>641,361</u>	<u>1,169,092</u> <u>1,213,391</u>
TAXES RECEIVABLE -			
APRIL 30, 2018		<u>\$ 35,855</u>	<u>\$ 75,778</u>
TAXES RECEIVABLE BY			
YEAR:			
2017		\$ 22,560	\$ 42,414
2016		4,876	9,947
2015		2,103	4,964
2014		1,950	5,381
2013		988	2,886
2012 and prior		<u>3,378</u>	<u>10,186</u>
TOTAL		<u>\$ 35,855</u>	<u>\$ 75,778</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PROPERTY VALUATIONS:				
Land	\$ 65,715,021	\$ 61,706,194	\$ 60,641,409	\$ 59,932,910
Improvements	228,433,974	212,817,843	191,675,688	171,150,011
Personal Property	16,456,088	16,252,501	18,584,119	18,957,136
Exemptions	<u>(52,836,181)</u>	<u>(49,703,093)</u>	<u>(45,862,435)</u>	<u>(43,828,101)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 257,768,902</u>	<u>\$ 241,073,445</u>	<u>\$ 225,038,781</u>	<u>\$ 206,211,956</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.47	\$ 0.51	\$ 0.59	\$ 0.69
Maintenance	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.72</u>	<u>\$ 0.76</u>	<u>\$ 0.84</u>	<u>\$ 0.94</u>
ADJUSTED TAX LEVY*	<u>\$ 1,855,924</u>	<u>\$ 1,832,147</u>	<u>\$ 1,890,314</u>	<u>\$ 1,938,381</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>96.50 %</u>	<u>99.19 %</u>	<u>99.63 %</u>	<u>99.62 %</u>

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

Maintenance Tax – Maximum tax rate of \$0.25 per \$100 of assessed valuation approved by voters on January 21, 1978.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2018

REFUNDING SERIES - 2010				
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1/ April 1	Total	
2019	\$ 265,000	\$ 88,943	\$	353,943
2020	275,000	79,005		354,005
2021	290,000	68,555		358,555
2022	310,000	56,955		366,955
2023	330,000	44,555		374,555
2024	345,000	30,943		375,943
2025	370,000	16,280		386,280
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
	\$ 2,185,000	\$ 385,236	\$	2,570,236

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2018

REFUNDING SERIES - 2014

Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2019	\$ 425,000	\$ 111,175	\$ 536,175
2020	440,000	98,425	538,425
2021	455,000	85,225	540,225
2022	475,000	71,575	546,575
2023	500,000	54,950	554,950
2024	525,000	37,450	562,450
2025	545,000	19,075	564,075
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
	<u>\$ 3,365,000</u>	<u>\$ 477,875</u>	<u>\$ 3,842,875</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2018

REFUNDING SERIES - 2015

Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2019	\$ 200,000	\$ 230,225	\$ 430,225
2020	210,000	226,225	436,225
2021	210,000	222,025	432,025
2022	220,000	217,825	437,825
2023	220,000	213,150	433,150
2024	230,000	208,200	438,200
2025	240,000	202,450	442,450
2026	410,000	195,250	605,250
2027	425,000	182,950	607,950
2028	445,000	170,200	615,200
2029	465,000	156,850	621,850
2030	480,000	142,900	622,900
2031	495,000	128,500	623,500
2032	520,000	113,031	633,031
2033	540,000	96,781	636,781
2034	560,000	79,231	639,231
2035	585,000	61,032	646,032
2036	610,000	42,019	652,019
2037	635,000	21,432	656,432
	<u>\$ 7,700,000</u>	<u>\$ 2,910,276</u>	<u>\$ 10,610,276</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2018

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending April 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2019	\$ 890,000	\$ 430,343	\$ 1,320,343
2020	925,000	403,655	1,328,655
2021	955,000	375,805	1,330,805
2022	1,005,000	346,355	1,351,355
2023	1,050,000	312,655	1,362,655
2024	1,100,000	276,593	1,376,593
2025	1,155,000	237,805	1,392,805
2026	410,000	195,250	605,250
2027	425,000	182,950	607,950
2028	445,000	170,200	615,200
2029	465,000	156,850	621,850
2030	480,000	142,900	622,900
2031	495,000	128,500	623,500
2032	520,000	113,031	633,031
2033	540,000	96,781	636,781
2034	560,000	79,231	639,231
2035	585,000	61,032	646,032
2036	610,000	42,019	652,019
2037	635,000	21,432	656,432
	<u>\$ 13,250,000</u>	<u>\$ 3,773,387</u>	<u>\$ 17,023,387</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED APRIL 30, 2018

Description	Original Bonds Issued	Bonds Outstanding May 1, 2017
Harris County Municipal Utility District No. 150 Unlimited Tax Refunding Bonds - Series 2010	\$ 5,685,000	\$ 2,430,000
Harris County Municipal Utility District No. 150 Unlimited Tax Refunding Bonds - Series 2014	4,055,000	3,770,000
Harris County Municipal Utility District No. 150 Unlimited Tax Refunding Bonds - Series 2015	<u>8,270,000</u>	<u>7,895,000</u>
TOTAL	<u>\$ 18,010,000</u>	<u>\$ 14,095,000</u>

Bond Authority:	<u>Tax Bonds *</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 47,195,000	\$ 19,570,000
Amount Issued	<u>31,745,000</u>	<u>5,675,000</u>
Remaining to be Issued	<u>\$ 15,450,000</u>	<u>\$ 13,895,000</u>

Debt Service Fund cash, investments and cash with paying agent balances as of
April 30, 2018: \$ 1,443,791

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 895,968

See Note 3 for interest rate, 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.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding April 30, 2018	Paying Agent
	Principal	Interest		
\$	\$ 245,000	\$ 97,824	\$ 2,185,000	Wells Fargo Bank N.A. Houston, TX
	405,000	119,275	3,365,000	Wells Fargo Bank N.A. Houston, TX
	<u>195,000</u>	<u>234,125</u>	<u>7,700,000</u>	Amegy Bank N.A. Houston, TX
<u>\$ - 0 -</u>	<u>\$ 845,000</u>	<u>\$ 451,224</u>	<u>\$ 13,250,000</u>	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2018	2017	2016
REVENUES			
Property Taxes	\$ 641,361	\$ 603,664	\$ 561,827
Water Service	690,127	685,662	697,225
Wastewater Service	1,036,366	1,032,594	1,033,708
Regional Water Authority Fee	748,144	676,914	673,293
Penalty and Interest	54,143	73,029	71,044
Sales Tax Revenue	227,448	233,825	230,134
Tap Connection and Inspection Fees	63,569	49,647	35,410
Investment Revenues	28,077	14,271	6,846
Miscellaneous Revenues	46,832	41,016	48,402
TOTAL REVENUES	\$ 3,536,067	\$ 3,410,622	\$ 3,357,889
EXPENDITURES			
Professional Fees	\$ 441,231	\$ 191,627	\$ 157,082
Contracted Services	917,668	898,560	823,381
Purchased Wastewater Service	487,666	495,049	569,900
Utilities	54,002	67,219	64,671
Purchased Water/Pumpage Fees	781,515	761,965	712,503
Repairs and Maintenance	305,253	215,280	206,892
Other	216,168	236,235	220,023
Capital Outlay	296,264	83,555	50,992
TOTAL EXPENDITURES	\$ 3,499,767	\$ 2,949,490	\$ 2,805,444
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 36,300	\$ 461,132	\$ 552,445
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ -0-	\$ 5,911	\$ -0-
NET CHANGE IN FUND BALANCE	\$ 36,300	\$ 467,043	\$ 552,445
BEGINNING FUND BALANCE	4,481,511	4,014,468	3,462,023
ENDING FUND BALANCE	\$ 4,517,811	\$ 4,481,511	\$ 4,014,468

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2015	2014	2018	2017	2016	2015	2014
\$ 512,487	\$ 458,167	18.2 %	17.6 %	16.5 %	16.0 %	15.1 %
699,359	697,449	19.5	20.1	20.8	22.2	23.0
1,027,383	1,037,716	29.3	30.3	30.8	32.6	34.2
497,319	504,358	21.2	19.8	20.1	15.8	16.7
68,334	72,735	1.5	2.1	2.1	2.2	2.4
257,587	182,100	6.4	6.9	6.9	8.2	6.0
28,372	19,410	1.8	1.5	1.1	0.9	0.6
5,426	7,079	0.8	0.4	0.2	0.2	0.2
55,813	52,643	1.3	1.2	1.4	1.8	1.7
<u>\$ 3,152,080</u>	<u>\$ 3,031,657</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 158,121	\$ 184,897	12.5 %	5.6 %	4.7 %	5.0 %	6.1 %
723,727	755,270	26.0	26.3	24.5	23.0	24.9
504,166	468,683	13.8	14.5	17.0	16.0	15.5
45,130	66,087	1.5	2.0	1.9	1.4	2.2
534,684	530,033	22.1	22.3	21.2	17.0	17.5
189,766	306,409	8.6	6.3	6.2	6.0	10.1
181,686	162,642	6.1	6.9	6.6	5.8	5.4
24,409	23,062	8.4	2.4	1.5	0.8	0.8
<u>\$ 2,361,689</u>	<u>\$ 2,497,083</u>	<u>99.0 %</u>	<u>86.3 %</u>	<u>83.6 %</u>	<u>75.0 %</u>	<u>82.5 %</u>
<u>\$ 790,391</u>	<u>\$ 534,574</u>	<u>1.0 %</u>	<u>13.7 %</u>	<u>16.4 %</u>	<u>25.0 %</u>	<u>17.5 %</u>
<u>\$ -0-</u>	<u>\$ 15,232</u>					
\$ 790,391	\$ 549,806					
<u>2,671,632</u>	<u>2,121,826</u>					
<u>\$ 3,462,023</u>	<u>\$ 2,671,632</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2018	2017	2016
REVENUES			
Property Taxes	\$ 1,213,391	\$ 1,246,055	\$ 1,332,529
Penalty and Interest	38,716	41,639	50,698
Investment Revenues	7,160	4,454	3,448
Miscellaneous Revenues	99	1,125	148
TOTAL REVENUES	\$ 1,259,366	\$ 1,293,273	\$ 1,386,823
EXPENDITURES			
Tax Collection Expenditures	\$ 92,885	\$ 71,945	\$ 78,233
Debt Service Principal	845,000	825,000	810,000
Debt Service Interest and Fees	451,224	475,149	500,004
Bond Issuance Costs			
Payment to Refunded Bond Escrow Agent			
TOTAL EXPENDITURES	\$ 1,389,109	\$ 1,372,094	\$ 1,388,237
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (129,743)	\$ (78,821)	\$ (1,414)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$	\$	\$
Payment to Refunded Bond Escrow Agent			
Bond Discount			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCE	\$ (129,743)	\$ (78,821)	\$ (1,414)
BEGINNING FUND BALANCE	1,471,016	1,549,837	1,551,251
ENDING FUND BALANCE	\$ 1,341,273	\$ 1,471,016	\$ 1,549,837
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,209	2,203	2,198
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,187	2,192	2,200

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2015	2014	2018	2017	2016	2015	2014
\$ 1,415,525	\$ 1,337,158	96.3 %	96.4 %	96.1 %	97.0 %	96.9 %
39,699	31,908	3.1	3.2	3.7	2.7	2.3
3,969	5,101	0.6	0.3	0.2	0.3	0.4
199	5,408		0.1			0.4
<u>\$ 1,459,392</u>	<u>\$ 1,379,575</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 74,173	\$ 70,219	7.4 %	5.6 %	5.6 %	5.1 %	5.1 %
740,000	715,000	67.1	63.8	58.4	50.7	51.8
455,619	617,305	35.8	36.7	36.1	31.2	44.7
294,612	149,440				20.2	10.8
184,000	84,000				12.6	6.1
<u>\$ 1,748,404</u>	<u>\$ 1,635,964</u>	<u>110.3 %</u>	<u>106.1 %</u>	<u>100.1 %</u>	<u>119.8 %</u>	<u>118.5 %</u>
<u>\$ (289,012)</u>	<u>\$ (256,389)</u>	<u>(10.3) %</u>	<u>(6.1) %</u>	<u>(0.1) %</u>	<u>(19.8) %</u>	<u>(18.5) %</u>
\$ 8,270,000	\$ 4,055,000					
(7,885,001)	(4,069,431)					
(86,688)						
	169,033					
<u>\$ 298,311</u>	<u>\$ 154,602</u>					
\$ 9,299	\$ (101,787)					
1,541,952	1,643,739					
<u>\$ 1,551,251</u>	<u>\$ 1,541,952</u>					
<u>2,204</u>	<u>2,184</u>					
<u>2,200</u>	<u>2,226</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2018**

District Mailing Address - Harris County Municipal Utility District No. 150
Marks Richardson PC
3700 Buffalo Speedway, Suite 830
Houston, TX 77098

District Telephone Number - (713) 942-9922

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>April 30, 2018</u>	Expense Reimbursements for the year ended <u>April 30, 2018</u>	<u>Title</u>
Adrian Brown	05/2014 05/2018 (Elected)	\$ 5,550	\$ 2,013	President
Shirley Adams	05/2014 05/2018 (Elected)	\$ 7,200	\$ -0-	Vice President
Robert Cadena	05/2016 05/2020 (Elected)	\$ 7,200	\$ 1,466	Secretary
Charlotte Mays	05/2016 05/2020 (Elected)	\$ 7,200	\$ 1,184	Assistant Secretary
Darryal Elliott, Sr.	05/2014 05/2018 (Elected)	\$ 7,200	\$ 14	Director

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):
August 29, 2018.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on August 27, 2003. Fees of Office are the amounts actually paid to a Director during the District's fiscal year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 150
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2018

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended April 30, 2018</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	06/09/17	\$ 339,233	General Counsel
Marks Richardson PC	01/15/03 - 06/09/17	\$ 19,471	General Counsel
McCall Gibson Swedlund Barfoot PLLC	04/16/13	\$ 22,750	Auditor
Municipal Accounts & Consulting, L.P.	02/28/92	\$ 50,261	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	09/25/00	\$ 13,569	Delinquent Tax Attorney
Brown & Gay Engineers	02/17/15	\$ 112,471	Engineer
The GMS Group, L.L.C.	02/21/96	\$ 800	Financial Advisor
Mark Burton	01/21/04	\$ -0-	Investment Officer
Si Environmental, LLC	03/05/18	\$ 21,374	Operator
Water WasteWater Management Services, Inc.	08/23/04 - 03/05/18	\$ 444,888	Operator
Wheeler and Associates, Inc.	01/16/85	\$ 61,662	Tax Assessor/ Collector

See accompanying independent auditor's report.

