

**Harris County Water Control and Improvement District No. 157**

Harris County, Texas

Independent Auditor's Report and Financial Statements

May 31, 2017



# Harris County Water Control and Improvement District No. 157

## May 31, 2017

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## Independent Auditor's Report

Board of Directors  
Harris County Water Control and Improvement District No. 157  
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities of Harris County Water Control and Improvement District No. 157 (the District), which are comprised of a statement of net position as of May 31, 2017, and a statement of activities for the year then ended; as well as the accompanying financial statements of each major fund, which for governmental funds are comprised of a balance sheet as of May 31, 2017, and a statement of revenues, expenditures and changes in fund balances for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 May 31, 2017, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 basic financial statements as a whole. The accompanying other information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***BKD, LLP***

Houston, Texas  
October 11, 2017

# Harris County Water Control and Improvement District No. 157

## Management's Discussion and Analysis

### May 31, 2017

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of drainage services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

#### **Government-wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

**Harris County Water Control and Improvement District No. 157**  
**Management's Discussion and Analysis (Continued)**  
**May 31, 2017**

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

**Fund Financial Statements**

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

**Governmental Funds**

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

**Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

**Harris County Water Control and Improvement District No. 157**  
**Management's Discussion and Analysis (Continued)**  
**May 31, 2017**

**Financial Analysis of the District as a Whole**

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

**Summary of Net Position**

	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 6,939,743	\$ 5,735,789
Capital assets	58,915,924	56,850,112
Total assets	65,855,667	62,585,901
Deferred outflows of resources	1,305,410	1,359,955
Total assets and deferred outflows of resources	\$ 67,161,077	\$ 63,945,856
Long-term liabilities	\$ 67,532,320	\$ 65,989,935
Other liabilities	495,037	368,209
Total liabilities	68,027,357	66,358,144
Net position:		
Net investment in capital assets	(6,753,300)	(7,213,303)
Restricted	3,824,163	3,269,239
Unrestricted	2,062,857	1,531,776
Total net position	\$ (866,280)	\$ (2,412,288)

The total net position of the District increased by \$1,546,008, or about 64 percent. The majority of the increase in net position is related to property tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Harris County Water Control and Improvement District No. 157**  
**Management's Discussion and Analysis (Continued)**  
**May 31, 2017**

**Summary of Changes in Net Position**

	<b>2017</b>	<b>2016</b>
Revenues:		
Property taxes	\$ 4,488,033	\$ 4,051,518
Other revenues	588,636	29,168
	5,076,669	4,080,686
Expenses:		
Services	1,241,525	862,623
Depreciation	442,957	441,924
Debt service	1,846,179	2,178,145
	3,530,661	3,482,692
Change in net position	1,546,008	597,994
Net position, beginning of year	(2,412,288)	(3,010,282)
Net position, end of year	\$ (866,280)	\$ (2,412,288)

**Financial Analysis of the District's Funds**

The District's combined fund balances as of the end of the fiscal year ended May 31, 2017, were \$6,673,987, an increase of \$1,072,477 from the prior year.

The general fund's fund balance increased by \$493,113 primarily due to property tax revenues and other income exceeding service operations expenditures.

The debt service fund's fund balance increased by \$588,556 due to bond principal and interest requirements being less than tax revenues, and due to proceeds received from a current year bond sale to pay interest.

The capital projects fund's fund balance decreased by \$9,192 due to capital outlay expenditures and debt issuance costs exceeding proceeds received from the sale of the Series 2016A bonds.



**Harris County Water Control and Improvement District No. 157**  
**Management's Discussion and Analysis (Continued)**  
**May 31, 2017**

**General Fund Budgetary Highlights**

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to regional water fee expenditures being less than anticipated and property tax revenues, sale of capacity and professional fees expenditures being greater than anticipated. The fund balance as of May 31, 2017, was expected to be \$1,902,763 and the actual end-of-year fund balance was \$1,971,553.

**Capital Assets and Related Debt**

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below:

**Capital Assets (Net of Accumulated Depreciation)**

	<b>2017</b>	<b>2016</b>
Land and improvements	\$ 51,989,173	\$ 49,490,739
Parks and recreation	6,926,751	7,359,373
Total capital assets	\$ 58,915,924	\$ 56,850,112

During the current year, additions to capital assets were as follows:

Bridgeland, Phase 3, detention and spoil disposal	\$ 448,434
Removal and relocation of underground lines for Hidden Creek mineral lease	2,050,000
Lakeland Village Park effluent signage	10,335
Total additions to capital assets	\$ 2,508,769

The developer of the District has constructed drainage and recreational facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission. At May 31, 2017, a liability for developer-constructed capital assets of \$22,251,883 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended May 31, 2017, are summarized as follows.

**Harris County Water Control and Improvement District No. 157**  
**Management's Discussion and Analysis (Continued)**  
**May 31, 2017**

Long-term debt payable, beginning of year	\$ 65,989,935
Increases in long-term debt	5,946,688
Decreases in long-term debt	<u>(4,404,303)</u>
 Long-term debt payable, end of year	 <u><u>\$ 67,532,320</u></u>

At May 31, 2017, the District had \$214,550,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the drainage system within the District and \$198,500,000 for financing and constructing recreational facilities.

The District's bonds carry an underlying rating of "A2" from Moody's Investor's Service. The Series 2007 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Co. The Series 2015 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Municipal Assurance Corp. The Series 2015A bonds and Series 2016 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2016A bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

**Other Relevant Factors**

**Relationship to the City of Houston**

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

**Contingencies**

The developer of the District is constructing drainage and recreational facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$13,326,600. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

**Harris County Water Control and Improvement District No. 157**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**May 31, 2017**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash	\$ 441,403	\$ 110,876	\$ 181,911	\$ 734,190	\$ -	\$ 734,190
Certificates of deposit	1,360,000	1,440,000	-	2,800,000	-	2,800,000
Short-term investments	216,877	2,721,759	309,279	3,247,915	-	3,247,915
Property taxes receivable	13,724	40,048	-	53,772	-	53,772
Accrued penalty and interest	-	-	-	-	10,302	10,302
Accrued interest	2,383	4,491	-	6,874	-	6,874
Due from others	-	-	-	-	77,580	77,580
Interfund receivable	91,583	-	-	91,583	(91,583)	-
Prepaid expenditures	9,110	-	-	9,110	-	9,110
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	51,989,173	51,989,173
Parks and recreation	-	-	-	-	6,926,751	6,926,751
<b>Total assets</b>	<b>2,135,080</b>	<b>4,317,174</b>	<b>491,190</b>	<b>6,943,444</b>	<b>58,912,223</b>	<b>65,855,667</b>
<b>Deferred Outflows of Resources</b>						
Deferred amount on debt refundings	0	0	0	0	1,305,410	1,305,410
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,135,080</b>	<b>\$ 4,317,174</b>	<b>\$ 491,190</b>	<b>\$ 6,943,444</b>	<b>\$ 60,217,633</b>	<b>\$ 67,161,077</b>

**Harris County Water Control and Improvement District No. 157**  
**Statement of Net Position and Governmental Funds Balance Sheet (Continued)**  
**May 31, 2017**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Liabilities</b>						
Accounts payable	\$ 117,248	\$ 6,541	\$ 313	\$ 124,102	\$ -	\$ 124,102
Accrued interest payable	-	-	-	-	370,935	370,935
Interfund payable	32,555	59,028	-	91,583	(91,583)	-
Long-term liabilities:						
Due within one year	-	-	-	-	1,805,000	1,805,000
Due after one year	-	-	-	-	65,727,320	65,727,320
<b>Total liabilities</b>	<b>149,803</b>	<b>65,569</b>	<b>313</b>	<b>215,685</b>	<b>67,811,672</b>	<b>68,027,357</b>
<b>Deferred Inflows of Resources</b>						
Deferred property tax revenues	13,724	40,048	0	53,772	(53,772)	0
<b>Fund Balances/Net Position</b>						
Fund balances:						
Nonspendable, prepaid expenditures	9,110	-	-	9,110	(9,110)	-
Restricted:						
Unlimited tax bonds	-	4,211,557	-	4,211,557	(4,211,557)	-
Drainage and detention	-	-	368,572	368,572	(368,572)	-
Parks and recreation	425,745	-	122,305	548,050	(548,050)	-
Unassigned	1,536,698	-	-	1,536,698	(1,536,698)	-
<b>Total fund balances</b>	<b>1,971,553</b>	<b>4,211,557</b>	<b>490,877</b>	<b>6,673,987</b>	<b>(6,673,987)</b>	<b>0</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,135,080</b>	<b>\$ 4,317,174</b>	<b>\$ 491,190</b>	<b>\$ 6,943,444</b>		
Net position:						
Net investment in capital assets					(6,753,300)	(6,753,300)
Restricted for debt service					3,790,122	3,790,122
Restricted for capital projects					34,041	34,041
Unrestricted					2,062,857	2,062,857
<b>Total net position</b>					<b>\$ (866,280)</b>	<b>\$ (866,280)</b>

**Harris County Water Control and Improvement District No. 157**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended May 31, 2017**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 1,109,075	\$ 3,365,177	\$ -	\$ 4,474,252	\$ 13,781	\$ 4,488,033
Penalty and interest	-	21,357	-	21,357	3,258	24,615
Sale of capacity	284,340	-	-	284,340	35,580	319,920
Investment income	7,438	17,967	2,130	27,535	-	27,535
Other income	216,534	32	-	216,566	-	216,566
	<u>1,617,387</u>	<u>3,404,533</u>	<u>2,130</u>	<u>5,024,050</u>	<u>52,619</u>	<u>5,076,669</u>
<b>Expenditures/Expenses</b>						
Service operations:						
Regional water fee	43	-	-	43	-	43
Professional fees	183,056	3,546	-	186,602	17,164	203,766
Contracted services	36,411	87,137	-	123,548	1,252	124,800
Utilities	56,737	-	-	56,737	-	56,737
Repairs and maintenance	790,543	-	-	790,543	-	790,543
Other expenditures	47,015	17,994	627	65,636	-	65,636
Capital outlay	10,335	-	4,447,560	4,457,895	(4,457,895)	-
Depreciation	-	-	-	-	442,957	442,957
Debt service:						
Principal retirement	-	1,475,000	-	1,475,000	(1,475,000)	-
Interest and fees	-	1,375,238	-	1,375,238	128,922	1,504,160
Debt issuance costs	134	-	341,885	342,019	-	342,019
	<u>1,124,274</u>	<u>2,958,915</u>	<u>4,790,072</u>	<u>8,873,261</u>	<u>(5,342,600)</u>	<u>3,530,661</u>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures</b>	<u>493,113</u>	<u>445,618</u>	<u>(4,787,942)</u>	<u>(3,849,211)</u>	<u>5,395,219</u>	

**Harris County Water Control and Improvement District No. 157**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances (Continued)**  
**Year Ended May 31, 2017**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Other Financing Sources (Uses)</b>						
General obligation bonds issued	\$ -	\$ 142,938	\$ 4,857,062	\$ 5,000,000	\$ (5,000,000)	
Discount on debt issued	-	-	(78,312)	(78,312)	78,312	
Total other financing sources	<u>0</u>	<u>142,938</u>	<u>4,778,750</u>	<u>4,921,688</u>	<u>(4,921,688)</u>	
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	493,113	588,556	(9,192)	1,072,477	(1,072,477)	
<b>Change in Net Position</b>					1,546,008	\$ 1,546,008
<b>Fund Balances/Net Position</b>						
Beginning of year	<u>1,478,440</u>	<u>3,623,001</u>	<u>500,069</u>	<u>5,601,510</u>	<u>-</u>	<u>(2,412,288)</u>
End of year	<u>\$ 1,971,553</u>	<u>\$ 4,211,557</u>	<u>\$ 490,877</u>	<u>\$ 6,673,987</u>	<u>\$ 0</u>	<u>\$ (866,280)</u>

# Harris County Water Control and Improvement District No. 157

## Notes to Financial Statements

### May 31, 2017

#### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

Harris County Water Control and Improvement District No. 157 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective February 21, 2005, in accordance with Article XVI, Section 59, of the Texas Constitution and the Texas Water Code, Chapter 51. The District operates in accordance with Chapters 49 and 51 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate drainage facilities and recreational facilities and to provide such facilities to the landowners of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

#### ***Reporting Entity***

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

#### ***Government-wide and Fund Financial Statements***

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

# Harris County Water Control and Improvement District No. 157

## Notes to Financial Statements

### May 31, 2017

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

*General Fund* – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

*Debt Service Fund* – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

*Capital Projects Fund* – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

#### **Fund Balances – Governmental Funds**

The fund balances for the District's governmental funds can be displayed in up to five components:

*Nonspendable* – Amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

*Assigned* – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.



# Harris County Water Control and Improvement District No. 157

## Notes to Financial Statements

### May 31, 2017

#### ***Measurement Focus and Basis of Accounting***

##### **Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities.

##### **Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

#### ***Deferred Outflows and Inflows of Resources***

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

# Harris County Water Control and Improvement District No. 157

## Notes to Financial Statements

### May 31, 2017

#### ***Interfund Transactions***

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

#### ***Pension Costs***

The District does not participate in a pension plan and, therefore, has no pension costs.

#### ***Use of 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 amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

#### ***Investments and Investment Income***

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income included dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

#### ***Property Taxes***

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

**Harris County Water Control and Improvement District No. 157**  
**Notes to Financial Statements**  
**May 31, 2017**

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended May 31, 2017, include collections during the current period or within 60 days of year-end related to the 2016 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended May 31, 2017, the 2016 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<b>Years</b>
Recreational facilities	20-40

**Deferred Amount on Debt Refundings**

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

**Debt Issuance Costs**

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

# Harris County Water Control and Improvement District No. 157

## Notes to Financial Statements

### May 31, 2017

#### ***Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***Net Position/Fund Balances***

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

#### ***Reconciliation of Government-wide and Fund Financial Statements***

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 58,915,924
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	53,772
Amounts due from others are not receivable in the current period and are not reported in the funds.	77,580
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	10,302
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	1,305,410

**Harris County Water Control and Improvement District No. 157**  
**Notes to Financial Statements**  
**May 31, 2017**

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	\$ (370,935)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(67,532,320)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (7,540,267)</u></u>
Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:	
Change in fund balances.	\$ 1,072,477
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation and noncapitalized costs in the current period.	3,996,522
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	78,312
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	(3,525,000)
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities.	52,619
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(128,922)</u>
Change in net position of governmental activities.	<u><u>\$ 1,546,008</u></u>

# Harris County Water Control and Improvement District No. 157

## Notes to Financial Statements

### May 31, 2017

#### **Note 2: Deposits, Investments and Investment Income**

##### ***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At May 31, 2017, none of the District's bank balances were exposed to custodial credit risk.

##### ***Investments***

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

**Harris County Water Control and Improvement District No. 157**  
**Notes to Financial Statements**  
**May 31, 2017**

At May 31, 2017, the District had the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Texas CLASS	\$ 3,247,915	\$ 3,247,915	\$ 0	\$ 0	\$ 0

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2017, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

**Summary of Carrying Values**

The carrying values of deposits and investments shown above are included in the balance sheet at May 31, 2017, as follows:

Carrying value:	
Deposits	\$ 3,534,190
Investments	3,247,915
Total	\$ 6,782,105

Included in the following statement of net position captions:

Cash	\$ 734,190
Certificates of deposit	2,800,000
Short-term investments	3,247,915
Total	\$ 6,782,105

**Investment Income**

Investment income of \$27,535 for the year ended May 31, 2017, consisted of interest income.

# Harris County Water Control and Improvement District No. 157

## Notes to Financial Statements

### May 31, 2017

#### **Fair Value Measurements**

The District has the following recurring fair value measurements as of May 31, 2017:

- Pooled investments of \$3,247,915 are valued at fair value per share of the pool's underlying portfolio.

#### **Note 3: Capital Assets**

A summary of changes in capital assets for the year ended May 31, 2017, is presented below:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Additions</b>	<b>Balances, End of Year</b>
Capital assets, non-depreciable:			
Land and improvements	\$ 49,490,739	\$ 2,498,434	\$ 51,989,173
Capital assets, depreciable:			
Parks and recreation	8,703,916	10,335	8,714,251
Less accumulated depreciation:			
Parks and recreation	(1,344,543)	(442,957)	(1,787,500)
Total governmental activities, net	<u>\$ 56,850,112</u>	<u>\$ 2,065,812</u>	<u>\$ 58,915,924</u>

#### **Note 4: Long-term Liabilities**

Changes in long-term liabilities for the year ended May 31, 2017, were as follows:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances, End of Year</b>	<b>Amounts Due in One Year</b>
Bonds payable:					
General obligation bonds	\$ 40,115,000	\$ 5,000,000	\$ 1,475,000	\$ 43,640,000	\$ 1,805,000
Less discounts on bonds	497,565	78,312	28,868	547,009	-
Add premiums on bonds	60,647	-	2,461	58,186	-
	39,678,082	4,921,688	1,448,593	43,151,177	1,805,000
Developer advances	2,129,260	-	-	2,129,260	-
Due to developer	24,182,593	1,025,000	2,955,710	22,251,883	-
Total governmental activities long-term liabilities	<u>\$ 65,989,935</u>	<u>\$ 5,946,688</u>	<u>\$ 4,404,303</u>	<u>\$ 67,532,320</u>	<u>\$ 1,805,000</u>



**Harris County Water Control and Improvement District No. 157**  
**Notes to Financial Statements**  
**May 31, 2017**

***General Obligation Bonds***

	<b>Series 2007</b>	<b>Series 2009</b>
Amounts outstanding, May 31, 2017	\$230,000	\$400,000
Interest rates	4.375%	4.20% to 4.60%
Maturity dates, serially beginning/ending	September 1, 2017	September 1, 2017/2018
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2016	September 1, 2017
	<b>Series 2010</b>	<b>Series 2011</b>
Amounts outstanding, May 31, 2017	\$1,000,000	\$4,715,000
Interest rates	3.75% to 4.10%	3.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2017/2021	September 1, 2017/2037
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2018	September 1, 2019
	<b>Series 2012</b>	<b>Series 2013</b>
Amounts outstanding, May 31, 2017	\$1,275,000	\$5,050,000
Interest rates	3.00% to 4.15%	3.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2017/2037	September 1, 2017/2037
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2019	September 1, 2021

\*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

**Harris County Water Control and Improvement District No. 157**  
**Notes to Financial Statements**  
**May 31, 2017**

	<b>Series 2014</b>	<b>Refunding Series 2015</b>
Amounts outstanding, May 31, 2017	\$5,955,000	\$4,885,000
Interest rates	2.00% to 4.00%	2.000% to 3.125%
Maturity dates, serially beginning/ending	September 1, 2017/2038	September 1, 2017/2034
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2022	September 1, 2022
	<b>Series 2015A</b>	<b>Refunding Series 2016</b>
Amounts outstanding, May 31, 2017	\$4,850,000	\$10,280,000
Interest rates	2.00% to 4.00%	2.00% to 3.25%
Maturity dates, serially beginning/ending	September 1, 2017/2040	September 1, 2017/2034
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2023	September 1, 2023
		<b>Series 2016A</b>
Amount outstanding, May 31, 2017		\$5,000,000
Interest rates		2.000% to 3.125%
Maturity dates, serially beginning/ending		September 1, 2017/2040
Interest payment dates		September 1/ March 1
Callable date*		September 1, 2023

\*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

# Harris County Water Control and Improvement District No. 157

## Notes to Financial Statements

### May 31, 2017

In prior years, the District defeased certain bonds by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the liability for the unpaid defeased bonds is not included in the District's financial statements. As of May 31, 2017, the outstanding balance of the defeased debt was \$8,400,000.

#### **Annual Debt Service Requirements**

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at May 31, 2017.

Year	Principal	Interest	Total
2018	\$ 1,805,000	\$ 1,436,121	\$ 3,241,121
2019	1,835,000	1,380,246	3,215,246
2020	1,885,000	1,325,005	3,210,005
2021	1,910,000	1,268,268	3,178,268
2022	1,940,000	1,208,080	3,148,080
2023-2027	10,205,000	5,145,523	15,350,523
2028-2032	11,090,000	3,471,465	14,561,465
2033-2037	9,595,000	1,513,558	11,108,558
2038-2041	3,375,000	196,550	3,571,550
Total	<u>\$ 43,640,000</u>	<u>\$ 16,944,816</u>	<u>\$ 60,584,816</u>

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

#### Bonds voted:

Drainage facilities	\$ 256,600,000
Recreational facilities	204,300,000

#### Bonds sold:

Drainage facilities	42,050,000
Recreational facilities	5,800,000

Refunding bonds voted	460,900,000
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Refunding bonds authorization used	1,405,000
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# Harris County Water Control and Improvement District No. 157

## Notes to Financial Statements

### May 31, 2017

The developer of the District has constructed land improvements and recreational facilities on behalf of the District. The District is maintaining these improvements and facilities and has agreed to reimburse the developer for construction costs and interest to the extent approved by the Commission from the proceeds of future bonds sales. The District's engineer estimates reimbursable costs for completed projects are \$22,251,883. These amounts have been recorded in the financial statements as long-term liabilities.

Since inception, the developer has advanced \$2,129,260 to the District for operations (net of repayments). The District has agreed to pay these amounts, plus interest, to the extent approved by the Commission from the proceeds of future bonds sales.

#### Note 5: Significant Bond Order and Commission Requirements

- A. The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended May 31, 2017, the District levied an ad valorem debt service tax at the rate of \$0.3500 per \$100 of assessed valuation, which resulted in a tax levy of \$3,351,755 on the taxable valuation of \$957,647,198 for the 2016 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$3,245,271, of which \$708,224 has been paid and \$2,537,047 is due September 1, 2017.
- B. In accordance with the Series 2015A and 2016A Bond Orders, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year	\$	99,034
Additions:		
Interest appropriated from 2016A bond sale		142,938
Deductions--Appropriation for bond interest paid:		
Series 2015A	\$	(99,034)
Series 2016A		(42,088)
		(141,122)
Bond interest reserve, end of year	\$	100,850

#### Note 6: Maintenance Taxes

At an election held May 7, 2005, voters authorized a general operations and maintenance tax not to exceed \$1.50 per \$100 valuation on all property within the District subject to taxation. During the year ended May 31, 2017, the District levied an ad valorem general operations and maintenance tax at the rate of \$0.0850 per \$100 of assessed valuation, which resulted in a tax levy of \$813,998 on the taxable valuation of \$957,647,198 for the 2016 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

**Harris County Water Control and Improvement District No. 157**  
**Notes to Financial Statements**  
**May 31, 2017**

At an election held May 7, 2005, voters authorized a recreational facilities maintenance tax not to exceed \$0.10 per \$100 valuation on all property within the District subject to taxation. During the year ended May 31, 2017, the District levied an ad valorem recreational facilities and maintenance tax at the rate of \$0.0300 per \$100 of assessed valuation, which resulted in a tax levy of \$287,293 on the taxable valuation of \$957,647,198 for the 2016 tax year. The recreational facilities maintenance tax is being used by the general fund to pay expenditures of operating the recreational facilities of the District.

**Note 7: 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. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three years.

**Note 8: Contingencies**

The developer of the District is constructing drainage and recreational facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$13,326,600. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

## **Required Supplementary Information**

**Harris County Water Control and Improvement District No. 157**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended May 31, 2017**

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>				
Property taxes	\$ 1,295,960	\$ 1,063,090	\$ 1,109,075	\$ 45,985
Investment income	4,295	4,295	7,438	3,143
Sale of capacity	42,000	265,920	284,340	18,420
Other income	-	210,701	216,534	5,833
<b>Total revenues</b>	<b>1,342,255</b>	<b>1,544,006</b>	<b>1,617,387</b>	<b>73,381</b>
<b>Expenditures</b>				
Service operations:				
Regional water fee	20,000	20,000	43	19,957
Professional fees	149,100	150,700	183,056	(32,356)
Contracted services	34,500	34,500	36,411	(1,911)
Utilities	43,000	50,000	56,737	(6,737)
Repairs and maintenance	668,703	784,780	790,543	(5,763)
Other expenditures	41,503	54,703	47,015	7,688
Capital outlay	25,000	25,000	10,335	14,665
Debt issuance costs	-	-	134	(134)
<b>Total expenditures</b>	<b>981,806</b>	<b>1,119,683</b>	<b>1,124,274</b>	<b>(4,591)</b>
<b>Excess of Revenues Over Expenditures</b>	<b>360,449</b>	<b>424,323</b>	<b>493,113</b>	<b>68,790</b>
<b>Fund Balance, Beginning of Year</b>	<b>1,478,440</b>	<b>1,478,440</b>	<b>1,478,440</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 1,838,889</b>	<b>\$ 1,902,763</b>	<b>\$ 1,971,553</b>	<b>\$ 68,790</b>

**Harris County Water Control and Improvement District No. 157**  
**Notes to Required Supplementary Information**  
**May 31, 2017**

***Budgets and Budgetary Accounting***

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was amended during fiscal 2017.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.



## **Other Information**

**Harris County Water Control and Improvement District No. 157**  
**Other Schedules Included Within This Report**  
**May 31, 2017**

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 13-27
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund -  
Five Years
- [X] Board Members, Key Personnel and Consultants

**Harris County Water Control and Improvement District No. 157**  
**Schedule of Services and Rates**  
**Year Ended May 31, 2017**

1. Services provided by the District:

<input type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input checked="" type="checkbox"/> Irrigation
<input checked="" type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other _____		

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**Harris County Water Control and Improvement District No. 157**  
**Schedule of General Fund Expenditures**  
**Year Ended May 31, 2017**

<b>Personnel (including benefits)</b>		\$ -
<b>Professional Fees</b>		
Auditing	\$ 19,100	
Legal	52,883	
Engineering	111,073	
Financial advisor	-	183,056
<b>Purchased Services for Resale</b>		
Bulk water and wastewater service purchases		-
<b>Regional Water Fee</b>		43
<b>Contracted Services</b>		
Bookkeeping	29,211	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	7,200	36,411
<b>Utilities</b>		56,737
<b>Repairs and Maintenance</b>		790,543
<b>Administrative Expenditures</b>		
Directors' fees	8,250	
Office supplies	3,842	
Insurance	10,719	
Other administrative expenditures	24,204	47,015
<b>Capital Outlay</b>		
Capitalized assets	10,335	
Expenditures not capitalized	-	10,335
<b>Tap Connection Expenditures</b>		-
<b>Solid Waste Disposal</b>		-
<b>Fire Fighting</b>		-
<b>Parks and Recreation</b>		-
<b>Other Expenditures</b>		134
Total expenditures		<u>\$ 1,124,274</u>

**Harris County Water Control and Improvement District No. 157**  
**Schedule of Temporary Investments**  
**May 31, 2017**

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Accrued Interest Receivable</b>
<b>General Fund</b>				
Certificates of Deposit				
No. 1002750130	0.50%	07/27/17	\$ 50,000	\$ 146
No. 1002971562	0.50%	11/15/17	50,000	112
No. 1002973500	0.50%	09/23/17	50,000	108
No. 100142211	0.65%	01/27/18	240,000	530
No. 438630	0.90%	02/01/18	240,000	704
No. 62107	1.00%	05/30/18	240,000	6
No. 312033	0.40%	12/24/17	100,000	135
No. 80000045	0.50%	06/14/17	50,000	196
No. 14703	0.40%	10/15/17	50,000	89
No. 6000025624	0.50%	06/14/17	240,000	270
No. 7825	0.40%	08/24/17	50,000	87
Texas CLASS	1.10%	Demand	<u>216,877</u>	<u>-</u>
			<u>1,576,877</u>	<u>2,383</u>
<b>Debt Service Fund</b>				
Certificates of Deposit				
No. 1002337235	0.60%	08/13/17	240,000	1,148
No. 100141968	0.50%	08/21/17	240,000	930
No. 412437	0.90%	08/20/17	240,000	1,681
No. 531517	0.35%	08/14/17	240,000	242
No. 3216000107	0.35%	08/16/17	240,000	242
No. 6000022738	0.35%	08/11/17	240,000	248
Texas CLASS	1.10%	Demand	<u>2,721,759</u>	<u>-</u>
			<u>4,161,759</u>	<u>4,491</u>
<b>Capital Projects Fund</b>				
Texas CLASS	1.10%	Demand	<u>309,279</u>	<u>0</u>
Total			<u>\$ 6,047,915</u>	<u>\$ 6,874</u>

**Harris County Water Control and Improvement District No. 157**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended May 31, 2017**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 11,336	\$ 28,655
Additions and corrections to prior years' taxes	10,172	24,815
Adjusted receivable, beginning of year	21,508	53,470
 <b>2016 Original Tax Levy</b>	 942,029	 2,867,045
Additions and corrections	159,262	484,710
Adjusted tax levy	1,101,291	3,351,755
Total to be accounted for	1,122,799	3,405,225
Tax collections: Current year	(1,091,393)	(3,321,632)
Prior years	(17,682)	(43,545)
Receivable, end of year	\$ 13,724	\$ 40,048
 <b>Receivable, by Years</b>		
2016	\$ 9,898	\$ 30,123
2015	2,266	5,502
2014	850	2,693
2013	458	1,179
2012	77	137
2011	51	145
2010	45	151
2009	79	118
Receivable, end of year	\$ 13,724	\$ 40,048

**Harris County Water Control and Improvement District No. 157**  
**Analysis of Taxes Levied and Receivable (Continued)**  
**Year Ended May 31, 2017**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Property Valuations</b>				
Land	\$ 235,383,585	\$ 202,139,004	\$ 168,337,006	\$ 145,762,628
Improvements	736,502,335	642,311,944	550,409,949	455,079,256
Personal property	5,103,876	5,415,900	4,879,502	6,019,153
Exemptions	<u>(19,342,598)</u>	<u>(15,969,746)</u>	<u>(17,664,420)</u>	<u>(13,989,769)</u>
 Total property valuations	 <u><u>\$ 957,647,198</u></u>	 <u><u>\$ 833,897,102</u></u>	 <u><u>\$ 705,962,037</u></u>	 <u><u>\$ 592,871,268</u></u>
 <b>Tax Rates per \$100 Valuation</b>				
Debt service tax rates	\$ 0.3500	\$ 0.3400	\$ 0.3800	\$ 0.3600
Maintenance tax rates*	<u>0.1150</u>	<u>0.1400</u>	<u>0.1200</u>	<u>0.1400</u>
 Total tax rates per \$100 valuation	 <u><u>\$ 0.4650</u></u>	 <u><u>\$ 0.4800</u></u>	 <u><u>\$ 0.5000</u></u>	 <u><u>\$ 0.5000</u></u>
 <b>Tax Levy</b>	 <u><u>\$ 4,453,046</u></u>	 <u><u>\$ 4,002,694</u></u>	 <u><u>\$ 3,529,803</u></u>	 <u><u>\$ 2,964,351</u></u>
 <b>Percent of Taxes Collected to Taxes Levied**</b>				
	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

\*Maximum tax rates approved by voters: \$1.50 for general operations and \$0.10 for recreational facilities operations on May 7, 2005

\*\*Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

**Harris County Water Control and Improvement District No. 157**  
**Schedule of Long-term Debt Service Requirements by Years**  
**May 31, 2017**

Due During Fiscal Years Ending May 31	Series 2007		
	Principal Due September 1	Interest Due September 1, March 1	Total
2018	<u>\$ 230,000</u>	<u>\$ 5,031</u>	<u>\$ 235,031</u>



**Harris County Water Control and Improvement District No. 157**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**May 31, 2017**

<b>Due During Fiscal Years Ending May 31</b>	<b>Series 2009</b>		
	<b>Principal Due September 1</b>	<b>Interest Due September 1, March 1</b>	<b>Total</b>
2018	\$ 195,000	\$ 13,720	\$ 208,720
2019	<u>205,000</u>	<u>4,715</u>	<u>209,715</u>
Totals	<u>\$ 400,000</u>	<u>\$ 18,435</u>	<u>\$ 418,435</u>

**Harris County Water Control and Improvement District No. 157**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**May 31, 2017**

<b>Due During Fiscal Years Ending May 31</b>	<b>Series 2010</b>		
	<b>Principal Due September 1</b>	<b>Interest Due September 1, March 1</b>	<b>Total</b>
2018	\$ 200,000	\$ 36,050	\$ 236,050
2019	200,000	28,300	228,300
2020	200,000	20,400	220,400
2021	200,000	12,300	212,300
2022	200,000	4,100	204,100
Totals	<u>\$ 1,000,000</u>	<u>\$ 101,150</u>	<u>\$ 1,101,150</u>

**Harris County Water Control and Improvement District No. 157**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**May 31, 2017**

Due During Fiscal Years Ending May 31	Series 2011		
	Principal Due September 1	Interest Due September 1, March 1	Total
2018	\$ 115,000	\$ 218,221	\$ 333,221
2019	120,000	214,456	334,456
2020	130,000	209,979	339,979
2021	140,000	204,741	344,741
2022	145,000	198,933	343,933
2023	155,000	192,669	347,669
2024	165,000	185,866	350,866
2025	175,000	178,469	353,469
2026	185,000	170,456	355,456
2027	200,000	161,794	361,794
2028	210,000	152,438	362,438
2029	225,000	142,238	367,238
2030	235,000	131,166	366,166
2031	250,000	119,344	369,344
2032	270,000	106,500	376,500
2033	285,000	92,625	377,625
2034	300,000	78,000	378,000
2035	320,000	62,500	382,500
2036	340,000	46,000	386,000
2037	365,000	28,375	393,375
2038	385,000	9,625	394,625
Totals	\$ 4,715,000	\$ 2,904,395	\$ 7,619,395

**Harris County Water Control and Improvement District No. 157**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**May 31, 2017**

Due During Fiscal Years Ending May 31	Series 2012		
	Principal Due September 1	Interest Due September 1, March 1	Total
2018	\$ 35,000	\$ 49,013	\$ 84,013
2019	35,000	47,962	82,962
2020	40,000	46,838	86,838
2021	40,000	45,638	85,638
2022	40,000	44,387	84,387
2023	45,000	42,950	87,950
2024	45,000	41,319	86,319
2025	50,000	39,475	89,475
2026	50,000	37,475	87,475
2027	55,000	35,375	90,375
2028	55,000	33,175	88,175
2029	60,000	30,875	90,875
2030	65,000	28,375	93,375
2031	65,000	25,775	90,775
2032	70,000	23,075	93,075
2033	75,000	20,175	95,175
2034	80,000	17,015	97,015
2035	85,000	13,591	98,591
2036	90,000	9,960	99,960
2037	95,000	6,121	101,121
2038	100,000	2,075	102,075
Totals	\$ 1,275,000	\$ 640,644	\$ 1,915,644

**Harris County Water Control and Improvement District No. 157**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**May 31, 2017**

Due During Fiscal Years Ending May 31	Series 2013		
	Principal Due September 1	Interest Due September 1, March 1	Total
2018	\$ 250,000	\$ 203,312	\$ 453,312
2019	250,000	195,813	445,813
2020	250,000	188,312	438,312
2021	250,000	180,813	430,813
2022	250,000	173,312	423,312
2023	250,000	165,500	415,500
2024	250,000	157,063	407,063
2025	250,000	148,000	398,000
2026	250,000	138,312	388,312
2027	250,000	128,063	378,063
2028	250,000	117,500	367,500
2029	250,000	106,562	356,562
2030	250,000	95,156	345,156
2031	250,000	83,438	333,438
2032	250,000	71,250	321,250
2033	250,000	58,750	308,750
2034	200,000	47,500	247,500
2035	200,000	37,500	237,500
2036	250,000	26,250	276,250
2037	200,000	15,000	215,000
2038	200,000	5,000	205,000
Totals	\$ 5,050,000	\$ 2,342,406	\$ 7,392,406

**Harris County Water Control and Improvement District No. 157**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**May 31, 2017**

Due During Fiscal Years Ending May 31	Series 2014		
	Principal Due September 1	Interest Due September 1, March 1	Total
2018	\$ 275,000	\$ 188,912	\$ 463,912
2019	275,000	183,412	458,412
2020	275,000	177,913	452,913
2021	270,000	171,113	441,113
2022	270,000	163,013	433,013
2023	270,000	154,912	424,912
2024	270,000	146,812	416,812
2025	270,000	138,713	408,713
2026	270,000	130,612	400,612
2027	270,000	122,513	392,513
2028	270,000	114,075	384,075
2029	270,000	105,300	375,300
2030	270,000	96,187	366,187
2031	270,000	86,737	356,737
2032	270,000	77,288	347,288
2033	270,000	67,669	337,669
2034	270,000	57,712	327,712
2035	270,000	47,588	317,588
2036	270,000	37,462	307,462
2037	270,000	27,000	297,000
2038	270,000	16,200	286,200
2039	270,000	5,400	275,400
Totals	\$ 5,955,000	\$ 2,316,543	\$ 8,271,543

**Harris County Water Control and Improvement District No. 157**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**May 31, 2017**

Due During Fiscal Years Ending May 31	Refunding Series 2015		
	Principal Due September 1	Interest Due September 1, March 1	Total
2018	\$ 55,000	\$ 144,200	\$ 199,200
2019	55,000	143,100	198,100
2020	60,000	141,950	201,950
2021	60,000	140,750	200,750
2022	60,000	139,550	199,550
2023	60,000	138,350	198,350
2024	65,000	136,775	201,775
2025	350,000	130,550	480,550
2026	360,000	119,900	479,900
2027	375,000	108,875	483,875
2028	380,000	97,550	477,550
2029	395,000	85,925	480,925
2030	405,000	73,925	478,925
2031	415,000	61,625	476,625
2032	430,000	48,950	478,950
2033	440,000	35,625	475,625
2034	455,000	21,641	476,641
2035	465,000	7,265	472,265
Totals	\$ 4,885,000	\$ 1,776,506	\$ 6,661,506

**Harris County Water Control and Improvement District No. 157**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**May 31, 2017**

Due During Fiscal Years Ending May 31	Series 2015A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2018	\$ 150,000	\$ 155,375	\$ 305,375
2019	150,000	152,375	302,375
2020	150,000	149,375	299,375
2021	150,000	146,375	296,375
2022	150,000	142,625	292,625
2023	150,000	138,125	288,125
2024	150,000	133,625	283,625
2025	150,000	129,125	279,125
2026	150,000	124,625	274,625
2027	150,000	120,125	270,125
2028	150,000	115,625	265,625
2029	150,000	111,125	261,125
2030	150,000	106,625	256,625
2031	150,000	102,125	252,125
2032	150,000	97,531	247,531
2033	150,000	92,844	242,844
2034	300,000	85,625	385,625
2035	300,000	75,875	375,875
2036	300,000	65,750	365,750
2037	300,000	55,250	355,250
2038	300,000	44,000	344,000
2039	300,000	32,000	332,000
2040	325,000	19,500	344,500
2041	325,000	6,500	331,500
Totals	<u>\$ 4,850,000</u>	<u>\$ 2,402,125</u>	<u>\$ 7,252,125</u>



**Harris County Water Control and Improvement District No. 157**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**May 31, 2017**

Due During Fiscal Years Ending May 31	Refunding Series 2016		
	Principal Due September 1	Interest Due September 1, March 1	Total
2018	\$ 100,000	\$ 282,350	\$ 382,350
2019	345,000	276,175	621,175
2020	580,000	262,300	842,300
2021	600,000	244,600	844,600
2022	625,000	226,225	851,225
2023	850,000	204,100	1,054,100
2024	870,000	182,650	1,052,650
2025	595,000	168,000	763,000
2026	600,000	155,300	755,300
2027	605,000	140,988	745,988
2028	615,000	125,354	740,354
2029	630,000	108,619	738,619
2030	640,000	90,356	730,356
2031	655,000	70,931	725,931
2032	670,000	51,056	721,056
2033	685,000	30,303	715,303
2034	310,000	14,756	324,756
2035	305,000	4,956	309,956
Totals	<u>\$ 10,280,000</u>	<u>\$ 2,639,019</u>	<u>\$ 12,919,019</u>

**Harris County Water Control and Improvement District No. 157**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**May 31, 2017**

Due During Fiscal Years Ending May 31	Series 2016A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2018	\$ 200,000	\$ 139,937	\$ 339,937
2019	200,000	133,938	333,938
2020	200,000	127,938	327,938
2021	200,000	121,938	321,938
2022	200,000	115,935	315,935
2023	200,000	109,935	309,935
2024	200,000	103,938	303,938
2025	200,000	98,938	298,938
2026	200,000	94,813	294,813
2027	200,000	90,438	290,438
2028	200,000	85,813	285,813
2029	200,000	80,938	280,938
2030	200,000	75,813	275,813
2031	200,000	70,437	270,437
2032	200,000	64,688	264,688
2033	200,000	58,687	258,687
2034	225,000	52,313	277,313
2035	225,000	45,562	270,562
2036	225,000	38,672	263,672
2037	225,000	31,641	256,641
2038	225,000	24,609	249,609
2039	225,000	17,578	242,578
2040	225,000	10,547	235,547
2041	225,000	3,516	228,516
Totals	<u>\$ 5,000,000</u>	<u>\$ 1,798,562</u>	<u>\$ 6,798,562</u>

**Harris County Water Control and Improvement District No. 157**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**May 31, 2017**

Due During Fiscal Years Ending May 31	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2018	\$ 1,805,000	\$ 1,436,121	\$ 3,241,121
2019	1,835,000	1,380,246	3,215,246
2020	1,885,000	1,325,005	3,210,005
2021	1,910,000	1,268,268	3,178,268
2022	1,940,000	1,208,080	3,148,080
2023	1,980,000	1,146,541	3,126,541
2024	2,015,000	1,088,048	3,103,048
2025	2,040,000	1,031,270	3,071,270
2026	2,065,000	971,493	3,036,493
2027	2,105,000	908,171	3,013,171
2028	2,130,000	841,530	2,971,530
2029	2,180,000	771,582	2,951,582
2030	2,215,000	697,603	2,912,603
2031	2,255,000	620,412	2,875,412
2032	2,310,000	540,338	2,850,338
2033	2,355,000	456,678	2,811,678
2034	2,140,000	374,562	2,514,562
2035	2,170,000	294,837	2,464,837
2036	1,475,000	224,094	1,699,094
2037	1,455,000	163,387	1,618,387
2038	1,480,000	101,509	1,581,509
2039	795,000	54,978	849,978
2040	550,000	30,047	580,047
2041	550,000	10,016	560,016
Totals	<u>\$ 43,640,000</u>	<u>\$ 16,944,816</u>	<u>\$ 60,584,816</u>

# Harris County Water Control and Improvement District No. 157

## Changes in Long-term Bonded Debt

### Year Ended May 31, 2017

	<b>Bond</b>			
	<b>Series 2007</b>	<b>Series 2009</b>	<b>Series 2010</b>	<b>Series 2011</b>
Interest rates	4.375%	4.20% to 4.60%	3.75% to 4.10%	3.00% to 5.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2017	September 1, 2017/2018	September 1, 2017/2021	September 1, 2017/2037
Bonds outstanding, beginning of current year	\$ 450,000	\$ 585,000	\$ 1,200,000	\$ 4,825,000
Bonds sold during current year	-	-	-	-
Retirements, principal	220,000	185,000	200,000	110,000
Bonds outstanding, end of current year	\$ 230,000	\$ 400,000	\$ 1,000,000	\$ 4,715,000
Interest paid during current year	\$ 14,875	\$ 21,895	\$ 43,650	\$ 221,596

Paying agent's name and address:

<b>Series 2007</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2009</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2010</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2011</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2012</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2013</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2014</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2015</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2015A</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2016</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2016A</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	<b>Tax Bonds</b>	<b>Recreational Bonds</b>	<b>Refunding Bonds</b>
Amount authorized by voters	\$ 256,600,000	\$ 204,300,000	\$ 460,900,000
Amount issued	\$ 42,050,000	\$ 5,800,000	\$ 1,405,000
Remaining to be issued	\$ 214,550,000	\$ 198,500,000	\$ 459,495,000

Debt service fund cash and temporary investment balances as of May 31, 2017: \$ 4,272,635

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 2,524,367

**Issues**

<b>Series 2012</b>	<b>Series 2013</b>	<b>Series 2014</b>	<b>Refunding Series 2015</b>	<b>Series 2015A</b>	<b>Refunding Series 2016</b>	<b>Series 2016A</b>	<b>Totals</b>
3.00% to 4.15%	3.00% to 5.00%	2.00% to 4.00%	2.000% to 3.125%	2.00% to 4.00%	2.00% to 3.25%	2.000% to 3.125%	
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	
September 1, 2017/2037	September 1, 2017/2037	September 1, 2017/2038	September 1, 2017/2034	September 1, 2017/2040	September 1, 2017/2034	September 1, 2017/2040	
\$ 1,305,000	\$ 5,300,000	\$ 6,230,000	\$ 4,940,000	\$ 5,000,000	\$ 10,280,000	\$ -	\$ 40,115,000
-	-	-	-	-	-	5,000,000	5,000,000
30,000	250,000	275,000	55,000	150,000	-	-	1,475,000
<u>\$ 1,275,000</u>	<u>\$ 5,050,000</u>	<u>\$ 5,955,000</u>	<u>\$ 4,885,000</u>	<u>\$ 4,850,000</u>	<u>\$ 10,280,000</u>	<u>\$ 5,000,000</u>	<u>\$ 43,640,000</u>
<u>\$ 49,988</u>	<u>\$ 210,813</u>	<u>\$ 194,413</u>	<u>\$ 145,300</u>	<u>\$ 158,375</u>	<u>\$ 283,350</u>	<u>\$ 47,646</u>	<u>\$ 1,391,901</u>

# Harris County Water Control and Improvement District No. 157

## Comparative Schedule of Revenues and Expenditures – General Fund

### Five Years Ended May 31,

	Amounts				
	2017	2016	2015	2014	2013
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 1,109,075	\$ 1,175,338	\$ 844,342	\$ 834,999	\$ 831,452
Penalty and interest	-	-	7	-	-
Investment income	7,438	3,453	2,505	1,974	459
Sale of capacity	284,340	42,000	42,000	42,000	42,000
Other income	216,534	145	51	47	99,000
	<u>1,617,387</u>	<u>1,220,936</u>	<u>888,905</u>	<u>879,020</u>	<u>972,911</u>
<b>Total revenues</b>					
<b>Expenditures</b>					
Service operations:					
Regional water fee	43	18,542	-	29,039	93,689
Professional fees	183,056	154,393	148,451	163,998	143,324
Contracted services	36,411	31,173	27,762	25,304	23,923
Utilities	56,737	44,460	27,067	42,884	57,503
Repairs and maintenance	790,543	429,913	474,637	452,137	445,029
Other expenditures	47,015	27,478	34,338	46,595	33,949
Capital outlay	10,335	52,385	19,850	-	-
Debt issuance costs	134	5,496	-	-	-
	<u>1,124,274</u>	<u>763,840</u>	<u>732,105</u>	<u>759,957</u>	<u>797,417</u>
<b>Total expenditures</b>					
<b>Excess of Revenues Over Expenditures</b>	493,113	457,096	156,800	119,063	175,494
<b>Other Financing Sources</b>					
Developer advances received	-	-	-	-	252,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,000</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>					
	493,113	457,096	156,800	119,063	427,494
<b>Fund Balance, Beginning of Year</b>	<u>1,478,440</u>	<u>1,021,344</u>	<u>864,544</u>	<u>745,481</u>	<u>317,987</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,971,553</u>	<u>\$ 1,478,440</u>	<u>\$ 1,021,344</u>	<u>\$ 864,544</u>	<u>\$ 745,481</u>
<b>Total Active Retail Water Connections</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>Total Active Retail Wastewater Connections</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**Percent of Fund Total Revenues**

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
68.6 %	96.3 %	95.0 %	95.0 %	85.4 %
-	-	0.0	-	-
0.4	0.3	0.3	0.2	0.1
17.6	3.4	4.7	4.8	4.3
<u>13.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>10.2</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.0	1.5	-	3.3	9.6
11.3	12.6	16.7	18.7	14.7
2.3	2.6	3.1	2.9	2.5
3.5	3.6	3.0	4.9	5.9
48.9	35.2	53.4	51.4	45.7
2.9	2.3	3.9	5.3	3.5
0.6	4.3	2.2	-	-
<u>0.0</u>	<u>0.5</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>69.5</u>	<u>62.6</u>	<u>82.3</u>	<u>86.5</u>	<u>81.9</u>
<u><u>30.5 %</u></u>	<u><u>37.4 %</u></u>	<u><u>17.7 %</u></u>	<u><u>13.5 %</u></u>	<u><u>18.1 %</u></u>

**Harris County Water Control and Improvement District No. 157**  
**Comparative Schedule of Revenues and Expenditures – Debt Service Fund**  
**Five Years Ended May 31,**

	Amounts				
	2017	2016	2015	2014	2013
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 3,365,177	\$ 2,866,626	\$ 2,671,686	\$ 2,140,167	\$ 1,482,828
Penalty and interest	21,357	13,126	10,958	7,910	24,789
Investment income	17,967	9,245	7,189	6,708	10,271
Other income	32	12	15	17	-
Total revenues	<u>3,404,533</u>	<u>2,889,009</u>	<u>2,689,848</u>	<u>2,154,802</u>	<u>1,517,888</u>
<b>Expenditures</b>					
Current:					
Professional fees	3,546	1,756	685	4,716	1,763
Contracted services	87,137	84,818	68,920	61,363	48,944
Other expenditures	17,994	15,459	13,250	12,666	10,669
Debt service:					
Principal retirement	1,475,000	1,230,000	935,000	655,000	525,000
Interest and fees	1,375,238	1,431,470	1,390,963	1,177,420	1,142,962
Debt issuance costs	-	360,281	180,720	-	-
Debt defeasance	-	45,000	77,000	-	-
Total expenditures	<u>2,958,915</u>	<u>3,168,784</u>	<u>2,666,538</u>	<u>1,911,165</u>	<u>1,729,338</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>445,618</u>	<u>(279,775)</u>	<u>23,310</u>	<u>243,637</u>	<u>(211,450)</u>
<b>Other Financing Sources (Uses)</b>					
General obligation bonds issued	142,938	10,439,875	5,142,562	229,562	52,988
Discount on debt issued	-	-	(27,305)	-	-
Premium on debt issued	-	60,647	-	-	-
Deposit with escrow agent	-	(9,976,934)	(4,731,975)	-	-
Total other financing sources	<u>142,938</u>	<u>523,588</u>	<u>383,282</u>	<u>229,562</u>	<u>52,988</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	588,556	243,813	406,592	473,199	(158,462)
<b>Fund Balance, Beginning of Year</b>	<u>3,623,001</u>	<u>3,379,188</u>	<u>2,972,596</u>	<u>2,499,397</u>	<u>2,657,859</u>
<b>Fund Balance, End of Year</b>	<u>\$ 4,211,557</u>	<u>\$ 3,623,001</u>	<u>\$ 3,379,188</u>	<u>\$ 2,972,596</u>	<u>\$ 2,499,397</u>



**Percent of Fund Total Revenues**

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
98.9 %	99.2 %	99.3 %	99.3 %	97.7 %
0.6	0.5	0.4	0.4	1.6
0.5	0.3	0.3	0.3	0.7
-	0.0	0.0	0.0	-
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.2	0.1	0.0	0.2	0.1
2.5	2.9	2.6	2.9	3.2
0.5	0.5	0.5	0.6	0.7
43.3	42.6	34.8	30.4	34.6
40.4	49.5	51.7	54.6	75.3
-	12.5	6.7	-	-
-	1.6	2.8	-	-
<u>86.9</u>	<u>109.7</u>	<u>99.1</u>	<u>88.7</u>	<u>113.9</u>
<u><u>13.1 %</u></u>	<u><u>(9.7) %</u></u>	<u><u>0.9 %</u></u>	<u><u>11.3 %</u></u>	<u><u>(13.9) %</u></u>

**Harris County Water Control and Improvement District No. 157**  
**Board Members, Key Personnel and Consultants**  
**Year Ended May 31, 2017**

Complete District mailing address:	Harris County Water Control and Improvement District No. 157 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 1400 Houston, Texas 77056
District business telephone number:	713.623.4531
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 16, 2016
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Keith Nystrom	Appointed 05/16- 05/18	\$ 1,650	\$ 362	President
Shane Bueno	Elected 05/16- 05/20	2,100	621	Vice President
David Redburn	Elected 05/16- 05/20	1,800	202	Secretary
Chris Gilbert	Elected 05/14- 05/18	1,500	183	Assistant Secretary
James Motejzik	Elected 05/16- 05/20	1,200	181	Assistant Secretary

\*Fees are the amounts actually paid to a director during the District's fiscal year.

**Harris County Water Control and Improvement District No. 157**  
**Board Members, Key Personnel and Consultants (Continued)**  
**Year Ended May 31, 2017**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
BKD, LLP	05/10/07	\$ 26,300	Auditor
BGE, Inc.	04/14/05	160,912	Engineer
FirstSouthwest, a Division of Hilltop Securities Inc.	04/14/05	101,938	Financial Advisor
Harris County Appraisal District	Legislative Action	33,719	Appraiser
Municipal Accounts & Consulting, L.P.	03/03/05	36,583	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	02/09/06	3,546	Delinquent Tax Attorney
Schwartz, Page & Harding, L.L.P.	03/03/05	75,458 136,033	Attorney Bond Counsel
Severn Trent Services	03/08/07	189,778	Operator
Wheeler & Associates, Inc.	03/03/05	73,225	Tax Assessor/ Collector
<b>Investment Officers</b>			
Mark M. Burton and Ghia Lewis	07/14/05	N/A	Bookkeepers