

NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 19  
HARRIS COUNTY, TEXAS  
ANNUAL AUDIT REPORT  
JUNE 30, 2019

## C O N T E N T S

INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	10
NOTES TO THE FINANCIAL STATEMENTS	11-22
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND	23
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	24
SCHEDULE OF SERVICES AND RATES	25-26
EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2019	27-28
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS, ALL GOVERNMENTAL FUND TYPES	29
SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS	30
TAXES LEVIED AND RECEIVABLE	31-32
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS	33-43
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT	44-46
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND	47
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND	48
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	49-50

# Mark C. Eyring, CPA, PLLC

12702 Century Drive • Suite C2 • Stafford, Texas 77477 • 281-277-9595 • Mark@EyringCPA.com

October 14, 2019

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Northwest Harris County Municipal  
Utility District No. 19  
Harris County, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Northwest Harris County Municipal Utility District No. 19, as of and for the year ended June 30, 2019, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

### **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 of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 assessment of the risk 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 I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Northwest Harris County Municipal Utility District No. 19 as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 8 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 23 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 24 to 50 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in dark ink, appearing to read "M. G. J.", is located in the lower right quadrant of the page.

## Management's Discussion and Analysis

### Using this Annual Report

Within this section of the Northwest Harris County Municipal Utility District No. 19 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2019.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. 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. In the District's case, the single governmental program is provision of water and sewer services. Other activities, such as garbage collection, are minor activities and are not budgeted or accounted for as separate programs. 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 and liabilities owned by 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 total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' 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. 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 period.

Although the statement of activities looks different from a commercial enterprise's income statement, 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 fund financial statements consist of a balance sheet and statement of revenues, expenditures and change 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 water and sewer 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 total assets and total liabilities 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 are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the 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.

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

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities and does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt is capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Current and other assets	\$ 23,249,836	\$ 18,524,722	\$ 4,725,114
Capital assets	37,665,155	36,303,898	1,361,257
Total assets	<u>60,914,991</u>	<u>54,828,620</u>	<u>6,086,371</u>
Long-term liabilities	64,429,942	59,822,877	4,607,065
Other liabilities	3,079,240	2,682,194	397,046
Total liabilities	<u>67,509,182</u>	<u>62,505,071</u>	<u>5,004,111</u>
Net position:			
Invested in capital assets, net of related debt	(28,026,596)	(24,608,608)	(3,417,988)
Restricted	16,392,926	12,016,441	4,376,485
Unrestricted	5,039,479	4,915,716	123,763
Total net position	<u>\$ (6,594,191)</u>	<u>\$ (7,676,451)</u>	<u>\$ 1,082,260</u>

Summary of Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 4,986,728	\$ 4,708,026	\$ 278,702
Charges for services	2,143,884	2,615,635	(471,751)
Other revenues	368,972	139,579	229,393
Total revenues	<u>7,499,584</u>	<u>7,463,240</u>	<u>36,344</u>
Expenses:			
Service operations	3,561,607	4,938,861	(1,377,254)
Debt service	2,855,717	2,771,306	84,411
Total expenses	<u>6,417,324</u>	<u>7,710,167</u>	<u>(1,292,843)</u>
Change in net position	1,082,260	(246,927)	1,329,187
Net position, beginning of year	<u>(7,676,451)</u>	<u>(7,429,524)</u>	<u>(246,927)</u>
Net position, end of year	<u>\$ (6,594,191)</u>	<u>\$ (7,676,451)</u>	<u>\$ 1,082,260</u>

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

The District's combined fund balances as of the end of the fiscal year ended June 30, 2019, were \$21,952,721, an increase of \$4,560,331 from the prior year.

The General Fund balance increased by \$86,979, as revenues and the reimbursement of \$1,656 from the Capital Projects Fund exceeded expenditures.

The Debt Service Fund balance increased by \$575,216, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by \$3,898,136, as proceeds from the Series 2019 bonds exceeded authorized expenditures and the \$1,656 reimbursement to the General Fund.

#### *General Fund Budgetary Highlights*

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 23 of this report. The budgetary fund balance as of June 30, 2019, was expected to be \$5,756,240 and the actual end of year fund balance was \$6,250,414.

#### **Capital Asset and Debt Administration**

##### *Capital Assets*

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>
Land	\$ 15,001,180	\$ 15,001,180	\$ 0
Detention ponds	4,384,512	4,344,489	40,023
Construction in progress	2,565,201	613,188	1,952,013
Pool and spray park	319,499	330,959	(11,460)
Water facilities	4,939,296	5,144,354	(205,058)
Sewer facilities	10,421,137	10,834,078	(412,941)
Drainage facilities	34,330	35,650	(1,320)
Totals	<u>\$ 37,665,155</u>	<u>\$ 36,303,898</u>	<u>\$ 1,361,257</u>

Changes to capital assets during the fiscal year ended June 30, 2019, are summarized as follows:

##### Additions:

Water plant improvements	\$ 458,595
Park improvements	1,466,765
Sanitary sewer and drainage system improvements	<u>138,207</u>
Total additions to capital assets	2,063,567

##### Decreases:

Depreciation	<u>(702,310)</u>
Net change to capital assets	<u>\$ 1,361,257</u>

##### *Debt*

Changes in the bonded debt position of the District during the fiscal year ended June 30, 2019, are summarized as follows:

Bonded debt payable, beginning of year	\$ 62,485,000
Sale of bonds	6,005,000
Bonds paid	<u>(1,195,000)</u>
Bonded debt payable, end of year	<u>\$ 67,295,000</u>

At June 30, 2019, the District had \$10,265,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District and \$6,100,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving recreational facilities..



The District has an underlying rating of BBB from Standard & Poor's and the Series 2018, 2018A and 2019 bonds have an underlying rating of A3 from Moody's. The Series 2011, 2014, 2014A, 2018 and 2018A bonds are insured by Assured Guaranty Municipal Corp. The Series 2009 bonds are insured by Assured Guaranty Corp. The Series 2013, 2015, 2015 Refunding and 2019 bonds are insured by Build America Mutual Assurance Company. The issue rating of the Series 2012 bonds is BBB and the insured rating of the Series 2009, 2011, 2013, 2014, 2014A, 2015, 2015 Refunding, 2018, 2018A and 2019 bonds is AA by Standard & Poor's. The insured rating of the Series 2014, 2018 and 2018A bonds is A2 by Moody's. There were no changes in the bond ratings during the fiscal year ended June 30, 2019.

On August 14, 2019, the District issued \$4,800,000 in unlimited tax refunding bonds to refund \$2,830,000 of outstanding Series 2011 bonds and \$1,825,000 of outstanding Series 2012 bonds. The net proceeds of \$4,740,148 (after payment of \$133,489 in underwriting fees, insurance and other issuance costs) were deposited in an irrevocable trust with an escrow agent for the refunded bonds to call and retire the refunded Series 2011 bonds on August 15, 2019 and the Series 2012 bonds on October 1, 2019. As a result, the refunded bonds are considered defeased and the liability for these bonds will be removed from the financial statements.

The District refunded the bonds to reduce total debt service payments over future years by approximately \$518,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$391,000.

As further described in Note 5 of the notes to the financial statements, developers within the District are constructing water, sewer and drainage 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 Texas Commission on Environmental Quality. At June 30, 2019, the estimated amount due to developers was \$219,628.

## **RELEVANT FACTORS AND WATER SUPPLY ISSUES**

### *Property Tax Base*

The District's tax base increased approximately \$53,020,000 for the 2018 tax year (approximately 9%) due to the addition of new houses to the tax base and the increase of the average assessed valuations on existing property.

### *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 District must conform to a City of Houston ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Houston. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

The District is authorized to enter into a strategic partnership agreement with the City of Houston to provide the terms and conditions under which services would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District would be annexed for limited purposes by the City. The terms of any such agreement would be determined by the City and the District.

The District is not aware of any plans regarding annexation or a strategic partnership with the City of Houston.

### *Water Supply Issues*

The District is located within the boundaries of the Harris-Galveston Subsidence District (“Subsidence District”) and the North Harris County Regional Water Authority (“NHCRWA”). The NHCRWA was created to provide for conversion of the area within its boundaries from groundwater usage to alternative sources of water supply (e.g., surface water) as required by regulations of the Subsidence District. The NHCRWA covers an area located in northern Harris County and adjacent to the City of Houston. Pursuant to an order of the Subsidence District and the NHCRWA’s Groundwater Reduction Plan (as approved by the Subsidence District), the area within the boundaries of the NHCRWA must be converted to at least 30% alternate source (e.g., surface) water use by 2010, 60% alternate source water use by 2025, and 80% alternate source water use by 2035. To implement the required conversion to alternate source water use in accordance with such schedule, the NHCRWA is in the process of designing and constructing and will operate a network of transmission and distribution lines, storage tanks, and pumping stations to transport and distribute water within the NHCRWA (the “NHCRWA System”). In addition, the NHCRWA has entered into a water supply contract to secure a long-term supply of treated surface water from the City of Houston.

The District is subject to the NHCRWA’s Groundwater Reduction Plan. The NHCRWA, as part of the plan of financing the NHCRWA System, has elected to allow districts, such as the District, to participate in a pro-rata share of the costs associated with the acquisition and construction of the NHCRWA System (including the costs associated with the acquisition of alternate sources of water supply) by issuing its own debt or using cash on hand, entitling the District to a future credit against pumpage fees due to the NHCRWA. The District has elected to participate in this manner as described below. The District may be required by the NHCRWA to participate in the groundwater conversion project by converting to surface water some time after January 1, 2010. Noncompliance with the NHCRWA’s Groundwater Reduction Plan or nonparticipation in the NHCRWA’s surface water conversion project could result in the District’s exclusion from the NHCRWA’s Groundwater Reduction Plan and assessment of the Subsidence District’s disincentive fee against groundwater pumped from wells located within the District.

Groundwater pumped from wells located within the District is not currently subject to the Subsidence District’s groundwater disincentive fee. However, groundwater pumped from wells located within the District is subject to a per 1,000 gallon pumpage fee that is assessed and collected by the NHCRWA pursuant to the NHCRWA’s Pumpage Fee Order. The current pumpage fee is \$3.85 and is expected to increase in the future. The Authority’s current surface water usage fee is \$4.30 and is expected to increase in the future. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to finance the acquisition and construction of surface water infrastructure (whether such costs are incurred directly by the District or through projects undertaken by the NHCRWA). The NHCRWA has sold four issues of bonds to finance a portion of the costs related to the design, acquisition and construction of the NHCRWA System. The NHCRWA bonds are secured by revenues of the NHCRWA, including the pumpage fee.

As further described in Note 9 of the notes to the financial statements, the District has contributed \$1,477,988 to the Authority for its share of the construction costs. Under the terms of the contracts, the District will receive credits quarterly. These credits are to be applied: first, against the District’s pumpage fee, if any; second, against any amounts due to the Authority for water purchases or any other reason; and third, paid to the District by the Authority each in installments as payments are due, not less frequently than annually. The credits are based upon the amortization of the District’s contribution.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash, including interest-bearing accounts, Note 7	\$ 477,182	\$ 412,538	\$ 109,168	\$ 998,888	\$	\$ 998,888
Certificates of deposit, at cost, Note 7	480,000	924,609		1,404,609		1,404,609
Temporary investments, at cost, Note 7	4,777,386	5,259,990	9,330,394	19,367,770		19,367,770
Receivables:						
Property taxes	17,200	69,953		87,153		87,153
Accrued penalty and interest on property taxes				0	22,442	22,442
Service accounts	115,077			115,077		115,077
Accrued interest	2,827	13,840		16,667		16,667
Other	3,331			3,331		3,331
Prepaid expenditures	5,764			5,764		5,764
Due from other fund	41,222			41,222	(41,222)	0
Maintenance taxes collected not yet transferred from other fund	7,132			7,132	(7,132)	0
Prepaid surface water capital contribution, Note 9	1,228,135			1,228,135		1,228,135
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	21,950,893	21,950,893
Depreciable capital assets				0	15,714,262	15,714,262
<b>Total assets</b>	<b><u>\$7,155,256</u></b>	<b><u>\$6,680,930</u></b>	<b><u>\$9,439,562</u></b>	<b><u>\$ 23,275,748</u></b>	<b><u>37,639,243</u></b>	<b><u>60,914,991</u></b>
<b>LIABILITIES</b>						
Accounts payable	\$ 393,534	\$ 22,354	\$ 50,263	\$ 466,151		466,151
Construction contracts payable	131,481		227,261	358,742		358,742
Accrued interest payable				0	629,911	629,911
Customer and builder deposits	362,627			362,627		362,627
Due to other fund			41,222	41,222	(41,222)	0
Maintenance taxes collected not yet transferred to other fund		7,132		7,132	(7,132)	0
Long-term liabilities, Note 5:						
Due within one year				0	1,261,809	1,261,809
Due in more than one year				0	64,429,942	64,429,942
<b>Total liabilities</b>	<b><u>887,642</u></b>	<b><u>29,486</u></b>	<b><u>318,746</u></b>	<b><u>1,235,874</u></b>	<b><u>66,273,308</u></b>	<b><u>67,509,182</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property tax revenues	<u>17,200</u>	<u>69,953</u>	<u>0</u>	<u>87,153</u>	<u>(87,153)</u>	<u>0</u>
<b>FUND BALANCES / NET POSITION</b>						
Fund balances:						
Nonspendable:						
Prepaid surface water capital contribution, Note 9	1,228,135			1,228,135	(1,228,135)	0
Committed to construction contracts in progress	458,711		1,887,049	2,345,760	(2,345,760)	0
Assigned to:						
Debt service		6,581,491		6,581,491	(6,581,491)	0
Capital projects			7,233,767	7,233,767	(7,233,767)	0
Unassigned	<u>4,563,568</u>			<u>4,563,568</u>	<u>(4,563,568)</u>	<u>0</u>
<b>Total fund balances</b>	<b><u>6,250,414</u></b>	<b><u>6,581,491</u></b>	<b><u>9,120,816</u></b>	<b><u>21,952,721</u></b>	<b><u>(21,952,721)</u></b>	<b><u>0</u></b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b><u>\$7,155,256</u></b>	<b><u>\$6,680,930</u></b>	<b><u>\$9,439,562</u></b>	<b><u>\$ 23,275,748</u></b>		
Net position:						
Invested in capital assets, net of related debt, Note 4					(28,026,596)	(28,026,596)
Restricted for debt service					6,043,975	6,043,975
Restricted for capital projects					9,120,816	9,120,816
Restricted for prepaid surface water capital contribution					1,228,135	1,228,135
Unrestricted					<u>5,039,479</u>	<u>5,039,479</u>
<b>Total net position</b>					<b><u>\$ (6,594,191)</u></b>	<b><u>\$ (6,594,191)</u></b>

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

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
<b>REVENUES</b>						
Property taxes	\$ 953,916	\$ 4,007,428	\$	\$ 4,961,344	\$ (21,285)	\$ 4,940,059
Water service	499,116			499,116		499,116
Sewer service	543,895			543,895		543,895
Surface water fees, Note 9	758,966			758,966		758,966
Penalty and interest	16,200	50,272		66,472	(3,603)	62,869
Tap connection and inspection fees	240,609			240,609		240,609
Interest on prepaid surface water capital contribution, Note 9	66,758			66,758		66,758
Accrued interest on bonds received at date of sale		7,557		7,557	(7,557)	0
Interest on deposits and investments	111,295	119,689	137,988	368,972		368,972
Other	18,340			18,340		18,340
<b>Total revenues</b>	<b>3,209,095</b>	<b>4,184,946</b>	<b>137,988</b>	<b>7,532,029</b>	<b>(32,445)</b>	<b>7,499,584</b>
<b>EXPENDITURES / EXPENSES</b>						
Service operations:						
Professional fees	327,914	31,187	2,300	361,401		361,401
Contracted services	121,569	57,196		178,765		178,765
Utilities	195,343			195,343		195,343
Surface water pumpage fees, Note 9	880,776			880,776		880,776
Repairs and maintenance	554,718			554,718		554,718
Other operating expenditures	180,654			180,654		180,654
Security service	69,165			69,165		69,165
Garbage	224,651			224,651		224,651
Administrative expenditures	77,594	9,853		87,447		87,447
Depreciation				0	702,310	702,310
Capital outlay / non-capital outlay	491,388		1,698,556	2,189,944	(2,063,567)	126,377
Debt service:						
Principal retirement		1,195,000		1,195,000	(1,195,000)	0
Bond issuance expenditures			406,214	406,214		406,214
Interest and fees		2,316,494		2,316,494	133,009	2,449,503
<b>Total expenditures / expenses</b>	<b>3,123,772</b>	<b>3,609,730</b>	<b>2,107,070</b>	<b>8,840,572</b>	<b>(2,423,248)</b>	<b>6,417,324</b>
Excess (deficiency) of revenues over expenditures	85,323	575,216	(1,969,082)	(1,308,543)	2,390,803	1,082,260
<b>OTHER FINANCING SOURCES (USES)</b>						
Reimbursement (to) from other fund, Note 7	1,656		(1,656)	0		0
Bonds issued, Note 5		136,126	5,868,874	6,005,000	(6,005,000)	0
Bond issuance discount, Note 5		(136,126)		(136,126)	136,126	0
<b>Total other financing sources (uses)</b>	<b>1,656</b>	<b>0</b>	<b>5,867,218</b>	<b>5,868,874</b>	<b>(5,868,874)</b>	<b>0</b>
Net change in fund balances / net position	86,979	575,216	3,898,136	4,560,331	(3,478,071)	1,082,260
Beginning of year	6,163,435	6,006,275	5,222,680	17,392,390	(25,068,841)	(7,676,451)
End of year	\$ 6,250,414	\$ 6,581,491	\$ 9,120,816	\$ 21,952,721	\$ (28,546,912)	\$ (6,594,191)

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

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19NOTES TO THE FINANCIAL STATEMENTSJUNE 30, 2019

## NOTE 1: REPORTING ENTITY

Northwest Harris County Municipal Utility District No. 19 (the "District") was created by an order of the Texas Water Commission (now the Texas Commission on Environmental Quality) effective October 3, 1979, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on October 5, 1979 and the first bonds were sold on May 5, 1982. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

#### Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are either nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

### Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

### Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

### Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Prepaid Surface Water Capital Contributions

The District reports the surface water fee charges incurred by the District at the gross amount of the charges. Credits received under the terms of the Capital Contribution Contracts (the "Contracts") are recorded as either a repayment of the principal amount of the prepaid surface water capital contribution or interest earned on the prepayment at the interest rate of the applicable Contract. The principal is amortized based upon the life of the credits and the interest rate of the applicable Contract.

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, 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 expenditures of the fund from which they are paid.

**NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 21,952,721
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		37,665,155
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (67,295,000)	
Deferred charge on refunding (to be amortized as interest expense)	919,527	
Issuance discount, net of premium (to be amortized as interest expense)	903,350	
Due to developers	<u>(219,628)</u>	(65,691,751)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	22,442	
Uncollected property taxes	<u>87,153</u>	109,595
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(629,911)</u>
Net position, end of year		<u>\$ (6,594,191)</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ 4,560,331
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 2,063,567	
Depreciation	<u>(702,310)</u>	1,361,257
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Bonds issued	(6,005,000)	
Principal reduction	<u>1,195,000</u>	(4,810,000)
<p>The funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Refunding charges	(88,561)	
Issuance discount, net of premium and amortization	<u>119,316</u>	30,755
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	(3,603)	
Uncollected property taxes	<u>(21,285)</u>	(24,888)
<p>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 the funds:</p>		
Accrued interest		<u>(35,195)</u>
Change in net position		<u>\$ 1,082,260</u>

NOTE 4: CAPITAL ASSETS

At June 30, 2019, "Invested in capital assets, net of related debt" was \$(28,026,596). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of \$5,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and improvements	\$ 15,001,180	\$	\$	\$ 15,001,180
Detention ponds	4,344,489	40,023		4,384,512
Construction in progress	<u>613,188</u>	<u>1,992,036</u>	<u>40,023</u>	<u>2,565,201</u>
Total capital assets not being depreciated	<u>19,958,857</u>	<u>2,032,059</u>	<u>40,023</u>	<u>21,950,893</u>
Depreciable capital assets:				
Pool and spray park	399,148			399,148
Water system	8,340,504	71,531		8,412,035
Sewer system	13,967,455			13,967,455
Drainage system	<u>59,410</u>			<u>59,410</u>
Total depreciable capital assets	<u>22,766,517</u>	<u>71,531</u>	<u>0</u>	<u>22,838,048</u>
Less accumulated depreciation for:				
Pool and spray park	(68,189)	(11,460)		(79,649)
Water system	(3,196,150)	(276,589)		(3,472,739)
Sewer system	(3,133,377)	(412,941)		(3,546,318)
Drainage system	<u>(23,760)</u>	<u>(1,320)</u>		<u>(25,080)</u>
Total accumulated depreciation	<u>(6,421,476)</u>	<u>(702,310)</u>	<u>0</u>	<u>(7,123,786)</u>
Total depreciable capital assets, net	<u>16,345,041</u>	<u>(630,779)</u>	<u>0</u>	<u>15,714,262</u>
Total capital assets, net	<u>\$ 36,303,898</u>	<u>\$ 1,401,280</u>	<u>\$ 40,023</u>	<u>\$ 37,665,155</u>
Changes to capital assets:				
Capital outlay		\$ 2,063,567	\$	
Assets transferred to non depreciable assets		40,023	40,023	
Less depreciation expense for the fiscal year		<u>(702,310)</u>		
Net increases / decreases to capital assets		<u>\$ 1,401,280</u>	<u>\$ 40,023</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 62,485,000	\$ 6,005,000	\$ 1,195,000	\$ 67,295,000	\$ 1,375,000
Less deferred amounts:					
For issuance (discounts) premium	(784,034)	(136,126)	(16,810)	(903,350)	(26,996)
For refunding	<u>(1,008,088)</u>		<u>(88,561)</u>	<u>(919,527)</u>	<u>(86,195)</u>
Total bonds payable	<u>60,692,878</u>	<u>5,868,874</u>	<u>1,089,629</u>	<u>65,472,123</u>	<u>1,261,809</u>
Due to developers (see below)	<u>219,628</u>	<u>0</u>	<u>0</u>	<u>219,628</u>	<u>-----</u>
Total long-term liabilities	<u>\$ 60,912,506</u>	<u>\$ 5,868,874</u>	<u>\$ 1,089,629</u>	<u>\$ 65,691,751</u>	<u>\$ 1,261,809</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

On August 14, 2019, the District issued \$4,800,000 in unlimited tax refunding bonds to refund \$2,830,000 of outstanding Series 2011 bonds and \$1,825,000 of outstanding Series 2012 bonds. The net proceeds of \$4,740,148 (after payment of \$133,489 in underwriting fees, insurance and other issuance costs) were deposited in an irrevocable trust with an escrow agent for the refunded bonds to call and retire the refunded Series 2011 bonds on August 15, 2019 and the Series 2012 bonds on October 1, 2019. As a result, the refunded bonds are considered defeased and the liability for these bonds will be removed from the financial statements.

The District refunded the bonds to reduce total debt service payments over future years by approximately \$518,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$391,000.

As of June 30, 2019, the debt service requirements on the bonds payable were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,375,000	\$ 2,465,577	\$ 3,840,577
2021	1,415,000	2,391,725	3,806,725
2022	1,610,000	2,348,373	3,958,373
2023	1,660,000	2,294,949	3,954,949
2024	1,720,000	2,234,074	3,954,074
2025 - 2029	9,585,000	10,200,684	19,785,684
2030 - 2034	11,510,000	8,378,498	19,888,498
2035 - 2039	13,790,000	6,152,237	19,942,237
2040 - 2044	16,900,000	3,102,592	20,002,592
2045 - 2046	<u>7,730,000</u>	<u>292,675</u>	<u>8,022,675</u>
	<u>\$ 67,295,000</u>	<u>\$ 39,861,384</u>	<u>\$ 107,156,384</u>

Bonds voted	\$ 79,250,000
Bonds approved for sale and sold	68,985,000
Bonds voted and not issued	10,265,000
Refunding bonds voted	10,000,000
Refunding bonds sold	6,525,000
Refunding bonds voted and not issued	3,475,000
Recreational facilities bonds voted	10,000,000
Recreational facilities bonds approved for sale and sold	3,900,000
Recreational facilities bonds voted and not issued	6,100,000

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The bond issues payable at June 30, 2019, were as follows:

	<u>Series 2011</u>	<u>Series 2012</u>	<u>Refunding Series 2013</u>
Amounts outstanding, June 30, 2019	\$3,160,000	\$1,875,000	\$2,560,000
Interest rates	4.00% to 4.75%	4.00% to 4.50%	3.00% to 4.00%
Maturity dates, serially beginning/ending	October 1, 2019/2030	October 1, 2019/2036	October 1, 2019/2030
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	October 1, 2018*	October 1, 2019*	October 1, 2020*
	<u>Refunding Series 2014</u>	<u>Series 2014A</u>	<u>Refunding Series 2015</u>
Amounts outstanding, June 30, 2019	\$4,350,000	\$10,200,000	\$17,755,000
Interest rates	4.75% to 5.25%	4.00% to 5.25%	2.00% to 3.50%
Maturity dates, serially beginning/ending	October 1, 2019/2039	October 1, 2019/2042	October 1, 2019/2035
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	October 1, 2021*	October 1, 2021*	October 1, 2022*
	<u>Series 2015</u>	<u>Series 2018</u>	<u>Park Series 2018A</u>
Amounts outstanding, June 30, 2019	\$11,650,000	\$5,840,000	\$3,900,000
Interest rates	3.00% to 3.875%	3.00% to 4.00%	3.00% to 3.375%
Maturity dates, serially beginning/ending	October 1, 2019/2045	October 1, 2019/2045	October 1, 2019/2045
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	October 1, 2022*	October 1, 2025*	October 1, 2025*

\*Or any date thereafter, callable at the principal amount plus accrued interest, in whole or in part at the option of the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>Series 2019</u>
Amounts outstanding, June 30, 2019	\$6,005,000
Interest rates	2.50% to 5.00%
Maturity dates, serially beginning/ending	October 1, 2021/2045
Interest payment dates	October 1/April 1
Callable dates	October 1, 2024*

\*Or any date thereafter, callable at the principal amount plus accrued interest, in whole or in part at the option of the District.

Developer Construction Commitments and Liabilities

Developers within the District are currently constructing certain facilities within the District's boundaries. The District has agreed to reimburse the developers for these construction and related engineering costs plus interest not to exceed the interest rate of the applicable District bond issue. These amounts are to be reimbursed from the proceeds of a future bond issue to the extent approved by the Texas Commission on Environmental Quality. The engineer stated that cost of the construction in progress at June 30, 2019, was \$219,628. These amounts have been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

NOTE 6: PROPERTY TAXES

The Harris County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

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 and the cost of assessing and collecting taxes.

On November 6, 1979 the voters within the District authorized a maintenance tax not to exceed \$0.25 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

On October 8, 2018, the District levied the following ad valorem taxes for the 2018 tax year on the adjusted taxable valuation of \$635,465,039:

	Rate	Amount
Debt service	\$ 0.6300	\$ 4,003,712
Maintenance	0.1500	953,265
	\$ 0.7800	\$ 4,956,977

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2018 tax year total property tax levy	\$ 4,956,977
Appraisal district adjustments to prior year taxes	(16,918)
Statement of Activities property tax revenues	\$ 4,940,059

**NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS**

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and in TexPool, a local government investment pool sponsored by the State Comptroller.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was \$2,403,497 and the bank balance was \$2,542,326. Of the bank balance, \$1,740,784 was covered by federal insurance and \$801,542 was covered by a letter of credit in favor of the District issued by the Federal Home Loan Bank of Atlanta.

At the balance sheet date the carrying value and market value of the investments in TexPool was \$19,367,770.

Deposits and temporary investments restricted by state statutes and the Bond Orders:

Debt Service Fund

For payment of debt principal and interest, paying agent fees and costs of assessing and collecting taxes:

Cash	\$ 412,538
Certificates of deposit	924,609
Temporary investments	5,259,990
	\$ 6,597,137

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital Projects Fund

For construction of capital assets:

Cash	\$ 109,168
Temporary investments	<u>9,330,394</u>
	<u>\$ 9,439,562</u>

NOTE 8: 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; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At June 30, 2019, the District had physical damage and boiler and machinery coverage of \$10,990,000, comprehensive general liability coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, pollution liability coverage of \$2,000,000, automobile liability coverage of \$2,000,000, worker's compensation coverage of \$1,000,000, consultant's crime coverage of \$10,000 and a tax assessor-collector bond of \$10,000.

NOTE 9: REGIONAL WATER AUTHORITY

The North Harris County Regional Water Authority (the "Authority") was created by House Bill 2965, Acts of the 76th Legislature, Regular Session 1999, and was confirmed by an election held on January 15, 2000. The Authority is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Authority is empowered to, among other powers, "acquire or develop surface water and groundwater supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporations, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." In accordance with this provision, as of June 30, 2019, the Authority had established a well pumpage fee of \$3.85 per 1,000 gallons of water pumped from each regulated well. The District's well pumpage fees payable to the Authority for the fiscal year ended June 30, 2019, were \$880,776. The District billed its customers \$758,966 during the fiscal year to pay for the fees charged by the Authority.

On July 7, 2003 (amended effective March 10, 2004), the District and the Authority entered in to a Capital Contribution Contract (the "Contract"). In accordance with the Contract, the District contributed \$317,366 to the Authority during the fiscal year ended June 30, 2004 to pay for its share of the costs of constructing infrastructure\*to bring surface water to the District. Under the terms of the Contract, the District will receive a credit in the amount of \$16,051 annually for the first six calendar years, beginning in 2004 and \$23,129 annually for the next 24 calendar years. This credit is to be applied: first, against the District's pumpage fee, if any; second, against any amounts due to the Authority for water purchases or any other reason; and third, paid to the District by the Authority each in installments as payments are due, not less frequently than annually. The credit is based upon the amortization of the District's contribution beginning in 2010 at a rate of 5.0575% over 24 years.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

On February 21, 2005, the District and the Authority entered in to a Capital Contribution Contract (the "Contract"). In accordance with the Contract, the District contributed \$227,810 to the Authority during the fiscal year ended June 30, 2006, to pay for its share of the costs of constructing infrastructure to bring surface water to the District. Under the terms of the Contract, the District will receive a credit in the amount of \$4,564 for the 2005 calendar year, \$10,955 annually for the next four calendar years and \$15,536 annually for the next 26 calendar years. This credit is to be applied: first, against the District's pumpage fee, if any; second, against any amounts due to the Authority for water purchases or any other reason; and third, paid to the District by the Authority each in installments as payments are due, not less frequently than annually. The credit is based upon the amortization of the District's contribution beginning in 2010 at a rate of 4.8087% over 26 years.

On August 4, 2008, the District and the Authority entered in to a Capital Contribution Contract (the "Contract"). In accordance with the Contract, the District contributed \$932,812 to the Authority during the fiscal year ended June 30, 2009 to pay for its share of the costs of constructing infrastructure to bring surface water to the District. Under the terms of the Contract, the District will receive a credit in the amount of \$18,684 for the 2009 calendar year, \$50,143 annually for the next four calendar years and \$68,698 annually for the next 25 calendar years. This credit is to be applied: first, against the District's pumpage fee, if any; second, against any amounts due to the Authority for water purchases or any other reason; and third, paid to the District by the Authority each in installments as payments are due, not less frequently than annually. The credit is based upon the amortization of the District's contribution beginning in 2014 at a rate of 5.3755% over 25 years.

The District reports the surface water fee charges incurred by the District at the gross amount of the charges. Credits received under the terms of the Contracts are recorded as either a repayment of the principal amount of the prepaid surface water capital contribution or interest earned on the prepayment at the interest rate of the applicable Contract. The principal is amortized based upon the life of the credits and the interest rate of the applicable Contract.

During the fiscal year ended June 30, 2019, the District received credits of \$107,362 under the provisions of the Contracts. Of this amount, \$40,605 was a repayment of principal and \$66,757 was interest.

A summary of the amortization of the remaining scheduled credits for the prepaid capital contributions is as follows:

Credits Due During Fiscal Years Ending June 30	Principal	Interest	Total
2020	\$ 42,765	\$ 64,598	\$ 107,363
2021	45,038	62,324	107,362
2022	47,434	59,929	107,363
2023	49,956	57,407	107,363
2024	52,614	54,749	107,363
2025-2029	308,171	228,642	536,813
2030-2034	387,885	137,365	525,250
2035-2039	294,272	38,173	332,445
	<u>\$ 1,228,135</u>	<u>\$ 703,187</u>	<u>\$ 1,931,322</u>



NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 859,340	\$ 859,340	\$ 953,916	\$ 94,576
Water service	576,000	576,000	499,116	(76,884)
Sewer service	500,000	500,000	543,895	43,895
Surface water fees	715,000	715,000	758,966	43,966
Penalty	15,000	15,000	16,200	1,200
Tap connection and inspection fees	100,000	100,000	240,609	140,609
Interest on prepaid surface water capital cont.	0	0	66,758	66,758
Interest on deposits and investments	25,000	25,000	111,295	86,295
Other revenues	20,000	20,000	18,340	(1,660)
<b>TOTAL REVENUES</b>	<b>2,810,340</b>	<b>2,810,340</b>	<b>3,209,095</b>	<b>398,755</b>
<b>EXPENDITURES</b>				
Service operations:				
Professional fees	270,950	270,950	327,914	56,964
Contracted services	113,000	113,000	121,569	8,569
Utilities	198,000	198,000	195,343	(2,657)
Surface water pumpage fees	695,000	695,000	880,776	185,776
Repairs and maintenance	626,000	626,000	554,718	(71,282)
Other operating expenditures	188,000	188,000	180,654	(7,346)
Security service	69,168	69,168	69,165	(3)
Garbage disposal	215,000	215,000	224,651	9,651
Administrative expenditures	108,500	108,500	77,594	(30,906)
Capital outlay	733,917	733,917	491,388	(242,529)
<b>TOTAL EXPENDITURES</b>	<b>3,217,535</b>	<b>3,217,535</b>	<b>3,123,772</b>	<b>(93,763)</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(407,195)</b>	<b>(407,195)</b>	<b>85,323</b>	<b>492,518</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Reimbursement from other fund	0	0	1,656	1,656
<b>TOTAL OTHER FINANCIAL SOURCES (USES)</b>	<b>0</b>	<b>0</b>	<b>1,656</b>	<b>1,656</b>
<b>EXCESS SOURCES (USES)</b>	<b>(407,195)</b>	<b>(407,195)</b>	<b>86,979</b>	<b>494,174</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>6,163,435</b>	<b>6,163,435</b>	<b>6,163,435</b>	<b>0</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 5,756,240</b>	<b>\$ 5,756,240</b>	<b>\$ 6,250,414</b>	<b>\$ 494,174</b>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19  
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION  
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
JUNE 30, 2019

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

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -  
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

SCHEDULE OF SERVICES AND RATES

JUNE 30, 2019

1. Services Provided by the District during the Fiscal Year:

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

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$10.00	10,000	N	\$2.00	10,001 to 20,000
				3.00	20,001 to 30,000
				4.00	30,001 to 40,000
				5.00	Over 40,000
WASTEWATER:	\$25.00	12,000	N	\$0.50	Over 12,000
SURCHARGE:	\$3.85 per 1,000 gallons of water used – NHCRWA surface water fees.				

District employs winter averaging for wastewater usage: Yes  No

Total charges per 10,000 gallons usage: Water: \$10.00    Wastewater: \$25.00    Surcharge: \$38.50

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

SCHEDULE OF SERVICES AND RATES (Continued)

JUNE 30, 2019

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	0	0	1.0	0
< or = 3/4"	1,056	1,040	1.0	1,040
1"	337	334	2.5	835
1-1/2"	8	8	5.0	40
2"	41	41	8.0	328
3"	2	2	15.0	30
4"	2	2	25.0	50
6"	6	6	50.0	300
8"	4	4	80.0	320
10"	2	2	115.0	230
Total Water	<u>1,458</u>	<u>1,439</u>		<u>3,173</u>
Total Wastewater	<u>1,423</u>	<u>1,404</u>	1.0	<u>1,404</u>

\*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): 244,425  
 Gallons billed to customers (unaudited): 224,487

Water Accountability Ratio  
 (Gallons billed/ gallons pumped): 92%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes  No

If yes, date of the most recent Commission Order: \_\_\_\_\_

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

If yes, date of the most recent Commission Order: \_\_\_\_\_

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Professional fees:				
Auditing	\$ 10,950	\$	\$	\$ 10,950
Legal	264,560	31,187	2,300	298,047
Engineering	52,404			52,404
	<u>327,914</u>	<u>31,187</u>	<u>2,300</u>	<u>361,401</u>
Contracted services:				
Bookkeeping	15,681			15,681
Operation and billing	105,888			105,888
Tax assessor-collector		21,023		21,023
Central appraisal district		36,173		36,173
	<u>121,569</u>	<u>57,196</u>	<u>0</u>	<u>178,765</u>
Utilities	<u>195,343</u>	<u>0</u>	<u>0</u>	<u>195,343</u>
Surface water pumpage fees	<u>880,776</u>	<u>0</u>	<u>0</u>	<u>880,776</u>
Repairs and maintenance	<u>554,718</u>	<u>0</u>	<u>0</u>	<u>554,718</u>
Other operating expenditures:				
Sludge hauling	68,850			68,850
Chemicals	45,946			45,946
Laboratory costs	60,720			60,720
TCEQ assessment	5,138			5,138
	<u>180,654</u>	<u>0</u>	<u>0</u>	<u>180,654</u>
Security service	<u>69,165</u>	<u>0</u>	<u>0</u>	<u>69,165</u>
Garbage disposal	<u>224,651</u>	<u>0</u>	<u>0</u>	<u>224,651</u>
Administrative expenditures:				
Director's fees	11,100			11,100
Office supplies and postage	23,524			23,524
Insurance	32,858	100		32,958
Permit fees	6,561			6,561
Other	3,551	9,753		13,304
	<u>77,594</u>	<u>9,853</u>	<u>0</u>	<u>87,447</u>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

EXPENDITURES (Continued)

FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>CAPITAL OUTLAY</b>				
Authorized expenditures	\$ 365,011	\$	\$ 1,698,556	\$ 2,063,567
Tap connection costs	126,377			126,377
	<u>491,388</u>	<u>0</u>	<u>1,698,556</u>	<u>2,189,944</u>
<b>DEBT SERVICE</b>				
Principal retirement	<u>0</u>	<u>1,195,000</u>	<u>0</u>	<u>1,195,000</u>
Bond issuance expenditures	<u>0</u>	<u>0</u>	<u>406,214</u>	<u>406,214</u>
Interest and fees:				
Interest		2,309,744		2,309,744
Paying agent fees		6,750		6,750
	<u>0</u>	<u>2,316,494</u>	<u>0</u>	<u>2,316,494</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,123,772</u>	<u>\$ 3,609,730</u>	<u>\$ 2,107,070</u>	<u>\$ 8,840,572</u>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19  
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS</b>				
Cash receipts from revenues excluding maintenance taxes	\$ 2,317,924	\$ 4,173,050	\$ 137,988	\$ 6,628,962
Maintenance tax receipts		953,916		953,916
Transfer of maintenance taxes	946,607			946,607
Proceeds from sale of bonds			5,868,874	5,868,874
Reimbursement from other fund	14,367	178		14,545
Repayment of prepaid surface water capital contribution principal	40,605			40,605
Increase in customer deposits	112,167			112,167
Overpayments from taxpayers		<u>73,800</u>		<u>73,800</u>
<b>TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED</b>	<u>3,431,670</u>	<u>5,200,944</u>	<u>6,006,862</u>	<u>14,639,476</u>
<b>APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS</b>				
Cash disbursements for:				
Current expenditures	2,512,118	109,862	2,300	2,624,280
Capital outlay	359,907		1,813,716	2,173,623
Debt service		3,511,494	406,214	3,917,708
Other fund	41,222			41,222
Transfer of maintenance taxes		946,607		946,607
Reimbursement to other fund	178		14,367	14,545
Refund of taxpayer overpayments		<u>73,699</u>		<u>73,699</u>
<b>TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED</b>	<u>2,913,425</u>	<u>4,641,662</u>	<u>2,236,597</u>	<u>9,791,684</u>
<b>INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS</b>	518,245	559,282	3,770,265	4,847,792
<b>DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR</b>	<u>5,216,323</u>	<u>6,037,855</u>	<u>5,669,297</u>	<u>16,923,475</u>
<b>DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR</b>	<u>\$ 5,734,568</u>	<u>\$ 6,597,137</u>	<u>\$ 9,439,562</u>	<u>\$21,771,267</u>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS

JUNE 30, 2019

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Certificates of Deposit				
No. 3216000402	2.50%	10/04/19	\$ 240,000	\$ 1,414
No. 71122247	2.50%	10/04/20	<u>240,000</u>	<u>1,413</u>
			<u>\$ 480,000</u>	<u>\$ 2,827</u>
TexPool				
No. 2572400002	Market	On demand	\$ 4,657,089	\$ 0
No. 2572400003	Market	On demand	29,835	0
No. 2572400004	Market	On demand	90,406	0
No. 2572400007	Market	On demand	<u>56</u>	<u>0</u>
			<u>\$ 4,777,386</u>	<u>\$ 0</u>
DEBT SERVICE FUND				
Certificates of Deposit				
No. 440002100	2.70%	8/06/19	\$ 240,000	\$ 6,374
No. 0137246321	2.52%	7/09/19	202,084	2,414
No. 15000001114	2.35%	7/09/19	242,525	2,701
No. 6000017795	2.40%	8/02/19	<u>240,000</u>	<u>2,351</u>
			<u>\$ 924,609</u>	<u>\$ 13,840</u>
TexPool				
No. 2572400006	Market	On demand	<u>\$ 5,259,990</u>	<u>\$ 0</u>
CAPITAL PROJECTS FUND				
TexPool				
No. 2572400008	Market	On demand	\$ 6,918,272	\$ 0
No. 2572400009	Market	On demand	<u>2,412,122</u>	<u>0</u>
			<u>\$ 9,330,394</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 20,772,379</u>	<u>\$ 16,667</u>

See accompanying independent auditor's report.



NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 21,021	\$ 87,417
Additions and corrections to prior year taxes	<u>(3,170)</u>	<u>(13,748)</u>
Adjusted receivable, beginning of year	17,851	73,669
2018 ADJUSTED TAX ROLL	<u>953,265</u>	<u>4,003,712</u>
Total to be accounted for	971,116	4,077,381
Tax collections: Current tax year	(944,319)	(3,966,139)
Prior tax years	<u>(9,597)</u>	<u>(41,289)</u>
RECEIVABLE, END OF YEAR	<u>\$ 17,200</u>	<u>\$ 69,953</u>
RECEIVABLE BY TAX YEAR		
2009	\$ 406	\$ 1,498
2010	625	2,470
2011	602	2,094
2012	760	2,646
2013	872	3,033
2014	799	2,639
2015	715	2,779
2016	1,208	5,398
2017	2,267	9,823
2018	<u>8,946</u>	<u>37,573</u>
RECEIVABLE, END OF YEAR	<u>\$ 17,200</u>	<u>\$ 69,953</u>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED JUNE 30, 2019

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Land	\$ 162,985,507	\$ 156,075,934	\$ 152,560,104	\$ 138,539,822
Improvements	544,767,795	506,796,765	454,667,883	382,970,789
Personal property	28,165,261	15,889,279	15,327,294	14,253,112
Less exemptions	<u>(100,453,524)</u>	<u>(96,319,704)</u>	<u>(91,384,882)</u>	<u>(80,721,327)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 635,465,039</u>	 <u>\$ 582,442,274</u>	 <u>\$ 531,170,399</u>	 <u>\$ 455,042,396</u>
 TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.63000	\$ 0.65000	\$ 0.67000	\$ 0.70000
Maintenance tax rates*	<u>0.15000</u>	<u>0.15000</u>	<u>0.15000</u>	<u>0.18000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.78000</u>	 <u>\$ 0.80000</u>	 <u>\$ 0.82000</u>	 <u>\$ 0.88000</u>
 TAX ROLLS	 <u>\$ 4,940,059</u>	 <u>\$ 4,648,814</u>	 <u>\$ 4,349,649</u>	 <u>\$ 4,001,146</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>99.1 %</u>	 <u>99.7 %</u>	 <u>99.9 %</u>	 <u>99.9 %</u>

\*Maximum tax rate approved by voters on November 6, 1979: \$0.25

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS

JUNE 30, 2019

Due During Fiscal Years Ending June 30	Series 2011		
	Principal Due October 1	Interest Due October 1, April 1	Total
2020	\$ 160,000	\$ 132,687	\$ 292,687
2021	170,000	126,088	296,088
2022	235,000	117,987	352,987
2023	250,000	108,288	358,288
2024	260,000	98,087	358,087
2025	270,000	87,319	357,319
2026	280,000	75,800	355,800
2027	290,000	63,506	353,506
2028	305,000	50,300	355,300
2029	320,000	36,237	356,237
2030	330,000	21,406	351,406
2031	290,000	6,888	296,888
<b>TOTALS</b>	<b>\$ 3,160,000</b>	<b>\$ 924,593</b>	<b>\$ 4,084,593</b>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)JUNE 30, 2019

Due During Fiscal Years Ending June 30	Series 2012		
	Principal Due October 1	Interest Due October 1, April 1	Total
2020	\$ 25,000	\$ 80,462	\$ 105,462
2021	25,000	79,463	104,463
2022	25,000	78,462	103,462
2023	25,000	77,463	102,463
2024	25,000	76,462	101,462
2025	25,000	75,463	100,463
2026	50,000	73,962	123,962
2027	50,000	71,900	121,900
2028	50,000	69,775	119,775
2029	50,000	67,650	117,650
2030	50,000	65,525	115,525
2031	50,000	63,338	113,338
2032	50,000	61,087	111,087
2033	50,000	58,838	108,838
2034	50,000	56,587	106,587
2035	50,000	54,375	104,375
2036	50,000	52,200	102,200
2037	<u>1,175,000</u>	<u>25,556</u>	<u>1,200,556</u>
TOTALS	<u>\$ 1,875,000</u>	<u>\$ 1,188,568</u>	<u>\$ 3,063,568</u>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)JUNE 30, 2019

<u>Due During Fiscal Years Ending June 30</u>	<u>Series 2013</u>		
	<u>Principal Due October 1</u>	<u>Interest Due October 1, April 1</u>	<u>Total</u>
2020	\$ 230,000	\$ 94,300	\$ 324,300
2021	235,000	87,325	322,325
2022	185,000	80,100	265,100
2023	190,000	72,600	262,600
2024	200,000	64,800	264,800
2025	210,000	56,600	266,600
2026	225,000	47,900	272,900
2027	235,000	38,700	273,700
2028	250,000	29,000	279,000
2029	260,000	18,800	278,800
2030	280,000	8,000	288,000
2031	60,000	1,200	61,200
<b>TOTALS</b>	<u>\$ 2,560,000</u>	<u>\$ 599,325</u>	<u>\$ 3,159,325</u>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)JUNE 30, 2019

<u>Due During Fiscal Years Ending June 30</u>	<u>Series 2014</u>		
	<u>Principal Due October 1</u>	<u>Interest Due October 1, April 1</u>	<u>Total</u>
2020	\$ 25,000	\$ 208,094	\$ 233,094
2021	25,000	206,782	231,782
2022	25,000	205,468	230,468
2023	25,000	204,156	229,156
2024	25,000	202,844	227,844
2025	25,000	201,532	226,532
2026	25,000	200,219	225,219
2027	50,000	198,250	248,250
2028	50,000	195,625	245,625
2029	50,000	193,000	243,000
2030	50,000	190,375	240,375
2031	50,000	187,750	237,750
2032	50,000	185,250	235,250
2033	50,000	182,875	232,875
2034	50,000	180,500	230,500
2035	50,000	178,125	228,125
2036	50,000	175,750	225,750
2037	50,000	173,375	223,375
2038	1,150,000	144,875	1,294,875
2039	1,200,000	89,062	1,289,062
2040	<u>1,275,000</u>	<u>30,281</u>	<u>1,305,281</u>
TOTALS	<u>\$ 4,350,000</u>	<u>\$ 3,734,188</u>	<u>\$ 8,084,188</u>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

JUNE 30, 2019

Due During Fiscal Years Ending June 30	Series 2014A		
	Principal Due October 1	Interest Due October 1, April 1	Total
2020	\$ 25,000	\$ 412,344	\$ 437,344
2021	25,000	411,031	436,031
2022	25,000	409,719	434,719
2023	25,000	408,406	433,406
2024	25,000	407,094	432,094
2025	25,000	405,781	430,781
2026	25,000	404,469	429,469
2027	25,000	403,156	428,156
2028	50,000	401,187	451,187
2029	50,000	398,563	448,563
2030	50,000	395,938	445,938
2031	50,000	393,313	443,313
2032	50,000	391,000	441,000
2033	50,000	389,000	439,000
2034	50,000	387,000	437,000
2035	50,000	385,000	435,000
2036	50,000	383,000	433,000
2037	950,000	363,000	1,313,000
2038	1,125,000	321,500	1,446,500
2039	1,200,000	275,000	1,475,000
2040	1,250,000	226,000	1,476,000
2041	1,575,000	169,500	1,744,500
2042	1,675,000	104,500	1,779,500
2043	1,775,000	35,500	1,810,500
TOTALS	<u>\$ 10,200,000</u>	<u>\$ 8,281,001</u>	<u>\$ 18,481,001</u>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)JUNE 30, 2019

Due During Fiscal Years Ending June 30	Series 2015 Refunding		
	Principal Due October 1	Interest Due October 1, April 1	Total
2020	\$ 660,000	\$ 538,350	\$ 1,198,350
2021	675,000	525,000	1,200,000
2022	690,000	511,350	1,201,350
2023	695,000	494,025	1,189,025
2024	715,000	472,875	1,187,875
2025	735,000	451,125	1,186,125
2026	755,000	428,775	1,183,775
2027	780,000	405,750	1,185,750
2028	790,000	382,200	1,172,200
2029	820,000	358,050	1,178,050
2030	840,000	332,625	1,172,625
2031	1,095,000	302,391	1,397,391
2032	1,590,000	259,444	1,849,444
2033	1,640,000	206,956	1,846,956
2034	1,695,000	151,703	1,846,703
2035	1,760,000	93,400	1,853,400
2036	<u>1,820,000</u>	<u>31,850</u>	<u>1,851,850</u>
TOTALS	<u>\$ 17,755,000</u>	<u>\$ 5,945,869</u>	<u>\$ 23,700,869</u>

See accompanying independent auditor's report.



NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)JUNE 30, 2019

<u>Due During Fiscal Years Ending June 30</u>	<u>Series 2015</u>		
	<u>Principal Due October 1</u>	<u>Interest Due October 1, April 1</u>	<u>Total</u>
2020	\$ 100,000	\$ 438,813	\$ 538,813
2021	100,000	435,812	535,812
2022	100,000	432,812	532,812
2023	100,000	429,812	529,812
2024	100,000	426,813	526,813
2025	100,000	423,812	523,812
2026	100,000	420,812	520,812
2027	100,000	417,813	517,813
2028	100,000	414,750	514,750
2029	100,000	411,563	511,563
2030	100,000	408,250	508,250
2031	100,000	404,813	504,813
2032	100,000	401,312	501,312
2033	100,000	397,750	497,750
2034	100,000	394,125	494,125
2035	100,000	390,500	490,500
2036	100,000	386,875	486,875
2037	100,000	383,188	483,188
2038	100,000	379,437	479,437
2039	100,000	375,687	475,687
2040	100,000	371,938	471,938
2041	600,000	358,437	958,437
2042	600,000	335,188	935,188
2043	625,000	311,453	936,453
2044	2,450,000	251,875	2,701,875
2045	2,575,000	154,516	2,729,516
2046	2,700,000	52,313	2,752,313
TOTALS	<u>\$ 11,650,000</u>	<u>\$ 10,010,469</u>	<u>\$ 21,660,469</u>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)JUNE 30, 2019

<u>Due During Fiscal Years Ending June 30</u>	<u>Series 2018</u>		
	<u>Principal Due October 1</u>	<u>Interest Due October 1, April 1</u>	<u>Total</u>
2020	\$ 75,000	\$ 194,350	\$ 269,350
2021	80,000	191,250	271,250
2022	90,000	187,850	277,850
2023	105,000	183,950	288,950
2024	115,000	179,550	294,550
2025	125,000	174,750	299,750
2026	115,000	169,950	284,950
2027	100,000	166,150	266,150
2028	95,000	163,225	258,225
2029	100,000	160,300	260,300
2030	115,000	157,075	272,075
2031	190,000	152,500	342,500
2032	115,000	147,925	262,925
2033	130,000	144,250	274,250
2034	145,000	140,125	285,125
2035	155,000	135,625	290,625
2036	170,000	130,644	300,644
2037	45,000	127,284	172,284
2038	45,000	125,850	170,850
2039	25,000	124,713	149,713
2040	15,000	124,063	139,063
2041	575,000	114,475	689,475
2042	585,000	95,259	680,259
2043	580,000	75,600	655,600
2044	650,000	54,844	704,844
2045	650,000	32,906	682,906
2046	650,000	10,968	660,968
TOTALS	<u>\$ 5,840,000</u>	<u>\$ 3,665,431</u>	<u>\$ 9,505,431</u>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

JUNE 30, 2019

Series 2018A Park			
Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1, April 1	Total
2020	\$ 75,000	\$ 122,038	\$ 197,038
2021	80,000	119,712	199,712
2022	85,000	117,238	202,238
2023	90,000	114,612	204,612
2024	90,000	111,912	201,912
2025	95,000	109,138	204,138
2026	95,000	106,288	201,288
2027	105,000	103,288	208,288
2028	110,000	100,062	210,062
2029	115,000	96,688	211,688
2030	120,000	93,162	213,162
2031	125,000	89,488	214,488
2032	130,000	85,662	215,662
2033	135,000	81,688	216,688
2034	145,000	77,488	222,488
2035	150,000	73,062	223,062
2036	155,000	68,391	223,391
2037	165,000	63,390	228,390
2038	170,000	58,156	228,156
2039	180,000	52,575	232,575
2040	180,000	46,725	226,725
2041	195,000	40,631	235,631
2042	205,000	34,003	239,003
2043	210,000	27,000	237,000
2044	220,000	19,744	239,744
2045	230,000	12,150	242,150
2046	245,000	4,134	249,134
<b>TOTALS</b>	<b>\$ 3,900,000</b>	<b>\$ 2,028,425</b>	<b>\$ 5,928,425</b>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

JUNE 30, 2019

Due During Fiscal Years Ending June 30	Series 2019		
	Principal Due October 1	Interest Due October 1, April 1	Total
2020	\$	\$ 244,139	\$ 244,139
2021		209,262	209,262
2022	150,000	207,387	357,387
2023	155,000	201,637	356,637
2024	165,000	193,637	358,637
2025	170,000	185,262	355,262
2026	175,000	178,825	353,825
2027	180,000	174,388	354,388
2028	185,000	169,363	354,363
2029	195,000	163,663	358,663
2030	205,000	157,663	362,663
2031	210,000	151,438	361,438
2032	215,000	145,063	360,063
2033	225,000	138,463	363,463
2034	235,000	131,269	366,269
2035	240,000	123,550	363,550
2036	250,000	115,431	365,431
2037	260,000	106,662	366,662
2038	270,000	97,387	367,387
2039	280,000	87,762	367,762
2040	290,000	77,606	367,606
2041	305,000	66,822	371,822
2042	315,000	55,585	370,585
2043	320,000	43,875	363,875
2044	330,000	31,688	361,688
2045	335,000	19,219	354,219
2046	345,000	6,469	351,469
TOTALS	<u>\$ 6,005,000</u>	<u>\$ 3,483,515</u>	<u>\$ 9,488,515</u>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)JUNE 30, 2019

<u>Annual Requirements for All Series</u>			
<u>Due During Fiscal Years Ending June 30</u>	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2020	\$ 1,375,000	\$ 2,465,577	\$ 3,840,577
2021	1,415,000	2,391,725	3,806,725
2022	1,610,000	2,348,373	3,958,373
2023	1,660,000	2,294,949	3,954,949
2024	1,720,000	2,234,074	3,954,074
2025	1,780,000	2,170,782	3,950,782
2026	1,845,000	2,107,000	3,952,000
2027	1,915,000	2,042,901	3,957,901
2028	1,985,000	1,975,487	3,960,487
2029	2,060,000	1,904,514	3,964,514
2030	2,140,000	1,830,019	3,970,019
2031	2,220,000	1,753,119	3,973,119
2032	2,300,000	1,676,743	3,976,743
2033	2,380,000	1,599,820	3,979,820
2034	2,470,000	1,518,797	3,988,797
2035	2,555,000	1,433,637	3,988,637
2036	2,645,000	1,344,141	3,989,141
2037	2,745,000	1,242,455	3,987,455
2038	2,860,000	1,127,205	3,987,205
2039	2,985,000	1,004,799	3,989,799
2040	3,110,000	876,613	3,986,613
2041	3,250,000	749,865	3,999,865
2042	3,380,000	624,535	4,004,535
2043	3,510,000	493,428	4,003,428
2044	3,650,000	358,151	4,008,151
2045	3,790,000	218,791	4,008,791
2046	3,940,000	73,884	4,013,884
TOTALS	<u>\$ 67,295,000</u>	<u>\$ 39,861,384</u>	<u>\$ 107,156,384</u>

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT

FOR THE YEAR ENDED JUNE 30, 2019

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>
Bond Series:	2011	2012	2013	2014
Interest Rate:	4.00% to 4.75%	4.00% to 4.50%	3.00% to 4.00%	4.75% to 5.25%
Dates Interest Payable:	October 1/ April 1	October 1/ April 1	October 1/ April 1	October 1/ April 1
Maturity Dates:	October 1, 2019/2030	October 1, 2019/2036	October 1, 2019/2030	October 1, 2019/2039
Bonds Outstanding at Beginning of Current Year	\$ 3,315,000	\$ 1,900,000	\$ 2,775,000	\$ 4,375,000
Less Retirements	<u>(155,000)</u>	<u>(25,000)</u>	<u>(215,000)</u>	<u>(25,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 3,160,000</u>	<u>\$ 1,875,000</u>	<u>\$ 2,560,000</u>	<u>\$ 4,350,000</u>
Current Year Interest Paid	<u>\$ 138,988</u>	<u>\$ 81,275</u>	<u>\$ 100,975</u>	<u>\$ 209,406</u>

Bond Descriptions and Original Amount of Issue

- (1) Northwest Harris County Municipal Utility District No. 19 Unlimited Tax Refunding Bonds, Series 2011 (\$3,955,000)
- (2) Northwest Harris County Municipal Utility District No. 19 Unlimited Tax Bonds, Series 2012 (\$2,000,000)
- (3) Northwest Harris County Municipal Utility District No. 19 Unlimited Tax Bonds, Series 2013 (\$3,440,000)
- (4) Northwest Harris County Municipal Utility District No. 19 Unlimited Tax Bonds, Series 2014 (\$4,420,000)

Paying Agent/Registrar

- (1) (2) (3) (4) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19  
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>	<u>(8)</u>
Bond Series:	2014A	2015 Ref	2015	2018
Interest Rate:	4.00% to 5.25%	2.00% to 3.50%	3.00% to 3.875%	3.00% to 4.00%
Dates Interest Payable:	October 1/ April 1	October 1/ April 1	October 1/ April 1	October 1/ April 1
Maturity Dates:	October 1, 2019/2042	October 1, 2019/2035	October 1, 2019/2045	October 1, 2019/2045
Bonds Outstanding at Beginning of Current Year	\$ 10,225,000	\$ 18,405,000	\$ 11,750,000	\$ 5,840,000
Less Retirements	<u>(25,000)</u>	<u>(650,000)</u>	<u>(100,000)</u>	<u>0</u>
Bonds Outstanding at End of Current Year	<u>\$ 10,200,000</u>	<u>\$ 17,755,000</u>	<u>\$ 11,650,000</u>	<u>\$ 5,840,000</u>
Current Year Interest Paid	<u>\$ 413,656</u>	<u>\$ 551,450</u>	<u>\$ 441,812</u>	<u>\$ 228,492</u>

Bond Descriptions and Original Amount of Issue

- (5) Northwest Harris County Municipal Utility District No. 19 Unlimited Tax Bonds, Series 2014A (\$10,240,000)
- (6) Northwest Harris County Municipal Utility District No. 19 Unlimited Tax Refunding Bonds, Series 2015 (\$19,540,000)
- (7) Northwest Harris County Municipal Utility District No. 19 Unlimited Tax Bonds, Series 2015 (\$11,800,000)
- (8) Northwest Harris County Municipal Utility District No. 19 Unlimited Tax Bonds, Series 2018 (\$5,840,000)

Paying Agent/Registrar

- (5) (6) (7) (8) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19  
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>(9)</u>	<u>(10)</u>	<u>Totals</u>
Bond Series:	2018A	2019	
Interest Rate:	3.00% to 3.375%	2.50% to 5.00%	
Dates Interest Payable:	October 1/ April 1	October 1/ April 1	
Maturity Dates:	October 1, 2019/2045	October 1, 2021/2045	
Bonds Outstanding at Beginning of Current Year	\$ 3,900,000	\$	\$ 62,485,000
Add Bonds Sold		6,005,000	6,005,000
Less Retirements	<u>0</u>	<u>0</u>	<u>(1,195,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 3,900,000</u>	<u>\$ 6,005,000</u>	<u>\$ 67,295,000</u>
Current Year Interest Paid	<u>\$ 143,690</u>	<u>\$ 0</u>	<u>\$ 2,309,744</u>

Bond Descriptions and Original Amount of Issue

(9) Northwest Harris County Municipal Utility District No. 19 Unlimited Tax Park Bonds, Series 2018  
(\$3,900,000)

(10) Northwest Harris County Municipal Utility District No. 19 Unlimited Tax Bonds, Series 2019  
(\$6,005,000)

Paying Agent/Registrar

(9) (10) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 79,250,000	\$ 10,000,000	\$ 10,000,000
Amount Issued:	68,985,000	3,900,000	6,525,000
Remaining to be Issued:	10,265,000	6,100,000	3,475,000

Net Debt Service Fund deposits balances as of June 30, 2019: \$ 6,581,491  
Average annual debt service payment for remaining term of all debt: 3,968,755

See accompanying independent auditor's report.



NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
GENERAL FUND

FOR YEARS ENDED JUNE 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
<b>REVENUES</b>										
Property taxes	\$ 953,916	\$ 871,421	\$ 792,962	\$ 824,258	\$ 819,959	29.6 %	27.9 %	22.6 %	23.5 %	39.3%
Water service	499,116	532,648	529,186	445,624	332,646	15.6	17.1	15.1	12.8	16.0
Sewer service	543,895	538,420	516,458	450,134	343,978	16.9	17.2	14.8	12.9	16.5
Surface water fees	758,966	729,276	598,346	434,381	324,220	23.7	23.4	17.1	12.5	15.6
Penalty	16,200	13,577	23,170	19,824	13,675	0.5	0.4	0.7	0.6	0.7
Tap connection and inspection fees	240,609	300,751	938,072	1,227,132	167,690	7.5	9.6	26.8	35.2	8.1
Interest on prepaid surface water capital contribution	66,758	68,806	70,752	72,598	74,352	2.1	2.2	2.0	2.1	3.6
Interest and other revenues	129,635	66,677	31,201	14,958	3,584	4.1	2.2	0.9	0.4	0.2
<b>TOTAL REVENUES</b>	<b>3,209,095</b>	<b>3,121,576</b>	<b>3,500,147</b>	<b>3,488,909</b>	<b>2,080,104</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>EXPENDITURES</b>										
Service operations:										
Professional fees	327,914	345,572	328,386	239,472	176,692	10.2	11.1	9.4	6.9	8.5
Contracted services	121,569	121,399	115,077	112,732	97,424	3.8	3.9	3.3	3.2	4.7
Utilities	195,343	205,653	190,593	174,260	148,428	6.1	6.6	5.4	5.0	7.1
Surface water pumpage fees	880,776	919,477	659,249	505,513	405,734	27.4	29.4	18.9	14.5	19.5
Lease of sewage plant	0	0	0	0	41,070	0.0	0.0	0.0	0.0	2.0
Repairs and maintenance	554,718	601,674	495,387	498,896	412,439	17.3	19.3	14.2	14.3	19.8
Other operating expenditures	180,654	228,229	208,129	131,146	130,560	5.6	7.3	5.9	3.8	6.3
Security service	69,165	40,963	0	0	0	2.2	1.3	0.0	0.0	0.0
Garbage disposal	224,651	199,038	204,187	186,340	172,810	7.0	6.4	5.8	5.3	8.3
Administrative expenditures	77,594	81,514	82,721	90,998	70,515	2.4	2.6	2.4	2.6	3.4
Capital outlay	491,388	131,852	550,060	141,943	104,362	15.3	4.2	15.7	4.1	5.0
<b>TOTAL EXPENDITURES</b>	<b>3,123,772</b>	<b>2,875,371</b>	<b>2,833,789</b>	<b>2,081,300</b>	<b>1,760,034</b>	<b>97.3</b>	<b>92.1</b>	<b>81.0</b>	<b>59.7</b>	<b>84.6</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>\$ 85,323</b>	<b>\$ 246,205</b>	<b>\$ 666,358</b>	<b>\$ 1,407,609</b>	<b>\$ 320,070</b>	<b>2.7 %</b>	<b>7.9 %</b>	<b>19.0 %</b>	<b>40.3 %</b>	<b>15.4%</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>1,439</b>	<b>1,382</b>	<b>1,333</b>	<b>1,266</b>	<b>1,143</b>					
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>1,404</b>	<b>1,348</b>	<b>1,299</b>	<b>1,233</b>	<b>1,117</b>					

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
DEBT SERVICE FUND

FOR YEARS ENDED JUNE 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
REVENUES										
Property taxes	\$ 4,007,428	\$ 3,776,272	\$ 3,539,213	\$ 3,199,284	\$ 2,711,354	95.7 %	97.5 %	98.7 %	98.5 %	96.1 %
Penalty and interest	50,272	28,706	23,316	34,113	34,245	1.2	0.7	0.7	1.1	1.2
Accrued interest on bonds received at date of sale	7,557	6,203	0	0	62,256	0.2	0.2	0.0	0.0	2.2
Interest on deposits and investments and other	119,689	62,793	21,631	12,225	12,784	2.9	1.6	0.6	0.4	0.5
<b>TOTAL REVENUES</b>	<b>4,184,946</b>	<b>3,873,974</b>	<b>3,584,160</b>	<b>3,245,622</b>	<b>2,820,639</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
EXPENDITURES										
Current:										
Professional fees	31,187	52,862	35,921	40,662	40,644	0.7	1.4	1.0	1.3	1.4
Contracted services	57,196	56,648	52,760	48,860	45,387	1.4	1.5	1.5	1.5	1.6
Other expenditures	9,853	8,978	11,384	7,318	9,049	0.2	0.2	0.3	0.2	0.3
Debt service:										
Principal retirement	1,195,000	1,115,000	1,005,000	1,180,000	760,000	28.6	28.8	28.0	36.4	26.9
Refunding contribution	0	0	0	0	16,575	0.0	0.0	0.0	0.0	0.6
Interest and fees	2,316,494	1,974,372	2,007,038	2,095,569	1,353,117	55.4	50.9	56.0	64.5	48.1
<b>TOTAL EXPENDITURES</b>	<b>3,609,730</b>	<b>3,207,860</b>	<b>3,112,103</b>	<b>3,372,409</b>	<b>2,224,772</b>	<b>86.3</b>	<b>82.8</b>	<b>86.8</b>	<b>103.9</b>	<b>78.9</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>\$ 575,216</b>	<b>\$ 666,114</b>	<b>\$ 472,057</b>	<b>\$ (126,787)</b>	<b>\$ 595,867</b>	<b>13.7 %</b>	<b>17.2 %</b>	<b>13.2 %</b>	<b>(3.9) %</b>	<b>21.1 %</b>

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSJUNE 30, 2019

Complete District Mailing Address: Northwest Harris County Municipal Utility District No. 19  
c/o Young & Brooks  
10000 Memorial Drive, Suite 260  
Houston, Texas 77002

District Business Telephone No.: 713-951-0800

Submission date of the most recent District Registration Form: May 16, 2019

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Kevin P. Coyne 24906 Forest Augusta Drive Spring, Texas 77389	Elected 5/05/18- 5/07/22	\$ 2,850	\$ 357	President
Michelle Marek 7506 Raes Creek Drive Spring, Texas 77389	Elected 5/14/16- 5/02/20	1,200	270	Vice President
Roger Fleming 79 Shadow Creek Ridge Drive Spring, Texas 77389	Elected 5/05/18- 5/07/22	2,100	570	Secretary/ Treasurer/ Inv. Officer
Rusty Ritz 6718 Augusta Pines Parkway East Spring, Texas 77389	Elected 5/14/16- 5/02/20	1,950	450	Asst. Secretary
Felicia Davis 25815 Drybrook Road Spring, Texas 77389	Appointed 5/13/19- 5/07/22	150	53	Director

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 19BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)JUNE 30, 2019CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Young & Brooks 10000 Memorial Drive, Suite 260 Houston, Texas 77024	Prior to 6/30/88	\$ 298,047 155,125 Bonds	Attorney
Myrtle Cruz, Inc. 3401 Louisiana, Suite 400 Houston, Texas 77002	Prior to 6/30/88	18,035 2,500 Bonds	Bookkeeper
Hays Utility South Corporation P.O. Box 1209 Spring, Texas 77383	Prior to 6/30/88	393,461	Operator
R. G. Miller Engineers, Inc. 16340 Park Ten Place, Suite 350 Houston, Texas 77084	3/08/06	464,169	Engineer
Four & One, LLC 5315-B Cypress Creek Pkwy., No. 188 Houston, Texas 77069	11/09/15	48,705	Landscape Architects
Equi-Tax, Inc. P.O. Box 73109 Houston, Texas 77090	Prior to 6/30/88	26,055	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	36,173	Central Appraisal District
Rathmann & Associates, L.P. 8584 Katy Freeway, Suite 250 Houston, Texas 77024	5/08/03	121,600 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	10,950 750 Bonds	Independent Auditor

See accompanying independent auditor's report.