

**FORT BEND COUNTY MUNICIPAL
UTILITY DISTRICT NO. 136**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

June 30, 2019

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Independent Auditors' Report

Board of Directors
Fort Bend County Municipal Utility District No. 136
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 136, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Board of Directors
Fort Bend County Municipal Utility District No. 136
Fort Bend County, Texas***

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 136, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary 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. The information has been subjected to the auditing procedures applied to 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

WCG & Co, PLLC

Houston, Texas
October 14, 2019

Management's Discussion and Analysis

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***Fort Bend County Municipal Utility District No. 136
Management's Discussion and Analysis
June 30, 2019***

Using this Annual Report

Within this section of the financial report of Fort Bend County Municipal Utility District No. 136 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

Fort Bend County Municipal Utility District No. 136
Management's Discussion and Analysis
June 30, 2019

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. 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, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at June 30, 2019, was negative \$4,048,711. The District's net position is negative because the District incurs debt to construct water, sewer and drainage facilities and roads which it conveys to the City of Sugar Land. A comparative summary of the District's overall financial position, as of June 30, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 700,360	\$ 825,486
Capital assets	265,391	113,124
Total assets	<u>965,751</u>	<u>938,610</u>
Current liabilities	230,030	230,137
Long-term liabilities	4,784,432	4,944,365
Total liabilities	<u>5,014,462</u>	<u>5,174,502</u>
Net position		
Net investment in capital assets	191,546	77,226
Restricted	357,813	393,121
Unrestricted	<u>(4,598,070)</u>	<u>(4,706,239)</u>
Total net position	<u>\$ (4,048,711)</u>	<u>\$ (4,235,892)</u>

Fort Bend County Municipal Utility District No. 136
Management's Discussion and Analysis
June 30, 2019

The total net position of the District increased during the current fiscal year by \$187,181. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2019</u>	<u>2018</u>
Revenues		
Property taxes, penalties and interest	\$ 383,747	\$ 387,874
City of Sugar Land tax rebates	120,041	142,546
Other	<u>7,270</u>	<u>1,455</u>
Total revenues	<u>511,058</u>	<u>531,875</u>
Expenses		
Operating and administrative	123,610	118,715
Debt interest and fees	180,322	184,922
Developer interest	9,738	
Amortization	<u>10,207</u>	<u>4,189</u>
Total expenses	<u>323,877</u>	<u>307,826</u>
Change in net position	187,181	224,049
Net position, beginning of year	<u>(4,235,892)</u>	<u>(4,459,941)</u>
Net position, end of year	<u>\$ (4,048,711)</u>	<u>\$ (4,235,892)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of June 30, 2019, were \$679,462, which consists of \$271,849 in the General Fund and \$407,613 in the Debt Service Fund.

General Fund

A comparative summary of the General Fund's financial position as of June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Total assets	<u>\$ 284,311</u>	<u>\$ 372,542</u>
Total liabilities	\$ 6,794	\$ 5,314
Total deferred inflows	5,668	1,083
Total fund balance	<u>271,849</u>	<u>366,145</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 284,311</u>	<u>\$ 372,542</u>

***Fort Bend County Municipal Utility District No. 136
Management's Discussion and Analysis
June 30, 2019***

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	<u>2019</u>	<u>2018</u>
Total revenues	\$ 186,985	\$ 175,302
Total expenditures	<u>(281,281)</u>	<u>(101,586)</u>
Revenues over/(under) expenditures	<u>\$ (94,296)</u>	<u>\$ 73,716</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and assessed values increased from prior year.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Total assets	<u>\$ 416,049</u>	<u>\$ 452,944</u>
Total liabilities	\$ 7	\$ 29
Total deferred inflows	8,429	1,395
Total fund balance	<u>407,613</u>	<u>451,520</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 416,049</u>	<u>\$ 452,944</u>

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	<u>2019</u>	<u>2018</u>
Total revenues	\$ 312,455	\$ 355,355
Total expenditures	<u>(356,362)</u>	<u>(358,429)</u>
Revenues under expenditures	<u>\$ (43,907)</u>	<u>\$ (3,074)</u>

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues and City of Sugar Land tax rebates. The difference between these financial resources and debt service requirements resulted in a decrease in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

**Fort Bend County Municipal Utility District No. 136
Management's Discussion and Analysis
June 30, 2019**

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$148,546 less than budgeted. The *Budgetary Comparison Schedule* on page 30 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at June 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Capital assets being amortized		
Connection charges	\$ 304,921	\$ 142,447
Less accumulated amortization	<u>(39,530)</u>	<u>(29,323)</u>
Capital assets, net	<u>\$ 265,391</u>	<u>\$ 113,124</u>

The District and the City of Sugar Land (the "City") have entered into an agreement which obligates the District to construct water, wastewater, and certain storm drainage facilities to serve the District and, when completed, to convey title to the facilities to the City. Additional information is presented in Note 9.

Long-Term Debt and Related Liabilities

As of June 30, 2019, the developer claims he is owed \$985,699 for completed projects. However, these projects were not constructed pursuant to the requirements of the Financing Agreement. As discussed in Note 5, the District has an additional commitment in the amount of \$1,336,313 for projects under construction by the developers. As previously mentioned, the District will owe its developer for these projects upon completion of construction, when the requirements of the Financing Agreement are met, at which time the cost of the capital asset and related liability will be estimated and recorded on the District's financial statements. The estimated cost is trued up when the developer is reimbursed. The District may reimburse the developer from proceeds of future bond issues or surplus operating funds, both of which require TCEQ approval.

Fort Bend County Municipal Utility District No. 136
Management's Discussion and Analysis
June 30, 2019

At June 30, 2019 and 2018, the District had total bonded debt outstanding as shown below:

Series	2019	2018
2011	\$ 2,065,000	\$ 2,125,000
2013 Road	1,995,000	2,100,000
	<u>\$ 4,060,000</u>	<u>\$ 4,225,000</u>

At June 30, 2019, the District had \$17,625,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$2,900,000 for parks and recreational facilities; \$2,760,000 for road improvements and \$13,000,000 for refunding purposes.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	2019 Actual	2020 Budget
Total revenues	\$ 186,985	\$ 190,000
Total expenditures	<u>(281,281)</u>	<u>(131,600)</u>
Revenues over/(under) expenditures	(94,296)	58,400
Beginning fund balance	366,145	271,849
Ending fund balance	<u>\$ 271,849</u>	<u>\$ 330,249</u>

Property Taxes

The District's property tax base increased approximately \$10,152,000 for the 2019 tax year from \$91,613,972 to \$101,766,165. This increase was primarily due to increased property values. For the 2019 tax year, the District has levied a maintenance tax rate of \$0.235 per \$100 of assessed value; \$0.09 per 100 of assessed value for water, sewer and drainage debt service; and a road debt service tax rate of \$0.095 per \$100 of assessed value, for a total combined tax rate of \$0.42 per \$100. Tax rates for the 2018 tax year were \$0.205 per \$100 for maintenance and operations, \$0.105 per \$100 for water, sewer and drainage debt service and \$0.11 per \$100 for road debt service for a combined total of \$0.42 per \$100 of assessed value.

Basic Financial Statements

Fort Bend County Municipal Utility District No. 136
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2019

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets					
Cash	\$ 43,292	\$ 407,620	\$ 450,912	\$ -	\$ 450,912
Investments	231,630		231,630		231,630
Taxes receivable	5,668	8,429	14,097		14,097
Prepaid insurance	3,721		3,721		3,721
Capital assets, net				265,391	265,391
Total Assets	\$ 284,311	\$ 416,049	\$ 700,360	265,391	965,751
Liabilities					
Accounts payable	\$ 6,794	\$ -	\$ 6,794		6,794
Other payables		7	7		7
Accrued interest payable				58,229	58,229
Due to developer				985,699	985,699
Long-term debt					
Due within one year				165,000	165,000
Due after one year				3,798,733	3,798,733
Total Liabilities	6,794	7	6,801	5,007,661	5,014,462
Deferred Inflows of Resources					
Deferred property taxes	5,668	8,429	14,097	(14,097)	
Fund Balances/Net Position					
Fund Balances					
Nonspendable	3,721		3,721	(3,721)	
Restricted		407,613	407,613	(407,613)	
Unassigned	268,128		268,128	(268,128)	
Total Fund Balances	271,849	407,613	679,462	(679,462)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 284,311	\$ 416,049	\$ 700,360		
Net Position					
Net investment in capital assets				191,546	191,546
Restricted for debt service				357,813	357,813
Unrestricted				(4,598,070)	(4,598,070)
Total Net Position				\$ (4,048,711)	\$ (4,048,711)

See notes to basic financial statements.

Fort Bend County Municipal Utility District No. 136

**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	Total	Adjustments	Statement of Activities
Revenues					
Property taxes	\$ 180,493	\$ 189,157	\$ 369,650	\$ 9,389	\$ 379,039
Penalties and interest		2,479	2,479	2,229	4,708
City of Sugar Land tax rebates		120,041	120,041		120,041
Miscellaneous		35	35		35
Investment earnings	6,492	743	7,235		7,235
Total Revenues	186,985	312,455	499,440	11,618	511,058
Expenditures/Expenses					
Operating and administrative					
Professional fees	72,923		72,923		72,923
Contracted services	12,019	13,389	25,408		25,408
Administrative	23,992	739	24,731		24,731
Other	135	413	548		548
Capital outlay	162,474		162,474	(162,474)	
Debt service					
Principal		165,000	165,000	(165,000)	
Interest and fees		176,821	176,821	3,501	180,322
Developer interest	9,738		9,738		9,738
Amortization				10,207	10,207
Total Expenditures/Expenses	281,281	356,362	637,643	(313,766)	323,877
Revenues Over (Under)					
Expenditures	(94,296)	(43,907)	(138,203)	138,203	
Change in Net Position				187,181	187,181
Fund Balance/Net Position					
Beginning of the year	366,145	451,520	817,665	(5,053,557)	(4,235,892)
End of the year	\$ 271,849	\$ 407,613	\$ 679,462	\$ (4,728,173)	\$ (4,048,711)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 136 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality dated April 1, 2005 and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on June 13, 2005 and the first bonds were issued on December 15, 2011.

The District’s primary activities include construction of water, sewer, drainage and road facilities. As further discussed in Note 9, the District transfers these facilities to the City of Sugar Land upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The Governmental Accounting Standards Board has established the criteria for determining whether or not an entity is a primary government, a component unit of a primary government or a related organization. A primary government has a separately elected governing body; is legally separate; and is fiscally independent of other state and local governments. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has two governmental funds, which are both considered major funds.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes and City of Sugar Land tax rebates. Expenditures include costs incurred in assessing and collecting these taxes.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments, and City of Sugar Land tax rebates. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Note 1 – Summary of Significant Accounting Policies (continued)

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At June 30, 2019, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are amortized using the straight-line method as follows:

Assets	Useful Life
Impact fees	40 years (max)
Master District connection fees	40 years (max)

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Financial Resources (continued)

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District’s nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balances consist of City of Sugar Land tax rebates and property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned - all other spendable amounts in the General Fund.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to the City of Sugar Land and the value of capital assets for which the developer has not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Fort Bend County Municipal Utility District No. 136
Notes to Basic Financial Statements
June 30, 2019

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		\$ 679,462
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$ 304,921	
Less accumulated amortization	<u>(39,530)</u>	
Change due to capital assets		265,391
Amounts due to the District's developer for prefunded construction are recorded as a liability in the <i>Statement of Net Position</i> .		(985,699)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(3,963,733)	
Interest payable on bonds	<u>(58,229)</u>	
Change due to long-term debt		(4,021,962)
Property taxes receivable have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		14,097
Total net position - governmental activities		<u><u>\$ (4,048,711)</u></u>

Fort Bend County Municipal Utility District No. 136
Notes to Basic Financial Statements
June 30, 2019

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds	\$ (138,203)	
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes and related penalties and interest.		11,618
Governmental funds report capital outlays for reimbursements to developers as expenditures in the funds; however, in the <i>Statement of Activities</i> , impact fees paid to the City of Sugar Land are capitalized and charged to expense over the estimated useful life of the contract.		
Capital outlays	\$ 162,474	
Amortization expense	<u>(10,207)</u>	
		152,267
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Principal payments	165,000	
Interest expense accrual	<u>(3,501)</u>	
		161,499
Change in net position of governmental activities		<u><u>\$ 187,181</u></u>

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Note 3 – Deposits and Investments (continued)

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers’ acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District’s investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of June 30, 2019, the District’s investments consist of the following:

<u>Type</u>	<u>Fund</u>	<u>Carrying Value</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
TexSTAR	General	\$ 231,630	AAAm	15 days

TexSTAR

The District participates in Texas Short Term Asset Reserve fund (TexSTAR) which is managed by Hilltop Securities, Inc., and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

The District’s investment in TexSTAR is reported at fair value because TexSTAR uses fair value to report investments. Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District’s investment in TexSTAR is measured using published fair value per share (level 1 inputs).

Fort Bend County Municipal Utility District No. 136
Notes to Basic Financial Statements
June 30, 2019

Note 3 – Deposits and Investments (continued)

TexSTAR (continued)

Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Capital Assets

A summary of changes in capital assets, for the year ended June 30, 2019, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets being amortized			
Connection charges	\$ 142,447	\$ 162,474	\$ 304,921
Less accumulated amortization	(29,323)	(10,207)	(39,530)
Capital assets, net	<u>\$ 113,124</u>	<u>\$ 152,267</u>	<u>\$ 265,391</u>

Amortization expense for the current year was \$10,207.

Note 5 – Due to Developer

The District has entered into financing agreements with its developer for the financing of the construction of water, sewer, drainage, and road facilities. Under the agreements, the developer will advance funds for the construction of facilities to serve the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ and compliance with terms of the Financing Agreement. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed. Changes in estimated amounts due to developer during the year are as follows:

Due to developer, beginning of year	\$ 985,699
Developer reimbursements	(162,474)
Developer funded additions and adjustments	162,474
Due to developer, end of year	<u>\$ 985,699</u>

Fort Bend County Municipal Utility District No. 136
Notes to Basic Financial Statements
June 30, 2019

Note 5 – Due to Developer (continued)

In addition, the District will owe the developer approximately \$1,336,313, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District’s auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Amounts Paid	Potential Remaining Commitment
Water, sewer and drainage facilities to serve Crossing at Telfair, Section 4, Phase II	\$ 901,313	\$ 804,925	\$ 96,388
Public waterline and sanitary sewer to serve Telfair Office Park	435,000	315,216	119,784
	<u>\$ 1,336,313</u>	<u>\$ 1,120,141</u>	<u>\$ 216,172</u>

Note 6 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 4,060,000
Unamortized discounts	<u>(96,267)</u>
	<u>\$ 3,963,733</u>
 Due within one year	 <u>\$ 165,000</u>

The District’s bonds payable at June 30, 2019, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2011	\$ 2,065,000	\$ 2,375,000	4.0% - 5.1%	September 1, 2013/2037	September 1, March 1	September 1, 2020
2013 Road	1,995,000	2,525,000	2.0% - 4.0%	September 1, 2014/2037	September 1, March 1	September 1, 2020
	<u>\$ 4,060,000</u>					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

Fort Bend County Municipal Utility District No. 136
Notes to Basic Financial Statements
June 30, 2019

Note 6 – Long-Term Debt (continued)

At June 30, 2019, the District had authorized but unissued bonds in the amount of \$17,625,000 for water, sewer and drainage facilities; \$2,900,000 for park and recreational facilities; \$2,760,000 for road improvements; and \$13,000,000 for refunding purposes.

The change in the District’s long term debt during the year is as follows:

Bonds payable, beginning of year	\$ 4,225,000
Bonds retired	<u>(165,000)</u>
Bonds payable, end of year	<u><u>\$ 4,060,000</u></u>

As of June 30, 2019, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2020	\$ 165,000	\$ 170,737	\$ 335,737
2021	170,000	165,443	335,443
2022	175,000	159,521	334,521
2023	180,000	153,090	333,090
2024	185,000	146,197	331,197
2025	190,000	139,078	329,078
2026	195,000	131,457	326,457
2027	200,000	123,269	323,269
2028	205,000	114,561	319,561
2029	210,000	105,420	315,420
2030	215,000	95,845	310,845
2031	220,000	86,020	306,020
2032	225,000	75,945	300,945
2033	235,000	65,430	300,430
2034	240,000	54,473	294,473
2035	250,000	43,133	293,133
2036	260,000	31,283	291,283
2037	265,000	19,050	284,050
2038	275,000	6,435	281,435
	<u><u>\$ 4,060,000</u></u>	<u><u>\$ 1,886,386</u></u>	<u><u>\$ 5,946,386</u></u>

Fort Bend County Municipal Utility District No. 136
Notes to Basic Financial Statements
June 30, 2019

Note 7 – Property Taxes

On September 10, 2005, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. On May 12, 2007, the voters of the District authorized the District’s Board of Directors to levy taxes annually for maintenance of road facilities limited to \$0.25 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Fort Bend Central Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2019 fiscal year was financed through the 2018 tax levy, pursuant to which the District levied property taxes of \$0.42 per \$100 of assessed value, of which \$0.205 was allocated to maintenance and operations; \$0.105 was allocated to water, sewer and drainage debt service; and \$0.11 was allocated to road debt service. The resulting tax levy was \$384,779 on the adjusted taxable value of \$91,613,972.

Property taxes receivable, at June 30, 2019, consisted of the following:

Current year taxes receivable	\$ 9,546
Prior years taxes receivable	<u>2,322</u>
	11,868
Penalty and interest receivable	<u>2,229</u>
Property taxes receivable	<u><u>\$ 14,097</u></u>

Note 8 – Master District Facilities

The District has entered into agreements with Fort Bend County Municipal Utility District No. 137, Fort Bend County Municipal Utility District No. 138, and Fort Bend County Municipal Utility District No. 139 (the “Participating Districts”) to construct certain regional water, sewer and drainage improvements (“Master District Facilities”) to serve the Telfair master planned community. The District serves as the Master District and is reimbursed by the Participating Districts on a pro-rata basis for costs related to the construction of the Master District Facilities as a capital recovery charge (the “Master District Connection Charge”). The Master District Connection Charge is set by the District and may be amended without approval by the District at any time. Due to the adoption of the Agreement (described below), the District no longer collects these connection charges.

Note 8 – Master District Facilities (continued)

On August 8, 2016, the District and the Participating Districts entered into a Cost Sharing Agreement for Construction of Facilities (the “Agreement”). Pursuant to the Agreement, costs associated with the construction of certain shared facilities to serve the Telfair master planned community were allocated between the Participating Districts on a pro-rata basis based on capacity provided by the shared facilities. The reallocation was based on each Participating District’s capacity as of June 30, 2016 and all of the Participating Districts’ shares have been paid.

Note 9 – Utility Agreement with the City of Sugar Land

Residents of the District receive water and wastewater treatment service from the City of Sugar Land (the “City”) pursuant to a Utility Agreement between the District’s developers and the City, dated July 21, 2005, later assigned to the District by Board approval. As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend water, sanitary sewer and drainage facilities (the “System”) to serve land in the District and, when completed in accordance with approved plans and specifications, to convey title to the System to the City. The City then operates and maintains the System, and is responsible for establishing water and sewer rates and billing and collecting for such services. The Utility Agreement provides that the District retains a security interest in the System to secure the City’s performance under the Utility Agreement until the District’s bonds have been fully paid, at which time the District will execute a release of such interest, and the City will own the System unencumbered.

The District has agreed to extend the System to serve future users as necessary so that ultimately all land owners in the District will be able to receive services from the System. However, the District’s obligation to extend the System is conditioned upon the Developer’s continuing with its development program, the City’s performing under the provisions of the Utility Agreement, the satisfaction of certain determinations of economic feasibility, governmental agency approvals and the ability to sell additional bonds. The term of the Utility Agreement is forty years.

The Utility Agreement further requires the District to pay the City a one-time capital recovery charge (the “City Connection Charge”) to purchase water supply and wastewater treatment capacity in the City’s existing system. The City Connection Charge is set by the City and may be amended without the District’s consent at any time. The connection fee will be paid at the time the plant is recorded and prior to any tap into the System to service the area. The District has purchased sufficient capacity to serve all of the single family residential lots developed in the District.

The City levies and collects ad valorem taxes on all property within the District, as it does with any other property within the City. Pursuant to the Utility Agreement, the City has agreed to rebate to the District fifty percent (50%) of such City taxes collected upon taxable property within the District beginning on February 28 of the year following the year in which the District levies a debt service tax, and each ninety days thereafter. The amount of rebate payments will vary with changes in the City’s tax rate and the District’s appraised valuation. Consequently, the amounts subject to rebate by the City will vary from year to year. During the current year, the District recognized \$120,041 in revenue from tax rebates from the City.

Fort Bend County Municipal Utility District No. 136
Notes to Basic Financial Statements
June 30, 2019

Note 10 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 11 – Concentration of Risk

Approximately 67% of the taxable property within the District is owned by the top 10 taxpayers. Since property taxes are the primary source of revenue for both the General Fund and the Debt Service Fund, the continued ability of these taxpayers to continue to pay their property taxes is an important factor in the District's ability to meet its future obligations.

Required Supplementary Information

*Fort Bend County Municipal Utility District No. 136
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended June 30, 2019*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 184,000	\$ 180,493	\$ (3,507)
Investment earnings	600	6,492	5,892
Total Revenues	<u>184,600</u>	<u>186,985</u>	<u>2,385</u>
Expenditures			
Operations and administration			
Professional fees	90,250	72,923	17,327
Contracted services	12,600	12,019	581
Administrative	25,500	23,992	1,508
Other	2,000	135	1,865
Capital outlay		162,474	(162,474)
Developer interest		9,738	(9,738)
Total Expenditures	<u>130,350</u>	<u>281,281</u>	<u>(150,931)</u>
Revenues Over/(Under) Expenditures	54,250	(94,296)	(148,546)
Fund Balance			
Beginning of the year	366,145	366,145	
End of the year	<u>\$ 420,395</u>	<u>\$ 271,849</u>	<u>\$ (148,546)</u>

*Fort Bend County Municipal Utility District No. 136
Notes to Required Supplementary Information
June 30, 2019*

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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Texas Supplementary Information

Fort Bend County Municipal Utility District No. 136

TSI-1. Services and Rates

June 30, 2019

1. Services provided by the District During the Fiscal Year:

- Retail Water Wholesale Water Solid Waste/Garbage Drainage
 Retail Wastewater Wholesale Wastewater Flood Control Irrigation
 Parks/Recreation Fire Protection Roads Security
 Participates in joint venture, regional system and/or wastewater service (other than emergency interconn
 Other (Specify): Water and sewer services are provided by the City of Sugar Land

2. Retail Service Providers

(You may omit this information if your district does not provide retail services)

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage Yes No

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 136
TSI-1. Services and Rates
June 30, 2019

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):
(You may omit this information if your district does not provide water)

Gallons pumped into system: N/A Water Accountability Ratio:
(Gallons billed / Gallons pumped)
Gallons billed to customers: N/A N/A

4. Standby Fees (authorized only under TWC Section 49.231):
(You may omit this information if your district does not levy standby fees)

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: _____

5. Location of District (required for first audit year or when information changes,
otherwise this information may be omitted):

Is the District located entirely within one county? Yes No

County(ies) in which the District is located: Fort Bend County

Is the District located within a city? Entirely Partly Not at all

City(ies) in which the District is located: City of Sugar Land

Is the District located within a city's extra territorial jurisdiction (ETJ)?
Entirely Partly Not at all

ETJs in which the District is located: _____

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom? _____

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 136
 TSI-2 General Fund Expenditures
 For the Year Ended June 30, 2019*

Professional fees		
Legal	\$	56,077
Audit		12,500
Engineering		4,346
		<u>72,923</u>
Contracted services		
Bookkeeping		<u>12,019</u>
Administrative		
Directors fees		9,900
Printing and office supplies		2,124
Insurance		3,903
Other		8,065
		<u>23,992</u>
Other		<u>135</u>
Capital outlay		<u>162,474</u>
Developer interest		<u>9,738</u>
Total expenditures	\$	<u><u>281,281</u></u>

Reporting of Utility Services in Accordance with HB 3693:

	<u>Usage</u>	<u>Cost</u>
Electrical	N/A	N/A
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 136

TSI-3. Investments

June 30, 2019

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
TexStar	Variable	N/A	\$ 231,630

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 136
TSI-4. Taxes Levied and Receivable
June 30, 2019

	Maintenance Taxes	W-S-D Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 1,083	\$ 644	\$ 751	\$ 2,478
Adjustments	(2,733)	(1,435)	(1,572)	(5,740)
Adjusted Receivable	(1,650)	(791)	(821)	(3,262)
2018 Original Tax Levy	188,682	96,642	101,244	386,568
Adjustments	(873)	(447)	(469)	(1,789)
Adjusted Tax Levy	187,809	96,195	100,775	384,779
Total to be accounted for	186,159	95,404	99,954	381,517
Tax collections:				
Current year	183,150	93,808	98,275	375,233
Prior years	(2,659)	(1,396)	(1,529)	(5,584)
Total Collections, net of refunds	180,491	92,412	96,746	369,649
Taxes Receivable, End of Year	\$ 5,668	\$ 2,992	\$ 3,208	\$ 11,868
Taxes Receivable, By Years				
2018	\$ 4,659	\$ 2,387	\$ 2,500	\$ 9,546
2017	604	317	348	1,269
2016	328	235	297	860
2015 and prior	77	53	63	193
Taxes Receivable, End of Year	\$ 5,668	\$ 2,992	\$ 3,208	\$ 11,868
	2018	2017	2016	2015
Property Valuations:				
Land	\$ 32,421,770	\$ 33,873,610	\$ 32,324,480	\$ 33,130,410
Improvements	49,330,412	48,165,247	42,672,420	39,241,450
Personal Property	10,122,180	8,837,710	10,047,730	9,576,770
Exemptions	(260,390)	(260,900)	(99,090)	(73,590)
Total Property Valuations	\$ 91,613,972	\$ 90,615,667	\$ 84,945,540	\$ 81,875,040
Tax Rates per \$100 Valuation:				
Maintenance tax rates (1)	\$ 0.205	\$ 0.200	\$ 0.160	\$ 0.160
W-S-D debt service tax rates	0.105	0.105	0.115	0.125
Road debt service tax rates	0.110	0.115	0.145	0.145
Total Tax Rates per \$100 Valuation	\$ 0.420	\$ 0.420	\$ 0.420	\$ 0.430
Adjusted Tax Levy:	\$ 384,779	\$ 380,586	\$ 356,771	\$ 352,063
Percentage of Taxes Collected to Taxes Levied **	97.52%	99.67%	99.76%	99.95%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on September 10, 2005

* Maximum Road Facilities Maintenance Tax Rate Approved by Voters: \$0.25 on May 12, 20

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

(1) The District has only levied a maintenance tax for operation purposes and not for road maintenance.

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 136
TSI-5. Long-Term Debt Service Requirements
Series 2011--by Years
June 30, 2019

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2020	\$ 60,000	\$ 100,492	\$ 160,492
2021	65,000	97,849	162,849
2022	70,000	94,894	164,894
2023	75,000	91,612	166,612
2024	80,000	88,048	168,048
2025	85,000	84,189	169,189
2026	90,000	80,033	170,033
2027	95,000	75,520	170,520
2028	100,000	70,645	170,645
2029	105,000	65,520	170,520
2030	110,000	60,145	170,145
2031	115,000	54,520	169,520
2032	120,000	48,645	168,645
2033	130,000	42,330	172,330
2034	135,000	35,573	170,573
2035	145,000	28,433	173,433
2036	155,000	20,783	175,783
2037	160,000	12,750	172,750
2038	170,000	4,335	174,335
	<u>\$ 2,065,000</u>	<u>\$ 1,156,316</u>	<u>\$ 3,221,316</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 136
 TSI-5. Long-Term Debt Service Requirements
 Series 2013 Road--by Years
 June 30, 2019*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2020	\$ 105,000	\$ 70,245	\$ 175,245
2021	105,000	67,594	172,594
2022	105,000	64,627	169,627
2023	105,000	61,478	166,478
2024	105,000	58,149	163,149
2025	105,000	54,889	159,889
2026	105,000	51,424	156,424
2027	105,000	47,749	152,749
2028	105,000	43,916	148,916
2029	105,000	39,900	144,900
2030	105,000	35,700	140,700
2031	105,000	31,500	136,500
2032	105,000	27,300	132,300
2033	105,000	23,100	128,100
2034	105,000	18,900	123,900
2035	105,000	14,700	119,700
2036	105,000	10,500	115,500
2037	105,000	6,300	111,300
2038	105,000	2,100	107,100
	<u>\$ 1,995,000</u>	<u>\$ 730,070</u>	<u>\$ 2,725,070</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 136
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
June 30, 2019

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2020	\$ 165,000	\$ 170,737	\$ 335,737
2021	170,000	165,443	335,443
2022	175,000	159,521	334,521
2023	180,000	153,090	333,090
2024	185,000	146,197	331,197
2025	190,000	139,078	329,078
2026	195,000	131,457	326,457
2027	200,000	123,269	323,269
2028	205,000	114,561	319,561
2029	210,000	105,420	315,420
2030	215,000	95,845	310,845
2031	220,000	86,020	306,020
2032	225,000	75,945	300,945
2033	235,000	65,430	300,430
2034	240,000	54,473	294,473
2035	250,000	43,133	293,133
2036	260,000	31,283	291,283
2037	265,000	19,050	284,050
2038	275,000	6,435	281,435
	<u>\$ 4,060,000</u>	<u>\$ 1,886,386</u>	<u>\$ 5,946,386</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 136
TSI-6. Change in Long-Term Bonded Debt
June 30, 2019

	Bond Issue		Totals
	Series 2011	Series 2013 Road	
Interest rate	4.00% - 5.10%	2.00% - 4.00%	
Dates interest payable	9/1; 3/1	9/1; 3/1	
Maturity dates	9/1/13 - 9/1/37	9/1/14 - 9/1/37	
Beginning bonds outstanding	\$ 2,125,000	\$ 2,100,000	\$ 4,225,000
Bonds retired	<u>(60,000)</u>	<u>(105,000)</u>	<u>(165,000)</u>
Ending bonds outstanding	<u>\$ 2,065,000</u>	<u>\$ 1,995,000</u>	<u>\$ 4,060,000</u>
Interest paid during fiscal year	<u>\$ 102,938</u>	<u>\$ 72,634</u>	<u>\$ 175,572</u>

Paying agent's name and city
All Series The Bank of New York Mellon Trust Company - Dallas, Texas

	Water, Sewer and Drainage Bonds	Recreational Facilities Bonds	Road Bonds	Refunding Bonds
	Bond Authority:			
Amount Authorized by Voters	\$ 20,000,000	\$ 2,900,000	\$ 5,285,000	\$ 13,000,000
Amount Issued	<u>(2,375,000)</u>		<u>(2,525,000)</u>	
Remaining To Be Issued	<u>\$ 17,625,000</u>	<u>\$ 2,900,000</u>	<u>\$ 2,760,000</u>	<u>\$ 13,000,000</u>

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash balances as of June 30, 2019: \$ 407,620

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 312,968

See accompanying auditors' report.

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Fort Bend County Municipal Utility District No. 136
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2019	2018	2017	2016	2015
Revenues					
Property taxes	\$ 180,493	\$ 174,592	\$ 135,128	\$ 131,389	\$ 140,426
Master District connection charges			38,450	195,685	
Investment earnings	6,492	710	606	502	585
Total Revenues	186,985	175,302	174,184	327,576	141,011
Expenditures					
Operations and administration					
Professional fees	72,923	68,084	71,059	64,222	65,298
Contracted services	12,019	12,413	12,600	12,225	12,000
Administrative	23,992	21,089	23,904	18,799	21,180
Other	135		265		
Capital outlay	162,474		120,629	310,152	
Developer interest	9,738		746	483	
Total Expenditures	281,281	101,586	229,203	405,881	98,478
Revenues Over (Under) Expenditures	\$ (94,296)	\$ 73,716	\$ (55,019)	\$ (78,305)	\$ 42,533

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2019	2018	2017	2016	2015
97%	100%	78%	40%	100%
		22%	60%	
3%	*	*	*	*
100%	100%	100%	100%	100%
39%	39%	41%	20%	46%
6%	7%	7%	4%	9%
13%	12%	14%	6%	15%
*		*		
87%		69%	95%	
5%		*	*	
145%	58%	131%	125%	70%
(45%)	42%	(31%)	(25%)	30%

Fort Bend County Municipal Utility District No. 136

TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund

For the Last Five Fiscal Years

	Amounts				
	2019	2018	2017	2016	2015
Revenues					
Property taxes	\$ 189,157	\$ 210,515	\$ 219,487	\$ 221,719	\$ 218,206
Penalties and interest	2,479	1,549	2,718	994	1,302
City of Sugar Land tax rebates	120,041	142,546	133,184	122,991	143,162
Miscellaneous	35				
Investment earnings	743	745	411	495	477
Total Revenues	312,455	355,355	355,800	346,199	363,147
Expenditures					
Tax collection services	14,541	17,129	16,934	14,448	11,554
Debt service					
Principal	165,000	160,000	160,000	155,000	155,000
Interest and fees	176,821	181,300	185,600	189,800	193,850
Total Expenditures	356,362	358,429	362,534	359,248	360,404
Revenues Over (Under) Expenditures	\$ (43,907)	\$ (3,074)	\$ (6,734)	\$ (13,049)	\$ 2,743
Total Active Retail Water Connections	N/A	N/A	N/A	N/A	N/A
Total Active Retail Wastewater Connections	N/A	N/A	N/A	N/A	N/A

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2019	2018	2017	2016	2015
61%	60%	62%	64%	61%
1%	*	1%	*	*
38%	40%	37%	36%	39%
*				
*	*	*	*	*
100%	100%	100%	100%	100%
5%	5%	5%	4%	3%
53%	45%	45%	45%	43%
57%	51%	52%	55%	53%
115%	101%	102%	104%	99%
(15%)	(1%)	(2%)	(4%)	1%

Fort Bend County Municipal Utility District No. 136
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended June 30, 2019

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027
 District Business Telephone Number: (713) 860-6400
 Submission Date of the most recent District Registration Form
 (TWC Sections 36.054 and 49.054): May 14, 2018
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
 (Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
William Barnes	5/18 to 5/22	\$ 2,250	\$ 358	President
Charles Partin	5/16 to 5/20	1,800	1,196	Vice President
Amanda Malone	5/18 to 5/22	1,050	215	Secretary
Mike Thelen	5/16 to 5/20	1,500	142	Assistant Secretary
Virginia Neiser	5/16 to 5/20	2,700	185	Assistant Vice President
		<u>Amounts Paid</u>		
Consultants				
Allen Boone Humphries Robinson LLP <i>General legal fees</i>	2005	\$ 56,077		Attorney
Myrtle Cruz, Inc.	2005	12,019		Bookkeeper
Tax Tech, Inc.	2005	10,800		Tax Collector
Fort Bend Central Appraisal District	Legislation	2,589		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	2006	51		Delinquent Tax Attorney
LJA Engineering	2005	4,346		Engineer
McGrath & Co., PLLC	Annual	12,500		Auditor
Masterson Advisors LLC	2018			Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
 See accompanying auditors' report.