

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT

FORT BEND COUNTY AND HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2018

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT

FORT BEND COUNTY AND HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8-11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	13-16
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	17-18
NOTES TO THE FINANCIAL STATEMENTS	19-32
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	34
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	36-38
GENERAL FUND EXPENDITURES	39-40
INVESTMENTS	41
TAXES LEVIED AND RECEIVABLE	42-43
LONG-TERM DEBT SERVICE REQUIREMENTS	44-49
CHANGE IN LONG-TERM BOND DEBT	50-51
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	52-55
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	56-57

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Mission Glen Municipal
Utility District
Fort Bend County and Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of North Mission Glen Municipal Utility District (the "District"), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
North Mission Glen Municipal
Utility District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of August 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

December 11, 2018

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2018**

Management's discussion and analysis of North Mission Glen Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2018. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has two governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2018**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows exceeded liabilities by \$3,803,072 as of August 31, 2018.

A portion of the District's net position reflects its net investment in capital assets (e.g. land, buildings and equipment as well as water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding).

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2018	2017	Change Positive (Negative)
Current and Other Assets	\$ 9,915,326	\$ 9,470,801	\$ 444,525
Capital Assets (Net of Accumulated Depreciation)	18,749,835	19,439,770	(689,935)
Total Assets	\$ 28,665,161	\$ 28,910,571	\$ (245,410)
Deferred Outflows of Resources	\$ 114,553	\$ -0-	\$ 114,553
Long-Term Liabilities	\$ 22,863,865	\$ 23,669,812	\$ 805,947
Other Liabilities	2,112,777	2,162,550	49,773
Total Liabilities	\$ 24,976,642	\$ 25,832,362	\$ 855,720
Net Position:			
Net Investment in Capital Assets	\$ (5,139,477)	\$ (5,255,042)	\$ 115,565
Restricted	3,209,995	3,105,975	104,020
Unrestricted	5,732,554	5,227,276	505,278
Total Net Position	\$ 3,803,072	\$ 3,078,209	\$ 724,863

The following table provides a summary of the District's operations for the years ending August 31, 2018, and August 31, 2017.

	Summary of Changes in the Statement of Activities		
	2018	2017	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,386,340	\$ 2,259,119	\$ 127,221
Charges for Services	2,686,746	2,549,591	137,155
Other Revenues	126,455	88,250	38,205
Total Revenues	\$ 5,199,541	\$ 4,896,960	\$ 302,581
Expenses for Services	(4,474,678)	(4,369,635)	(105,043)
Change in Net Position	\$ 724,863	\$ 527,325	\$ 197,538
Net Position, Beginning of Year	3,078,209	2,550,884	527,325
Net Position, End of Year	\$ 3,803,072	\$ 3,078,209	\$ 724,863

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2018, were \$9,125,859, an increase of \$544,479 from the prior year.

The General Fund fund balance increased by \$496,587, primarily due to operating revenues and property tax collections exceeding operating costs and capital outlay.

The Debt Service Fund fund balance increased by \$47,892, primarily due to a timing difference between tax collections and debt service payments, and issuance of Series 2017 Refunding bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the fiscal year to increase revenues by \$214,761 and increase expenditures by \$253,168. Actual revenues were \$25,631 more than budgeted revenues. Actual expenditures were \$287,317 less than budgeted expenditures.

CAPITAL ASSETS

Capital assets as of August 31, 2018, total \$18,749,835 (net of accumulated depreciation) and include land, buildings and equipment as well as the water, wastewater and drainage systems. Significant additions were for water plant repainting and improvements.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2018	2017	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 423,102	\$ 423,102	\$
Construction in Progress	217,072	32,877	184,195
Capital Assets, Net of Accumulated Depreciation:			
Water System	4,561,697	4,914,371	(352,674)
Wastewater System	7,744,688	8,042,610	(297,922)
Drainage System	5,538,246	5,750,725	(212,479)
Drainage Impact Fees	265,030	276,085	(11,055)
Total Net Capital Assets	\$ 18,749,835	\$ 19,439,770	\$ (689,935)

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

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2018**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$23,105,000. The changes in the debt position of the District during the fiscal year ended August 31, 2018, are summarized as follows:

Bond Debt Payable, September 1, 2017	\$ 23,940,000
Add: Series 2017 Refunding Bonds	5,160,000
Less: Bond Principal Retired	<u>5,995,000</u>
Bond Debt Payable, August 31, 2018	<u>\$ 23,105,000</u>

The District’s bonds have an underlying rating of “A-” from Standard & Poor’s Ratings Services (“S&P”). The Series 2010 Refunding Bonds, Series 2012 Refunding Bonds, Series 2013 Refunding Bonds and Series 2017 Refunding Bonds carry an insured rating of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The Series 2011 bonds are not insured.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to North Mission Glen Municipal Utility District, c/o Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, TX 77046-0307.

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2018**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 1,793,335	\$ 671,125
Investments	4,103,451	1,354,975
Cash with Paying Agent		1,565,631
Receivables:		
Property Taxes	6,971	39,408
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Doubtful Accounts of \$3,500)	173,438	
Accrued Interest	10,213	837
Due from Other Funds		3,456
Prepaid Costs		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 6,087,408	\$ 3,635,432
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,087,408	\$ 3,635,432

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 2,464,460	\$	\$ 2,464,460
5,458,426		5,458,426
1,565,631		1,565,631
46,379		46,379
	8,287	8,287
173,438		173,438
11,050		11,050
3,456	(3,456)	
	187,655	187,655
	423,102	423,102
	217,072	217,072
	<u>18,109,661</u>	<u>18,109,661</u>
<u>\$ 9,722,840</u>	<u>\$ 18,942,321</u>	<u>\$ 28,665,161</u>
<u>\$ -0-</u>	<u>\$ 114,553</u>	<u>\$ 114,553</u>
<u>\$ 9,722,840</u>	<u>\$ 19,056,874</u>	<u>\$ 28,779,714</u>

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

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2018**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 135,763	\$ 3,332
Due to Other Governments	81,563	
Accrued Interest Payable		
Due to Other Funds	3,456	
Due to Taxpayers		4,761
Security Deposits	321,727	
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	\$ 542,509	\$ 8,093
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 6,971	\$ 39,408
 FUND BALANCES		
Restricted for Debt Service	\$	\$ 3,587,931
Unassigned	5,537,928	
TOTAL FUND BALANCES	\$ 5,537,928	\$ 3,587,931
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,087,408	\$ 3,635,432
 NET POSITION		
Net Investment in Capital Assets		
Restricted for:		
Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 139,095	\$	\$ 139,095
81,563		81,563
	425,631	425,631
3,456	(3,456)	
4,761		4,761
321,727		321,727
	1,140,000	1,140,000
	<u>22,863,865</u>	<u>22,863,865</u>
<u>\$ 550,602</u>	<u>\$ 24,426,040</u>	<u>\$ 24,976,642</u>
\$ 46,379	\$ (46,379)	\$ -0-
\$ 3,587,931	\$ (3,587,931)	\$
<u>5,537,928</u>	<u>(5,537,928)</u>	
<u>\$ 9,125,859</u>	<u>\$ (9,125,859)</u>	<u>\$ - 0 -</u>
<u>\$ 9,722,840</u>		
	\$ (5,139,477)	\$ (5,139,477)
	3,209,995	3,209,995
	<u>5,732,554</u>	<u>5,732,554</u>
	<u>\$ 3,803,072</u>	<u>\$ 3,803,072</u>

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

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2018**

Total Fund Balances - Governmental Funds \$ 9,125,859

Amounts reported for governmental activities in the Statement of Net Position are different because:

Bond insurance premiums paid at closing are amortized over the term of the refunding bonds in the government-wide financial statements. 187,655

The difference between the net carrying amount of the refunded bonds and the reacquisition price is recorded as a deferred outflow of resources in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 114,553

Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 18,749,835

Deferred inflows of resources related to property tax revenues and penalty and interest receivables on delinquent taxes for the 2017 and prior tax levies became part of recognized revenues in the governmental activities of the District. 54,666

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

Accrued Interest Payable	\$ (425,631)	
Bonds Payable Within One Year	(1,140,000)	
Bonds Payable After One Year	<u>(22,863,865)</u>	<u>(24,429,496)</u>

Total Net Position - Governmental Activities \$ 3,803,072

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

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**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2018**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 410,315	\$ 1,966,305
Water Service	690,154	
Wastewater Service	931,759	
Regional Water Authority Fees	893,661	
Transfer and Reconnection Fees	31,004	
Penalty and Interest	53,235	26,794
Tap Connection and Inspection Fees	58,800	
Investment Revenues	53,722	32,376
Miscellaneous Revenues	40,357	
TOTAL REVENUES	\$ 3,163,007	\$ 2,025,475
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 106,913	\$ 27,437
Contracted Services	1,257,148	61,098
Purchased Water Service	558,867	
Utilities	147,176	
Regional Water Authority Assessments	260,922	
Repairs and Maintenance	46,568	
Depreciation		
Other	99,831	5,451
Capital Outlay	188,995	
Debt Service:		
Bond Principal		1,025,000
Bond Interest		852,235
Bond Issuance Costs		278,258
Payment to Refunded Bond Escrow Agent		12,000
TOTAL EXPENDITURES/EXPENSES	\$ 2,666,420	\$ 2,261,479
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 496,587	\$ (236,004)

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 2,376,620	\$ 9,720	\$ 2,386,340
690,154		690,154
931,759		931,759
893,661		893,661
31,004		31,004
80,029	1,339	81,368
58,800		58,800
86,098		86,098
40,357		40,357
<u>\$ 5,188,482</u>	<u>\$ 11,059</u>	<u>\$ 5,199,541</u>
\$ 134,350	\$	\$ 134,350
1,318,246		1,318,246
558,867		558,867
147,176		147,176
260,922		260,922
46,568	4,800	51,368
	874,130	874,130
105,282		105,282
188,995	(188,995)	
1,025,000	(1,025,000)	
852,235	(87,449)	764,786
278,258	(18,707)	259,551
12,000	(12,000)	
<u>\$ 4,927,899</u>	<u>\$ (453,221)</u>	<u>\$ 4,474,678</u>
<u>\$ 260,583</u>	<u>\$ 464,280</u>	<u>\$ 724,863</u>

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

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2018**

	<u>General Fund</u>	<u>Debt Service Fund</u>
OTHER FINANCING SOURCES (USES)		
Refunding Bonds	\$	\$ 5,160,000
Payment to Refunded Bond Escrow Agent		(5,064,163)
Bond Discount		(6,018)
Bond Premium		194,077
	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -0-</u>	<u>\$ 283,896</u>
NET CHANGE IN FUND BALANCES	\$ 496,587	\$ 47,892
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2017	<u>5,041,341</u>	<u>3,540,039</u>
FUND BALANCES/NET POSITION - AUGUST 31, 2018	<u>\$ 5,537,928</u>	<u>\$ 3,587,931</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 5,160,000	\$ (5,160,000)	\$
(5,064,163)	5,064,163	
(6,018)	6,018	
<u>194,077</u>	<u>(194,077)</u>	<u> </u>
<u>\$ 283,896</u>	<u>\$ (283,896)</u>	<u>\$ -0-</u>
\$ 544,479	\$ (544,479)	\$
	724,863	724,863
<u>8,581,380</u>	<u>(5,503,171)</u>	<u>3,078,209</u>
<u>\$ 9,125,859</u>	<u>\$ (5,322,787)</u>	<u>\$ 3,803,072</u>

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

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018**

Net Change in Fund Balances - Governmental Funds \$ 544,479

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied. 9,720

Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when the penalty and interest are assessed. 1,339

Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (874,130)

Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities. 184,195

Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected. 1,025,000

Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the debt through fiscal year-end. 87,449

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

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018**

<p>Governmental funds report bond proceeds as an other financing source. In the government-wide financial statements, the issuance of long-term debt increases liabilities in the Statement of Net Position and does not affect the Statement of Activities. The District issued Series 2017 Unlimited Tax Refunding Bonds.</p>	(5,160,000)
<p>Governmental funds report the payment to the refunded bond escrow agent from bond proceeds as an other financing use. The payment from current debt service funds is reported as an expenditure. However, in the government-wide financial statements, long-term liabilities are decreased by the amount of the bonds refunded and the difference is added to deferred outflows of resources.</p>	5,076,163
<p>Governmental funds report bond discounts and bond premiums as other financing sources/uses in the year paid. Insurance on the bonds is recorded as a current expenditure in the governmental funds. However, in the government-wide financial statements, bond discounts, bond premiums and bond insurance are amortized over the life of the bonds and the current year amortized portion is recorded in bond interest expense.</p>	<u>(169,352)</u>
<p>Change in Net Position - Governmental Activities</p>	<u>\$ 724,863</u>

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

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NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 1. CREATION OF DISTRICT

North Mission Glen Municipal Utility District (the “District”), located primarily in Fort Bend County, Texas, and partially in Harris County, Texas, was created by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”), effective December 10, 1980. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct and maintain parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all firefighting activities within the District. The Board of Directors held its first meeting on February 18, 1981, and the first bonds were sold on August 17, 1983.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

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

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

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

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses in the government-wide Statement of Activities.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has two governmental funds and considers these funds to be major funds.

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenues include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Developer interest, engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have a total cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

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

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was amended during the current fiscal year.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

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

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

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. LONG-TERM DEBT

The District's bonds payable at August 31, 2018, consists of the following unlimited tax bonds:

	Refunding Series 2010	Series 2011
Amounts Outstanding – August 31, 2018	\$ 695,000	\$ 75,000
Interest Rates	4.00%	4.00%
Maturity Dates – Beginning/Ending	September 1, 2018/2019	September 1, 2018/2020
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2017*	September 1, 2018*

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 3. LONG-TERM DEBT (Continued)

	Refunding Series 2012	Refunding Series 2013	Refunding Series 2017
Amounts Outstanding – August 31, 2018	\$ 9,025,000	\$ 8,150,000	\$ 5,160,000
Interest Rates	4.00%	3.00% - 4.00%	2.00% - 4.00%
Maturity Dates – Beginning/Ending	September 1, 2018/2032	September 1, 2018/2032	September 1, 2018/2026, 2029, 2033, 2034
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2019*	September 1, 2020*	September 1, 2024*

* Or on any date thereafter, at the option of the District, in whole or in part, at par plus accrued interest to the date fixed for redemption. Series 2017 term bonds maturing September 1, 2029 and September 1, 2033 are subject to mandatory redemption beginning September 1, 2027 and September 1, 2030, respectively.

The following is a summary of transactions regarding bonds payable for the year ended August 31, 2018:

	September 1, 2017	Additions	Retirements	August 31, 2018
Bonds Payable	\$ 23,940,000	\$ 5,160,000	\$ 5,995,000	\$ 23,105,000
Unamortized Discounts	(210,538)	(6,018)	(67,594)	(148,962)
Unamortized Premiums	965,350	194,077	111,600	1,047,827
Bonds Payable, Net	<u>\$ 24,694,812</u>	<u>\$ 5,348,059</u>	<u>\$ 6,039,006</u>	<u>\$ 24,003,865</u>
		Amount Due Within One Year		\$ 1,140,000
		Amount Due After One Year		<u>22,863,865</u>
		Bonds Payable, Net		<u>\$ 24,003,865</u>

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 3. LONG-TERM DEBT (Continued)

As of August 31, 2018, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 1,140,000	\$ 831,888	\$ 1,971,888
2020	1,145,000	792,762	1,937,762
2021	1,170,000	756,613	1,926,613
2022	1,215,000	721,137	1,936,137
2023	1,270,000	682,269	1,952,269
2024-2028	7,050,000	2,705,425	9,755,425
2029-2033	8,840,000	1,166,875	10,006,875
2034-2035	1,275,000	51,900	1,326,900
	<u>\$ 23,105,000</u>	<u>\$ 7,708,869</u>	<u>\$ 30,813,869</u>

As of August 31, 2018, the District had authorized but unissued bonds in the amount of \$22,420,000 for utility facilities or refundings and authorized but unissued bonds in the amount of \$3,705,000 for refundings. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended August 31, 2018, the District levied an ad valorem debt service tax at the rate of \$0.43 per \$100 of assessed valuation, which resulted in a tax levy of \$1,975,138 on the adjusted taxable valuation of \$459,334,450 for the 2017 tax year. The bond resolutions 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. See Note 7 for maintenance tax.

- Levy Date - October 1, or as soon thereafter as practicable.
- Lien Date - January 1.
- Due Date - Not later than January 31.
- Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

- A. The bond resolutions state that any profits realized from or interest accruing on investments shall belong to the fund from which the monies for such investments were taken; provided, however, that at the discretion of the Board of Directors, the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.
- B. The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148 (f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each 5th year anniversary of each issue.

In compliance with this covenant, the 5th year arbitrage rebate calculation reports were completed for the Series 2010, Series 2012 and Series 2013 bond issues and the 10th year arbitrage rebate calculation report was completed for the Series 2005A bond issue. The reports reflect that the District did not have a rebate obligation to the federal government on these issues.

- C. The District is required to provide continuing disclosure of certain general financial information and operating data to each nationally recognized municipal securities information repository and the state information depository, through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the respective bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$6,704,505 and the bank balance was \$6,695,317. Of the bank balance, \$2,634,190 was covered by federal depository insurance and the balance was covered by pledged collateral held in a third-party depository in the District's name.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at August 31, 2018, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 1,793,335	\$ 3,257,477	\$ 5,050,812
DEBT SERVICE FUND	671,125	982,568	1,653,693
TOTAL DEPOSITS	\$ 2,464,460	\$ 4,240,045	\$ 6,704,505

Investments

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

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

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and measures all portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of August 31, 2018, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 845,974	\$ 845,974	\$	\$	\$
Certificates of Deposit	3,257,477	3,257,477			
<u>DEBT SERVICE FUND</u>					
TexPool	372,407	372,407			
Certificates of Deposit	<u>982,568</u>	<u>982,568</u>			
TOTAL INVESTMENTS	<u>\$ 5,458,426</u>	<u>\$ 5,458,426</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At August 31, 2018, the District's investments in TexPool were rated "AAAm" by Standard & Poor's Ratings Service. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance and pledged collateral.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District. The District also manages interest rate risk by investing in certificates of deposit.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the costs of assessing and collecting taxes.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2018:

	September 1, 2017	Increases	Decreases	August 31, 2018
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 423,102	\$	\$	\$ 423,102
Construction in Progress	32,877	184,195		217,072
Total Capital Assets Not Being Depreciated	\$ 455,979	\$ 184,195	\$ - 0 -	\$ 640,174
Capital Assets Subject to Depreciation				
Equipment	\$ 9,750	\$	\$	\$ 9,750
Water System	9,107,723			9,107,723
Wastewater System	12,529,941			12,529,941
Drainage System	9,561,586			9,561,586
Drainage Impact Fees	442,180			442,180
Total Capital Assets Subject to Depreciation	\$ 31,651,180	\$ - 0 -	\$ - 0 -	\$ 31,651,180
Less Accumulated Depreciation				
Equipment	\$ 9,750	\$	\$	\$ 9,750
Water System	4,193,352	352,674		4,546,026
Wastewater System	4,487,331	297,922		4,785,253
Drainage System	3,810,861	212,479		4,023,340
Drainage Impact Fees	166,095	11,055		177,150
Total Accumulated Depreciation	\$ 12,667,389	\$ 874,130	\$ - 0 -	\$ 13,541,519
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 18,983,791	\$ (874,130)	\$ - 0 -	\$ 18,109,661
Total Capital Assets, Net of Accumulated Depreciation	\$ 19,439,770	\$ (689,935)	\$ - 0 -	\$ 18,749,835

The District has financed drainage facilities which have been conveyed to other entities for maintenance.

NOTE 7. MAINTENANCE TAX

On April 4, 1981, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. During the year ended August 31, 2018, the District levied an ad valorem maintenance tax at the rate of \$0.09 per \$100 of assessed valuation, which resulted in a tax levy of \$413,401 on the adjusted taxable valuation of \$459,334,450 for the 2017 tax year. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 8. EMERGENCY WATER SUPPLY CONTRACT

On April 28, 1986, the District executed an emergency water supply agreement with Fort Bend County Municipal Utility District No. 30. The cost of connection was borne by the District. The term of the agreement is 40 years. The price to be paid for water delivered is \$100 for each day or portion thereof during which either district is receiving temporary water service.

NOTE 9. NORTH FORT BEND WATER AUTHORITY

The District is located within the boundaries of the North Fort Bend Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 1798 (the "Act"), as passed by the 79th Texas Legislature in May 2005. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Authority is overseeing that its participants comply with Fort Bend Subsidence District pumpage requirements.

The Authority may charge a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. Effective January 1, 2017, the fee was \$3.05 per 1,000 gallons of water pumped from each well. Effective January 1, 2018, the fee increased to \$3.35 per 1,000 gallons of water pumped from each well. The District recorded an expenditure of \$260,922 for fees assessed during the current fiscal year.

The District purchases surface water from the Authority through the surface water interconnect. Effective January 1, 2017, the fee for surface water was \$3.70 per 1,000 gallons of water received. Effective January 1, 2018, the fee for surface water increased to \$3.40 per 1,000 gallons of water received. The District recorded an expenditure of \$558,867 for surface water received during the current fiscal year.

Prior to receiving water from the Authority, each district was required to construct a new disinfection system at their water facilities. The District constructed these facilities in a prior year for a cost of \$473,331 and received a reimbursement from the Authority of \$435,492.

NOTE 10. RISK ASSESSMENT

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

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 11. INTERFUND BALANCES

The Debt Service Fund (Tax Account) owes the General Fund \$2,182 for maintenance tax collections. This is a timing difference. The General Fund owes the Debt Service Fund \$5,638 for arbitrage rebate calculations and bond issuance costs.

NOTE 12. REFUNDING BOND SALE

On December 21, 2017, the District closed on the sale of its Unlimited Tax Refunding Bonds, Series 2017 in the amount of \$5,160,000, the proceeds of which were used to refund \$3,095,000 of Series 2010 Refunding bonds, and \$1,875,000 of Series 2011 bonds. Bond proceeds of \$5,064,163 and \$12,000 of debt service fund monies were used to refund bonds with maturities of September 1, 2020 through September 1, 2034, and interest rates of 4.000% to 4.875%. The Series 2010 refunded bonds were redeemed on December 21, 2017. The Series 2011 refunded bonds will be redeemed on September 1, 2018. The refunding resulted in a gross debt service savings of \$333,462 and a net present value savings of \$252,008.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2018

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2018

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 275,000	\$ 410,000	\$ 410,315	\$ 315
Water Service	697,032	668,021	690,154	22,133
Wastewater Service	931,603	929,265	931,759	2,494
Regional Water Authority Fees	867,083	913,455	893,661	(19,794)
Transfer and Reconnection Fees	20,400	15,500	31,004	15,504
Penalty and Interest	58,767	49,258	53,235	3,977
Tap Connection and Inspection Fees	250	60,850	58,800	(2,050)
Investment Revenues	12,000	37,769	53,722	15,953
Miscellaneous Revenues	60,480	53,258	40,357	(12,901)
TOTAL REVENUES	\$ 2,922,615	\$ 3,137,376	\$ 3,163,007	\$ 25,631
EXPENDITURES				
Services Operations:				
Professional Fees	\$ 205,000	\$ 229,000	\$ 106,913	\$ 122,087
Contracted Services	1,159,750	1,254,983	1,257,148	(2,165)
Purchased Water Service	866,755	824,856	558,867	265,989
Utilities	134,646	149,339	147,176	2,163
Regional Water Authority Assessments			260,922	(260,922)
Repairs and Maintenance	105,000	87,100	46,568	40,532
Other	79,418	108,459	99,831	8,628
Capital Outlay	150,000	300,000	188,995	111,005
TOTAL EXPENDITURES	\$ 2,700,569	\$ 2,953,737	\$ 2,666,420	\$ 287,317
NET CHANGE IN FUND BALANCE	\$ 222,046	\$ 183,639	\$ 496,587	\$ 312,948
FUND BALANCE - SEPTEMBER 1, 2017	5,041,341	5,041,341	5,041,341	
FUND BALANCE - AUGUST 31, 2018	\$ 5,263,387	\$ 5,224,980	\$ 5,537,928	\$ 312,948

See accompanying independent auditor's report.

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NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
AUGUST 31, 2018

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2018**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved June 14, 2016.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 18.00	8,000	N	\$ 1.50 \$ 1.75 \$ 2.00	8,001 to 15,000 15,001 to 20,000 20,001 and up
WASTEWATER:	\$ 27.00		Y		
SURCHARGE: Regional Water Authority Fees			N	\$ 4.07	All

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

Total monthly charges per 10,000 gallons usage: Water: \$21.00 Wastewater: \$27.00 Surcharge: \$40.70 Total: \$88.70

See accompanying independent auditor's report.

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2018**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>2,896</u>	<u>2,856</u>	x 1.0	<u>2,856</u>
1"	<u>16</u>	<u>16</u>	x 2.5	<u>40</u>
1½"	<u>1</u>	<u>1</u>	x 5.0	<u>5</u>
2"	<u>15</u>	<u>15</u>	x 8.0	<u>120</u>
3"	<u>2</u>	<u>2</u>	x 15.0	<u>30</u>
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>2,930</u></u>	<u><u>2,890</u></u>		<u><u>3,051</u></u>
Total Wastewater Connections	<u><u>2,908</u></u>	<u><u>2,870</u></u>	x 1.0	<u><u>2,870</u></u>

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

Gallons pumped into system:	77,714,000	Water Accountability Ratio = 95.2% (Gallons billed and sold/Gallons pumped and purchased)
Gallons purchased:	161,207,000	From: North Fort Bend Water Authority
Gallons billed to customers:	227,454,000	

See accompanying independent auditor's report.

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2018**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County or Counties in which District is located:

Fort Bend County, Texas, and approximately 3.7 acres in Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ's in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2018**

PROFESSIONAL FEES:	
Auditing	\$ 17,850
Engineering	30,466
Legal	<u>58,597</u>
TOTAL PROFESSIONAL FEES	<u>\$ 106,913</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	<u>\$ 558,867</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 17,775
Operations and Billing	<u>787,509</u>
TOTAL CONTRACTED SERVICES	<u>\$ 805,284</u>
UTILITIES:	
Electricity	\$ 138,896
Telephone	<u>8,280</u>
TOTAL UTILITIES	<u>\$ 147,176</u>
REPAIRS AND MAINTENANCE	<u>\$ 46,568</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 13,950
Dues	2,625
Insurance	19,605
Office Supplies and Postage	3,813
Payroll Taxes	1,257
Travel and Meetings	4,717
Other	<u>8,116</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 54,083</u>

See accompanying independent auditor's report.

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2018**

CAPITAL OUTLAY:	
Capitalized Assets	\$ 188,995
Expenditures Not Capitalized	<u> </u>
TOTAL CAPITAL OUTLAY	<u>\$ 188,995</u>
TAP CONNECTIONS	<u>\$ 28,385</u>
SOLID WASTE DISPOSAL	<u>\$ 451,864</u>
OTHER EXPENDITURES:	
Permit Fees	\$ 7,393
Inspection Fees	2,055
Regional Water Authority Assessments	260,922
Regulatory Assessment	<u>7,915</u>
TOTAL OTHER EXPENDITURES	<u>\$ 278,285</u>
TOTAL EXPENDITURES	<u><u>\$ 2,666,420</u></u>

See accompanying independent auditor's report.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
INVESTMENTS
AUGUST 31, 2018

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0001	1.9641%	Daily	\$ 845,974	\$
Certificate of Deposit	XXXX4764	1.1000%	09/06/18	248,460	157
Certificate of Deposit	XXXX0553	1.3500%	09/11/18	225,000	2,946
Certificate of Deposit	XXXX0785	2.2000%	07/15/19	1,500,000	4,197
Certificate of Deposit	XXXX3339	2.2700%	10/11/18	253,521	315
Certificate of Deposit	XXXX8499	2.2700%	10/19/18	<u>1,030,496</u>	<u>2,598</u>
TOTAL GENERAL FUND				<u>\$ 4,103,451</u>	<u>\$ 10,213</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	1.9641%	Daily	\$ 372,407	\$
Certificate of Deposit	XXXX1614	0.2500%	03/30/19	225,000	237
Certificate of Deposit	XXXX6786	1.1000%	09/06/18	248,635	157
Certificate of Deposit	XXXX3313	2.2700%	11/17/18	<u>508,933</u>	<u>443</u>
TOTAL DEBT SERVICE FUND				<u>\$ 1,354,975</u>	<u>\$ 837</u>
TOTAL - ALL FUNDS				<u>\$ 5,458,426</u>	<u>\$ 11,050</u>

See accompanying independent auditor's report.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2018

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
SEPTEMBER 1, 2017	\$	4,099	\$	32,560
Adjustments to Beginning				
Balance		<u>(214)</u>	\$	<u>30,575</u>
Original 2017 Tax Levy	\$	407,716	\$	1,947,979
Adjustment to 2017 Tax Levy		<u>5,685</u>	<u>413,401</u>	<u>1,975,138</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	417,286	\$
				2,005,713
TAX COLLECTIONS:				
Prior Years	\$	2,067	\$	15,785
Current Year		<u>408,248</u>	<u>410,315</u>	<u>1,966,305</u>
TAXES RECEIVABLE -				
AUGUST 31, 2018		<u>\$</u>	<u>6,971</u>	<u>\$</u>
				<u>39,408</u>
TAXES RECEIVABLE BY				
YEAR:				
2017		\$	5,153	\$
2016			988	7,576
2015			440	3,591
2014			157	1,413
2013			102	949
2012			93	894
2011			33	314
2010				3
2009			5	44
2008				3
2007				<u>3</u>
TOTAL		<u>\$</u>	<u>6,971</u>	<u>\$</u>
				<u>39,408</u>

See accompanying independent auditor's report.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PROPERTY VALUATIONS:				
Land	\$ 77,883,221	\$ 77,944,712	\$ 77,747,434	\$ 77,402,799
Improvements	396,069,149	380,399,649	327,549,721	287,447,876
Personal Property	1,351,477	3,049,293	2,689,180	2,703,023
Exemptions	<u>(15,969,397)</u>	<u>(26,893,434)</u>	<u>(13,161,068)</u>	<u>(12,456,274)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 459,334,450</u>	<u>\$ 434,500,220</u>	<u>\$ 394,825,267</u>	<u>\$ 355,097,424</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.4300	\$ 0.4600	\$ 0.4900	\$ 0.5400
Maintenance**	<u>0.0900</u>	<u>0.0600</u>	<u>0.0600</u>	<u>0.0600</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.5200</u>	<u>\$ 0.5200</u>	<u>\$ 0.5500</u>	<u>\$ 0.6000</u>
ADJUSTED TAX LEVY*	<u>\$ 2,388,539</u>	<u>\$ 2,259,401</u>	<u>\$ 2,171,555</u>	<u>\$ 2,130,603</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.75 %</u>	<u>99.62 %</u>	<u>99.81 %</u>	<u>99.93 %</u>

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

** Maintenance Tax – Maximum tax rate of \$0.25 per \$100 assessed valuation was approved by voters on April 4, 1981.

See accompanying independent auditor's report.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2018

REFUNDING SERIES - 2010

Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	\$ 335,000	\$ 21,100	\$ 356,100
2020	360,000	7,200	367,200
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
	<u>\$ 695,000</u>	<u>\$ 28,300</u>	<u>\$ 723,300</u>

See accompanying independent auditor's report.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2018

S E R I E S - 2 0 1 1			
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	\$ 25,000	\$ 2,500	\$ 27,500
2020	25,000	1,500	26,500
2021	25,000	500	25,500
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
	\$ 75,000	\$ 4,500	\$ 79,500

See accompanying independent auditor's report.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2018

REFUNDING SERIES - 2012

Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	\$ 170,000	\$ 357,600	\$ 527,600
2020	170,000	350,800	520,800
2021	170,000	344,000	514,000
2022	255,000	335,500	590,500
2023	250,000	325,400	575,400
2024	260,000	315,200	575,200
2025	260,000	304,800	564,800
2026	270,000	294,200	564,200
2027	265,000	283,500	548,500
2028	1,035,000	257,500	1,292,500
2029	1,080,000	215,200	1,295,200
2030	1,130,000	171,000	1,301,000
2031	1,180,000	124,800	1,304,800
2032	1,235,000	76,500	1,311,500
2033	1,295,000	25,900	1,320,900
2034			
2035			
	<u>\$ 9,025,000</u>	<u>\$ 3,781,900</u>	<u>\$ 12,806,900</u>

See accompanying independent auditor's report.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2018

REFUNDING SERIES - 2013

Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	\$ 535,000	\$ 297,725	\$ 832,725
2020	550,000	281,450	831,450
2021	550,000	264,950	814,950
2022	500,000	247,325	747,325
2023	525,000	228,106	753,106
2024	535,000	208,231	743,231
2025	570,000	186,800	756,800
2026	595,000	163,500	758,500
2027	620,000	139,200	759,200
2028	475,000	117,300	592,300
2029	500,000	97,800	597,800
2030	520,000	77,400	597,400
2031	540,000	56,200	596,200
2032	560,000	34,200	594,200
2033	575,000	11,500	586,500
2034			
2035			
	<u>\$ 8,150,000</u>	<u>\$ 2,411,687</u>	<u>\$ 10,561,687</u>

See accompanying independent auditor's report.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2018

REFUNDING SERIES - 2017

Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	\$ 75,000	\$ 152,963	\$ 227,963
2020	40,000	151,812	191,812
2021	425,000	147,163	572,163
2022	460,000	138,312	598,312
2023	495,000	128,763	623,763
2024	505,000	118,762	623,762
2025	515,000	103,413	618,413
2026	540,000	85,012	625,012
2027	560,000	68,513	628,513
2028	45,000	59,494	104,494
2029	45,000	58,256	103,256
2030	45,000	57,019	102,019
2031	45,000	55,500	100,500
2032	45,000	53,700	98,700
2033	45,000	51,900	96,900
2034	615,000	38,700	653,700
2035	660,000	13,200	673,200
	<u>\$ 5,160,000</u>	<u>\$ 1,482,482</u>	<u>\$ 6,642,482</u>

See accompanying independent auditor's report.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2018

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2019	\$ 1,140,000	\$ 831,888	\$ 1,971,888
2020	1,145,000	792,762	1,937,762
2021	1,170,000	756,613	1,926,613
2022	1,215,000	721,137	1,936,137
2023	1,270,000	682,269	1,952,269
2024	1,300,000	642,193	1,942,193
2025	1,345,000	595,013	1,940,013
2026	1,405,000	542,712	1,947,712
2027	1,445,000	491,213	1,936,213
2028	1,555,000	434,294	1,989,294
2029	1,625,000	371,256	1,996,256
2030	1,695,000	305,419	2,000,419
2031	1,765,000	236,500	2,001,500
2032	1,840,000	164,400	2,004,400
2033	1,915,000	89,300	2,004,300
2034	615,000	38,700	653,700
2035	660,000	13,200	673,200
	<u>\$ 23,105,000</u>	<u>\$ 7,708,869</u>	<u>\$ 30,813,869</u>

See accompanying independent auditor's report.

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NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2018

Description	Original Bonds Issued	Bonds Outstanding September 1, 2017
North Mission Glen Municipal Utility District Unlimited Tax Refunding Bonds - Series 2005A	\$ 6,240,000	\$ 700,000
North Mission Glen Municipal Utility District Unlimited Tax Refunding Bonds - Series 2010	5,735,000	3,810,000
North Mission Glen Municipal Utility District Unlimited Tax Bonds - Series 2011	2,080,000	1,975,000
North Mission Glen Municipal Utility District Unlimited Tax Refunding Bonds - Series 2012	9,495,000	9,195,000
North Mission Glen Municipal Utility District Unlimited Tax Refunding Bonds - Series 2013	8,880,000	8,260,000
North Mission Glen Municipal Utility District Unlimited Tax Refunding Bonds - Series 2017	<u>5,160,000</u>	
TOTAL	<u>\$ 37,590,000</u>	<u>\$ 23,940,000</u>

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

Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 55,715,000 *	\$ 11,420,000
Amount Issued	<u>33,295,000</u>	<u>7,715,000</u>
Remaining to be Issued	<u>\$ 22,420,000</u>	<u>\$ 3,705,000</u>

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding August 31, 2018	Paying Agent
	Principal	Interest		
\$	\$ 700,000	\$ 14,000	\$ - 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
	3,115,000	90,050	695,000	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
	1,900,000	47,047	75,000	Wells Fargo Bank Texas, N.A. Dallas, Texas
	170,000	364,400	9,025,000	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
	110,000	306,850	8,150,000	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
<u>5,160,000</u>		<u>29,888</u>	<u>5,160,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
<u>\$ 5,160,000</u>	<u>\$ 5,995,000</u>	<u>\$ 852,235</u>	<u>\$ 23,105,000</u>	

* Construction only - \$12,420,000; Construction or Refunding - \$43,295,000

Debt Service Fund cash, investments and cash with paying agent balances as of
August 31, 2018: \$ 3,591,731

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 1,812,581

See accompanying independent auditor's report.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2018	2017	2016
REVENUES			
Property Taxes	\$ 410,315	\$ 259,229	\$ 236,651
Water Service	690,154	687,772	699,797
Wastewater Service	931,759	928,522	930,664
Regional Water Authority Fees	893,661	823,828	769,096
Transfer and Reconnection Fees	31,004	27,476	29,904
Penalty and Interest	53,235	58,526	60,456
Tap Connection and Inspection Fees	58,800	5,575	3,275
Investment Revenues	53,722	25,186	14,676
Miscellaneous Revenues	40,357	46,628	43,094
TOTAL REVENUES	\$ 3,163,007	\$ 2,862,742	\$ 2,787,613
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 106,913	\$ 242,769	\$ 97,658
Contracted Services	1,257,148	1,215,239	1,200,159
Purchased Water Service	558,867	670,846	659,912
Utilities	147,176	116,252	111,054
Regional Water Authority Assessments	260,922	117,296	18,205
Repairs and Maintenance	46,568	59,506	105,145
Other	99,831	80,409	74,709
Capital Outlay	188,995	34,338	454,287
TOTAL EXPENDITURES	\$ 2,666,420	\$ 2,536,655	\$ 2,721,129
NET CHANGE IN FUND BALANCE	\$ 496,587	\$ 326,087	\$ 66,484
BEGINNING FUND BALANCE	5,041,341	4,715,254	4,648,770
ENDING FUND BALANCE	\$ 5,537,928	\$ 5,041,341	\$ 4,715,254

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2015	2014	2018	2017	2016	2015	2014
\$ 213,098	\$ 201,799	13.0 %	9.1 %	8.5 %	7.7 %	7.7 %
690,142	693,639	21.8	24.0	25.1	24.9	26.5
937,150	928,954	29.4	32.4	33.4	33.9	35.5
684,886	618,043	28.2	28.8	27.6	24.7	23.7
33,902	29,091	1.0	1.0	1.1	1.2	1.1
63,500	71,269	1.7	2.0	2.2	2.3	2.7
7,075	4,200	1.9	0.2	0.1	0.3	0.2
12,836	10,839	1.7	0.9	0.5	0.5	0.4
<u>125,527</u>	<u>57,450</u>	<u>1.3</u>	<u>1.6</u>	<u>1.5</u>	<u>4.5</u>	<u>2.2</u>
<u>\$ 2,768,116</u>	<u>\$ 2,615,284</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 108,425	\$ 53,074	3.4 %	8.5 %	3.5 %	3.9 %	2.0 %
1,184,234	1,197,074	39.6	42.4	43.1	42.8	45.8
610,014	588,567	17.7	23.4	23.7	22.0	22.5
133,318	134,990	4.7	4.1	4.0	4.8	5.2
29,962	9,793	8.2	4.1	0.6	1.1	0.4
68,384	95,441	1.5	2.1	3.8	2.5	3.6
73,119	68,619	3.2	2.8	2.7	2.7	2.6
<u>903,332</u>	<u>165,638</u>	<u>6.0</u>	<u>1.2</u>	<u>16.3</u>	<u>32.6</u>	<u>6.3</u>
<u>\$ 3,110,788</u>	<u>\$ 2,313,196</u>	<u>84.3 %</u>	<u>88.6 %</u>	<u>97.7 %</u>	<u>112.4 %</u>	<u>88.4 %</u>
\$ (342,672)	\$ 302,088	<u>15.7 %</u>	<u>11.4 %</u>	<u>2.3 %</u>	<u>(12.4) %</u>	<u>11.6 %</u>
<u>4,991,442</u>	<u>4,689,354</u>					
<u>\$ 4,648,770</u>	<u>\$ 4,991,442</u>					

See accompanying independent auditor's report.

NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2018	2017	2016
REVENUES			
Property Taxes	\$ 1,966,305	\$ 1,988,263	\$ 1,934,391
Penalty and Interest	26,794	19,991	20,115
Investment Revenues	32,376	16,436	10,213
Miscellaneous Revenues	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u>\$ 2,025,475</u>	<u>\$ 2,024,690</u>	<u>\$ 1,964,719</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 90,436	\$ 79,579	\$ 76,522
Debt Service Principal	1,025,000	990,000	960,000
Debt Service Interest and Fees	855,785	967,856	1,000,306
Bond Issuance Costs	278,258		
Payment to Refunded Bond Escrow Agent	<u>12,000</u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>\$ 2,261,479</u>	<u>\$ 2,037,435</u>	<u>\$ 2,036,828</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (236,004)</u>	<u>\$ (12,745)</u>	<u>\$ (72,109)</u>
OTHER FINANCING SOURCES (USES)			
Refunding Bonds	\$ 5,160,000	\$	\$
Payment to Refunded Bond Escrow Agent	(5,064,163)		
Bond Discount	(6,018)		
Bond Premium	<u>194,077</u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 283,896</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 47,892	\$ (12,745)	\$ (72,109)
BEGINNING FUND BALANCE	<u>3,540,039</u>	<u>3,552,784</u>	<u>3,624,893</u>
ENDING FUND BALANCE	<u>\$ 3,587,931</u>	<u>\$ 3,540,039</u>	<u>\$ 3,552,784</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>2,890</u>	<u>2,878</u>	<u>2,884</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>2,870</u>	<u>2,862</u>	<u>2,868</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2015	2014	2018	2017	2016	2015	2014
\$ 1,918,537	\$ 1,883,635	97.1 %	98.2 %	98.5 %	97.2 %	98.7 %
20,680	18,419	1.3	1.0	1.0	1.0	1.0
4,855	5,617	1.6	0.8	0.5	0.3	0.3
29,333					1.5	
<u>\$ 1,973,405</u>	<u>\$ 1,907,671</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 73,850	\$ 64,837	4.5 %	3.9 %	3.9 %	3.7 %	3.4 %
930,000	1,040,000	50.6	48.9	48.9	47.1	54.5
1,027,563	1,076,351	42.3	47.8	50.9	52.1	56.4
		13.7				
		0.6				
<u>\$ 2,031,413</u>	<u>\$ 2,181,188</u>	<u>111.7 %</u>	<u>100.6 %</u>	<u>103.7 %</u>	<u>102.9 %</u>	<u>114.3 %</u>
\$ (58,008)	\$ (273,517)	<u>(11.7) %</u>	<u>(0.6) %</u>	<u>(3.7) %</u>	<u>(2.9) %</u>	<u>(14.3) %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ (58,008)	\$ (273,517)					
3,682,901	3,956,418					
<u>\$ 3,624,893</u>	<u>\$ 3,682,901</u>					
<u>2,877</u>	<u>2,888</u>					
<u>2,861</u>	<u>2,871</u>					

See accompanying independent auditor's report.

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2018**

District Mailing Address - North Mission Glen Municipal Utility District
c/o Coats Rose, P.C.
9 Greenway Plaza, Suite 1000
Houston, TX 77046-0307

District Telephone Number - (713) 651-0111

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>August 31, 2018</u>	Expense Reimbursements for the year ended <u>August 31, 2018</u>	<u>Title</u>
J. Keith Parker	05/16 05/20 (Elected)	\$ 4,800	\$ 138	President
Ronald Anderson	05/18 05/22 (Elected)	\$ 2,400	\$ 309	Vice President
Charles A. Cook	05/16 05/20 (Elected)	\$ 2,700	\$ 1,411	Assistant Vice President/ Assistant Secretary
Breah Campbell	05/18 05/22 (Elected)	\$ 4,050	\$ 1,794	Secretary/ Treasurer/ Investment Officer
Yolanda Roberts	05/18 05/22 (Elected)	\$ 2,100	\$ 1,065	Assistant Secretary

Note: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer or with any of the District's consultants.

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054):
June 8, 2018.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on July 8, 2003. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**NORTH MISSION GLEN MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2018**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended August 31, 2018</u>	<u>Title</u>
Coats Rose, P.C.	02/18/81	\$ 74,635 \$106,515	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	08/09/88	\$ 18,750	Auditor
VLB Bookkeeping Services	01/13/09	\$ 20,424	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	02/20/97	\$ 8,742	Delinquent Tax Attorney
Pape – Dawson Engineers	07/10/18	\$ 253	Engineer
AECOM Technical Services Inc.	1984	\$217,032	Prior Engineer
Rathmann & Associates, L.P.	05/13/03	\$ 66,000	Financial Advisor
Si Environmental, LLC	05/25/12	\$854,917	Operator
Assessments of the Southwest, Inc.	10/01/01	\$ 45,342	Tax Assessor/ Collector

See accompanying independent auditor's report.

