

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2022

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142

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ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montgomery County Municipal Utility District No. 142
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 142 (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 December 31, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Board of Directors
Montgomery County Municipal Utility District No. 142

Supplementary 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 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.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

May 10, 2023

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Management’s discussion and analysis of the financial performance of Montgomery County Municipal Utility District No. 142 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended December 31, 2022. 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 financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes the District’s assets, liabilities, and deferred inflows 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 three governmental fund types. The General Fund accounts for property taxes, professional fees and administrative 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. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A 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, liabilities and deferred inflows of resources exceeded assets by \$2,698,229 as of December 31, 2022. The following is a comparative analysis of government-wide changes in net position:

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current Assets	\$ 1,409,461	\$ 1,033,184	\$ 376,277
Intangible Assets (Net of Amortization)	11,606,686	7,635,642	3,971,044
Capital Assets (Net of Depreciation)	670,680	673,276	(2,596)
Total Assets	\$ 13,686,827	\$ 9,342,102	\$ 4,344,725
Due to Developer	\$ 6,607,281	\$ 4,309,744	\$ (2,297,537)
Bonds Payable	8,810,058	6,438,829	(2,371,229)
Other Liabilities	104,126	98,645	(5,481)
Total Liabilities	\$ 15,521,465	\$ 10,847,218	\$ (4,674,247)
Deferred Inflows of Resources	\$ 863,591	\$ 623,161	\$ (240,430)
Net Position:			
Net Investment in Capital Assets	\$ (2,962,596)	\$ (2,206,798)	\$ (755,798)
Restricted	159,643	71,580	88,063
Unrestricted	104,724	6,941	97,783
Total Net Position	\$ (2,698,229)	\$ (2,128,277)	\$ (569,952)

The following table provides a summary of the District's operations for the years ended December 31, 2022 and December 31, 2021. The District's net position decreased by \$569,952.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 622,923	\$ 450,905	\$ 172,018
Other Revenues	31,090	5,850	25,240
Total Revenues	\$ 654,013	\$ 456,755	\$ 197,258
Expenses for Services	1,223,965	999,111	(224,854)
Change in Net Position	\$ (569,952)	\$ (542,356)	\$ (27,596)
Net Position, Beginning of Year	(2,128,277)	(1,585,921)	(542,356)
Net Position, End of Year	\$ (2,698,229)	\$ (2,128,277)	\$ (569,952)

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2022, were \$537,525, an increase of \$172,802 from the prior year.

The General Fund balance increased by \$98,188, primarily due to tax revenues exceeding professional and administrative costs.

The Debt Service Fund balance increased by \$130,094, primarily due to the structure of the District's long-term debt obligations and the receipt of capitalized interest from the Series 2022 bond sale.

The Capital Projects Fund balance decreased by \$55,480. The District sold its Series 2022 Bonds in the current fiscal year and used the proceeds to reimburse a Developer.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$16,044 more than budgeted revenues and actual expenditures were \$7,331 more than budgeted expenditures which resulted in a positive variance of \$8,713. See the budget to actual comparison for more detail.

CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital assets as of December 31, 2022, total \$670,680, net of accumulated depreciation, and include land and The Woods of Conroe, Section 1 detention facilities.

Additionally, the District is located within the City of Conroe, Texas (the "City"). In accordance with the Utility Functions Agreement with the City, water, wastewater, drainage and road facilities constructed are conveyed to the City and in exchange the City will operate the facilities for the benefit of District residents. The balance of the conveyed assets, net of accumulated amortization, was \$11,606,686 as of December 31, 2022.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

LONG-TERM DEBT ACTIVITY

As of December 31, 2022, the District had total bond debt of \$8,760,000. The changes in the debt position of the District during the fiscal year ended December 31, 2022, are as follows:

Bond Debt Payable, January 1, 2022	\$ 6,420,000
Add: Bond Sale - Series 2022	2,450,000
Less: Bond Principal Paid	<u>110,000</u>
Bond Debt Payable, December 31, 2022	<u>\$ 8,760,000</u>

The District's bonds do not carry underlying ratings. The Series 2021 Bonds and Series 2022 Bonds carry insured ratings of "AA" from Standards & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

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 Montgomery County Municipal Utility District No. 142, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2022

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 20,348	\$ 537,477
Investments	263,347	264,827
Property Taxes Receivable	105,069	208,321
Accrued Interest Receivable		5,678
Due from Developer	4,375	
Due from Other Funds	185,202	
Intangible Assets (Net of Accumulated Amortization)		
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 578,341	\$ 1,016,303
LIABILITIES		
Accounts Payable	\$ 6,957	\$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		185,202
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 6,957	\$ 185,202
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 289,851	\$ 575,128
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		255,973
Unassigned	281,533	
TOTAL FUND BALANCES	\$ 281,533	\$ 255,973
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 578,341	\$ 1,016,303
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 557,825	\$	\$ 557,825
19	528,193		528,193
	313,390		313,390
	5,678		5,678
	4,375		4,375
	185,202	(185,202)	
		11,606,686	11,606,686
		573,216	573,216
		97,464	97,464
<u>\$ 19</u>	<u>\$ 1,594,663</u>	<u>\$ 12,092,164</u>	<u>\$ 13,686,827</u>
\$	\$ 6,957	\$	\$ 6,957
		97,169	97,169
		6,607,281	6,607,281
	185,202	(185,202)	
		185,000	185,000
		8,625,058	8,625,058
<u>\$ -0-</u>	<u>\$ 192,159</u>	<u>\$ 15,329,306</u>	<u>\$ 15,521,465</u>
<u>\$ -0-</u>	<u>\$ 864,979</u>	<u>\$ (1,388)</u>	<u>\$ 863,591</u>
\$ 19	\$ 19	\$ (19)	\$
	255,973	(255,973)	
	281,533	(281,533)	
<u>\$ 19</u>	<u>\$ 537,525</u>	<u>\$ (537,525)</u>	<u>\$ -0-</u>
<u>\$ 19</u>	<u>\$ 1,594,663</u>		
		\$ (2,962,596)	\$ (2,962,596)
		159,643	159,643
		104,724	104,724
		<u>\$ (2,698,229)</u>	<u>\$ (2,698,229)</u>

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

Total Fund Balances - Governmental Funds	\$	537,525
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Water, wastewater, drainage and road facilities constructed by the Developer and conveyed to the City of Conroe in exchange for service provided to District residents are amortized over the term of the service agreement as intangible assets in governmental activities.		11,606,686
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Capital assets are not current financial resources and, therefore, are not reported as assets in the governmental funds.		670,680
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Deferred inflows of resources related to property tax revenues for the 2020 tax levy became part of recognized revenue in the governmental activities of the District.		1,388
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (6,607,281)	
Accrued Interest Payable	(97,169)	
Bonds Payable	<u>(8,810,058)</u>	<u>(15,514,508)</u>

Total Net Position - Governmental Activities	\$	<u>(2,698,229)</u>
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The accompanying notes to the financial statements are an integral part of this report.

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MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 237,115	\$ 386,836
Tax Rebate		10,493
Penalty and Interest		1,635
Investment and Miscellaneous Revenues	7,629	10,478
TOTAL REVENUES	\$ 244,744	\$ 409,442
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 75,615	\$
Contracted Services	18,010	14,575
Repairs and Maintenance	5,261	
Amortization		
Depreciation		
Other	19,102	8,567
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Issuance Costs	28,568	
Bond Principal		110,000
Bond Interest		194,462
TOTAL EXPENDITURES/EXPENSES	\$ 146,556	\$ 327,604
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ 98,188	\$ 81,838
OTHER FINANCING SOURCES		
Bond Premium	\$	\$
Proceeds From Issuance of Long-Term Debt		48,256
TOTAL OTHER FINANCING SOURCES	\$ -0-	\$ 48,256
NET CHANGE IN FUND BALANCES	\$ 98,188	\$ 130,094
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2022	183,345	125,879
FUND BALANCES/NET POSITION - DECEMBER 31, 2022	\$ 281,533	\$ 255,973

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 623,951	\$ (1,028)	\$ 622,923
	10,493		10,493
	1,635		1,635
855	18,962		18,962
\$ 855	\$ 655,041	\$ (1,028)	\$ 654,013
\$ 324	\$ 75,939	\$	\$ 75,939
903	33,488		33,488
	5,261		5,261
		299,827	299,827
		2,596	2,596
495	28,164		28,164
1,973,334	1,973,334	(1,973,334)	
213,267	213,267		213,267
302,032	330,600		330,600
	110,000	(110,000)	
	194,462	40,361	234,823
\$ 2,490,355	\$ 2,964,515	\$ (1,740,550)	\$ 1,223,965
\$ (2,489,500)	\$ (2,309,474)	\$ 1,739,522	\$ (569,952)
\$ 32,276	\$ 32,276	\$ (32,276)	\$
2,401,744	2,450,000	(2,450,000)	
\$ 2,434,020	\$ 2,482,276	\$ (2,482,276)	\$ -0-
\$ (55,480)	\$ 172,802	\$ (172,802)	\$
		(569,952)	(569,952)
55,499	364,723	(2,493,000)	(2,128,277)
\$ 19	\$ 537,525	\$ (3,235,754)	\$ (2,698,229)

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net Change in Fund Balances - Governmental Funds	\$	172,802
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenue when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		(1,028)
Governmental funds do not account for amortization. However, in the Statement of Net Position, intangible assets are amortized over the term of the service agreement with the City of Conroe.		(299,827)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded.		(2,596)
Governmental funds report bond premiums as other financing sources in the year paid. However, in the Statement of Net Position, the bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		(31,229)
Governmental funds report bond proceeds as other financing sources. In the government-wide statements, the issuance of long-term debt increases liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(2,450,000)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		110,000
Governmental funds report capital outlay as expenditures in the period purchased. However, in the Statement of Net Position, capital assets and intangible assets are increased by new purchases or the related developer liability is reduced.		1,973,334
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(41,408)
Change in Net Position - Governmental Activities	\$	<u>(569,952)</u>

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

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1. CREATION OF DISTRICT

Montgomery County Municipal Utility District No. 142, located in Conroe, Texas (the “District”) was created on April 8, 2015, by an Order of the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct roads and parks and recreational facilities for the residents of the District. The Board of Directors held its first meeting on May 20, 2015.

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”).

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:

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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 revenue and expense of the government-wide Statement of Activities.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

General Fund - To account for property taxes, professional fees and administrative 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.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include the 2021 tax levy collections during the period October 1, 2021 to December 31, 2022, and collections of the 2020 tax levy during the current fiscal year. The 2022 tax levy has been fully deferred for use in fiscal year 2023.

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. As of December 31, 2022, the Debt Service Fund owed the General Fund \$185,202 for maintenance tax collections.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation on detention facilities is calculated using the straight-line method of depreciation over periods ranging from 20 to 45 years.

Intangible Assets

Intangible assets are valued at the cost of the infrastructure constructed and conveyed to the City of Conroe and are amortized over the 40-year term of the agreement with the City. See Note 10 for further information on the Utility Functions Agreement between the District and the City.

Budgeting

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. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that the directors are considered to be “employees” for federal 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.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. 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.

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.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding the changes in bonds payable for the year ended December 31, 2022:

	January 1, 2022	Additions	Retirements	December 31, 2022
Bonds Payable	\$ 6,420,000	\$ 2,450,000	\$ 110,000	\$ 8,760,000
Unamortized Discounts	(23,756)		(1,048)	(22,708)
Unamortized Premiums	42,585	32,276	2,095	72,766
Bonds Payable, Net	\$ 6,438,829	\$ 2,482,276	\$ 111,047	\$ 8,810,058
		Amount Due Within One Year		\$ 185,000
		Amount Due After One Year		8,625,058
		Bonds Payable, Net		\$ 8,810,058

As of December 31, 2022, the District had authorized but unissued tax bonds in the amount of \$69,560,000 for utility facilities and refunding purposes, \$6,110,000 for recreational facilities and refunding purposes and \$41,925,000 for road facilities and refunding purposes. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitations as to rate or amount.

On September 14, 2022, the District issued its \$2,450,000 Series 2022 Unlimited Tax Bonds. Proceeds were used to reimburse the Developer for utility infrastructure serving The Woods of Conroe, Sections 3 and 4 as well as Developer interest. Additional proceeds were used to pay for bond issuance costs and fund capitalized interest.

During the year ended December 31, 2022, the District levied an ad valorem debt service tax rate of \$0.665 per \$100 of assessed valuation, which resulted in a tax levy \$574,288 on the adjusted taxable valuation of \$86,359,100 for the 2022 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

All property values and exempt status, if any, are determined by the 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.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2018	Series 2019	Series 2021	Series 2022
Amount Outstanding – December 31, 2022	\$ 1,940,000	\$ 1,870,000	\$ 2,500,000	\$ 2,450,000
Interest Rates	3.375% - 4.45%	2.00% - 3.20%	2.25% - 4.75%	3.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2023/2043	September 1, 2023/2044	September 1, 2023/2046	September 1, 2024/2047
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2024*	September 1, 2025*	September 1, 2027*	September 1, 2028*

* At the option of the District as a whole or in part on the call option date or any date thereafter, at par plus accrued interest to the date of redemption. Series 2018 term bonds due September 1, 2029, 2032, 2034, 2037, and 2043, are subject to mandatory redemption beginning September 1, 2028, 2030, 2033, 2035, and 2038, respectively. Series 2019 term bonds due September 1, 2033, 2037, 2039, 2041, and 2044, are subject to mandatory redemption beginning September 1, 2032, 2036, 2038, 2040, and 2042, respectively. Series 2021 term bonds due September 1, 2031, 2033, 2035, 2038, and 2046, are subject to mandatory redemption beginning September 1, 2030, 2032, 2034, 2036, and 2039, respectively. Series 2022 term bonds due September 1, 2030, 2032, 2034, 2036, 2038, 2041, 2044 and 2047, are subject to mandatory redemption beginning September 1, 2029, 2031, 2033, 2035, 2037, 2039, 2042 and 2045, respectively.

The debt service requirements on the outstanding bonds were as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 185,000	\$ 298,191	\$ 483,191
2024	300,000	295,227	595,227
2025	305,000	283,190	588,190
2026	310,000	270,842	580,842
2027	320,000	258,244	578,244
2028-2032	1,725,000	1,118,722	2,843,722
2033-2037	1,945,000	836,637	2,781,637
2038-2042	2,235,000	484,610	2,719,610
2043-2047	1,435,000	114,733	1,549,733
	<u>\$ 8,760,000</u>	<u>\$ 3,960,396</u>	<u>\$ 12,720,396</u>

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

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 be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds. The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. 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 throughout the life of the bonds.

Series 2022 bond proceeds of \$48,256 were deposited into the Debt Service Fund during the year and restricted for the payment of interest on the bonds. As of December 31, 2022, the entire amount remains to pay future interest on the 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 \$742,825 and the bank balance was \$281,746. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits at December 31, 2022, is summarized below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	\$ 20,348	\$	\$ 20,348
DEBT SERVICE FUND	537,477	185,000	722,477
TOTAL DEPOSITS	\$ 557,825	\$ 185,000	\$ 742,825

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 225,000	\$ 237,115	\$ 12,115
Investment and Miscellaneous Revenues	<u>3,700</u>	<u>7,629</u>	<u>3,929</u>
TOTAL REVENUES	<u>\$ 228,700</u>	<u>\$ 244,744</u>	<u>\$ 16,044</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 96,000	\$ 104,183	\$ (8,183)
Contracted Services	16,000	18,010	(2,010)
Repairs and Maintenance	1,200	5,261	(4,061)
Other	<u>26,025</u>	<u>19,102</u>	<u>6,923</u>
TOTAL EXPENDITURES	<u>\$ 139,225</u>	<u>\$ 146,556</u>	<u>\$ (7,331)</u>
NET CHANGE IN FUND BALANCE	\$ 89,475	\$ 98,188	\$ 8,713
FUND BALANCE - JANUARY 1, 2022	<u>183,345</u>	<u>183,345</u>	<u> </u>
FUND BALANCE - DECEMBER 31, 2022	<u>\$ 272,820</u>	<u>\$ 281,533</u>	<u>\$ 8,713</u>

See accompanying independent auditor's report.

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MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

DECEMBER 31, 2022

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2022**

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No

County in which District is located:

Montgomery County, Texas

Is the District located within a city?

Entirely X Partly Not at all

City in which District is located:

City of Conroe, Texas

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

Entirely Partly Not at all X

Are Board Members appointed by an office outside the District?

Yes No X

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022

PROFESSIONAL FEES:	
Auditing	\$ 12,500
Engineering	16,974
Legal	<u>46,141</u>
TOTAL PROFESSIONAL FEES	<u>\$ 75,615</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 18,010</u>
REPAIRS AND MAINTENANCE	<u>\$ 5,261</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 5,975
Insurance	3,963
Office Supplies and Postage	2,454
Meetings, Record Storage, Bank Charges	<u>6,710</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 19,102</u>
OTHER EXPENDITURES:	
Bond Issuance Costs	<u>\$ 28,568</u>
TOTAL EXPENDITURES	<u>\$ 146,556</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
INVESTMENTS
DECEMBER 31, 2022

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0003	Varies	Daily	\$ 263,347	\$ -0-
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0004	Varies	Daily	\$ 79,827	\$
Certificate of Deposit	XXXX3036	4.18%	02/01/23	<u>185,000</u>	<u>5,678</u>
TOTAL DEBT SERVICE FUND				<u>\$ 264,827</u>	<u>\$ 5,678</u>
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0006	Varies	Daily	\$ 19	\$ -0-
TOTAL - ALL FUNDS				<u>\$ 528,193</u>	<u>\$ 5,678</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Maintenance Taxes	Debt Service Taxes
TAXES RECEIVABLE -		
JANUARY 1, 2022	\$ 39,771	\$ 64,795
Adjustments to Beginning Balance	<u>(92)</u>	<u>(148)</u>
	\$ 39,679	\$ 64,647
Original 2022 Tax Levy	\$ 266,515	\$ 529,052
Adjustment to 2022 Tax Levy	<u>22,788</u>	<u>45,236</u>
	<u>289,303</u>	<u>\$ 574,288</u>
TOTAL TO BE ACCOUNTED FOR	\$ 328,982	\$ 638,935
TAX COLLECTIONS:		
Prior Year	\$ 39,130	\$ 63,808
Current Year	<u>184,783</u>	<u>366,806</u>
	<u>223,913</u>	<u>\$ 430,614</u>
TAXES RECEIVABLE - DECEMBER 31, 2022	<u>\$ 105,069</u>	<u>\$ 208,321</u>
TAXES RECEIVABLE BY YEAR:		
2022	\$ 104,520	\$ 207,482
2020	<u>549</u>	<u>839</u>
TOTAL	<u>\$ 105,069</u>	<u>\$ 208,321</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY VALUATIONS:				
Land	\$ 18,363,340	\$ 15,342,600	\$ 12,821,720	\$ 10,879,230
Improvements	75,529,665	47,974,210	32,890,920	20,743,520
Personal Property	21,910	22,302	284,206	183,652
Exemptions	<u>(7,555,815)</u>	<u>(1,022,922)</u>	<u>(996,502)</u>	<u>(722,124)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 86,359,100</u>	<u>\$ 62,316,190</u>	<u>\$ 45,000,344</u>	<u>\$ 31,084,278</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.665	\$ 0.62	\$ 0.605	\$ 0.39
Maintenance	<u>0.335</u>	<u>0.38</u>	<u>0.395</u>	<u>0.61</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>
ADJUSTED TAX LEVY*	<u>\$ 863,591</u>	<u>\$ 623,161</u>	<u>\$ 450,003</u>	<u>\$ 310,843</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>63.87 %</u>	<u>100.00 %</u>	<u>99.69 %</u>	<u>100.00 %</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 \$1.50 per \$100 of assessed valuation approved by voters on November 3, 2015.

Note: The collection percentage for the 2022 tax levy was approximately 99% as of the date of this report.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2022

S E R I E S - 2 0 1 8

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	\$ 60,000	\$ 80,401	\$ 140,401
2024	60,000	78,376	138,376
2025	65,000	76,351	141,351
2026	65,000	74,076	139,076
2027	70,000	71,720	141,720
2028	70,000	69,095	139,095
2029	75,000	66,383	141,383
2030	80,000	63,476	143,476
2031	80,000	60,276	140,276
2032	85,000	57,076	142,076
2033	90,000	53,676	143,676
2034	95,000	49,964	144,964
2035	100,000	46,045	146,045
2036	100,000	41,745	141,745
2037	105,000	37,445	142,445
2038	110,000	32,930	142,930
2039	115,000	28,035	143,035
2040	120,000	22,918	142,918
2041	125,000	17,578	142,578
2042	130,000	12,015	142,015
2043	140,000	6,230	146,230
2044			
2045			
2046			
2047			
	<u>\$ 1,940,000</u>	<u>\$ 1,045,811</u>	<u>\$ 2,985,811</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2022

S E R I E S - 2 0 1 9				
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total	
2023	\$ 55,000	\$ 53,863	\$	108,863
2024	60,000	52,763		112,763
2025	60,000	51,563		111,563
2026	65,000	50,303		115,303
2027	65,000	48,873		113,873
2028	65,000	47,378		112,378
2029	70,000	45,753		115,753
2030	75,000	43,933		118,933
2031	75,000	41,908		116,908
2032	80,000	39,808		119,808
2033	80,000	37,408		117,408
2034	85,000	35,008		120,008
2035	85,000	32,458		117,458
2036	90,000	29,908		119,908
2037	95,000	27,118		122,118
2038	100,000	24,173		124,173
2039	100,000	21,073		121,073
2040	105,000	17,973		122,973
2041	110,000	14,665		124,665
2042	115,000	11,200		126,200
2043	115,000	7,520		122,520
2044	120,000	3,840		123,840
2045				
2046				
2047				
	\$ 1,870,000	\$ 738,489	\$	2,608,489

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2022

S E R I E S - 2 0 2 1

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	\$ 70,000	\$ 70,900	\$ 140,900
2024	75,000	67,575	142,575
2025	75,000	64,013	139,013
2026	75,000	60,450	135,450
2027	80,000	56,888	136,888
2028	85,000	53,088	138,088
2029	85,000	51,175	136,175
2030	90,000	49,262	139,262
2031	90,000	47,237	137,237
2032	95,000	45,213	140,213
2033	95,000	43,075	138,075
2034	100,000	40,937	140,937
2035	105,000	38,438	143,438
2036	105,000	35,813	140,813
2037	110,000	33,187	143,187
2038	115,000	30,438	145,438
2039	115,000	27,562	142,562
2040	120,000	24,544	144,544
2041	125,000	21,394	146,394
2042	130,000	18,112	148,112
2043	135,000	14,700	149,700
2044	140,000	11,156	151,156
2045	140,000	7,481	147,481
2046	145,000	3,806	148,806
2047			
	\$ 2,500,000	\$ 916,444	\$ 3,416,444

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2022

S E R I E S - 2 0 2 2

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2023	\$	\$ 93,027	\$ 93,027
2024	105,000	96,513	201,513
2025	105,000	91,263	196,263
2026	105,000	86,013	191,013
2027	105,000	80,763	185,763
2028	105,000	75,513	180,513
2029	105,000	70,262	175,262
2030	105,000	67,112	172,112
2031	105,000	63,962	168,962
2032	105,000	60,812	165,812
2033	105,000	57,662	162,662
2034	100,000	54,250	154,250
2035	100,000	51,000	151,000
2036	100,000	47,500	147,500
2037	100,000	44,000	144,000
2038	100,000	40,000	140,000
2039	100,000	36,000	136,000
2040	100,000	32,000	132,000
2041	100,000	28,000	128,000
2042	100,000	24,000	124,000
2043	100,000	20,000	120,000
2044	100,000	16,000	116,000
2045	100,000	12,000	112,000
2046	100,000	8,000	108,000
2047	100,000	4,000	104,000
	<u>\$ 2,450,000</u>	<u>\$ 1,259,652</u>	<u>\$ 3,709,652</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2022

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	\$ 185,000	\$ 298,191	\$ 483,191
2024	300,000	295,227	595,227
2025	305,000	283,190	588,190
2026	310,000	270,842	580,842
2027	320,000	258,244	578,244
2028	325,000	245,074	570,074
2029	335,000	233,573	568,573
2030	350,000	223,783	573,783
2031	350,000	213,383	563,383
2032	365,000	202,909	567,909
2033	370,000	191,821	561,821
2034	380,000	180,159	560,159
2035	390,000	167,941	557,941
2036	395,000	154,966	549,966
2037	410,000	141,750	551,750
2038	425,000	127,541	552,541
2039	430,000	112,670	542,670
2040	445,000	97,435	542,435
2041	460,000	81,637	541,637
2042	475,000	65,327	540,327
2043	490,000	48,450	538,450
2044	360,000	30,996	390,996
2045	240,000	19,481	259,481
2046	245,000	11,806	256,806
2047	100,000	4,000	104,000
	<u>\$ 8,760,000</u>	<u>\$ 3,960,396</u>	<u>\$ 12,720,396</u>

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2022

Description	Original Bonds Issued	Bonds Outstanding January 1, 2022
Montgomery County Municipal Utility District No. 142 Unlimited Tax Bonds - Series 2018	\$ 2,100,000	\$ 1,995,000
Montgomery County Municipal Utility District No. 142 Unlimited Tax Bonds - Series 2019	1,975,000	1,925,000
Montgomery County Municipal Utility District No. 142 Unlimited Tax Bonds - Series 2021	2,500,000	2,500,000
Montgomery County Municipal Utility District No. 142 Unlimited Tax Bonds - Series 2022	<u>2,450,000</u>	<u> </u>
TOTAL	<u>\$ 9,025,000</u>	<u>\$ 6,420,000</u>

Bond Authority:	<u>Utility Facilities*</u>	<u>Recreational Facilities Bonds*</u>	<u>Road Bonds*</u>
Amount Authorized by Voters	\$ 78,585,000	\$ 6,110,000	\$ 41,925,000
Amount Issued	<u>9,025,000</u>	<u> </u>	<u> </u>
Remaining to be Issued	<u>\$ 69,560,000</u>	<u>\$ 6,110,000</u>	<u>\$ 41,925,000</u>

* Includes refunding bonds authorization

Debt Service Fund cash and investment balances as of December 31, 2022: \$ 802,304

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 508,816

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding December 31, 2022</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 55,000	\$ 82,258	\$ 1,940,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	55,000	54,894	1,870,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		57,310	2,500,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>2,450,000</u>	<u> </u>	<u> </u>	<u>2,450,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ 2,450,000</u>	<u>\$ 110,000</u>	<u>\$ 194,462</u>	<u>\$ 8,760,000</u>	

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 237,115	\$ 177,154	\$ 189,614
Tax Rebate		3,364	2,397
Investment and Miscellaneous Revenues	7,629	168	283
TOTAL REVENUES	<u>\$ 244,744</u>	<u>\$ 180,686</u>	<u>\$ 192,294</u>
EXPENDITURES			
Professional Fees	\$ 75,615	\$ 86,223	\$ 72,106
Contracted Services	18,010	14,316	11,458
Repairs and Maintenance	5,261	10,235	21,545
Other	47,670	19,394	14,067
Capital Outlay			5,000
TOTAL EXPENDITURES	<u>\$ 146,556</u>	<u>\$ 130,168</u>	<u>\$ 124,176</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 98,188</u>	<u>\$ 50,518</u>	<u>\$ 68,118</u>
OTHER FINANCING SOURCES			
Transfers In	\$	\$	\$ 15,735
Developer Advances			
TOTAL OTHER FINANCING SOURCES	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 15,735</u>
NET CHANGE IN FUND BALANCE	\$ 98,188	\$ 50,518	\$ 83,853
BEGINNING FUND BALANCE	<u>183,345</u>	<u>132,827</u>	<u>48,974</u>
ENDING FUND BALANCE	<u><u>\$ 281,533</u></u>	<u><u>\$ 183,345</u></u>	<u><u>\$ 132,827</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
\$ 140,985	\$ 29,138	96.9 %	98.0 %	98.7 %	99.1 %	98.7 %
<u>1,267</u>	<u>376</u>	<u>3.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.9</u>	<u>1.3</u>
\$ <u>142,252</u>	\$ <u>29,514</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 73,465	\$ 101,235	30.9 %	47.7 %	37.5 %	51.6 %	343.0 %
13,142	15,643	7.4	7.9	6.0	9.2	53.0
5,685		2.1	5.7	11.2	4.0	
15,296	16,512	19.5	10.7	7.3	10.8	55.9
				<u>2.6</u>		
\$ <u>107,588</u>	\$ <u>133,390</u>	<u>59.9 %</u>	<u>72.0 %</u>	<u>64.6 %</u>	<u>75.6 %</u>	<u>451.9 %</u>
\$ <u>34,664</u>	\$ <u>(103,876)</u>	<u>40.1 %</u>	<u>28.0 %</u>	<u>35.4 %</u>	<u>24.4 %</u>	<u>(351.9) %</u>
\$	\$					
	<u>110,000</u>					
\$ <u>- 0 -</u>	\$ <u>110,000</u>					
\$ 34,664	\$ 6,124					
<u>14,310</u>	<u>8,186</u>					
\$ <u>48,974</u>	\$ <u>14,310</u>					

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 386,836	\$ 271,335	\$ 121,229
Penalty and Interest	1,635	937	3,826
Investment and Miscellaneous Revenues	10,478	1,372	804
Tax Rebate	10,493		
TOTAL REVENUES	<u>\$ 409,442</u>	<u>\$ 273,644</u>	<u>\$ 125,859</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 20,892	\$ 18,490	\$ 14,378
Debt Service Principal	110,000	105,000	50,000
Debt Service Interest and Fees	196,712	141,383	127,424
TOTAL EXPENDITURES	<u>\$ 327,604</u>	<u>\$ 264,873</u>	<u>\$ 191,802</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 81,838</u>	<u>\$ 8,771</u>	<u>\$ (65,943)</u>
OTHER FINANCING SOURCES			
Proceeds From Issuance of Long-Term Debt	\$ 48,256	\$ 70,900	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 130,094	\$ 79,671	\$ (65,943)
BEGINNING FUND BALANCE	<u>125,879</u>	<u>46,208</u>	<u>112,151</u>
ENDING FUND BALANCE	<u>\$ 255,973</u>	<u>\$ 125,879</u>	<u>\$ 46,208</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
\$	\$	94.4 %	99.2 %	96.4 %	%	%
		0.4	0.3	3.0		
985		2.6	0.5	0.6	100.0	
		2.6				
\$ 985	\$ - 0 -	100.0 %	100.0 %	100.0 %	100.0 %	%
\$ 12,494	\$	5.2 %	6.8 %	11.4 %	1,268.4 %	%
		26.9	38.4	39.7		
60,811		48.0	51.7	101.2	6,173.7	
\$ 73,305	\$ - 0 -	80.1 %	96.9 %	152.3 %	7,442.1 %	%
\$ (72,320)	\$ - 0 -	19.9 %	3.1 %	(52.3) %	(7,342.1) %	N/A %
\$ 55,769	\$ 128,702					
\$ (16,551)	\$ 128,702					
128,702						
\$ 112,151	\$ 128,702					
N/A	N/A					
N/A	N/A					

See accompanying independent auditor's report.

**MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2022**

District Mailing Address - Montgomery County Municipal Utility District No. 142
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2022	Expense Reimbursements for the year ended December 31, 2022	Title
Dillon Mills	05/20 05/24 (Elected)	\$ 1,500	\$ -0-	President
Fritz Fowler	05/20 05/24 (Elected)	\$ 1,050	\$ -0-	Vice President
David Patrick	05/22 05/26 (Elected)	\$ 1,350	\$ -0-	Secretary
Connor Lynch	05/22 05/26 (Appointed)	\$ 1,050	\$ -0-	Director
Cameron Feehan	04/22 05/24 (Appointed)	\$ 450	\$ -0-	Director

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

Submission date of most recent District Registration Form: April 5, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution on May 20, 2015. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 142
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2022

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2022</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	05/20/15	\$ 58,373 \$ 87,164	General Counsel Bond Related
McCall Gibson Swedlund Barfoot PLLC	11/08/18	\$ 12,500 \$ 12,750	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	07/08/15	\$ 19,881 \$ 4,000	Bookkeeper Bond Related
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/11/17	\$ -0-	Delinquent Tax Attorney
Bleyle & Associates	07/08/15	\$ 21,155 \$ 4,469	Engineer Bond Related
Jones-Heroy & Associates		\$ 42,518	Bond Engineer
Mark Burton and Ghia Lewis	07/08/15	\$ -0-	Investment Officers
Masterson Advisors LLC	06/13/18	\$ 55,693	Financial Advisor
Bob Leared Interests	06/10/15	\$ 11,534 \$ 2,500	Tax Assessor/ Collector Bond Related

See accompanying independent auditor's report.

