HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants

Chris Swedlund
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Mike M. McCall
(retired)
Debbie Gibson
(retired)

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Municipal Utility District No. 136 (the "District") as of and for the year ended March 31, 2026, 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 major fund of the District as of March 31, 2026, 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.

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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
Harris County Municipal Utility District No. 136

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, excluding that portion marked "Unaudited" on which we express no opinion or provide an 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 Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

July 9, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2026

Management's discussion and analysis of Harris County Municipal Utility District No. 136's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended March 31, 2026. 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) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. 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 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 all of 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 one governmental fund type. The General Fund accounts for resources not accounted for in another fund, customer service and maintenance tax revenues, operating costs and general expenditures.

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 Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance 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, assets exceeded liabilities by $4,374,213 as of March 31, 2026.

A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

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		
	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 3,137,290	$ 2,815,556	$ 321,734
Capital Assets (Net of Accumulated Depreciation)	1,611,912	1,630,644	(18,732)
Total Assets	$ 4,749,202	$ 4,446,200	$ 303,002
Total Liabilities	$ 374,989	$ 219,579	$ (155,410)
Net Position:			
Net Investment in Capital Assets	$ 1,611,912	$ 1,630,644	$ (18,732)
Unrestricted	2,762,301	2,595,977	166,324
Total Net Position	$ 4,374,213	$ 4,226,621	$ 147,592

The following table provides a summary of the District's operations for the years ended March 31, 2026, and March 31, 2025. The District's net position increased by $147,592.

	Summary of Changes in the Statement of Activities		
	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 566,559	$ 530,807	$ 35,752
Charges for Services	1,484,493	1,342,682	141,811
Other Revenues	112,305	106,110	6,195
Total Revenues	$ 2,163,357	$ 1,979,599	$ 183,758
Expenses for Services	2,015,765	1,861,915	(153,850)
Change in Net Position	$ 147,592	$ 117,684	$ 29,908
Net Position, Beginning of Year	4,226,621	4,108,937	117,684
Net Position, End of Year	$ 4,374,213	$ 4,226,621	$ 147,592

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of March 31, 2026, was $2,726,100, an increase of $154,362 from the prior year. This increase was due to current year property tax and service revenues exceeding operating expenditures and capital outlay.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenue was $137,525 more than budgeted revenue and actual expenditures were $158,907 less than budgeted expenditures, which resulted in a positive variance of $296,432. See the budget versus actual comparison for more information.

CAPITAL ASSETS

Capital assets as of March 31, 2026, total $1,611,912 (net of accumulated depreciation). These capital assets include land, buildings and equipment as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2026	2025	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 56,586	$ 56,586	$
Construction in Progress	213,082	93,689	119,393
Capital Assets, Net of Accumulated Depreciation:			
Water System	277,262	301,503	(24,241)
Wastewater System	183,414	188,061	(4,647)
Equipment	11,792	22,148	(10,356)
Buildings and Improvements	372,655	446,524	(73,869)
Investment in Capacity of Wastewater Treatment Plant	497,121	522,133	(25,012)
Total Net Capital Assets	$ 1,611,912	$ 1,630,644	$ (18,732)

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 136, c/o Norton Rose Fulbright US LLP, 1301 McKinney Avenue, Suite 5100, Houston, TX 77010.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
MARCH 31, 2026

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	$ 514,999	$	$ 514,999
Investments	2,329,707		2,329,707
Receivables:			
Property Taxes	31,408		31,408
Penalty and Interest on Delinquent Taxes		4,793	4,793
Service Accounts	187,848		187,848
Advance for Regional Wastewater Treatment Plant Operations	68,535		68,535
Land		56,586	56,586
Construction in Progress		213,082	213,082
Capital Assets (Net of Accumulated Depreciation)		1,342,244	1,342,244
TOTAL ASSETS	$ 3,132,497	$ 1,616,705	$ 4,749,202
LIABILITIES			
Accounts Payable	$ 299,231	$	$ 299,231
Due to Taxpayers	1,493		1,493
Security Deposits	74,265		74,265
TOTAL LIABILITIES	$ 374,989	$ - 0 -	$ 374,989
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 31,408	$ (31,408)	$ - 0 -
FUND BALANCE			
Nonspendable:			
For Regional Wastewater Treatment Plant Operations	$ 68,535	$ (68,535)	$
Assigned to 2027 Budget Deficit	47,027	(47,027)	
Unassigned	2,610,538	(2,610,538)	
TOTAL FUND BALANCE	$ 2,726,100	$ (2,726,100)	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 3,132,497		
NET POSITION			
Net Investment in Capital Assets		$ 1,611,912	$ 1,611,912
Unrestricted		2,762,301	2,762,301
TOTAL NET POSITION		$ 4,374,213	$ 4,374,213

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
MARCH 31, 2026

Total Fund Balance - Governmental Fund	$ 2,726,100
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Land used in governmental activities is not a financial resource and, therefore, is not reported as an asset in governmental funds.	56,586
Construction in progress in governmental activities is not a financial resources and, therefore, is not reported as an assets in governmental funds.	213,082
Capital assets are not financial resources and, therefore, are not reported as assets in governmental funds.	1,342,244
Deferred inflows of resources related to property tax revenues for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.	31,408
Uncollected penalty and interest revenues for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.	4,793
Total Net Position - Governmental Activities	$ 4,374,213

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2026

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	$ 556,445	$ 10,114	$ 566,559
Water Service	239,834		239,834
Wastewater Service	586,539		586,539
Regional Water Authority Fees	635,496		635,496
Penalty and Interest	20,776	1,848	22,624
Investment Revenues	93,521		93,521
Miscellaneous Revenues	18,784		18,784
TOTAL REVENUES	$ 2,151,395	$ 11,962	$ 2,163,357
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	$ 76,764		$ 76,764
Contracted Services	435,034		435,034
Purchased Water Service	112,780		112,780
Purchased Wastewater Service	174,616		174,616
Utilities	31,255		31,255
Regional Water Authority Assessment	529,027		529,027
Repairs and Maintenance	432,224		432,224
Depreciation		138,125	138,125
Other	85,940		85,940
Capital Outlay	119,393	(119,393)	
TOTAL EXPENDITURES/EXPENSES	$ 1,997,033	$ 18,732	$ 2,015,765
NET CHANGE IN FUND BALANCE	$ 154,362	$ (154,362)	$
CHANGE IN NET POSITION		147,592	147,592
FUND BALANCE/NET POSITION - APRIL 1, 2025	2,571,738	1,654,883	4,226,621
FUND BALANCE/NET POSITION - MARCH 31, 2026	$ 2,726,100	$ 1,648,113	$ 4,374,213

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2026

Net Change in Fund Balance - Governmental Fund	$	154,362
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		10,114
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		1,848
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(138,125)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		119,393
Change in Net Position - Governmental Activities	$	147,592

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

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 136, located in Harris County, Texas (the "District") was created by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the "Commission"), effective December 6, 1974. 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, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct 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 fire-fighting activities within the District. The Board of Directors held its first meeting on January 7, 1975, and the first bonds were sold on April 29, 1976.

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 or not 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.

The District is a participant in a joint venture to operate a jointly owned wastewater treatment plant. Jackrabbit Road Public Utility District has oversight on the plant. Summary financial information on the plant is described in Note 8.

<u>Financial Statement Presentation</u>

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

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

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 Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance.

Governmental Fund

The District has one major governmental fund.

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

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 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.

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 Fund 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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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 \$10,000 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. Water, wastewater and drainage facilities will be depreciated over periods ranging from 10 to 45 years, buildings over 40 years and all other equipment over periods ranging from 3 to 20 years.

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 original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

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 considered to be wages subject to federal income tax withholding for payroll 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 and liabilities associated with the activities are reported. Fund equity is classified as net position.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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.

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. The District does not have any restricted fund balances.

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 assigned $47,027 of its General Fund fund balance for a projected budget deficit for the fiscal year ending March 31, 2027.

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. BOND AUTHORIZATION AND TAX CALENDAR

Original Bonds Voted	$ 8,000,000
Original Bonds Approved	$ 8,000,000
Original Bonds Issued	$ 8,000,000

The District has fully retired its $2,750,000 Series 1976 Bonds, $1,785,000 Series 1976-A Bonds, $2,150,000 Series 1977 Bonds, $1,315,000 Series 1988 Bonds, $3,395,000 Series 1992 Refunding Bonds and $3,584,358 Series 1998 Refunding Bonds. The District has issued a total of $14,979,358 bonds of which $6,979,358 have been Refunding Bonds.

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.

NOTE 4. 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 $514,999 and the bank balance was $515,356. The bank balance was fully covered by federal depository insurance.

The carrying values of the deposits are included in the Governmental Fund Balance Sheet and the Statement of Net Position at March 31, 2026, as listed below:

	Cash
GENERAL FUND	$ 514,999

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

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.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its 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 March 31, 2026, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities Less Than 1 Year
GENERAL FUND		
TexPool	$ 2,329,707	$ 2,329,707

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2026, the District's investment in TexPool was rated AAAm by Standard and Poor's.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment 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, unless there has been a significant change in value.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2026:

	April 1, 2025	Increases	Decreases	March 31, 2026
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 56,586	$	$	$ 56,586
Construction in Progress	93,689	119,393		213,082
Total Capital Assets Not Being Depreciated	$ 150,275	$ 119,393	$ - 0 -	$ 269,668
Capital Assets Subject to Depreciation				
Water System	$ 4,133,913	$	$	$ 4,133,913
Wastewater System	1,705,990			1,705,990
Drainage System	73,465			73,465
Equipment	82,123			82,123
Buildings and Improvements	755,936			755,936
Investment in Capacity of Wastewater Treatment Plant	1,530,350			1,530,350
Total Capital Assets Subject to Depreciation	$ 8,281,777	$ - 0 -	$ - 0 -	$ 8,281,777
Less Accumulated Depreciation				
Water System	$ 3,832,410	$ 24,241	$	$ 3,856,651
Wastewater System	1,517,929	4,647		1,522,576
Drainage System	73,465			73,465
Equipment	59,975	10,356		70,331
Buildings and Improvements	309,412	73,869		383,281
Investment in Capacity of Wastewater Treatment Plant	1,008,217	25,012		1,033,229
Total Accumulated Depreciation	$ 6,801,408	$ 138,125	$ - 0 -	$ 6,939,533
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 1,480,369	$ (138,125)	$ - 0 -	$ 1,342,244
Total Capital Assets, Net of Accumulated Depreciation	$ 1,630,644	$ (18,732)	$ - 0 -	$ 1,611,912

NOTE 6. MAINTENANCE TAX

On November 8, 1977, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.00 per $100 of assessed valuation of taxable property within the District. A maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the fiscal year ended March 31, 2026, the District levied an ad valorem maintenance tax at the rate of $0.155 per $100 of assessed valuation, which resulted in a tax levy of $569,031 on the adjusted taxable valuation of $367,117,051 for the 2025 tax year.

NOTE 7. EMERGENCY WATER SUPPLY AGREEMENT

On April 13, 1983, the District entered into an agreement with Harris County Municipal Utility District No. 183 (District No. 183) whereby each district will provide the other district with delivery of water during emergency conditions. A meter and valve was installed at the point of interconnection at the sole cost of District No. 183. District No. 183 is responsible for the maintenance and repair of the meter and valve, with both parties to share equally in the costs.

On April 19, 1995, the District and District No. 183 approved the First Amendment to Emergency Water Supply Agreement. On June 1, 2001, a second amendment to the agreement was executed and on July 8, 2010, a third amendment to the agreement was executed. On December 22, 2015, the fourth amendment was executed. The fourth amendment changes the price to be paid for water delivered to $0.50 per thousand gallons of average daily usage plus the cost to purchase 1,000 gallons from the West Harris County Regional Water Authority. The term of the contract is 50 years from July 8, 2010, after which the agreement will automatically renew for successive one year-terms. The agreement may be terminated by either party, upon 60 days written notice to the other party, on any date after the 5th anniversary of the agreement.

On January 13, 2003, the District entered into an agreement with Barker-Cypress Municipal Utility District (Barker) whereby each district will provide the other district with delivery of water during emergency conditions. Under the agreement, Barker will construct water lines from the District's existing water supply systems at its own cost. Each party shall be responsible for maintaining its respective interconnect lines at its sole cost and expense. The price to be paid for water delivered pursuant to this contract during an emergency shall be $1.00 per 1,000 gallons of water usage. If the supplying party has converted to the use of surface water in whole or in part, the price per 1,000 gallons shall be the actual cost to the supplying party to purchase surface water. The term of the contract is 50 years. The agreement may be modified at any time with the consent of both parties.

NOTE 8. SEWAGE TREATMENT OPERATIONS AND MAINTENANCE AGREEMENT

The District entered into an agreement with Jackrabbit Road Public Utility District (JRPUD) on September 10, 1975. Under the contract, JRPUD agreed to enlarge and expand its wastewater treatment facilities to provide service to the District. The District agreed to pay its proportionate share of the cost of engineering and construction. See Note 5 for the recording of the District's investment in the capacity of the plant as a capital asset being depreciated over the life of this agreement. The District's share of the operating cost is based on its pro rata share of capacity in the plant. The term of the agreement is 35 years. On September 11, 2002, the agreement was amended to extend the term an additional 40 years to September 10, 2050.

JRPUD's wastewater treatment facilities also serve the following districts. Their respective pro rata share of capacity in the regional sewage treatment plant are as follows:

District	Gallons Per Day	Percentage of Ownership
Barker-Cypress Municipal Utility District	1,115,000	21.86%
Harris County Utility District No. 6	1,552,000	30.43
Harris County Municipal Utility District No. 136	500,000	9.80
Harris County Municipal Utility District No. 183	635,000	12.45
Harris County Municipal Utility District No. 276	197,500	3.87
Jackrabbit Road Public Utility District	1,100,500	21.59
TOTAL	5,100,000	100.00%

The Board of Directors of JRPUD is solely empowered with the rights and responsibilities for management of the sewage treatment facilities. The Board of JRPUD is elected by voters of JRPUD. The Board of JRPUD exercises sole control over budgeting and financing of the sewage treatment facilities.

The following summary financial data on the Regional Sewage Treatment Plant is presented for the fiscal year ended July 31, 2025. A copy of the financial statements can be obtained by contacting Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 2400, Houston, TX 77056-3012.

NOTE 8. SEWAGE TREATMENT OPERATIONS AND MAINTENANCE AGREEMENT (Continued)

	Joint Venture General Fund
Total Assets	$ 934,714
Total Liabilities	793,591
Total Fund Balance	$ 141,123
Total Revenues	$ 2,851,862
Total Expenditures	2,851,862
Excess Revenues (Expenditures)	$ -0-
Interfund Transfers Out	(17,356)
Fund Balance, Beginning of Year	158,479
Fund Balance, End of Year	$ 141,123

During the current fiscal year, the District's reserve for operation and maintenance of the regional sewage treatment plant was $68,535. The District recorded a total of $174,616 as its share of the operating costs of the plant, of which $93,430 is payable at year end.

NOTE 9. SANITARY SEWER CONTRACT WITH PINE FOREST COUNTRY CLUB

The District entered into a Sanitary Sewer Contract with Pine Forest Country Club on September 21, 1976. Under the terms of the contract the District agreed to construct, at its cost, a sanitary sewer line which will collect up to 20,000 gallons-per-day of waste from Pine Forest Country Club. The sanitary sewer line is to be owned, operated and maintained by the Club. As part of its contract with Jackrabbit Road Public Utility District, see Note 8, the District purchased an additional 20,000 gallons of capacity in the central sewage treatment plant in order to serve the Pine Forest Country Club.

The terms of the contract with Pine Forest Country Club specify that the following monthly amounts be paid to the District for providing sewer services to the Club:

1. $200 per month during the initial 26-year term of the contract, plus

2. An amount equal to 50 times the current monthly sewer rate set by the District for its residential customers.

NOTE 10. WATER SUPPLY AND WASTE DISPOSAL CONTRACT WITH UNIVERSITY DEVELOPMENT, INC.

On October 8, 2003, the District entered into a Water Supply and Waste Disposal Contract with University Development, Inc. (“Landowner”). Under the terms of the contract, the Landowner agreed to construct, at its cost, a water distribution and sanitary sewer system to serve the 11.2457 acres land in the vicinity of the District. The tract’s water distribution and sewer system shall be maintained and kept in proper condition and repair at the Landowner’s expense. The District agreed to provide a supply of water and receive waste not to exceed 30,000 gallons per day. The price to be paid to the District for the water and wastewater shall be equal to 240% of the rates charged to a commercial connection within the District. The term of the contract is 40 years and subject to right of either party to cancel upon 360 days of notice. The contract may be terminated by the Landowner upon not less than 60 days of notice to the District at any time after annexation of the Tract by the City of Houston, Texas.

NOTE 11. MAINTENANCE AND REPAIR

During the current fiscal year, maintenance and repair costs totaling $432,224 were incurred from the General Fund. Of this amount, $101,991 was for water production facility repair and maintenance, $180,377 was for water distribution facility repair and maintenance, $88,992 for sewer repair and maintenance, $56,136 was for sanitary sewer survey, and $4,728 was for mowing and other maintenance.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

NOTE 13. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the West Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the “Act”), as passed by the seventy-seventh Texas Legislature, in 2001. 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, the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivision.

NOTE 13. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

A nine-member board of directors governs the Authority. The directors serve staggered four-year terms. Each director must qualify to serve as director in the manner provided by Section 49.055 of the Water Code.

The Authority charges 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. The current fee for 1,000 gallons of water pumped from each well is $3.95. The District recorded an expenditure of $112,780 for fees assessed during the fiscal year ended March 31, 2026. In addition, the District purchased surface water from the Authority. The current fee for 1,000 gallons of surface water is $4.35. The District recorded an expenditure of $529,027 in relation to purchased surface water during the fiscal year ended March 31, 2026.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 440,000	$ 556,445	$ 116,445
Water Service	251,400	239,834	(11,566)
Wastewater Service	580,384	586,539	6,155
Regional Water Authority Fee	663,800	635,496	(28,304)
Penalty and Interest	14,000	20,776	6,776
Investment Revenues	63,036	93,521	30,485
Miscellaneous Revenues	1,250	18,784	17,534
TOTAL REVENUES	$ 2,013,870	$ 2,151,395	$ 137,525
EXPENDITURES			
Service Operations:			
Professional Fees	$ 95,600	$ 76,764	$ 18,836
Contracted Services	398,340	435,034	(36,694)
Purchased Water Service	96,600	112,780	(16,180)
Purchased Wastewater Service	193,000	174,616	18,384
Utilities	33,600	31,255	2,345
Regional Water Authority Assessment	469,600	529,027	(59,427)
Repairs and Maintenance	472,000	432,224	39,776
Other	82,200	85,940	(3,740)
Capital Outlay	315,000	119,393	195,607
TOTAL EXPENDITURES	$ 2,155,940	$ 1,997,033	$ 158,907
NET CHANGE IN FUND BALANCE	$ (142,070)	$ 154,362	$ 296,432
FUND BALANCE - APRIL 1, 2025	2,571,738	2,571,738	
FUND BALANCE - MARCH 31, 2026	$ 2,429,668	$ 2,726,100	$ 296,432

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MARCH 31, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2026

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

X	Retail Water		Wholesale Water	X	Drainage
X	Retail Wastewater		Wholesale Wastewater		Irrigation
	Parks/Recreation		Fire Protection		Security
X	Solid Waste/Garbage		Flood Control		Roads
X	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 5/8" METER (OR EQUIVALENT):

Based on the rate order approved March 12, 2026.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 5.00	1,000	N	$ 1.00	1,001 to 20,000
				2.00	20,001 to 30,000
				3.00	30,001 and up
WASTEWATER:	$ 44.65		Y		
SURCHARGE:					
Solid Waste/ Garbage					
Commission Regulatory Assessments					
Regional Water Authority Fees	105% of Regional Water Authority surface water fee of $4.35 per 1,000 gallons of water pumped				
Other (Name)					

District employs winter averaging for wastewater usage? Yes: ___ No: X

Total monthly charges per 10,000 gallons usage: Water: $14.00 Wastewater: $44.65 Surcharge: $45.70 Total: $104.35

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2026

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	1,064	1,056	x 1.0	1,056
1”	3	3	x 2.5	8
1½”	3	3	x 5.0	15
2”	9	7	x 8.0	56
3”			x 15.0	
4”	1	1	x 25.0	25
6”			x 50.0	
8”	1	1	x 80.0	80
10”			x 115.0	
Total Water Connections	1,081	1,071		1,240
Total Wastewater Connections	1,070	1,061	x 1.0	1,061

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

Gallons pumped into system:	29,789,000	Water Accountability Ratio: 93.88% (Gallons billed and maintenance /Gallons pumped and purchased)
Gallons billed to customers:	139,394,000	
Gallons purchased:	120,910,000	From: West Harris County Regional Water Authority
Leaks and Flushing	2,080,000	

See accompanying independent auditor’s report.

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

Does the District have Debt Service standby fees? Yes ___ No _X_

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

5. **LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes _X_ No ___

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely ___ Partly ___ Not at all _X_

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

Entirely _X_ Partly ___ Not at all ___

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes ___ No _X_

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2026

PROFESSIONAL FEES:		
Auditing	$	15,000
Engineering		9,162
Legal		52,602
TOTAL PROFESSIONAL FEES	$	76,764
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	112,780
Purchased Wastewater Service		174,616
TOTAL PURCHASED SERVICES FOR RESALE	$	287,396
CONTRACTED SERVICES:		
Appraisal District	$	4,270
Bookkeeping		30,587
Operations and Billing		79,228
Solid Waste Disposal		298,749
Tax Collector		22,200
TOTAL CONTRACTED SERVICES	$	435,034
UTILITIES	$	31,255
REPAIRS AND MAINTENANCE	$	432,224
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	8,958
Dues		1,565
Insurance		18,738
Legal Notices		1,085
Office Supplies and Postage		6,133
Payroll Taxes		2,465
Travel and Meetings		2,419
Regional Water Authority Assessment		529,027
Other		8,678
TOTAL ADMINISTRATIVE EXPENDITURES	$	579,068

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2026

CAPITAL OUTLAY	$	119,393
OTHER EXPENDITURES:		
Chemicals	$	7,904
Laboratory Fees		21,588
Permit Fees		2,641
Regulatory Assessment		3,766
TOTAL OTHER EXPENDITURES	$	35,899
TOTAL EXPENDITURES	$	1,997,033

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
INVESTMENTS
MARCH 31, 2026

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0001	Varies	Daily	$ 1,124,171	$
TexPool	XXXX0003	Varies	Daily	1,205,536	
TOTAL GENERAL FUND				$ 2,329,707	$ - 0 -

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2026

	Maintenance Taxes	
TAXES RECEIVABLE -		
APRIL 1, 2025	$ 21,294	
Adjustments to Beginning		
Balance	(2,472)	$ 18,822
Original 2025 Tax Levy	$ 548,754	
Adjustment to 2025 Tax Levy	20,277	569,031
TOTAL TO BE ACCOUNTED FOR		$ 587,853
TAX COLLECTIONS:		
Prior Years	$ 9,762	
Current Year	546,683	556,445
TAXES RECEIVABLE -		
MARCH 31, 2026		$ 31,408
TAXES RECEIVABLE BY		
YEAR:		
2025		$ 22,348
2024		4,758
2023		2,724
2022		626
2021 and prior		952
TOTAL		$ 31,408

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2026

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	$ 85,605,528	$ 83,527,610	$ 82,768,029	$ 70,053,431
Improvements	298,993,930	285,649,851	298,942,763	280,573,537
Personal Property	11,082,078	9,441,484	8,931,289	8,230,650
Exemptions	(28,564,485)	(28,186,629)	(57,623,153)	(57,658,886)
TOTAL PROPERTY VALUATIONS	$ 367,117,051	$ 350,432,316	$ 333,018,928	$ 301,198,732
TAX RATES PER $100 VALUATION:				
Maintenance	$ 0.155	$ 0.152	$ 0.150	$ 0.155
ADJUSTED TAX LEVY*	$ 569,031	$ 532,657	$ 499,528	$ 466,858
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	96.07 %	99.11 %	99.45 %	99.87 %

* 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 $1.00 per $100 of assessed valuation approved by voters on November 8, 1977.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 556,445	$ 525,627	$ 494,731
Water Service	239,834	226,860	271,817
Wastewater Service	586,539	497,574	461,254
Regional Water Authority Fee	635,496	599,281	653,324
Penalty and Interest	20,776	18,153	15,169
Tap Connection and Inspection Fees			
Investment Revenues	93,521	104,426	100,314
Insurance Reimbursement			67,490
Miscellaneous Revenues	18,784	1,684	7,762
TOTAL REVENUES	$ 2,151,395	$ 1,973,605	$ 2,071,861
EXPENDITURES			
Professional Fees	$ 76,764	$ 92,421	$ 78,984
Contracted Services	435,034	359,138	349,194
Purchased Water Service	112,780	92,086	465,104
Purchased Wastewater Service	174,616	173,999	188,255
Utilities	31,255	32,215	32,126
Regional Water Authority Assessment	529,027	479,328	227,260
Repairs and Maintenance	432,224	371,967	301,016
Other	85,940	78,319	85,926
Capital Outlay	119,393	115,748	
TOTAL EXPENDITURES	$ 1,997,033	$ 1,795,221	$ 1,727,865
NET CHANGE IN FUND BALANCE	$ 154,362	$ 178,384	$ 343,996
BEGINNING FUND BALANCE	2,571,738	2,393,354	2,049,358
ENDING FUND BALANCE	$ 2,726,100	$ 2,571,738	$ 2,393,354
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,071	1,075	1,076
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,061	1,072	1,067

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2023	2022	2026	2025	2024	2023	2022
$ 460,140	$ 431,300	25.9 %	26.6 %	23.9 %	24.8 %	26.5 %
259,865	219,651	11.1	11.5	13.1	14.0	13.5
428,574	386,082	27.3	25.2	22.3	23.1	23.7
628,551	475,839	29.5	30.4	31.5	33.9	29.2
12,651	17,419	1.0	0.9	0.7	0.7	1.1
	79,960					4.9
		4.3	5.3	4.8		
				3.3		
65,809	19,592	0.9	0.1	0.4	3.5	1.2
$ 1,855,590	$ 1,629,843	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 88,923	$ 87,713	3.6 %	4.7 %	3.8 %	4.8 %	5.4 %
317,311	261,915	20.2	18.2	16.9	17.1	16.1
435,543	408,645	5.2	4.7	22.4	23.5	25.1
212,007	147,989	8.1	8.8	9.1	11.4	9.1
39,863	37,443	1.5	1.6	1.6	2.1	2.3
280,863	102,298	24.6	24.3	11.0	15.1	6.3
329,295	202,373	20.1	18.8	14.5	17.7	12.4
107,768	155,428	4.0	4.0	4.1	5.8	9.5
184,698	8,419	5.5	5.9		10.0	0.5
$ 1,996,271	$ 1,412,223	92.8 %	91.0 %	83.4 %	107.5 %	86.7 %
$ (140,681)	$ 217,620	7.2 %	9.0 %	16.6 %	(7.5) %	13.3 %
2,190,039	1,972,419					
$ 2,049,358	$ 2,190,039					
1,075	1,067					
1,066	1,057					

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2026

District Mailing Address	-	Harris County Municipal Utility District No. 136 c/o Norton Rose Fulbright US LLP 1301 McKinney Avenue, 51st Floor Houston, TX 77010
District Telephone Number	-	(713) 651-3620

Board Members	Term of Office (Elected or Appointed)	Fees for the year ended March 31, 2026	Expense Reimbursements for the year ended March 31, 2026	Title
Brent Phelps	11/24 11/28 (Elected)	$ 2,200	$ 1,003	President
Barry Greer	11/22 11/26 (Elected)	$ 1,400	$ -0-	Vice President
Neil Polansky	11/24 11/28 (Elected)	$ 1,600	$ -0-	Assistant Vice President
Adam Rodriguez	11/22 11/26 (Elected)	$ 1,858	$ -0-	Secretary
Jody Shipman	02/25 11/26 (Appointed)	$ 1,900	$ 666	Assistant Secretary

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: February 18, 2025

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). Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 136
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2026

Consultants:	Date Hired	Fees for the year ended March 31, 2026	Title
Norton Rose Fulbright US LLP	12/16/74	$ 50,080	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	09/15/93	$ 15,000	Auditor
Artesian Financial Services	08/18/22	$ 32,774	Bookkeeper
Hal R. Gordon	05/11/83	$ 1,128	Delinquent Tax Attorney
Pape-Dawson Engineers, Inc.	07/12/18	$ 9,162	Engineer
Blitch Associates, Inc.	10/10/13	$ -0-	Financial Advisor
Municipal Operations & Consulting, Inc.	06/21/12	$ 360,779	Operator
Bob Leared, RTA	06/12/79	$ 28,750	Tax Assessor/ Collector
Best Trash	02/01/25	$ 298,749	Residential Solid Waste Collection

See accompanying independent auditor’s report.