OFFICIAL STATEMENT DATED APRIL 17, 2019

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The District will designate the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS - Qualified Tax-Exempt Obligations.

NEW ISSUE - Book-Entry-Only

Ratings: S&P Global Ratings (BAM Insured) . . . . "AA" (stable outlook)
Moody's Investors Serice (Underlying) . . . . "A3"
See "BOND INSURANCE" and "RATINGS" herein

$7,270,000
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
(A Political Subdivision of the State of Texas, located within Brazoria County, Texas)
UNLIMITED TAX REFUNDING BONDS, SERIES 2019

Dated: May 1, 2019 **Due: September 1, as shown below**

Principal of the above bonds (the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or Paying Agent/Registrar"). Interest on the Bonds accrues from May 1, 2019, and is payable on September 1, 2019 (four-month interest payment), and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of $5,000 or any integral multiple thereof in fully registered form only.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS – Book-Entry-Only System."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM" or the "Insurer").

BAM

MATURITY SCHEDULE
CUSIP Prefix (a) 10606R

Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)	Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)
$ 40,000	2019	4.00%	1.75%	LA3	$405,000	2028(c)	2.50%	2.65%	LK1
265,000	2020	4.00	1.83	LB1	430,000	2029(c)	3.00	2.73	LL9
285,000	2021	4.00	1.85	LC9	455,000	2030(c)	3.00	2.90	LM7
300,000	2022	4.00	1.92	LD7	480,000	2031(c)	3.00	3.00	LN5
320,000	2023	4.00	1.97	LE5	505,000	2032(c)	3.00	3.05	LP0
340,000	2024	2.00	2.12	LF2	535,000	2033(c)	3.00	3.11	LQ8
355,000	2025(c)	2.00	2.21	LG0	565,000	2034(c)	3.00	3.16	LR6
370,000	2026(c)	2.00	2.34	LH8	595,000	2035(c)	3.00	3.21	LS4
395,000	2027(c)	2.25	2.48	LJ4	630,000	2036(c)	3.00	3.26	LT2

(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District (hereinafter defined), the Financial Advisor (hereinafter defined), nor the Underwriter (hereinafter defined) take any responsibility for the accuracy of CUSIP numbers.
(b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriters (as defined herein). Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriters for public offerings, and which subsequently may be changed.
(c) The Bonds maturing on and after September 1, 2025, are subject to redemption prior to maturity at the option of Brazoria County Municipal Utility District No. 34 (the "District"), as a whole or in part, on September 1, 2024, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.

If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of $5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which as been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and the issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

The proceeds of the sale of the Bonds, plus certain other lawfully available funds of the District, will be applied to refund certain outstanding bonds of the District and to pay the costs of issuance of the Bonds. See "PLAN OF FINANCING — Use of Bond Proceeds." The Bonds, when issued, constitute valid and binding obligations of the District, and are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source of Payment." Neither the State of Texas, the City of Pearland, Texas, Brazoria County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Pearland, Texas, or Brazoria County, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the Underwriters, subject among other things to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Houston Texas, as Underwriters' Counsel. Delivery of the Bonds in book-entry form is expected to be available for delivery through DTC on or about May 23, 2019.

SAMCO CAPITAL MARKETS **RBC CAPITAL MARKETS**

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USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District.

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, resolutions, contracts, audits, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Financial Advisor.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in the Official Statement until delivery of the Bonds to the Underwriters (as hereinafter defined), and thereafter only as described under "OFFICIAL STATEMENT - Updating of Official Statement."

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Neither the District nor the Underwriters make any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which generally can be identified with words or phrases such as "anticipates," "believes," "could," "estimates," "expects," "foresees," "may," "predict," "should," "will" or other words or phrases of similar import. All statements included in this Official Statement that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made in light of experience and perceptions of historical trends, current conditions and expected future developments as well as other factors the District believes are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including, without limitation, the information discussed under "INVESTMENT CONSIDERATIONS" in this Official Statement, as well as additional factors beyond the District's control. The important risk factors and assumptions described under that caption and elsewhere herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement are qualified by these cautionary statements.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM supplied by BAM and presented under the heading "BOND INSURANCE" and "APPENDIX C - SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY."

SALE AND DISTRIBUTION OF THE BONDS

Underwriting

SAMCO Capital Markets, Inc. and RBC Capital Markets, LLC ("RBC") (together referred to herein as the "Underwriters") have agreed, pursuant to a Bond Purchase Agreement, to purchase the Bonds from the District for $7,205,993.30 (an amount equal to the principal amount of the Bonds, less an Underwriters' discount of $54,815.80, less a net original issue discount on the Bonds of $9,190.90), plus accrued interest on the Bonds to the date of delivery. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriters.

RBC has provided the following information for inclusion in this Official Statement: RBC and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBC and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. RBC and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District. RBC and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriters on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriters regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Underwriters at the yields specified on the cover page. Information concerning reoffering yields or prices is the responsibility of the Underwriters.

The District has no control over the trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM" or the "Insurer") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281; its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $526 million, $113 million and $414 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insights videos are prepared by BAM and have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and they assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "BOND INSURANCE" and "RATINGS" herein. As is stated in this Official Statement under the caption "LEGAL MATTERS - No Material Adverse Change," the rating of the Insurer's creditworthiness by any rating agency does not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

RATINGS

The Bonds are expected to receive an insured rating of "AA" (stable outlook) from S&P Global Ratings ("S&P"), a business unit of Standard & Poor's Financial Services LLC, based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by Moody's Investors Service, Inc. ("Moody's") is "A3."

An explanation of the significance of the foregoing ratings may only be obtained from S&P and Moody's. The foregoing ratings express only the view of S&P and Moody's at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P and Moody's, if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

The District is not aware of any ratings assigned the Bonds other than the ratings of S&P and Moody's.

OFFICIAL STATEMENT SUMMARY

The following summary of certain information contained herein is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The reader should refer particularly to sections that are indicated for more complete information.

THE BONDS

The Issuer	Brazoria County Municipal Utility District No. 34 (the "District") is a political subdivision of the State of Texas located within Brazoria County, Texas. See "THE DISTRICT - General."
Description	$7,270,000 Unlimited Tax Refunding Bonds, Series 2019, are dated May 1, 2019, and mature on September 1 in the years and principal amounts shown on the cover page of this Official Statement. Interest on the Bonds accrues from May 1, 2019, at the rates shown on the cover hereof and is payable on September 1, 2019 (four-month interest payment), and on each March 1 and September 1 thereafter until maturity or prior redemption. The Bonds are issued in fully registered form and will be issued in denominations of $5,000 of principal amount or integral multiples thereof. The Bonds scheduled to mature on and after September 1, 2025, are subject to redemption, in whole or in part, prior to their scheduled maturities, on September 1, 2024, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. See "THE BONDS."
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (hereinafter defined), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Paying Agent/Registrar (as defined herein) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS - Source of Payment," "TAX DATA - Tax Rate Calculations," and "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates."

Use of Bond Proceeds	Proceeds of the sale of the Bonds, plus certain funds that are lawfully available to the District for such purpose, will be applied to refund $6,895,000 of the principal amount of the District's Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds") The Series 2011 Bonds that are being refunded with the proceeds of the Bonds are hereinafter referred to as the "Refunded Bonds." The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Refunded Bonds will be redeemed on their redemption date at a price equal to the principal amount thereof plus accrued interest from funds to be deposited with Wells Fargo Bank, N.A., Minneapolis, Minnesota. The sale of the Bonds and the refunding of the Refunded Bonds will (i) reduce the District's debt service payments, and (ii) provide present value savings in the District's debt service.
Payment Record	The District has, in addition to the Series 2011 Bonds, issued Unlimited Tax Bonds, Series 2007 (the "Series 2007 Bonds"), Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"), Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2012 (the "Series 2012 Bonds"), Unlimited Tax Bonds, Series 2013 (the "Series 2013 Bonds"), Unlimited Tax Bonds, Series 2015 (the "Series 2015 Bonds"), Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds") and Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds") to finance water supply and distribution, wastewater collection and storm drainage facilities (the "System") and Impact Fees paid to the City of Pearland (the "Impact Fees"). In addition, the District has also issued its Unlimited Tax Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds") to refund outstanding bonds of the District. Collective reference is made in this Official Statement to all of such previously issued Bonds as the "Prior Bonds." Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that had not been previously retired by the District was $39,175,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the District's outstanding bonded indebtedness, consisting of the maturities of the Outstanding Bonds not heretofore paid by the District, less the Refunded Bonds, will be $32,280,000 (the "Remaining Outstanding Bonds") and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be $39,550,000. See "THE BONDS - Issuance of Additional Debt," "DISTRICT DEBT - Debt Service Requirement Schedule," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt." The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds.
Authorized But Unissued Bonds	$30,725,000 for waterworks, wastewater, and drainage facilities (the "System"), $33,545,000 for refunding purposes (after issuance of the Bonds), and $7,000,000 for recreational facilities. See "THE BONDS - Issuance of Additional Debt."

In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

Municipal Bond Insurance	Build America Mutual Assurance Company ("BAM"). See "BOND INSURANCE."
Municipal Bond Ratings	S&P Global Ratings (BAM insured) "AA" (stable outlook). Moody's Investors Service (underlying) "A3." See "BOND INSURANCE" and "RATINGS."
Bond Counsel	Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."
Verification Agent	Robert Thomas, CPA, Certified Public Accountants. See "VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS."
Qualified Tax-Exempt Obligations	The District will designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS - Qualified Tax-Exempt Obligations."

THE DISTRICT

Description	The District is a political subdivision of the State of Texas, created by Order of the Texas Commission on Environmental Quality, on August 30, 2004. The District contains approximately 687.91 acres of land. The District is located wholly within the corporate boundaries of the City of Pearland, Texas (the "City"). The District is located approximately 15 miles south of the central business district of the City of Houston, approximately 3/4 mile west of the intersection of State Highway 288 and F.M. 518. The District lies within the Alvin Independent School District. See "THE DISTRICT - General" and - "Description," and "APPENDIX A - LOCATION MAP."

The District obtains water, sewer and drainage service from the City. The City and the District entered into a Utility Agreement dated October 25, 2004, as amended on January 26, 2015 (the "Utility Agreement"), to provide a water distribution system, sanitary sewer collection system and a drainage system (the "System") to serve the area within the District. In consideration of the District's acquiring and constructing the System on behalf of the City, the City agreed, pursuant to the terms and conditions of the Utility Agreement, to own and operate the System. In addition, the City has agreed to pay to the District the City Tax Rebate and the City Utility Rebate (as such terms are defined and rebates are described in this Official Statement under "THE DISTRICT - Utility Agreement"). Neither the City Tax Rebate nor the City Utility Rebate is pledged to the payment of the Bonds. Pursuant to the Utility Agreement, the City provides water supply and wastewater treatment capacity to the District in consideration of the payment by the District of Impact Fees. See "THE SYSTEM."

Authority . . . . The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT - General."

Development and Home Construction . . . . Development and home construction accomplished in the District to date include the completion of the development of 1,446 single-family residential lots, 1,444 homes, all of which have been sold to homeowners, and a total of approximately 309,270 square feet of commercial improvements.

Parkside 288/59, Ltd. ("Parkside") has completed the construction of underground water, sewer and detention components of the System to serve approximately 29.9 acres of land located within the District. Such approximately 29.9 acre tract is being utilized for commercial purposes. A daycare facility has been constructed on approximately 1.8 acres, a fast food restaurant and gasoline station has been constructed on approximately 1.6 acres, an approximately 155,000 square foot Costco store has been constructed on approximately 16.8 acres, a restaurant has been constructed on approximately 2.5 acres, a restaurant has been constructed on approximately 1.4 acres, a restaurant has been constructed on approximately 0.96 acres and a retail center has been constructed on approximately 3.4 acres of such tract. According to Parkside, it has sold the remaining approximately 1.4 acres to parties that are expected to utilize such acres for future commercial purposes. Since neither Parkside nor any other party has an obligation to the District to undertake the construction of above-ground improvements on such commercial land, the District cannot represent that the construction will be initiated or completed on any portion thereof.

In addition, the development of underground storm sewer facilities to serve approximately 15.3 acres of the Broadway Kingsley Tract located in the District has been completed. A gasoline service station has been constructed on approximately 2.4 acres and a retail center has been constructed on approximately 4.3 acres of the tract. The remaining approximately 8.6 acres thereof are also expected to be utilized for commercial purposes.

In addition, a pharmacy and a retail center have been constructed on approximately 3.6 acres located in the District, and a retail center has been constructed on approximately 6.4 acres.

According to the District's Engineer, underground water, sewer and drainage facilities and street paving have been completed to serve the aforementioned total of 1,446 single-family residential lots on approximately 480.1 acres platted as Southern Trails, Sections 1, 3, 4, 6 through 17, Southern Trails West, Sections 1 through 3 and Southern Oaks. There is currently no land in the District under development for single-family purposes. Commercial improvements have been constructed on a total of approximately 43.1 acres within the District.

Approximately 11.3 undeveloped acres are available for future residential or commercial development. Approximately 63.4 acres of land located within the District are owned by the Alvin Independent School District on which a high school has been constructed. The balance of the land that is located within the District is contained within certain easements, rights-of-way, or is otherwise not available for development.

Approximately 2.7 of such undeveloped acres located within the District that are available for future development are owned by a retail developer. Such approximately 2.7 acres are expected to be utilized for commercial development. Approximately 8.6 of such undeveloped acres located within the District that are available for future development are owned by Beltway 23, Ltd. Such approximately 8.6 acres are expected to be utilized for commercial development. Approximately 10.0 undeveloped acres located within the District that are available for future development are owned by a church. Since no party has any obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed in the District in addition to the development undertaken therein to date. See "FUTURE DEVELOPMENT," "TAX DATA - Principal 2018 Taxpayers," and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

The District financed components of the System including underground water distribution, wastewater collection and drainage facilities that serve Southern Trails, Sections 1, 3, 4 and 6 through 17; Southern Oaks; Southern Trails Drive, Phase 1 (Sections 2 and 5) and the 40-acre commercial tract; offsite drainage for Southern Trails; Southern Trails Detention Ponds A through G; Southern Trails offsite utilities; land acquisition for Southern Trails Detention Ponds A through G and J and Southern Trails West Basin H; Southern Trails West, Section 1 Detention/Amenity Pond (Basin H); the Phase 1 and Phase 2 detention facilities and lift station to serve the 40-acre commercial tract; Southern Trails West, Sections 1 through 3; drainage for the Broadway Kingsley Tract; plus Impact Fees for 1,477 connections, with portions of the proceeds of the sale of the Prior Bonds. In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

Developers . . . . Various developers have previously developed 1,446 single-family residential lots within the District, on which 1,444 homes have been constructed, all of which homes have been sold to homeowners.

Parkside 288/59, Ltd. ("Parkside") completed the construction of underground water, sewer and detention components of the System to serve approximately 29.9 acres of land located within the District. Such approximately 29.9 acre tract is being utilized for commercial purposes. A daycare facility has been constructed on approximately 1.8 acres, a fast food restaurant and gasoline station has been constructed on approximately 1.6 acres, an approximately 155,000 square foot Costco store has been constructed on approximately 16.8 acres, a restaurant has been constructed on approximately 2.5 acres, a restaurant has been constructed on approximately 1.4 acres, a restaurant has been constructed on approximately 0.96 acres and a retail center has been constructed on approximately 3.4 acres of such tract. According to Parkside, it has sold the remaining approximately 1.4 acres to parties that are expected to utilize such acres for future commercial purposes, but since no party has an obligation to the District to undertake the construction of above-ground improvements on such commercial land, the District cannot represent that the construction thereof will be initiated or completed. Parkside owns no additional land within the District.

Beltway 23, Ltd. has completed construction of underground storm sewer facilities serving approximately 15.3 acres of the Broadway Kingsley Tract located within the District. A gasoline service station has been constructed on approximately 2.4 acres and a retail center has been constructed on approximately 4.3 acres of the tract The remaining approximately 8.6 developed acres thereof are expected to be utilized for commercial purposes.

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS SHOULD CAREFULLY EXAMINE THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING THEIR INVESTMENT DECISIONS, ESPECIALLY THE PORTION OF THE OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS."

SELECTED FINANCIAL INFORMATION
(Unaudited)

2018 Assessed Valuation (As of January 1, 2018) See "TAX DATA" and "TAXING PROCEDURES"			$430,051,978(a)
Direct Debt:	Remaining Outstanding Bonds		$ 32,280,000
	The Bonds		7,270,000
			$ 39,550,000(b)
Estimated Overlapping Debt			$ 56,881,464
Direct and Estimated Overlapping Debt			$ 96,431,464(b)
Direct Debt Ratios : as a percentage of 2018 Assessed Valuation			9.20%
Direct and Estimated Overlapping Debt Ratios : as a percentage of 2018 Assessed Valuation			22.42%
Debt Service Fund Balance estimated as of the date of delivery of the Bonds			$ 5,185,220(c)
General Fund Balance as of March 28, 2019			$ 2,933,843
2018 District Tax Rate Per $100 of Assessed Valuation			
	Debt Service Tax	$0.66	
	Maintenance Tax	0.12	
	Total		$0.78(d)
Average Percentage of Tax Collections 2008 through 2017 Levies			99.96%
Percentage of Total Tax Collections 2018 Levy (as of February 28, 2019. In process of collection)			97.17%
City of Pearland Tax Rebate Anticipated to be Received in 2019 Based Upon 2018 Assessed Valuation			$ 40,855
Average Annual Debt Service Requirements of the Bonds and the Remaining Outstanding Bonds (2019-2036)			$ 2,951,468
Maximum Annual Debt Service Requirement of the Bonds and the Remaining Outstanding Bonds (2036)			$ 3,013,631
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements of the Bonds and the Remaining Outstanding Bonds (2019-2036) at 95% Tax Collections Based Upon 2018 Assessed Valuation			$0.72(c)(d)
Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement of the Bonds and the Remaining Outstanding Bonds (2036) at 95% Tax Collections Based Upon 2018 Assessed Valuation			$0.73(c)(d)

Number of Single Family Residences as of March 15, 2019 1,446

Commercial improvements totaling approximately 309,270 square feet building area have been constructed within the District as of March 15, 2019.

(a) As of January 1, 2018, and comprises the District's 2018 tax roll. All property located in the District is valued on the tax rolls by the Brazoria County Appraisal District (the "Appraisal District") at 100% of assessed valuation as of January 1 of each year. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

(b) See "DISTRICT DEBT." In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

(c) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund. Such sum gives effect to the payment by the District of its debt service requirements that were due on March 1, 2019, and the contribution by the District of approximately $11,000 to the refunding of the Refunded Bonds. The District's remaining debt service payments for 2019, which consist of principal of and interest on the Remaining Outstanding Bonds and the Bonds, are due on September 1, 2019, and total $2,223,311.

(d) The District levied a debt service tax in 2018 in the amount of $0.66 per $100 of Assessed Valuation. In addition, the District levied a maintenance tax of $0.12 per $100 of Assessed Valuation for 2018. The District lies wholly within the municipal boundaries of the City of Pearland (the "City"), and all land within the District is subject to taxation by the City. See "TAX DATA - Estimated Overlapping Taxes." Pursuant to the Utility Agreement between the District and the City, the City is obligated to pay annually a sum to the District in the form of a "City Tax Rebate" as defined in the Utility Agreement and described in this Official Statement under the caption "THE DISTRICT - Utility Agreement." The calculations of tax rates required to pay the Average Annual and Maximum Annual Debt Service Requirements assume the receipt by the District of a City Tax Rebate related to the 2018 tax levy of $40,855, the approximate amount anticipated to be received in 2019 based upon the District's 2018 Assessed Valuation, enumerated above. The District currently intends to apply the City Tax Rebate to payment of the Bonds, the Remaining Outstanding Bonds, and any additional bonds, debts, or obligations, whether or not on a parity with the Bonds, which may be issued by the District in the future. However, the City Tax Rebate is not pledged to the payment of the Bonds, is subject to elimination if the District has fully reimbursed all developers within the District and the District's debt service tax is reduced to levels defined in the Utility Agreement, and is subject to modification by agreement of the District and the City. The City Tax Rebate for the 2018 tax year is $0.01. Therefore, there is no assurance that the City Tax Rebate will not be eliminated in the future. See "THE DISTRICT - Utility Agreement." For calculations of the tax rates required to pay the Average Annual and Maximum Annual Debt Service Requirements of the Bonds assuming the receipt of no City Tax Rebate, see "TAX DATA - Tax Rate Calculations." As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's rate, is $3.700847 per $100 of Assessed Valuation. Such aggregate levies are higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
UNLIMITED TAX REFUNDING BONDS
SERIES 2019

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Brazoria County Municipal Utility District No. 34 (the "District") of its $7,270,000 Unlimited Tax Refunding Bonds, Series 2019 (the "Bonds").

There follow in this Official Statement descriptions of the Bonds, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District upon request and payment of the costs of duplication thereof.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the resolution (the "Bond Resolution") of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds. A copy of the Bond Resolution may be obtained from the District upon written request made to the District's Financial Advisor, Rathmann & Associates, L.P., 8584 Katy Freeway, Suite 250, Houston, Texas 77024.

The Bonds are dated May 1, 2019. Interest accrues from May 1, 2019, at the rates shown on the cover hereof, and is payable on September 1, 2019 (four-month interest payment), and on each March 1 and September 1 thereafter until the earlier of stated maturity or redemption. The Bonds are fully registered bonds maturing on September 1 of the years shown under "MATURITY SCHEDULE" on the cover page of this Official Statement. Principal of the Bonds will be payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Paying Agent/Registrar" or "Registrar"). Interest on the Bonds is based on a 360-day year of twelve 30-day months.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described below under "Book-Entry-Only System."

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and, (ii) except as described above, notices that are to be given to registered owners under the Bond Resolution will be given only to DTC.

Record Date

The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date.

Assignments, Transfers and Exchanges

In the event the book-entry-only system is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. At any time after the date of delivery of the Bonds to the Initial Purchaser, any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date. The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, on receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Redemption Provisions

Bonds maturing on September 1, 2025, and thereafter are subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2024, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond registration books of the Registrar. If fewer than all of the Bonds are redeemed at any time, the particular maturity or maturities and amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds within a maturity are to be redeemed, the Registrar shall designate by method of random selection the Bonds within such maturity to be redeemed (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Replacement of Registrar

Provision is made in the Bond Resolution for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. In order to act as Paying Agent/Registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking institution, organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority.

Authority for Issuance

At an election held within the District on February 5, 2005, voters of the District authorized a total of $74,500,000 in unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and $35,000,000 in unlimited tax bonds for refunding purposes. The Bonds constitute the third issuance of bonds from such authorization for refunding purposes. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; and Chapters 49 and 54 of the Texas Water Code, as amended; and Chapter 1207, Texas Government Code, as amended.

Source of Payment

The Bonds, together with the Remaining Outstanding Bonds (hereinafter defined) and any additional bonds payable from ad valorem taxes, are secured by and are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Registrar fees and Appraisal District fees. Tax proceeds, after deduction for collection costs, will be placed in the District's Debt Service Fund and used solely to pay principal of and interest on the Bonds, and on additional bonds payable from taxes which may hereafter be issued, and Registrar fees.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Brazoria County, the City of Pearland, or any entity other than the District.

Issuance of Additional Debt

The District may issue additional bonds with the approval of the Texas Commission on Environmental Quality (the "TCEQ"), necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of $74,500,000 unlimited tax bonds for construction of water distribution, wastewater collection and storm drainage/detention facilities, and could authorize additional amounts. $30,725,000 unlimited tax bonds for such purposes remain authorized but unissued. The District's voters also have authorized $35,000,000 in unlimited tax bonds for refunding purposes. Following the issuance of the Bonds, $33,545,000 in unlimited tax bonds for refunding purposes will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ.) In addition to the water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. See "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District has authorized preparation of a detailed park plan and voters in the District have authorized $7,000,000 in unlimited tax bonds for park and recreational facilities, none of which bonds have been issued to date. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) amendments to existing City of Pearland ordinances specifying the purposes for which the District may issue bonds; (b) approval of the park project and bonds by the TCEQ; and (c) approval of the bonds by the Attorney General of Texas. If the District does issue park and recreational facility bonds, the outstanding principal amount of any such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District.

Based on present engineering cost estimates and on development plans supplied by the Developers, in the opinion of the District's consulting engineer, LJA Engineering, Inc. (the "Engineer"), the $30,725,000 authorized but unissued bonds will be adequate to finance the extension of water, wastewater and storm drainage/detention facilities and services and to pay Impact Fees to the City of Pearland related to the provision of water supply and wastewater treatment capacity by the City to the District to serve all of the remaining undeveloped portions of the District. See "DEVELOPMENT AND HOME CONSTRUCTION," "FUTURE DEVELOPMENT" and "THE SYSTEM."

No Arbitrage

The District certifies that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Dissolution

Under existing Texas law, since the District lies wholly within the corporate limits of the City of Pearland, Texas, the District may be dissolved by the City of Pearland, without the District's consent, subject to compliance by the City of Pearland with various requirements of Chapter 43 of the Texas Local Government Code, as amended. If the District is dissolved, the City of Pearland must assume the District's assets and obligations (including the Bonds) and abolish the District within 90 days of the date of dissolution. Dissolution of territory by the City of Pearland is a policy-making matter within the discretion of the Mayor and City Council of the City of Pearland; therefore, the District makes no representation that the City of Pearland will ever dissolve the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Pearland to make debt service payments should dissolution occur.

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

Registered Owners' Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. Certain traditional legal remedies also may not be available. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See "Bankruptcy Limitation to Registered Owners' Rights" below.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

The District may not be placed into bankruptcy involuntarily.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is quoted from Section 49.186 of the Texas Water Code, and is applicable to the District:

"(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

"(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) non-callable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book entry form and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Resolution.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Resolution does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality of those currently permitted under Texas law.

PLAN OF FINANCING

Use of Bond Proceeds

Proceeds of the sale of the Bonds, plus certain funds that are lawfully available to the District for such purpose, will be applied to refund $6,895,000 of the principal amount of the District's Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds") The Series 2011 Bonds that are being refunded with the proceeds of the Bonds are hereinafter referred to as the "Refunded Bonds." The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Refunded Bonds will be redeemed on their redemption date at a price equal to the principal amount thereof plus accrued interest from funds to be deposited with Wells Fargo Bank, N.A., Minneapolis, Minnesota. The sale of the Bonds and the refunding of the Refunded Bonds will (i) reduce the District's debt service payments, and (ii) provide present value savings in the District's debt service.

The Refunded Bonds

The principal amounts and maturity dates (or mandatory redemption amounts and dates, as applicable) of the Refunded Bonds are set forth below.

Maturity Date	Series 2011 Refunded Bonds Principal Amount
9/1/2020	$225,000
9/1/2021	245,000
9/1/2022	260,000
9/1/2023	275,000
9/1/2024	295,000
9/1/2025	315,000
9/1/2026	335,000
9/1/2027	365,000
9/1/2028	385,000
9/1/2029	415,000
9/1/2030	440,000
9/1/2031	470,000
9/1/2032	500,000
9/1/2033	535,000
9/1/2034	570,000
9/1/2035	610,000
9/1/2036	655,000
	$6,895,000

Redemption Date: 5/23/2019

Aggregate Principal Amount of Refunded Bonds $6,895,000

Payment of the Refunded Bonds

The Refunded Bonds, and the interest due thereon, are to be paid on the redemption date from funds to be deposited with Wells Fargo Bank, N.A., Minneapolis, Minnesota, as paying agent for the Refunded Bonds (the "Paying Agent for the Refunded Bonds").

The Bond Resolution provides that from the proceeds of the sale of the Bonds and other available funds of the District, the District will deposit with the Paying Agent for the Refunded Bonds the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Paying Agent for the Refunded Bonds in a segregated payment account (the "Payment Account"). At the time of delivery of the Bonds, Robert Thomas, CPA, will verify to the District, the Paying Agent for the Refunded Bonds and the Financial Advisor that the monies held in the Payment Account are sufficient to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS." By the deposit of the cash with the Paying Agent for the Refunded Bonds and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior resolution of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of amounts so deposited, and the amounts so deposited in the Payment Account will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

The Non-Refunded Bonds (Remaining Outstanding Bonds)

The District has, in addition to the Series 2011 Bonds, issued Unlimited Tax Bonds, Series 2007 (the "Series 2007 Bonds"), Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"), Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2012 (the "Series 2012 Bonds"), Unlimited Tax Bonds, Series 2013 (the "Series 2013 Bonds"), Unlimited Tax Bonds, Series 2015 (the "Series 2015 Bonds"), Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds") and Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds") to finance water supply and distribution, wastewater collection and storm drainage facilities (the "System") and Impact Fees. In addition, the District has also issued its Unlimited Tax Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds") to refund outstanding bonds of the District. Collective reference is made in this Official Statement to all of such previously issued Bonds as the "Prior Bonds." Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that had not been previously retired by the District was $39,175,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the District's outstanding bonded indebtedness, consisting of the maturities of the Outstanding Bonds not heretofore paid by the District, less the Refunded Bonds, will be $32,280,000 (the "Remaining Outstanding Bonds") and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be $39,550,000. See "THE BONDS - Issuance of Additional Debt," "DISTRICT DEBT - Debt Service Requirement Schedule," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt." The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds.

The principal amounts and maturity dates (or mandatory redemption amounts and dates, as applicable) of the Remaining Outstanding Bonds are as follows.

	Non-Refunded Bonds Principal Amount							
Maturity Date	Series 2011 Bonds	Series 2012 Bonds	Series 2013 Bonds	Series 2014 Refunding Bonds	Series 2015 Bonds	Series 2016 Bonds	Series 2017 Bonds	Series 2017 Refunding Bonds
9/1/2019	$215,000	$160,000	$135,000	$410,000	$175,000	210,000	$225,000	$ 70,000
9/1/2020		170,000	140,000	425,000	175,000	210,000	235,000	70,000
9/1/2021		175,000	140,000	430,000	175,000	225,000	240,000	75,000
9/1/2022		180,000	140,000	445,000	175,000	230,000	250,000	80,000
9/1/2023		185,000	145,000	455,000	200,000	240,000	240,000	85,000
9/1/2024		185,000	150,000	470,000	200,000	250,000	245,000	85,000
9/1/2025		185,000	155,000	485,000	200,000	260,000	255,000	90,000
9/1/2026		190,000	160,000	500,000	200,000	270,000	265,000	90,000
9/1/2027		190,000	160,000	510,000	200,000	285,000	280,000	95,000
9/1/2028		195,000	165,000	525,000	225,000	290,000	270,000	100,000
9/1/2029		190,000	170,000	540,000	250,000	310,000	255,000	105,000
9/1/2030		190,000	175,000	555,000	250,000	325,000	275,000	115,000
9/1/2031		190,000	180,000	575,000	250,000	335,000	290,000	125,000
9/1/2032		185,000	185,000	595,000	275,000	355,000	280,000	135,000
9/1/2033		180,000	195,000	615,000	275,000	370,000	295,000	140,000
9/1/2034		180,000	195,000	635,000	300,000	395,000	280,000	155,000
9/1/2035		175,000	205,000	660,000	300,000	410,000	300,000	165,000
9/1/2036		170,000	215,000		305,000	340,000	310,000	940,000
	$215,000	$3,275,000	$3,010,000	$8,830,000	$4,130,000	$5,310,000	$4,790,000	$2,720,000

Total Principal Amount of Non-Refunded Bonds (Remaining Outstanding Bonds) $32,280,000

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds will be applied as follows:

SOURCES OF FUNDS:

Principal Amount of Bonds	$7,270,000.00
Less: Net Original Issue Discount on the Bonds	(9,190.90)
Plus: District Contribution	11,000.00
Accrued Interest	13,112.15
Total Sources of Funds	$7,284,921.25

USES OF FUNDS:

Deposit with Paying Agent for the Refunded Bonds	$6,960,555.87
Deposit Accrued Interest to Debt Service Fund	13,112.15
Expenses:	
Underwriters Discount	54,815.80
Municipal Bond Insurance Premium and Other Issuance Expenses	256,437.43
Total Uses of Funds	$7,284,921.25

THE DISTRICT

General

The District is a municipal utility district created by an order of the TCEQ, dated August 30, 2004, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the corporate limits of the City of Pearland, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the TCEQ and the voters of the District.

The District is required to observe certain requirements of the City of Pearland, which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Pearland of District construction plans; and permit connections only to lots and reserves described in a plat that has been approved by the City of Pearland, and filed in the real property records of Brazoria County. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See “THE SYSTEM.”

Utility Agreement

The District is located wholly within the corporate limits of the City of Pearland (the “City”) and obtains water, sewer and drainage service from the City. The City and the District entered into a Utility Agreement dated October 25, 2004, as amended on January 26, 2015 (the “Utility Agreement”), to provide a water distribution system, sanitary sewer collection system and a drainage system (the “System”) to serve the District. In consideration of the District's acquiring and constructing the System on behalf of the City, the City agreed, pursuant to the terms and conditions of the Utility Agreement, to own and operate the System (other than detention facilities, which are owned and operated by the District). In addition, the City has agreed to pay to the District a portion of the ad valorem taxes imposed and collected by the City (as more fully detailed in the Utility Agreement, the "City Tax Rebate") and to pay the District a sum equal to $5 per month per equivalent single-family connection located within the District (the "City Utility Rebate"). Pursuant to the Utility Agreement, if all developers within the District have been fully reimbursed and the District's debt service tax rate decreases below $0.80 per $100 of Assessed Valuation, the City Tax Rebate shall be reduced by an amount equal to the decrease in the debt service tax rate. The City Tax Rebate for the 2018 tax year is $0.01. If the District's debt service tax rate decreases to the rate of $0.65 per $100 of Assessed Valuation, and the District has completed the reimbursement for the construction of the System, the City is thereafter relieved of any obligation to pay City Tax Rebates pursuant to the Utility Agreement. The Utility Agreement requires the District to deposit the City Tax Rebate received by the District from the City into a debt service fund of the District and to apply such funds solely to the payment of bonds, and other debts, liabilities, and obligations of the District to or for the benefit of any persons or entities relating to the financing, construction, and acquisition of all or any portion of the facilities constructed or acquired by the District. The Utility Agreement does not require the District to pledge, and the District has not pledged, the City Tax Rebate for payment of bonds, debts, or obligations of the District. Therefore, the City Tax Rebate is subject to modification by agreement of the District and the City.

Pursuant to the Utility Agreement, the City provides water supply and wastewater treatment to the District in consideration of the payment by the District of Impact Fees. As construction of each phase of the System is certified to be complete in accordance with the final plans and specifications approved by the City, the District is to transfer such portion of the System with construction drawings thereof to the City reserving a security interest therein until the bonds issued to acquire and construct the System have been retired. Upon transfer, the City has agreed to operate and maintain the System (other than detention facilities, which are owned and operated by the District) at its expense. Under the Utility Agreement, the City has agreed to charge customers of the System the same rates charged other similar users within the City, plus the $5.00 per month per equivalent single-family connection charge (the City Utility Rebate) mentioned above. Except for the City Utility Rebate, all revenue from the System, including any charges which the City may impose for connection to the System, belongs exclusively to the City. Neither the City Tax Rebate nor the City Utility Rebate is pledged to the payment of the Bonds.

The City, as owner and operator of the System (other than detention facilities, which are owned and operated by the District), has agreed to supply the District with all of its requirements for potable water and wastewater treatment. See "THE SYSTEM."

Description

The District contains approximately 687.91 acres of land. The District is located wholly within the corporate boundaries of the City of Pearland, Texas (the "City"). The District is located approximately 15 miles south of the central business district of the City of Houston, approximately 3/4 mile west of the intersection of State Highway 288 and F.M. 518. The District lies within the Alvin Independent School District. See "APPENDIX A - LOCATION MAP."

Management of the District

The District is governed by the Board of Directors, consisting of five directors. The Board of Directors has control over and management supervision of all affairs of the District. Directors serve four-year staggered terms, and elections are held within the District in May in even numbered years. The current members and officers of the Board, along with their respective terms of office, are listed below. All of the directors currently reside within the District.

Name	Position	Term Expires in May
Roland Falgoust	President	2020
Christopher Doherty	Vice President	2020
Nicholas Ostrowicki	Assistant Vice President	2022
Travis McGuire	Secretary	2022
Vacant		2020

The District does not have a general manager or any other employee, but has contracted for services, as follows.

Tax Assessor/Collector - The District has engaged Assessments of the Southwest, Inc., as the District's Tax Assessor/Collector. According to Assessments of the Southwest, Inc., it currently serves approximately 200 taxing units as tax assessor/collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Brazoria County Appraisal District and bills and collects such levy.

Consulting Engineers - The District has employed the firm of LJA Engineering, Inc., Houston, Texas, as Consulting Engineer in connection with the overall planning activities and the design and construction of the System.

Bookkeeper - The District has engaged Myrtle Cruz, Inc. as the District's Bookkeeper. According to Myrtle Cruz, Inc., it currently serves approximately 350 districts as bookkeeper.

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's auditor for the District's 2019 fiscal year is McCall Gibson Swedlund Barfoot PLLC, Houston, Texas. A copy of the District's audit for the twelve-month period ended March 31, 2018, is included as "APPENDIX B" to this Official Statement.

Bond Counsel and General Counsel - Allen Boone Humphries Robinson LLP ("Bond Counsel") serves as Bond Counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Allen Boone Humphries Robinson LLP serves as general counsel to the District on matters other than the issuance of bonds.

Financial Advisor - The District has engaged Rathmann & Associates, L.P. as financial advisor (the "Financial Advisor") to the District. The fee paid the Financial Advisor for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fee is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"). Rathmann & Associates, L.P.'s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/companysearch.html.

DEVELOPMENT AND HOME CONSTRUCTION

Development and home construction accomplished in the District to date include the completion of the development of 1,446 single-family residential lots, 1,444 homes, all of which have been sold to homeowners, and a total of approximately 309,270 square feet of commercial improvements.

Parkside 288/59, Ltd. ("Parkside") has completed the construction of underground water, sewer and detention components of the System to serve approximately 29.9 acres of land located within the District. Such approximately 29.9 acre tract is being utilized for commercial purposes. A daycare facility has been constructed on approximately 1.8 acres, a fast food restaurant and gasoline station has been constructed on approximately 1.6 acres, an approximately 155,000 square foot Costco store has been constructed on approximately 16.8 acres, a restaurant has been constructed on approximately 2.5 acres, a restaurant has been constructed on approximately 1.4 acres, a restaurant has been constructed on approximately 0.96 acres and a retail center has been constructed on approximately 3.4 acres of such tract. According to Parkside, it has sold the remaining approximately 1.4 acres to parties that are expected to utilize such acres for future commercial purposes. Since neither Parkside nor any other party has an obligation to the District to undertake the construction of above-ground improvements on such commercial land, the District cannot represent that the construction will be initiated or completed on any portion thereof.

In addition, the development of underground storm sewer facilities to serve approximately 15.3 acres of the Broadway Kingsley Tract located in the District has been completed. A gasoline service station has been constructed on approximately 2.4 acres and a retail center has been constructed on approximately 4.3 acres of the District. The remaining approximately 8.6 acres thereof are also expected to be utilized for commercial purposes.

In addition, a pharmacy and a retail center have been constructed on approximately 3.6 acres located in the District, and a retail center has been constructed on approximately 6.4 acres.

According to the District's Engineer, underground water, sewer and drainage facilities and street paving have been completed to serve the aforementioned total of 1,446 single-family residential lots on approximately 480.1 acres platted as Southern Trails, Sections 1, 3, 4, 6 through 17, Southern Trails West, Sections 1 through 3 and Southern Oaks. Commercial improvements have been constructed on a total of approximately 43.1 acres within the District. There is currently no land in the District under development for single-family purposes.

Approximately 11.3 undeveloped acres are available for future residential or commercial development. Approximately 63.4 acres of land located within the District are owned by the Alvin Independent School District on which a high school has been constructed. The balance of the land that is located within the District is contained within certain easements, rights-of-way, or is otherwise not available for development.

Approximately 2.7 of such undeveloped acres located within the District that are available for future development are owned by a retail developer. Such approximately 2.7 acres are expected to be utilized for commercial development. Approximately 8.6 of such undeveloped acres located within the District that are available for future development are owned by Beltway 23, Ltd. Such approximately 8.6 acres are expected to be utilized for commercial development. Approximately 10.0 undeveloped acres located within the District that are available for future development are owned by a church. Since no party has any obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed in the District in addition to the development undertaken therein to date. See "FUTURE DEVELOPMENT," "TAX DATA - Principal 2018 Taxpayers," and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

The District financed components of the System including underground water distribution, wastewater collection and drainage facilities that serve Southern Trails, Sections 1, 3, 4 and 6 through 17; Southern Oaks; Southern Trails Drive, Phase 1 (Sections 2 and 5) and the 40-acre commercial tract; offsite drainage for Southern Trails; Southern Trails Detention Ponds A through G; Southern Trails offsite utilities; land acquisition for Southern Trails Detention Ponds A through G and J and Southern Trails West Basin H; Southern Trails West, Section 1 Detention/Amenity Pond (Basin H); the Phase 1 and Phase 2 detention facilities and lift station to serve the 40-acre commercial tract; Southern Trails West, Sections 1 through 3; drainage for the Broadway Kingsley Tract; plus Impact Fees for 1,477 connections, with portions of the proceeds of the sale of the Prior Bonds. In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

As of March 15, 2019, the status of land development and home construction within the District was as follows:

	Lots				Homes					
	Developed		Under Development		Under Construction		Completed			
Subdivision	Lots	Acres	Lots	Acres	Sold*	Unsold	Sold*	Unsold	Models	Totals
Southern Trails										
Section 1	13	14.6			0	0	13	0	0	13
Section 3	99	30.6			0	0	99	0	0	99
Section 4	102	25.9			0	0	102	0	0	102
Section 6	93	26.7			0	0	93	0	0	93
Section 7	92	28.2			0	0	90	0	0	90
Section 8	42	15.4			0	0	42	0	0	42
Section 9A	56	16.3			0	0	56	0	0	56
Section 9B	54	13.8			0	0	54	0	0	54
Section 10	12	3.5			0	0	12	0	0	12
Section 11	55	23.2			0	0	55	0	0	55
Section 12	58	16.8			0	0	58	0	0	58
Section 13	36	8.1			0	0	36	0	0	36
Section 14	78	38.3			0	0	78	0	0	78
Section 15	42	20.2			0	0	42	0	0	42
Section 16	12	3.6			0	0	12	0	0	12
Section 17	149	52.0			0	0	149	0	0	149
Southern Trails West										
Section 1	112	39.4			0	0	112	0	0	112
Section 2	117	40.8			0	0	117	0	0	117
Section 3	125	31.6			0	0	125	0	0	125
Southern Oaks	99	31.1			0	0	99	0	0	99
Totals	1,446	480.1			0	0	1,444	0	0	1,444

* Includes homes sold and contracted for sale. Homes under contract for sale are, in some instances, subject to conditions of appraisal, loan application, approval, and inspection.

DEVELOPERS

General

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be emplaced in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent (30%) of the cost of emplacing certain of the water, wastewater and drainage facilities in the utility district pursuant to the rules of the TCEQ. The District requested an exemption from such developer participation requirement with respect to the Prior Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the requests for such exemption in its Orders authorizing the District to issue the Prior Bonds. The relative success or failure of a developer to perform such activities in development of the property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a district. See “FUTURE DEVELOPMENT” below.

Description of the Developers

Various developers have previously developed 1,446 single-family residential lots within the District on which 1,444 homes have been constructed, all of which homes have been sold to homeowners.

Parkside 288/59, Ltd. (“Parkside”) completed the construction of underground water, sewer and detention components of the System to serve approximately 29.9 acres of land located within the District. Such approximately 29.9 acre tract is being utilized for commercial purposes. A daycare facility has been constructed on approximately 1.8 acres, a fast food restaurant and gasoline station has been constructed on approximately 1.6 acres, an approximately 155,000 square foot Costco store has been constructed on approximately 16.8 acres, a restaurant has been constructed on approximately 2.5 acres, a restaurant has been constructed on approximately 1.4 acres, a restaurant has been constructed on approximately 0.96 acres and a retail center has been constructed on approximately 3.4 acres of such tract. According to Parkside, it has sold the remaining approximately 1.4 acres to parties that are expected to utilize such acres for future commercial purposes, but since no party has an obligation to the District to undertake the construction of above-ground improvements on such commercial land, the District cannot represent that the construction thereof will be initiated or completed. Parkside owns no additional land within the District.

Beltway 23, Ltd. has completed construction of underground storm sewer facilities serving approximately 15.3 acres of the Broadway Kingsley Tract located within the District. A gasoline service station has been constructed on approximately 2.4 acres and a retail center has been constructed on approximately 4.3 acres of the tract. The remaining approximately 8.6 developed acres thereof are expected to be utilized for commercial purposes.

FUTURE DEVELOPMENT

As is described above under the caption “DEVELOPMENT AND HOME CONSTRUCTION,” the development of Southern Trails, Sections 1, 3, 4, 6 through 17, Southern Trails West, Sections 1 through 3 and Southern Oaks, totaling 1,446 single-family residential lots on a total of approximately 480.1 acres, is complete in the District. Beltway 23, Ltd. has completed construction of underground storm sewer facilities serving approximately 15.3 acres of the Broadway Kingsley Tract. A gasoline service station has been constructed on approximately 2.4 acres and a retail center has been constructed on approximately 4.3 acres. The remaining approximately 8.6 acres are also expected to be utilized for commercial purposes. In addition, a pharmacy and a retail center have been constructed on approximately 3.6 acres located in the District. Parkside 288/59, Ltd. (“Parkside”) has completed the construction of underground water, sewer and detention components of the System to serve approximately 29.9 acres of land located within the District. Such approximately 29.9 acre tract is expected to be utilized for commercial purposes. A daycare facility has been constructed on approximately 1.8 acres, a fast food restaurant and gasoline station has been have been constructed on approximately 1.6 acres, an approximately 155,000 square foot Costco store has been constructed on approximately 16.8 acres, a restaurant has been constructed on approximately 2.5 acres, a restaurant has been constructed on approximately 1.4 acres, a restaurant has been constructed on approximately 0.96 acres and a retail center has been constructed on approximately 3.4 acres of such tract. According to Parkside, it has sold the remaining approximately 1.4 acres to parties that are expected to utilize such acres for future commercial purposes. Since neither Parkside nor any other party has an obligation to the District to undertake the construction of above-ground improvements on such commercial land, the District cannot represent that the construction thereof will be initiated or completed. Approximately 11.3 acres of land located in the District that are available for future commercial development are currently undeveloped. Approximately 63.4 acres within the District are owned by the Alvin Independent School District on which a high school has been constructed. Approximately 2.7 of such undeveloped acres located within the District that are available for future development are owned by a retail developer. Such approximately 2.7 acres are expected to be utilized for commercial development. Approximately 8.6 of such undeveloped acres located within the District that are available for future development are owned by Beltway 23, Ltd. Such approximately 8.6 acres are expected to be utilized for commercial development. Approximately 10.0 of such undeveloped acres located within the District that are available for future development are owned by a church. The balance of the land that is located within the District is contained within certain easements, rights-of-way, or is otherwise not available for development. Since no party has any obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed in the District in addition to the development undertaken therein to date. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments"and "TAX DATA - Principal 2018 Taxpayers."

The District financed components of the System including underground water distribution, wastewater collection and drainage facilities that serve Southern Trails, Sections 1, 3, 4 and 6 through 17; Southern Oaks; Southern Trails Drive, Phase 1 (Sections 2 and 5) and the 40-acre commercial tract; offsite drainage for Southern Trails; Southern Trails Detention Ponds A through G; Southern Trails offsite utilities; land acquisition for Southern Trails Detention Ponds A through G and J and Southern Trails West Basin H; Southern Trails West, Section 1 Detention/Amenity Pond (Basin H); the Phase 1 and Phase 2 detention facilities and lift station to serve the 40-acre commercial tract; Southern Trails West, Sections 1 through 3; drainage for the Broadway Kingsley Tract; plus Impact Fees for 1,477 connections, with portions of the proceeds of the sale of the Prior Bonds. In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance additional components of the System and Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

Based on present engineering cost estimates and on development plans supplied by developers and landowners within the District, in the opinion of the District's consulting engineer, LJA Engineering, Inc. (the "Engineer"), the $30,725,000 authorized but unissued bonds will be adequate to finance the extension of water, wastewater and storm drainage/detention facilities and services and to pay Impact Fees to the City of Pearland related to the provision of water supply and wastewater treatment capacity by the City to the District to serve all of the remaining undeveloped portions of the District. In the event that such remaining voted authorization were to be insufficient to finance the construction of all water, wastewater and drainage facilities necessary to provide service to all of the currently undeveloped portions of the District, the District would be required to obtain the approval of District voters to increase such authorization at an election held for such purpose. The District makes no representation that any future development will be undertaken in the District. See "THE BONDS - Issuance of Additional Debt," "DEVELOPMENT AND HOME CONSTRUCTION," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken April 2019)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken April 2019)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken April 2019)

DISTRICT DEBT

Debt Service Schedule

The following schedule sets forth the debt service requirements for the Outstanding Bonds, less the debt service requirements on the Refunded Bonds, plus the principal and interest requirements of the Bonds.

Year Ending December 31	Current Total Debt Service	Less: Debt Service on Refunded Bonds	Plus: – The Bonds – Principal (Due 9/1)	Interest	Current Total New Debt Service Requirements
2019	$2,911,388	$ 143,903	$ 40,000	$ 71,521	$ 2,879,005
2020	2,920,208	512,806	265,000	212,963	2,885,364
2021	2,930,563	519,306	285,000	202,363	2,898,619
2022	2,937,138	524,506	300,000	190,963	2,903,594
2023	2,951,713	529,106	320,000	178,963	2,921,569
2024	2,954,288	528,106	340,000	166,163	2,922,344
2025	2,962,763	546,306	355,000	159,363	2,930,819
2026	2,969,213	553,706	370,000	152,263	2,937,769
2027	2,982,963	570,306	395,000	144,863	2,952,519
2028	2,987,850	575,706	405,000	135,975	2,953,119
2029	2,995,875	590,306	430,000	125,850	2,961,419
2030	3,008,288	598,706	455,000	112,950	2,977,531
2031	3,016,794	611,106	480,000	99,300	2,984,988
2032	3,024,906	622,306	505,000	84,900	2,992,500
2033	3,027,688	637,306	535,000	69,750	2,995,131
2034	3,034,350	649,569	565,000	53,700	3,003,481
2035	3,046,606	665,344	595,000	36,750	3,013,013
2036	3,048,388	683,656	630,000	18,900	3,013,631
	$53,710,982	$10,072,056	$7,270,000	$2,217,500	$53,126,415

Average Annual Requirements (2019-2036) . . . . $ 2,951,468
Maximum Annual Requirement (2036) . . . . $ 3,013,631

Bonded Indebtedness

2018 Assessed Valuation (As of January 1, 2018) See "TAX DATA" and "TAXING PROCEDURES"		$430,051,978(a)
Direct Debt: Remaining Outstanding Bonds		$ 32,280,000
The Bonds		7,270,000
		$ 39,550,000(b)
Estimated Overlapping Debt		$ 56,881,464
Direct and Estimated Overlapping Debt		$ 96,431,464(b)
Direct Debt Ratios : as a percentage of 2018 Assessed Valuation		9.20%
Direct and Estimated Overlapping Debt Ratios : as a percentage of 2018 Assessed Valuation		22.42%
Debt Service Fund Balance estimated as of the date of delivery of the Bonds		$ 5,185,220(c)
General Fund Balance as of March 28, 2019		$ 2,933,843
2018 District Tax Rate Per $100 of Assessed Valuation		
Debt Service Tax	$0.66	
Maintenance Tax	0.12	
Total		$0.78(d)
Average Percentage of Tax Collections 2008 through 2017 Levies		99.96%
Percentage of Total Tax Collections 2018 Levy (as of February 28, 2019. In process of collection)		97.17%
City of Pearland Tax Rebate Anticipated to be Received in 2019 Based Upon 2018 Assessed Valuation		$ 40,855

(a) As of January 1, 2018, and comprises the District's 2018 tax roll. All property located in the District is valued on the tax rolls by the Brazoria County Appraisal District (the "Appraisal District") at 100% of assessed valuation as of January 1 of each year. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

(b) In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

(c) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund. Such sum gives effect to the payment by the District of its debt service requirements that were due on March 1, 2019, and the contribution by the District of approximately $11,000 to the refunding of the Refunded Bonds. The District's remaining debt service payments for 2019, which consist of principal of and interest on the Remaining Outstanding Bonds and the Bonds, are due on September 1, 2019, and total $2,223,311.

(d) The District levied a debt service tax in 2018 in the amount of \$0.66 per \$100 of Assessed Valuation. In addition, the District levied a maintenance tax of \$0.12 per \$100 of Assessed Valuation for 2018. The District lies wholly within the municipal boundaries of the City of Pearland (the "City"), and all land within the District is subject to taxation by the City. See "TAX DATA - Estimated Overlapping Taxes." Pursuant to the Utility Agreement between the District and the City, the City is obligated to pay annually a sum to the District in the form of a "City Tax Rebate" as defined in the Utility Agreement and described in this Official Statement under the caption "THE DISTRICT - Utility Agreement." The calculations of tax rates required to pay the Average Annual and Maximum Annual Debt Service Requirements assume the receipt by the District of a City Tax Rebate related to the 2018 tax levy of \$40,855, the approximate amount anticipated to be received in 2019 based upon the District's 2018 Assessed Valuation, enumerated above. The District currently intends to apply the City Tax Rebate to payment of the Bonds, the Remaining Outstanding Bonds, and any additional bonds, debts, or obligations, whether or not on a parity with the Bonds, which may be issued by the District in the future. However, the City Tax Rebate is not pledged to the payment of the Bonds, is subject to elimination if the District has fully reimbursed all developers within the District and the District's debt service tax is reduced to levels defined in the Utility Agreement, and is subject to modification by agreement of the District and the City. The City Tax Rebate for the 2018 tax year is \$0.01. Therefore, there is no assurance that the City Tax Rebate will not be eliminated in the future. See "THE DISTRICT - Utility Agreement." For calculations of the tax rates required to pay the Average Annual and Maximum Annual Debt Service Requirements of the Bonds assuming the receipt of no City Tax Rebate, see "TAX DATA - Tax Rate Calculations." As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's rate, is \$3.700847 per \$100 of Assessed Valuation. Such aggregate levies are higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in "Texas Municipal Reports," published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Debt as of March 1, 2019	Estimated Overlapping Percent	Estimated Overlapping Amount
Brazoria County	$ 69,425,000	1.456%	$ 1,011,099
City of Pearland	306,065,000	3.907	11,957,677
Alvin Community College District	30,615,000	4.285	1,311,935
Alvin Independent School District	822,285,000	5.181	42,600,753
Total Estimated Overlapping Debt			$56,881,464
The District (the Remaining Outstanding Bonds and the Bonds)			39,550,000
Total Direct & Estimated Overlapping Debt			$96,431,464

Debt Ratios

	% of 2018 Assessed Valuation
Direct Debt	9.20%
Direct and Estimated Overlapping Debt	22.42%

TAX DATA

Debt Service Tax

All taxable property located within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, sufficient to pay principal of and interest on the Remaining Outstanding Bonds, the Bonds and any future tax-supported bonds which may be issued from time to time as authorized. The Board covenants in the Bond Resolution to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds when due. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. The District levied a debt service tax of $0.66 per $100 of Assessed Valuation for 2018.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. On November 2, 2004, the District voters authorized the levy of such a maintenance tax in an amount not to exceed $1.25 per $100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Remaining Outstanding Bonds, the Bonds and any parity bonds which may be issued in the future. The District levied a maintenance tax of $0.12 per $100 of Assessed Valuation for 2018.

Historical Values and Tax Collection History

The following statement of tax collections sets forth in condensed form the historical Assessed Valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District's annual audited financial statements, for more complete information.

				Cumulative % Collections	
Tax Year	Assessed Valuation	Tax Rate(a)	Adjusted Levy	Current & Prior Years(b)	Year Ended 9/30
2008	$ 88,501,938	$0.85	$ 752,266	100.00%	2009
2009	122,717,615	0.85	1,043,100	100.00	2010
2010	142,723,118	0.85	1,213,147	100.00	2011
2011	160,706,738	0.85	1,366,007	100.00	2012
2012	186,534,666	0.85	1,585,545	99.99	2013
2013	224,414,500	0.85	1,907,523	99.99	2014
2014	267,772,242	0.85	2,276,064	99.99	2015
2015	324,415,962	0.82	2,660,211	99.99	2016
2016	416,199,408	0.80	3,329,595	99.96	2017
2017	437,702,339	0.80	3,501,619	99.67	2018
2018	430,051,978(c)	0.78	3,354,405	97.17(d)	2019

(a) Per $100 of Assessed Valuation.
(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through February 28, 2019. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective levy) is not reflected in this statement.
(c) The District increased the general residential homestead exemption to 20% effective as of the 2018 tax year.
(d) As of February 28, 2019. In process of collection.

Analysis of Tax Base

The following table illustrates the composition of property located within the District for the past five years.

Type of Property	2018 Assessed Valuation	%	2017 Assessed Valuation	%	2016 Assessed Valuation	%
Land	$ 92,483,290	21.51%	$ 85,590,890	20.47%	$ 88,628,030	21.29%
Improvements	475,925,722	110.67	445,875,588	101.87	394,819,014	94.86
Personal Property	21,171,540	4.92	19,255,110	4.40	11,088,970	2.66
Exemptions	(159,468,574)	(37.10)	(117,019,249)	(26.73)	(78,336,606)	(18.82)
	$430,051,978*	100.00%	$437,702,339	100.00%	$416,199,408	100.00%

Type of Property	2015 Assessed Valuation	%	2014 Assessed Valuation	%
Land	$ 72,045,164	22.21%	$ 66,865,760	24.97%
Improvements	261,061,598	80.47	204,948,464	76.54
Personal Property	3,611,520	1.11	3,408,560	1.27
Exemptions	(12,302,320)	(3.79)	(7,450,542)	(2.78)
Total	$324,415,962	100.00%	$267,772,242	100.00%

* The District increased the general residential homestead exemption to 20% effective as of the 2018 tax year.

Tax Rate Distribution

	2018	**2017**	**2016**	**2015**	**2014**
Debt Service	$0.66	$0.50	$0.50	$0.70	$0.77
Maintenance	0.12	0.30	0.30	0.12	0.08
Total	$0.78	$0.80	$0.80	$0.82	$0.85

Principal 2018 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2018. The information reflects the composition of property ownership reflected on the District's 2018 tax roll. See "DEVELOPERS."

Taxpayer	Type of Property	Assessed Valuation 2018 Tax Roll	% of 2018 Tax Roll
Costco Wholesale Corporation	Land, Improvements and Personal Property	$21,814,890	5.07%
The Centre and Ridge Rock LLC	Commercial	5,365,990	1.25
PRC Investments Ltd.	Commercial	3,807,140	0.89
Ybarra Investments Inc.	Commercial	2,842,830	0.66
Baath Estate Holdings LLC	Commercial	2,697,550	0.63
JJHF Lee LLC	Commercial	2,231,510	0.52
Uniq J Investments	Commercial	2,143,970	0.50
Big Diamond Inc	Commercial	2,071,840	0.48
Global New Millennium Partners	Commercial	1,800,000	0.42
12810 Kingsley Crossing LLC	Commercial	1,799,020	0.42
		$46,574,740	10.84%

Tax Exemption

The District granted a 20% general residential homestead exemption and a $10,000 exemption for persons over 65 years of age or disabled for 2018. See "TAXING PROCEDURES - Property Subject to Taxation by the District."

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2018 Assessed Valuation. The calculations also assume collection of 95% of taxes levied, no use of District funds on hand, the receipt of a City Tax Rebate related to the 2018 tax levy of $40,855, the approximate amount anticipated to be received by the District from the City in 2019, and the sale of no additional bonds by the District.

Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2019-2036)		$2,951,468
Tax Rate of $0.72 on the 2018 Assessed Valuation ($430,051,978) produces	$2,941,556	
Estimated City Tax Rebate	40,855	
Total		$2,982,411
Maximum Annual Debt Service Requirement on the Bonds and the Remaining Outstanding Bonds (2036)		$3,013,631
Tax Rate of $0.73 on the 2018 Assessed Valuation ($430,051,978) produces	$2,982,410	
Estimated City Tax Rebate	40,855	
Total		$3,023,265

The District levied a debt service tax in 2018 in the amount of $0.66 per $100 of Assessed Valuation. In addition, the District levied a maintenance tax of $0.12 per $100 of Assessed Valuation for 2018. As the above table indicates, the 2018 debt service rate will not be sufficient to pay the Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds and the Maximum Annual Debt Service Requirement on the Bonds and the Remaining Outstanding Bonds given taxable values in the District at the level of the 2018 Assessed Valuation, assuming a tax collection rate of 95%, no use of funds on hand, the receipt of a City Tax Rebate related to the 2018 tax levy of $40,855, the approximate amount anticipated to be received by the District from the City in 2019, and the issuance of no additional bonds by the District. However, as is illustrated in this Official Statement under the caption "TAX DATA - Historical Values and Tax Collection History," the District has collected an average of 99.96% of its 2008 through 2017 tax levies as of February 28, 2019, and its 2018 levy was 97.17% collected as of such date. Moreover, the District's Debt Service Fund balance is estimated to be $5,185,220 as of the date of delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see "APPENDIX B - ANNUAL FINANCIAL REPORT"). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2018 - $0.66 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

Pursuant to the Utility Agreement, if all developers within the District have been fully reimbursed and the District's debt service tax rate decreases below $0.80 per $100 of Assessed Valuation, the City Tax Rebate shall be reduced by an amount equal to the decrease in the debt service tax rate. The City Tax Rebate for the 2018 tax year is $0.01. If the District's debt service tax rate decreases to the rate of $0.65 per $100 of Assessed Valuation, and the District has completed the reimbursement for the construction of the System, the City is thereafter relieved of any obligation to pay City Tax Rebates pursuant to the Utility Agreement. The District currently intends to apply the City Tax Rebate to payment of the Bonds, the Remaining Outstanding Bonds, and any additional bonds, debts, or obligations, whether or not on a parity with the Bonds, which may be issued by the District in the future. However, the City Tax Rebate is not pledged to the payment of the Bonds, and is subject to modification by the agreement of the District and the City. Therefore, there is no assurance that the City Tax Rebate will not be reduced or eliminated in the future. See "THE DISTRICT - Utility Agreement."

Assuming the receipt of no City Tax Rebate, tax rates of $0.74 and $0.73 per $100 of Assessed Valuation would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements of the Bonds and the Remaining Outstanding Bonds, respectively, assuming a tax collection rate of 95%, no use of funds on hand, the issuance of no additional bonds by the District, and that no growth occurs in the District beyond the level of the 2018 Assessed Valuation.

In addition to the water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "TAXING PROCEDURES," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt."

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2018 taxes levied upon property located within the District. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Taxing Jurisdiction	2018 Tax Rate/$100
Brazoria County	$0.427914
Alvin Independent School District	1.450000
City of Pearland	0.709158
Alvin Community College	0.187775
Brazoria Drainage District No. 4	0.146000
The District*	0.780000
	$3.700847

* The District levied a total tax of $0.78 per $100 of Assessed Valuation for 2018, consisting of a debt service tax of $0.66 per $100 of Assessed Valuation and a maintenance tax of $0.12 per $100 of Assessed Valuation.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Remaining Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue, see "INVESTMENT CONSIDERATIONS - Future Debt," and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under "THE BONDS - Source of Payment." Under Texas law, the Board is also authorized to levy and collect annual ad valorem taxes for the operation and maintenance of the District and the System and for the payment of certain contractual obligations. See "TAX DATA - Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the “Property Tax Code”), specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing values established by the appraisal district. The Brazoria County Appraisal District (the “Appraisal District”) has the responsibility of appraising property for all taxing units within Brazoria County, including the District. Such appraisal values will be subject to review and change by the Brazoria County Appraisal Review Board (the “Appraisal Review Board”). The appraisal rolls, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran’s residence homestead to which the disabled veterans’ exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran’s disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1.

Freeport Goods Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

The City of Pearland and Brazoria County may designate all or part of the District as a reinvestment zone, and the District, Brazoria County, and (after dissolution of the District) the City of Pearland may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District choose to formally include such values on their appraisal rolls.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

The qualified voters of the District have the right to petition for a rollback of the District's operation and maintenance tax rate only if the total tax bill on the average residence homestead increases by more than eight percent. If a rollback election is called and passes, the rollback tax rate is the current year's debt service and contract tax rates plus 1.08 times the previous year's operation and maintenance tax rate. Thus, debt service and contract tax rates cannot be changed by a rollback election.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units (see "TAX DATA - Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts.

Reappraisal of Property After Disaster

The Texas Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are prorated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property. The District has not adopted an Order regarding the reappraisal of property.

Tax Payment Installments after Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

THE SYSTEM

Regulation

According to the District's Engineer, the System has been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City of Pearland (the "City") and Brazoria Drainage District No. 4.

The District is located wholly within the corporate limits of the City and obtains water, sewer and drainage service from the City. The City and the District entered into a Utility Agreement as amended on January 26, 2015 (see "THE DISTRICT - Utility Agreement"), to provide a water distribution system, sanitary sewer collection system and a drainage system (the "System") to serve the District. In consideration of the District's acquiring and constructing the System on behalf of the City, the City agreed, pursuant to the terms and conditions of the Agreement, to own and operate the System (other than detention facilities, which are owned and operated by the District).

As construction of each phase of the System is certified to be complete in accordance with the final plans and specifications approved by the City, the District is to transfer such portion of the System (other than detention facilities, which are owned and operated by the District) with construction drawings thereof to the City reserving a security interest therein until the bonds issued to acquire and construct the System have been retired. Upon transfer, the City has agreed to operate and maintain the System (other than detention facilities, which are owned and operated by the District) at its expense. Under the Utility Agreement, the City has agreed to charge customers of the System the same rates charged other similar users within the City, plus the $5.00 per month equivalent single-family connection charge (the City Utility Rebate). Except for the City Utility Rebate, all revenue from the System, including any charges which the City may impose for connection to the System, belongs exclusively to the City.

The City, as owner and operator of the System (other than detention facilities, which are owned and operated by the District), has agreed to supply the District with all of its requirements for potable water and wastewater treatment capacity in consideration of the payment of Impact Fees. The City's current Impact Fee for single-family residential connections is $6,477 per connection. The City charges an impact fee for commercial connections that varies in amount depending upon the amount of water usage of each commercial establishment.

Operation of the System is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. The total number of equivalent single-family connections ("ESFCs") estimated at this time for the District upon the full development of its approximately 687.91 acres is approximately 2,064 with a total estimated population of 5,500. The following descriptions are based upon information supplied by the District's Engineer.

Description

The System presently serves the 1,444, fully developed single-family residential lots located in the District that are enumerated in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION." The District financed components of the System including underground water distribution, wastewater collection and drainage facilities that serve Southern Trails, Sections 1, 3, 4 and 6 through 17; Southern Oaks; Southern Trails Drive, Phase 1 (Sections 2 and 5) and the 40-acre commercial tract; offsite drainage for Southern Trails; Southern Trails Detention Ponds A through G; Southern Trails offsite utilities; land acquisition for Southern Trails Detention Ponds A through G and J and Southern Trails West Basin H; Southern Trails West, Section 1 Detention/Amenity Pond (Basin H); the Phase 1 and Phase 2 detention facilities and lift station to serve the 40-acre commercial tract; Southern Trails West, Sections 1 through 3; drainage for the Broadway Kingsley Tract; plus Impact Fees for 1,477 connections, with portions of the proceeds of the sale of the Prior Bonds. In addition to the water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees from the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

Water Supply

The Utility Agreement requires the City to provide the District with potable water. According to the District's Engineer, the City's facilities provide adequate water supply capacity to provide service to all connections in the District developed with the proceeds of the sale of the Prior Bonds and the Bonds, plus all connections in the District expected to be developed in the future to complete the development of the District, although the District must rely on the City's obligations to supply the District with water under the terms of the Utility Agreement.

Wastewater Treatment

Pursuant to the Utility Agreement, as amended, the City is required to receive and treat all wastewater from the District. In order to do so, the City utilizes a domestic wastewater treatment facility located on McHard Road (the "Facility"). According to the District's Engineer, the City's facilities provide adequate wastewater treatment and capacity to the District, although the District must rely on the City's obligations to provide wastewater treatment under the terms of the Utility Agreement.

Drainage Improvements

Storm drainage for the District is provided by an internal drainage network of underground storm drainage lines and an interconnected group of lakes, detention ponds and channels that drain north to Clear Creek.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100 year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100 year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100 year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

The Federal Emergency Management Agency (“FEMA”) Flood Hazard Boundary Map currently in effect, which covers the land located in the District, indicates that no portion of the District is located within the current 100-year flood plain as shown on the Flood Insurance Rate Map (“FIRM”) for Brazoria County, Texas, and Incorporated Areas (FIRM Panel 48039C0020H4) dated June 5, 1989.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations solely of the District and not of the State of Texas, Brazoria County, Texas, the City of Pearland, Texas, or any political subdivision or agency other than the District, are secured by the proceeds an annual ad valorem tax, without legal limit as to rate or amount, levied upon all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See “Tax Collection Limitations” and “Registered Owners' Remedies and Bankruptcy” below and “THE BONDS - Source of Payment” and - “Registered Owners' Remedies.”

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry and the construction of commercial improvements. New construction can be significantly affected by factors such as interest rates, construction costs, credit availability, energy availability and cost, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. Further declines in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the values of existing homes. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. The District is currently experiencing a number of protests of home values due to odors from a landfill outside the boundaries of the District which protest, if successful, could result in a decrease in the value of certain homes. The

District does not believe any such reduction will be material to the total assessed value in the District. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although, as is described in this Official Statement under the captions "DEVELOPMENT AND HOME CONSTRUCTION," and "DEVELOPERS" (i) the development of 1,446 single-family residential lots is complete, (ii) as of March 15, 2019, the District contained 1,444 single-family homes, all of which have been sold to homeowners, and (iii) and a total of approximately 309,270 square feet of commercial improvements have been constructed within the District, including an approximately 155,000 square foot Costco store, the District cannot predict the pace or magnitude of any future development, home construction or construction of commercial improvements in the District other than that which has occurred to date. Further, should Costco discontinue its operations at such location, there is no assurance that the property would be readily sold, re-leased or re-purposed and therefore, no assurance that its current value would be maintained.

National Economy: Although, as is stated above under "Economic Factors," and as described in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION," (i) the development of 1,446 single-family residential lots is complete, (ii) as of March 15, 2019, the District contained 1,444 single-family homes, all of which have been sold to homeowners, and (iii) and a total of approximately 309,270 square feet of commercial improvements have been constructed within the District, including an approximately 155,000 square foot Costco store, the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. The District cannot predict what impact, if any, a downturn in the local housing and financial markets or a continued downturn in national housing and financial markets may have on the Houston market generally and the District specifically, or the maintenance of assessed values in the District.

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on development and homebuilding activity and commercial construction, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale and landowners are able to finance construction of vertical commercial improvements. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District and of homebuilders to initiate the construction of new homes for sale. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued development and/or home and commercial construction within the District. In addition, since the District is located approximately 15 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and further decline in real estate and financial markets in the United States could adversely affect development and homebuilding plans as well as construction of vertical commercial improvements in the District and restrain the growth of the District's property tax base.

Developer/Landowner Obligation to the District: The ability of any landowner or developer, or any other principal taxpayer within the District (see "TAX DATA - Principal 2018 Taxpayers") to make full and timely payments of taxes levied against their property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. There is no commitment by or legal requirement of any landowner, developer or any other party to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any party to construct commercial improvements within the District, and there is no restriction on any land owner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of construction of commercial improvements in the District. See "FUTURE DEVELOPMENT."

Maximum Impact on District Tax Rates

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. The District's 2018 Assessed Valuation is $430,051,978. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Remaining Outstanding Bonds will be $3,013,631 (2036) and the Average Annual Debt Service Requirements will be $2,951,468 (2019 through 2036, inclusive). Assuming no increase to nor decrease from the 2018 Assessed Valuation, the receipt of a City Tax Rebate from the City of Pearland related to the 2018 tax levy equal to $40,855, the approximate amount anticipated to be received by the District from the City in 2019, based upon the 2018 Assessed Valuation, no use of funds on hand and the issuance of no additional bonds by the District, tax rates of $0.73 and $0.72 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively.

The District levied a debt service tax in 2018 in the amount of $0.66 per $100 of Assessed Valuation. In addition, the District levied a maintenance tax of $0.12 per $100 of Assessed Valuation for 2018. As the above paragraph indicates, the 2018 debt service rate will not be sufficient to pay the Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds and the Maximum Annual Debt Service Requirement on the Bonds and the Remaining Outstanding Bonds given taxable values in the District at the level of the 2018 Assessed Valuation, assuming a tax collection rate of 95%, no use of funds on hand, the receipt of a City Tax Rebate related to the 2018 tax levy of $40,855, the approximate amount anticipated to be received by the District from the City in 2019, and the issuance of no additional bonds by the District. However, as is illustrated in this Official Statement under the caption "TAX DATA - Historical Values and Tax Collection History," the District has collected an average of 99.96% of its 2008 through 2017 tax levies as of February 28, 2019, and its 2018 levy was 97.17% collected as of such date. Moreover, the District's Debt Service Fund balance is estimated to be $5,185,220 as of the date of delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see "APPENDIX B - ANNUAL FINANCIAL REPORT"). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2018 - $0.66 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

Pursuant to the Utility Agreement, if all developers within the District have been fully reimbursed and the District's debt service tax rate decreases below $0.80 per $100 of Assessed Valuation, the City Tax Rebate shall be reduced by an amount equal to the decrease in the debt service tax rate. The City Tax Rebate for the 2018 tax year is $0.01. If the District's debt service tax rate decreases to the rate of $0.65 per $100 of Assessed Valuation, and the District has completed the reimbursement for the construction of the System, the City is thereafter relieved of any obligation to pay City Tax Rebates pursuant to the Utility Agreement. The District currently intends to apply the City Tax Rebate to payment of the Bonds, the Remaining Outstanding Bonds, and any additional bonds, debts, or obligations, whether or not on a parity with the Bonds, which may be issued by the District in the future. However, the City Tax Rebate is not pledged to the payment of the Bonds, and is subject to modification by the agreement of the District and the City. Therefore, there is no assurance that the City Tax Rebate will not be reduced or eliminated in the future. See "THE DISTRICT - Utility Agreement."

Assuming the receipt of no City Tax Rebate, tax rates of $0.74 and $0.73 per $100 of Assessed Valuation would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements of the Bonds and the Remaining Outstanding Bonds, respectively, assuming a tax collection rate of 95%, no use of funds on hand, the issuance of no additional bonds by the District, and that no growth occurs in the District beyond the level of the 2018 Assessed Valuation.

In addition to the water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "TAXING PROCEDURES," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt."

As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's rate, is $3.700847 per $100 of Assessed Valuation. Such aggregate rates are higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions affecting the marketability of taxable property within the District and limitation of the proceeds from a foreclosure sale of such property, (d) adverse effects on the proceeds of a foreclosure sale resulting from a taxpayer's limited right to redeem its foreclosed property as set forth below, or (e) insufficient foreclosure bids to satisfy the tax liens of all taxing authorities which have parity liens on the property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of the property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. See "TAXING PROCEDURES."

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Based on recent Texas court decisions, it is unclear whether §49.066 Texas Water Code, effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS - Registered Owners' Remedies."

Future Debt

The District reserved in the Bond Resolution the right to issue the remaining $30,725,000 in unlimited tax bonds authorized but unissued for waterworks, wastewater and drainage facilities, the $33,545,000 for refunding purposes, the $7,000,000 in unlimited tax bonds for recreational facilities, and such additional bonds as may hereafter be approved by the voters of the District. The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. All of the remaining bonds described above for waterworks, wastewater and drainage facilities which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such $30,725,000 in bonds for waterworks, wastewater and drainage facilities is also subject to TCEQ authorization.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District has authorized preparation of a detailed park plan and voters in the District have authorized $7,000,000 in unlimited tax bonds for park and recreational facilities. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) amendments to existing City ordinances specifying the purposes for which the District may issue bonds; (b) approval of the park project and bonds by the TCEQ; and (c) approval of the bonds by the Attorney General of Texas. If the District does issue park and recreational facility bonds, the outstanding principal amount of any such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District.

The District's Engineer currently estimates that the aforementioned $30,725,000 authorized bonds which remain unissued will be adequate to finance the construction of all waterworks, wastewater, and drainage facilities and to pay Impact Fees to the City of Pearland related to the provision of water supply and wastewater treatment to the District by the City to provide service to all of the currently undeveloped portions of the District. See "Maximum Impact on District Tax Rates" above, "THE BONDS," "DEVELOPMENT AND HOME CONSTRUCTION," "FUTURE DEVELOPMENT," and "THE SYSTEM." In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt" and "THE SYSTEM." If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS - Issuance of Additional Debt."

The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

There has been no definitive judicial determination of the validity of these provisions of FIRREA or how they are to be construed and reconciled with respect to conflicting state laws. However, certain federal court decisions have held that the FDIC is not liable for statutory penalties and interest authorized by state property tax law, and that, although a lien for taxes may exist against real property, such lien may not be foreclosed without the consent of the FDIC, and no liens for penalties, fines, interest, attorney's fees, costs of abstract, and research fees exist against the real property for the failure of the FDIC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC will attempt to claim the FIRREA exemptions as to the time for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent the FIRREA provisions are valid and applicable to any property in the District and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes.

Competitive Nature of Houston Residential Housing and Commercial Development and Construction Markets

The housing and commercial development industries in the Houston metropolitan area, including the City of Pearland, are very competitive, and the District can give no assurance that the building programs which are planned by any future home builder(s) will be continued or completed or that any commercial development or construction of commercial improvements will be undertaken or completed. The respective competitive positions of any developer(s) or home builder(s) which might attempt future development or home building projects in the District in the sale of developed lots or in the construction and sale of single-family residential units and of any commercial developer which might undertake future commercial development or construction of commercial improvements are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriters regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. There is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Environmental Regulations

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District are subject to complex environmental laws and regulations at the federal, state and local levels that may require or prohibit certain activities that affect the environment, such as:

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues

Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston Galveston area ("HGB area")-Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties-has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion ("ppb") and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards"); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB area, the HGB area remains subject to CAA nonattainment requirements.

The HGB area is currently designated as a severe ozone nonattainment area under the 1997 Ozone Standards. While the EPA has revoked the 1997 Ozone Standards, EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB area remained subject to continuing severe nonattainment area "anti-backsliding" requirements, despite the fact that HGB area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, EPA approved the TCEQ's "redesignation substitute" for the HGB area under the revoked 1997 Ozone Standards, leaving the HGB area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in South Coast Air Quality Management District v. EPA, 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for EPA's decision to eliminate the anti-backsliding requirements that had applied in the HGB area under the 1997 Ozone Standard. The court has not responded to EPA's April 2018 request for rehearing of the case. To address the uncertainty created by the South Coast court's ruling, the TCEQ has developed a formal request that the HGB area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners approved publication of a proposed HGB area redesignation request under the 1997 Ozone Standards on September 5, 2018.

The HGB area is currently designated as a "moderate" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2018. If the EPA ultimately determines that the HGB area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more-stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB area is currently designated as a "marginal" nonattainment area under the 2015 Ozone Standard. For purposes of the 2015 Ozone Standard, the HGB area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the HGB area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB area's economic growth and development.

Water Supply & Discharge Issues

Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) public water supply systems, (2) wastewater discharges from treatment facilities, (3) storm water discharges, and (4) wetlands dredge and fill activities. Each of these is addressed below:

Pursuant to the federal Safe Drinking Water Act ("SDWA") and Environmental Protection Agency's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system.

Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. In order to maintain MS4 Permit compliance, the District is partnering with the city of Pearland (the "City"), to participate in the City's program to develop, implement, and maintain the required plan (the "MS4 Permit Plan") as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. While the District does not have its own independent MS4 Permit Plan, the District has taken all necessary steps required by the City to be included in the City's MS4 Permit Plan in order to obtain MS4 Permit compliance with the TCEQ. If at any time in the future the District were required to maintain independent coverage under the MS4 Permit, it is anticipated that the District could incur substantial additional costs to develop and implement its own program necessary to comply with the MS4 Permit.

In 2015, the EPA and the United States Army Corps of Engineers ("USACE") promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expands the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR could have an adverse impact on municipal utility districts, including the District, particularly with respect to jurisdictional wetland determinations, and could increase the size and scope of activities requiring USACE permits. The CWR has been challenged in various jurisdictions, including the Southern District of Texas, and the litigation challenging the CWR is still pending.

On February 28, 2017, the President signed an executive order ordering the EPA and USACE to modify or rescind the CWR. In response, the EPA and the USACE subsequently released a proposed rule rescinding the CWR, reinstating the regulatory text that existed prior to the adoption of the CWR and proposing the development of a revised definition of "waters of the United States." In June 2018, the EPA and USACE issued a supplemental notice of proposed rulemaking to the 2017 proposed action to repeal the 2015 definition of "waters of the United States" to clarify that the agencies are proposing to permanently repeal the CWR in its entirety and reinstate language in place before the adoption of the CWR while developing a revised definition of "waters of the United States." Meanwhile, in January 2018, the EPA and the

USACE finalized a rule extending the effective date of the CWR until 2020 while the agencies finalize actions to repeal and replace the CWR. This rule delaying the effective date of the CWR was challenged in court and, on August 16, 2018, the U.S. District Court for the District of South Carolina issued a nationwide injunction rendering the rule extending the effective date of the CWR void, thereby reinstating the CWR in 26 states, including Texas. However, on September 12, 2018, the U.S. District Court for the Southern District of Texas temporarily enjoined the implementation of the CWR in Texas, Louisiana and Mississippi until the case filed by the States of Texas, Louisiana and Mississippi in 2015 is finally resolved.

On December 11, 2018, the EPA and USACE released the proposed replacement definition of "waters of the United States." The proposed definition outlines six categories of waters that would be considered "waters of the United States," including traditional navigable waters, tributaries to those waters, certain ditches, certain lakes and ponds, impoundments of jurisdictional waters, and wetlands adjacent to jurisdictional waters. The proposed rule also details what are not "waters of the United States," such as features that only contain water during or in response to rainfall (e.g., ephemeral features); groundwater; many ditches, including most roadside or farm ditches; prior converted cropland; stormwater control features; and waste treatment systems. The agencies will take comment on the proposal for 60 days after publication in the Federal Register, which occurred on February 14, 2019. If finalized, the proposed rule would apply nationwide, replacing the patchwork framework for Clean Water Act jurisdiction that has resulted from litigation challenging the CWR.

Due to the pending rulemaking activity and rule challenge litigation, there is significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including permitting requirements.

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

Tropical Weather Events; Hurricane Harvey

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

The greater Houston area has experienced three storms exceeding a 0.2% probability (i.e. "500 year flood" events) since 2015. The most recent event was Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days.

If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District’s tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

As more fully set forth in the sections entitled "THE DISTRICT - Utility Agreement" and "THE SYSTEM - Regulation", the District constructs for the benefit of and conveyance to the City, the water and wastewater utilities needed to serve land being developed within the boundaries of the District. Upon conveyance of the facilities to the City, the City assumes responsibility for the operation and maintenance of such facilities. According to the City, the City's water supply and distribution system and wastewater treatment and collection system serving the property within the District's boundaries did not sustain any material damage from Hurricane Harvey, and there was no interruption of water and sewer service during or after the storm. Further, according to the District's Engineer, no taxable improvements within the District have been reported to have experienced flooding or other material damage.

Specific Flood Type Risks

Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system, which may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

2019 Legislative Session

The 86th Regular Legislative Session convened on January 8, 2019, and will conclude on May 27, 2019. The Texas Legislature may enact laws that materially change current laws affecting ad valorem tax matters, including rollback elections for maintenance tax increases, and other matters which could adversely affect the marketability or market value of the Bonds. The Governor of Texas has declared property tax reforms as an emergency item for the legislative session, with the result that any property tax reform legislation may become effective within the first 60 days of the legislative session. In addition, the Governor may call one or more additional special sessions that may include legislation affecting property taxes. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, and all taxable property within the District is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount, based upon examination of a transcript of certified proceedings held incident to the issuance and authorization of the Bonds, and the approving legal opinion of Allen Boone Humphries Robinson LLP, Bond Counsel for the District, to a like effect. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Bond Counsel's opinion also will address the matters described below under “Tax Matters.”

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS” (except for information under the subheadings “Book-Entry-Only System”), “PLAN OF FINANCING - The Refunded Bonds,” and - “Payment of the Refunded Bonds,” “THE DISTRICT - Utility Agreement, - Management of the District - Bond Counsel and General Counsel,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law, the provisions of the documents referred to therein and conforms to the requirements of the City of Pearland with respect to the sale of the Bonds. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., Houston, Texas, which has previously represented the District as Disclosure Counsel on certain new money financings.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

The obligations of the Underwriters to take up and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale.

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, (i) interest on the Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Bonds is not subject to the alternative minimum tax on individuals.

The Internal Revenue Code of 1986, as amended (the “Code”) imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the “Service”). The District has covenanted in the Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. In addition, the District will rely on the mathematical accuracy of certain calculations of Robert Thomas, CPA. If the District should fail to comply with the covenants in the Resolution or if the foregoing representations or report should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") is less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated, (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on a Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Underwriters have purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price plus the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond. The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership and redemption, sale or other disposition of such Bonds.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for “qualified tax-exempt obligations,” which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as “qualified tax-exempt obligations” and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000.

The Issuer will designate the Bonds as “qualified tax-exempt obligations” and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the Issuer and entities aggregated with the Issuer under the Code during calendar year 2019 is not expected to exceed $10,000,000 and that the Issuer and entities aggregated with the Issuer under the Code have not designated more than $10,000,000 in “qualified tax-exempt obligations” (including the Bonds) during calendar year 2019.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, developers and landowners within the District, the Tax Assessor/Collector and other sources believed to be reliable; however, no representation is made by the District as to the accuracy or completeness of the information contained herein, except as described below under “Certification as to Official Statement.” The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The District's financial statements for the twelve-month period ended March 31, 2018, were audited by McCall Gibson Swedlund Barfoot PLLC, Houston, Texas, and have been included herein as "APPENDIX B." McCall Gibson Swedlund Barfoot PLLC, has agreed to the publication of such financial statements in this Official Statement.

Experts

The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by LJA Engineering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by Assessments of the Southwest and the Appraisal District. Such information has been included herein in reliance upon Assessments of the Southwest's authority as an expert in the field of tax collection and the Appraisal Districts' authority as an expert in the field of tax assessing.

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriters are no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), the District learns, or is notified by the Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriters; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB, but in no case less than 25 days after the "end of the underwriting period."

VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided on behalf of the District relating to (a) computation of the adequacy of the amounts to be held by the Paying Agent for the Refunded Bonds in the Payment Account to pay, when due, the principal or redemption price of and interest on the Refunded Bonds and (b) the computation of the yield on the Refunding Bonds, was verified by Robert Thomas, CPA, Certified Public Accountants. The computations were independently verified by Robert Thomas, CPA based solely upon assumptions and information supplied on behalf of the District, and the District. Robert Thomas, CPA has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of future events.

Robert Thomas, CPA relied on the accuracy, completeness and reliability of all information provide to it by, and on all decisions and approvals of, the District. In addition, Robert Thomas, CPA has relied on any information provided to it by the District's retained advisors, consultants or legal counsel. Robert Thomas, CPA was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB") through the MSRB's Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT," "TAX DATA," and in "APPENDIX B - ANNUAL FINANCIAL REPORT." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2019.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is March 31. Accordingly, it must provide updated information by September 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of SEC Rule 15c2-12; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of SEC Rule 15c2-12 or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the SEC Rule 15c2-12, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, change in law, or change in the identity, nature, status or operation of the District, but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment as well as changed circumstances and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Underwriters from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described under "Annual Reports" an explanation in narrative form of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

This Official Statement was approved by the Board of Directors of Brazoria County Municipal Utility District No. 34 as of the date shown on the first page hereof.

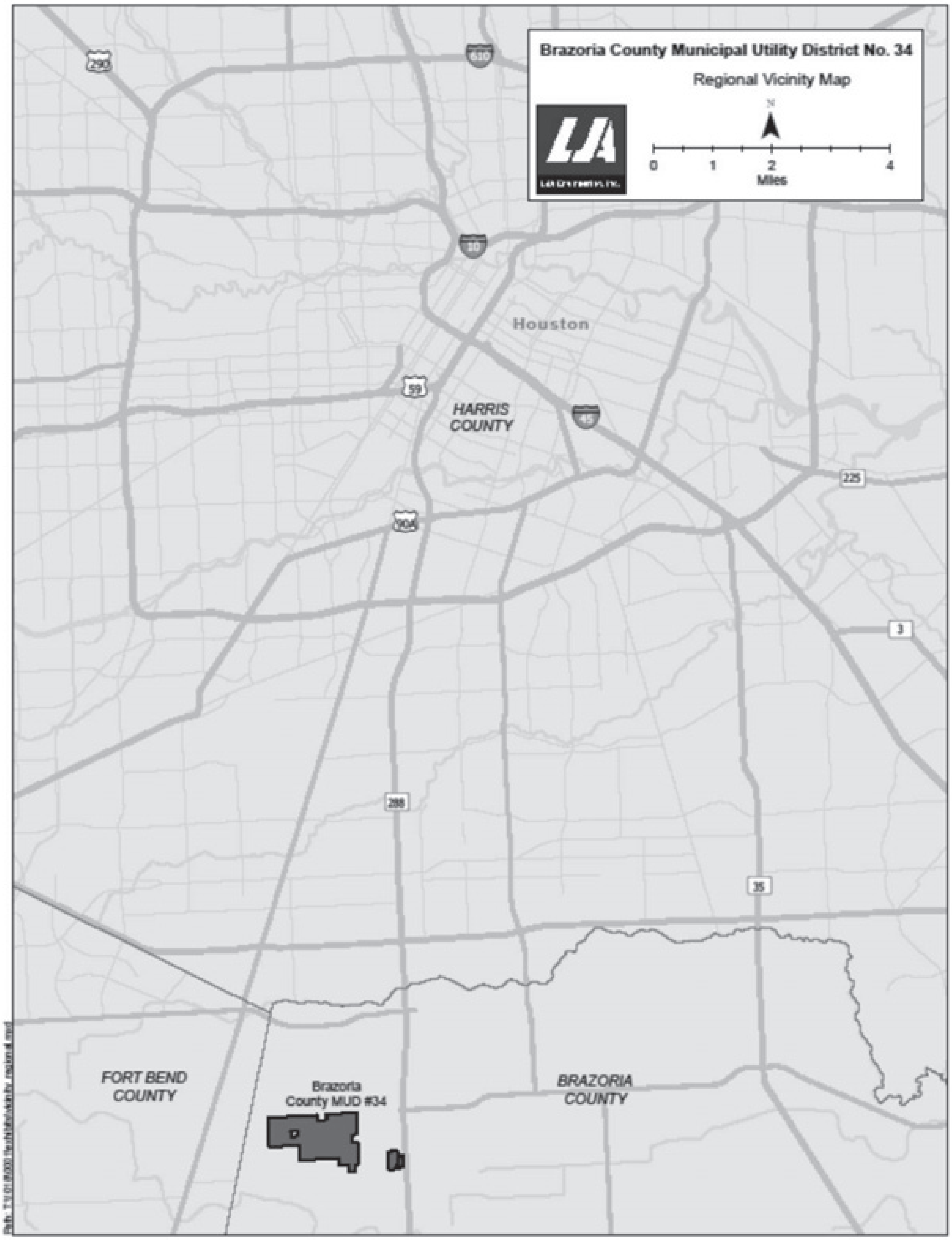
/s/ Roland Falgoust
President, Board of Directors
Brazoria County Municipal Utility District No. 34

ATTEST:

/s/ Travis McGuire
Secretary, Board of Directors
Brazoria County Municipal Utility District No. 34

APPENDIX A

LOCATION MAP



APPENDIX B

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34

BRAZORIA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2018

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34

BRAZORIA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2018

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34

BRAZORIA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2018

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McCALL GIBSON SWEDLUND BARFOOT PLLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brazoria County Municipal Utility District No. 34
Brazoria County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 34 (the "District"), as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Brazoria County Municipal Utility District No. 34

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

July 26, 2018

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018

Management's discussion and analysis of Brazoria County Municipal Utility District No. 34's (the "District") financial performance provides an overview of the District's financial activities for the year ended March 31, 2018. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes 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 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 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 resources not accounted for in another fund, maintenance taxes, contract revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

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 current period. 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 the 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 exceeded assets and deferred outflows of resources by $3,645,819 as of March 31, 2018.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2018	2017	Change Positive (Negative)
Current and Other Assets	$ 8,296,041	$ 6,167,249	$ 2,128,792
Intangible Assets (Net of Accumulated Amortization)	13,111,050	13,511,950	(400,900)
Capital Assets (Net of Accumulated Depreciation)	14,568,087	13,112,561	1,455,526
Total Assets	$ 35,975,178	$ 32,791,760	$ 3,183,418
Deferred Outflows of Resources	$ 514,239	$ 409,880	$ 104,359
Long-Term Liabilities	$ 38,587,684	$ 34,977,279	$ (3,610,405)
Other Liabilities	1,547,552	3,410,596	1,863,044
Total Liabilities	$ 40,135,236	$ 38,387,875	$ (1,747,361)
Net Position:			
Net Investment in Capital Assets	$ (10,915,147)	$ (10,746,099)	$ (169,048)
Restricted	4,393,721	3,914,485	479,236
Unrestricted	2,875,607	1,645,379	1,230,228
Total Net Position	$ (3,645,819)	$ (5,186,235)	$ 1,540,416

The following table provides a summary of the District's operations for the years ended March 31, 2018, and March 31, 2017. The District's net position increased by $1,540,416.

	Summary of Changes in the Statement of Activities		
	2018	2017	Change Positive (Negative)
Revenues:			
Property Taxes	$ 3,507,376	$ 3,329,350	$ 178,026
Contract Revenues	749,533	465,077	284,456
Other Revenues	69,646	29,682	39,964
Total Revenues	$ 4,326,555	$ 3,824,109	$ 502,446
Expenses for Services	2,786,139	3,173,453	387,314
Change in Net Position	$ 1,540,416	$ 650,656	$ 889,760
Net Position, Beginning of Year	(5,186,235)	(5,836,891)	650,656
Net Position, End of Year	$ (3,645,819)	$ (5,186,235)	$ 1,540,416

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of and for the year ended March 31, 2018, was $8,116,105, an increase of $2,062,928.

The General Fund fund balance increased by $1,202,753, primarily due to property tax and contract revenues exceeding operating costs.

The Debt Service Fund fund balance increased by $484,936, primarily due to the structure of the District's outstanding debt services requirements.

The Capital Projects Fund fund balance increased by $375,239. This increase was primarily due to the issuance of Series 2017 Unlimited Tax Bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current year. Actual revenues were $949,661 more than budgeted due to more than expected property tax revenue. Actual expenditures were $16,699 more than budgeted due to more than expected capital outlay expenditures. See the budget to actual comparison.

CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital assets as of March 31, 2018, total $14,568,087. These capital assets include detention pond land and facilities and impact fees paid to the City of Pearland. Additional information on the District's capital assets can be found in Note 7 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2018	2017	Change Positive (Negative)
Capital Assets Not Being Depreciated -			
Land and Land Improvements	$ 4,615,622	$ 3,843,346	$ 772,276
Construction in Progress	44,751		44,751
Capital Assets, Net of Accumulated Depreciation:			
Detention Facilities	4,686,031	4,852,850	(166,819)
Impact Fees	5,221,683	4,416,365	805,318
Total Net Capital Assets	$ 14,568,087	$ 13,112,561	$ 1,455,526

CAPITAL ASSETS AND INTANGIBLE ASSETS (Continued)

The District is located within the city limits of the City of Pearland (the "City"). In accordance with the Utility Agreement with the City, water, wastewater and drainage facilities are conveyed to the City once constructed and placed in service. The City operates the facilities and is responsible for the maintenance. The District has recognized an intangible asset for the cost of the facilities conveyed which has a March 31, 2018 balance, net of accumulated amortization, of $13,111,050. During the current year, $99,235 of water, sewer and drainage assets were conveyed to the City of Pearland for ownership, operation and maintenance. Current year amortization expense of $500,135 was recorded in relation to the intangible assets.

LONG-TERM DEBT ACTIVITY

As of March 31, 2018, the District had total bond debt payable of $40,515,000. The changes in the debt position of the District during the year ended March 31, 2018, are summarized as follows:

Bond Debt Payable, April 1, 2017	$ 36,705,000
Add: Bond Sales	7,605,000
Less: Bond Principal Refunded	2,690,000
Less: Bond Principal Paid	1,105,000
Bond Debt Payable, March 31, 2018	$ 40,515,000

The Series 2011, 2012, 2013, 2014 refunding, 2015 and 2016 bonds have an underlying rating of "BBB". The Series 2017 refunding and the Series 2017 bonds have an underlying rating of "A3". The Series 2011, 2014 and 2017 bonds have an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The Series 2013, 2015 and 2017 refunding bonds have an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual. The Series 2016 bonds have an insured rating of "BBB" by virtue of bond insurance issued by National Public Finance Guarantee Corporation. The above ratings are as of March 31, 2018, and reflect all rating changes through that date.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year ending March 31, 2019 projects an increase of $574,500 to the General Fund fund balance. Revenue is expected to be $813,000 and expenses are expected to be $238,500.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Brazoria County Municipal Utility District No. 34, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2018

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 178,090	$ 2,256,337
Investments	2,624,875	2,264,034
Receivables:		
Property Taxes	35,004	59,435
Penalties and Interest on Delinquent Taxes		
Accrued Interest	4,185	4,156
Due from Other Funds	67,221	
Prepaid Costs	1,668	
Due from Other Governmental Units	8,388	
Intangible Assets (Net of Accumulated Amortization)		
Capital Assets (Net of Accumulated Depreciation):		
Land for Detention Facilities		
Construction in Progress		
Detention Facilities		
Impact Fees		
TOTAL ASSETS	$ 2,919,431	$ 4,583,962
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,919,431	$ 4,583,962

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 50,975	$ 2,485,402	$	$ 2,485,402
787,249	5,676,158		5,676,158
	94,439		94,439
		7,710	7,710
	8,341		8,341
	67,221	(67,221)	
	1,668	13,935	15,603
	8,388		8,388
		13,111,050	13,111,050
		4,615,622	4,615,622
		44,751	44,751
		4,686,031	4,686,031
		5,221,683	5,221,683
$ 838,224	$ 8,341,617	$ 27,633,561	$ 35,975,178
$ -0-	$ -0-	$ 514,239	$ 514,239
$ 838,224	$ 8,341,617	$ 28,147,800	$ 36,489,417

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2018

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 17,563	$
Accrued Interest Payable		
Deposits	40,196	
Due to Other Funds		48,206
Due to Taxpayers		4,055
Accrued Interest at Time of Sale		1,990
Long Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	$ 57,759	$ 54,251
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 35,004	$ 59,435
FUND BALANCES		
Nonspendable -		
Prepaid Costs	$ 1,668	$
Restricted:		
For Authorized Construction		
For Debt Service		4,470,276
Unassigned	2,825,000	
TOTAL FUND BALANCES	$ 2,826,668	$ 4,470,276
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,919,431	$ 4,583,962
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
$ 48	$ 17,611	$	$ 17,611
		143,700	143,700
	40,196		40,196
19,015	67,221	(67,221)	
	4,055		4,055
	1,990		1,990
		1,340,000	1,340,000
		38,587,684	38,587,684
$ 19,063	$ 131,073	$ 40,004,163	$ 40,135,236
$ -0-	$ 94,439	$ (94,439)	$ -0-
$	$ 1,668	$ (1,668)	$
819,161	819,161	(819,161)	
	4,470,276	(4,470,276)	
	2,825,000	(2,825,000)	
$ 819,161	$ 8,116,105	$ (8,116,105)	$ - 0 -
$ 838,224	$ 8,341,617		
		$ (10,915,147)	$ (10,915,147)
		4,393,721	4,393,721
		2,875,607	2,875,607
		$ (3,645,819)	$ (3,645,819)

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
MARCH 31, 2018

Total Fund Balances - Governmental Funds		$ 8,116,105
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		27,679,137
Deferred inflows of resources related to property tax revenues and uncollected penalties and interest on delinquent taxes for the 2017 and prior tax levies became part of recognized revenue in the governmental activities of the District.		102,149
Interest and insurance paid in advance as part of a refunding bond sale is recorded as a deferred outflow and prepaid cost, respectively, in the governmental activities and systematically charged to interest expense over the remaining life of the bonds.		528,174
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Accrued Interest Payable	$ (143,700)	
Bonds Payable within one year	(1,340,000)	
Bonds Payable after one year	(38,587,684)	(40,071,384)
Total Net Position - Governmental Activities		$ (3,645,819)

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

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2018

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 1,301,512	$ 2,169,705
Contract Revenues	92,810	656,723
Penalties and Interest		15,655
Investment Revenues	17,334	26,518
Miscellaneous Revenues	5	
TOTAL REVENUES	$ 1,411,661	$ 2,868,601
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 115,485	$ 11,580
Contracted Services	14,231	48,886
Utilities	1,428	
Repairs and Maintenance	62,096	
Depreciation and Amortization		
Other	16,708	2,593
Conveyance of Capital Assets		
Capital Outlay	44,751	
Debt Service:		
Bond Issuance Costs		146,125
Bond Principal		1,105,000
Bond Interest		1,216,596
TOTAL EXPENDITURES/EXPENSES	$ 254,699	$ 2,530,780
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	$ 1,156,962	$ 337,821
OTHER FINANCING USES		
Transfers In (Out)	$ 45,791	$
Bond Premium		90,789
Bond Discount		
Payment to Refunded Bond Escrow Agent		(2,758,674)
Long-Term Debt Issued		2,815,000
TOTAL OTHER FINANCING USES	$ 45,791	$ 147,115
NET CHANGE IN FUND BALANCES	$ 1,202,753	$ 484,936
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - APRIL 1, 2017	1,623,915	3,985,340
FUND BALANCES/NET POSITION - MARCH 31, 2018	$ 2,826,668	$ 4,470,276

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 3,471,217	$ 36,159	$ 3,507,376
	749,533		749,533
	15,655	4,475	20,130
5,659	49,511		49,511
	5		5
$ 5,659	$ 4,285,921	$ 40,634	$ 4,326,555
$ 7,066	$ 134,131	$	$ 134,131
	63,117		63,117
	1,428		1,428
	62,096		62,096
		757,669	757,669
53	19,354		19,354
99,235	99,235	(99,235)	
3,835,442	3,880,193	(3,880,193)	
306,055	452,180	(14,543)	437,637
	1,105,000	(1,105,000)	
	1,216,596	94,111	1,310,707
$ 4,247,851	$ 7,033,330	$ (4,247,191)	$ 2,786,139
$ (4,242,192)	$ (2,747,409)	$ 4,287,825	$ 1,540,416
$ (45,791)	$	$	
	90,789	(90,789)	
(126,778)	(126,778)	126,778	
	(2,758,674)	2,758,674	
4,790,000	7,605,000	(7,605,000)	
$ 4,617,431	$ 4,810,337	$ (4,810,337)	$ -0-
$ 375,239	$ 2,062,928	$ (2,062,928)	$
		1,540,416	1,540,416
443,922	6,053,177	(11,239,412)	$ (5,186,235)
$ 819,161	$ 8,116,105	$ (11,761,924)	$ (3,645,819)

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2018

Net Change in Fund Balances - Governmental Funds	$ 2,062,928
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.	36,159
Governmental funds report penalties and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	4,475
Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital assets and intangible assets are depreciated and amortized and the depreciation and amortization expense is recorded in the Statement of Activities.	(757,669)
Governmental funds report costs paid for assets that are conveyed to the City of Pearland for operations as expenditures in the year paid. However, in the Statement of Net Position, the transfer of these assets is recorded as an increase in intangible assets.	99,235
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.	3,880,193
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.	1,105,000
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.	(32,794)
In the Statement of Net Position, bond discounts, premiums, insurance and deferred charges on refunding bonds are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(61,317)
Governmental funds report bond proceeds, bond premiums and bond discounts as other financing sources or uses. Issued bonds and premiums increase long-term liabilities and discounts decrease long-term liabilities in the Statement of Net Position.	(7,569,011)
Governmental funds report bond insurance as bond issuance cost however this is a prepaid cost in the Statement of Net Position.	14,543
Governmental funds report the payment to the refunded bond escrow agent as an other financing use and as an expenditure. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.	2,758,674
Change in Net Position - Governmental Activities	$ 1,540,416

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

NOTE 1. CREATION OF DISTRICT

Brazoria County Municipal Utility District No. 34 of Brazoria County, Texas (the "District") was created effective August 30, 2004 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, 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 August 31, 2004, and the first bonds were sold on December 13, 2007.

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 (the "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. The GASB has established 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.

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").

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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 in the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Funds Balance Sheet and a Governmental Funds 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 resources not required to be accounted for in another fund, maintenance taxes, contract revenues, costs and general expenditures.

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

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 collected within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in the governmental funds to be available if they are collected 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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 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. At March 31, 2018, the Debt Service Fund owed the General Fund $48,206 for maintenance tax collections and Capital Projects Fund owed the General Fund $19,015 for Series 2017 bond costs. The Capital Projects Fund also transferred $45,791 to the General Fund for prior year bond costs.

Capital Assets

Capital assets, which include land for detention facilities, detention facilities and impact fees, 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 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. Interest costs, including developer interest, 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 is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Detention Facilities	45
Impact Fees	40

Deposits

Funds received from developers to be used by the District for annexation costs are recorded as a liability in the governmental funds balance sheet. As of March 31, 2018, these deposits totaled $40,196.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

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

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or 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.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2011	Series 2012
Amount Outstanding – March 31, 2018	$ 7,310,000	$ 3,430,000
Interest Rates	4.00% - 6.00%	2.00% - 3.625%
Maturity Date	September 1, 2018/2036	September 1, 2018/2036
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2018*	September 1, 2019*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2011 term bonds maturing on September 1, 2030, September 1, 2032, September 1, 2034, and September 1, 2036, are subject to mandatory redemption by random selection on September 1, 2028, September 1, 2031, September 1, 2033, and September 1, 2035, respectively. Series 2012 term bonds maturing on September 1, 2022, September 1, 2024, September 1, 2026, September 1, 2028, September 1, 2030, September 1, 2032, September 1, 2034, and September 1, 2036, are subject to mandatory redemption by random selection beginning September 1, 2020, September 1, 2023, September 1, 2025, September 1, 2027, September 1, 2029, September 1, 2031, September 1, 2033, and September 1, 2035, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2013	Refunding Series 2014	Series 2015
Amount Outstanding – March 31, 2018	$ 3,140,000	$ 9,230,000	$ 4,305,000
Interest Rates	3.00% - 5.00%	2.00% -4.00%	2.000% -3.375%
Maturity Date	September 1, 2018/2036	September 1, 2018/2035	September 1, 2018/2036
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2020**	September 1, 2021**	September 1, 2022**

	Series 2016	Refunding Series 2017	Series 2017
Amount Outstanding – March 31, 2018	$ 5,520,000	$ 2,790,000	$ 4,790,000
Interest Rates	1.200% -3.125%	2.00% - 4.00%	2.00% - 3.00%
Maturity Date	September 1, 2018/2036	September 1, 2018/2036	September 1, 2019/2036
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023**	September 1, 2024**	September 1, 2024**

** Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2013 term bonds maturing on September 1, 2023, September 1, 2026, September 1, 2028, September 1, 2030, September 1, 2032, and September 1, 2036, are subject to mandatory redemption by random selection beginning September 1, 2022, September 1, 2024, September 1, 2027, September 1, 2029, September 1, 2031, and September 1, 2033, respectively. Series 2014 term bonds maturing on September 1, 2033 are subject to mandatory sinking fund redemption beginning September 1, 2032. Series 2015 term bonds maturing on September 1, 2033 and September 1, 2036 are subject to mandatory sinking fund redemption beginning September 1, 2032 and September 1, 2034, respectively. Series 2016 term bonds maturing on September 1, 2027 and September 1, 2029 are subject to mandatory sinking fund redemption beginning September 1, 2026 and September 1, 2028, respectively. Series 2017 refunding term bonds maturing on September 1, 2025, September 1, 2027, September 1, 2029, September 1, 2031, September 1, 2033, and September 1, 2035 are subject to mandatory sinking fund redemption beginning September 1, 2024, September 1, 2026, September 1, 2028, September 1, 2030, September 1, 2032 and September 1, 2034, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding long-term liabilities for the year ended March 31, 2018:

	April 1, 2017	Additions	Retirements	March 31, 2018
Bonds Payable	$ 36,705,000	$ 7,605,000	$ 3,795,000	$ 40,515,000
Unamortized Discounts	(647,721)	(127,962)	(101,374)	(674,309)
Unamortized Premiums		90,789	3,796	86,993
Bonds Payable, Net	$ 36,057,279	$ 7,567,827	$ 3,697,422	$ 39,927,684

Amount Due Within One Year	$ 1,340,000
Amount Due After One Year	38,587,684
Bonds Payable, Net	$ 39,927,684

On June 14, 2017, the District issued $2,815,000 of Unlimited Tax Refunding Bonds, Series 2017, with interest rates ranging from 2.0% to 4.0% to currently refund $2,690,000 of its previously issued Series 2010 bonds in order to lower its overall debt service requirements. The net proceeds of $2,773,590 (after payment of the underwriting fees, insurance and other issuance costs) were used for the following: $2,758,674 was deposited with an escrow agent to provide the debt service payment on the portion of bonds refunded, $11,160 was deposited with the General Fund for future bond issuance costs, and $3,756 was deposited in the Debt Service Fund for future interest costs. As a result, $2,690,000 of bond principal was considered defeased and the liability for these bonds was removed from the basic financial statements. The reacquisition price exceeded the net carrying amount of the old debt by $68,674; this amount is considered a deferred inflow of resources and amortized over the life of the refunded debt which is shorter than or equal to the life of the new debt issued. The current refunding resulted in an economic gain of $313,149 and an overall debt service savings of $444,333.

On December 7, 2017, the District issued $4,790,000 Unlimited Tax Bonds, Series 2017, with interest rates ranging from 2.00% to 3.00%. The net proceeds of $4,378,171 (after payment of bond related costs) were used by the District to i) reimburse developers for a) construction and engineering costs related to water, wastewater and drainage and detention for Southern Oaks, Section 1, b) clearing and grubbing for Southern Oaks, Section 1, c) storm water pollution prevention planning for Southern Oaks Section 1, d) water and wastewater impact fees, and e) land acquisition costs for two commercial lots for detention basins L and D, ii) pay interest on advances that have been made on behalf of the District and iii) pay other costs related to the issuance of the bonds.

NOTE 3. LONG-TERM DEBT (Continued)

As of March 31, 2018, the District had authorized but unissued bonds in the amount of $30,725,000 for utility facilities, $33,920,000 for refunding bonds and $7,000,000 for park and recreational facilities.

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

Fiscal Year	Principal	Interest	Total
2019	$ 1,340,000	$ 1,358,790	$ 2,698,790
2020	1,600,000	1,290,798	2,890,798
2021	1,650,000	1,247,886	2,897,886
2022	1,705,000	1,201,350	2,906,350
2023	1,760,000	1,151,924	2,911,924
2024-2028	9,745,000	4,929,008	14,674,008
2029-2033	11,640,000	3,188,632	14,828,632
2034-2037	11,075,000	870,686	11,945,686
	$ 40,515,000	$ 15,239,074	$ 55,754,074

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

During the year ended March 31, 2018, the District levied an ad valorem debt service tax rate of $0.50 per $100 of assessed valuation which resulted in a tax levy of $2,191,835 on the adjusted taxable valuation of $438,367,091 for the 2017 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 8 for the maintenance tax levy.

The District's tax calendar is as follows:

Levy Date - October 1, or as soon thereafter as practicable.

Lien Date - January 1.

Due Date - Not later than January 31.

Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

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 the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the 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. As of March 31, 2018, the carrying amount of the District's deposits was $4,822,806 and the bank balance was $4,822,558. Of the bank balance, $2,380,375 was covered by federal depository insurance and the remaining balance was collateralized with securities held in a third party depository in the District's name.

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

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 178,090	$ 1,708,693	$ 1,886,783
DEBT SERVICE FUND	2,256,337	628,711	2,885,048
CAPITAL PROJECTS FUND	50,975		50,975
TOTAL DEPOSITS	$ 2,485,402	$ 2,337,404	$ 4,822,806

NOTE 5. 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 TexSTAR, an external investment pool that is not SEC-registered. Southwest Asset Management, Inc. and JPMorgan Chase manage the daily operations of TexSTAR. TexSTAR meets the criteria established in GASB Statement No. 79 and measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexSTAR at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexSTAR.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Fund and Investment Type	Fair Value	Maturities in Years Less Than 1
GENERAL FUND		
TexSTAR	$ 916,182	$ 916,182
Certificates of Deposit	1,708,693	1,708,693
DEBT SERVICE FUND		
TexSTAR	1,635,323	1,635,323
Certificates of Deposit	628,711	628,711
CAPITAL PROJECTS FUND		
TexSTAR	787,249	787,249
TOTAL INVESTMENTS	$ 5,676,158	$ 5,676,158

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

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 TexSTAR 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. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

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

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. DEFERRED OUTFLOWS OF RESOURCES

The following is a summary of changes in the deferred outflows of resources for the year ended March 31, 2018:

	Balance	Additions	Retirements	Balance
Deferred charges on refundings	$ 409,880	132,371	(28,012)	$ 514,239

NOTE 7. CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital asset activity for the year ended March 31, 2018.

	April 1, 2017	Increases	Decreases	March 31, 2018
Capital Assets Not Being Depreciated				
Land for Detention Facilities	$ 3,843,346	$ 772,276	$	$ 4,615,622
Construction in Progress		44,751		44,751
Total Capital Assets Not Being Depreciated	$ 3,843,346	$ 817,027	$ - 0 -	$ 4,660,373
Capital Assets Subject to Depreciation				
Detention Facilities	$ 5,570,875	$	$ 45,011	$ 5,525,864
Impact Fees	5,131,117	941,044		6,072,161
Total Capital Assets Subject to Depreciation	$ 10,701,992	$ 941,044	$ 45,011	$ 11,598,025
Less Accumulated Depreciation				
Detention Facilities	$ 718,025	$ 121,808	$	$ 839,833
Impact Fees	714,752	135,726		850,478
Total Accumulated Depreciation	$ 1,432,777	$ 257,534	$ - 0 -	$ 1,690,311
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 9,269,215	$ 683,510	$ 45,011	$ 9,907,714
Total Capital Assets, Net of Accumulated Depreciation	$ 13,112,561	$ 1,500,537	$ 45,011	$ 14,568,087

In accordance with the Utility Agreement in Note 9, the District has constructed water and wastewater facilities needed to serve the land within its boundaries. The City has accepted conveyance of the facilities constructed within the District. The District remains responsible for continued maintenance of completed detention facilities within residential subdivisions. The District has recognized an intangible asset for the cost of assets conveyed to the City. Intangible assets, net of accumulated amortization, totaled $13,111,050 as of March 31, 2018. Current year amortization expense of $500,135 was recorded in relation to the intangible assets.

NOTE 8. MAINTENANCE TAX

On November 2, 2004, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.25 per $100 of assessed valuation of taxable property within the District. During the year ended March 31, 2018, the District levied an ad valorem maintenance tax at the rate of $0.30 per $100 of assessed valuation, which resulted in a tax levy of $1,315,102 on the adjusted taxable valuation of $438,367,091 for the 2017 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District.

NOTE 9. UTILITY AGREEMENT

On October 25, 2004, the District executed a Utility Agreement, as amended by the First Amendment to Utility Agreement, dated January 26, 2015, with the City of Pearland, Texas (the "City"). The Agreement acknowledges that the District is within the corporate limits of the City. The Agreement provides that the District will acquire for the benefit of and conveyance to the City the water, sewer and drainage utilities needed to serve lands being developed within the boundaries of the District and in order to enhance the economic feasibility of the District, the City agreed to make annual tax and monthly water and sewer revenue rebate payments to the District in consideration of the District's financing, acquisition, and construction of such facilities.

The Agreement contemplates that the District will issue bonds from time to time, when economically feasible and allowed by law and applicable regulations, to finance the facilities. Upon completion of construction of the utilities and until the bonds financing the facilities are retired, the utilities will be conveyed to the City and a security interest will be reserved to the District for the purpose of securing the performance of the City under the Agreement. Upon conveyance of the facilities to the City, the City will assume responsibility for the operation and maintenance of the facilities. During the year ended March 31, 2018, the District expended $99,235 for capital assets that have been conveyed to the City for ownership, operation and maintenance.

The City is obligated to expand, enlarge, and modify its water supply and distribution system and its wastewater treatment and collection system to have capacity available to serve new improvements within the District. In consideration for the provision of the requisite capacities, the District originally agreed to pay to the City a Connection Charge of $2,968 per equivalent connection. The City can amend the Connection Charge from time to time in accordance with the requirements of state law. Presently, the Connection Charge has been increased to $4,875 per equivalent connection to the system.

NOTE 9. UTILITY AGREEMENT (Continued)

In consideration of the development of the land within the District and City and the related increase in taxable value and as a result of the conveyance of the facilities to the City, the City agreed to make an annual payment to the District of a portion of the City's tax revenues actually collected and received by the City, exclusive of any interest and penalties paid by the taxpayer to the City and exclusive of any collection costs incurred by the City. All annual payments received by the District will be deposited into the Debt Service Fund of the District. During the year ended March 31, 2018, the District is in receipt of debt service type contract payments of $656,723 in accordance with the terms of this provision. The initial Annual Payment will be at a rate of $0.15 per $100 of assessed valuation for 656.787 acres of property located in the District. For the 31.127 acres of property added to the District's boundaries in 2015, the annual payment will be at a rate of $0.10 per $100 of assessed valuation. The Annual Payment will be incrementally reduced as outlined in the agreement.

In addition to the Annual Payment, the City will impose a $5.00 monthly surcharge per equivalent single-family connection located within the District and the City will pay such $5.00 per connection to the District monthly. During the year ended March 31, 2018, $92,810 in revenue was recorded for shared contract payments. As of March 31, 2018, the City owes the District $8,388 related to this revenue.

The District and the City acknowledge that the City has the legal authority to dissolve the District should the appropriate circumstances exist. The City agrees that the District will not be abolished until such time as the District is fully developed and has sold all bonds necessary to finance the costs of the facilities and has reimbursed developers and landowners within the District in accordance with the financing and reimbursement agreements previously entered into by the District. The term of the agreement is limited to the earlier of the dissolution of the District by the City or the expiration of 40 years from the date of the agreement.

NOTE 10. UNREIMBURSED COSTS

The District has executed a Financing Agreement for Construction of Facilities and Water and Wastewater Capacity Connection Charges (the "Financing Agreements") with several Developers within the District. The agreements call for the Developers to fund costs associated with water, wastewater and drainage facilities until such time as the District can sell bonds to reimburse the Developers. The District, as of March 31, 2018, has recorded no liability pertaining to such costs.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage and no settlements have exceeded coverage amounts in the past three years.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2018

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 375,000	$ 1,301,512	$ 926,512
Contract Revenues	86,000	92,810	6,810
Investment Revenues	1,000	17,334	16,334
TOTAL REVENUES	$ 462,000	$ 1,411,661	$ 949,661
EXPENDITURES			
Services Operations:			
Professional Fees	$ 118,000	$ 115,485	$ 2,515
Contracted Services	16,000	14,231	1,769
Utilities	1,000	1,428	(428)
Repairs and Maintenance	75,000	62,096	12,904
Other	28,000	16,708	11,292
Capital Outlay		44,751	(44,751)
TOTAL EXPENDITURES	$ 238,000	$ 254,699	$ (16,699)
EXCESS OF REVENUES OVER EXPENDITURES	$ 224,000	$ 1,156,962	$ 932,962
OTHER FINANCING SOURCES			
Transfers In	$ -0-	$ 45,791	$ 45,791
NET CHANGE IN FUND BALANCE	$ 224,000	$ 1,202,753	$ 978,753
FUND BALANCE - APRIL 1, 2017	1,623,915	1,623,915	
FUND BALANCE - MARCH 31, 2018	$ 1,847,915	$ 2,826,668	$ 978,753

See accompanying independent auditor's report.

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MARCH 31, 2018

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2018

1. SERVICES PROVIDED BY THE DISTRICT DURING THE YEAR:

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

Pursuant to an agreement between the District and the City of Pearland (the "City"), water, wastewater and drainage facilities (except storm water detention ponds) constructed by the District have been conveyed to the City. The City maintains the facilities and operates the facilities for the benefit of the residents of the District. Therefore, the District will not be responsible for operation of the utilities within its boundaries. The District is responsible for the maintenance of its detention ponds.

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order approved N/A.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	N/A				
WASTEWATER:	N/A				
SURCHARGE:	N/A				

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

Total monthly charges per 10,000 gallons usage: Water: $ N/A Wastewater: $ N/A Surcharge: $ N/A

See accompanying independent auditor's report.

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"			x 1.0	
1"			x 2.5	
1½"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	N/A	N/A		N/A
Total Wastewater Connections	N/A	N/A	x 1.0	N/A

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

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

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:

Brazoria County, Texas

Is the District located within a city?

Entirely _X_ Partly ______ Not at all _____

City in which the District is Located?

City of Pearland, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No _X_

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2018

PROFESSIONAL FEES:		
Auditing	$	13,000
Engineering		32,906
Legal		69,579
TOTAL PROFESSIONAL FEES	$	115,485
CONTRACTED SERVICES -		
Bookkeeping	$	14,231
UTILITIES	$	1,428
REPAIRS AND MAINTENANCE	$	62,096
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	7,950
Insurance		4,109
Office Supplies and Postage		1,291
Payroll Taxes		539
Travel and Meetings		304
Other		650
TOTAL ADMINISTRATIVE EXPENDITURES	$	14,843
CAPITAL OUTLAY -		
Capitalized Assets	$	44,751
OTHER EXPENDITURES:		
Permit Fees		100
Other		1,765
TOTAL OTHER EXPENDITURES	$	1,865
TOTAL EXPENDITURES	$	254,699

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
INVESTMENTS
MARCH 31, 2018

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexSTAR	XXXX2220	Varies	Daily	$ 916,182	$
Certificate of Deposit	XXXX5039	0.90%	06/08/18	242,167	1,768
Certificate of Deposit	XXXX1418	1.30%	01/29/19	500,000	1,086
Certificate of Deposit	XXXX9105	1.30%	01/29/19	240,000	521
Certificate of Deposit	XXXX2226	1.45%	02/21/19	241,920	365
Certificate of Deposit	XXXX3385	1.30%	02/22/19	241,807	319
Certificate of Deposit	XXXX5592	2.10%	03/22/19	242,799	126
TOTAL GENERAL FUND				$ 2,624,875	$ 4,185
DEBT SERVICE FUND					
TexSTAR	XXXX3330	Varies	Daily	$ 1,635,323	$
Certificate of Deposit	XXXX4866	1.00%	06/05/18	242,764	1,988
Certificate of Deposit	XXXX1616	1.10%	08/07/18	182,597	1,299
Certificate of Deposit	XXXX293	1.30%	12/01/18	203,350	869
TOTAL DEBT SERVICE FUND				$ 2,264,034	$ 4,156
CAPITAL PROJECTS FUND					
TexSTAR	XXXX4440	Varies	Daily	$ 787,249	$
TOTAL - ALL FUNDS				$ 5,676,158	$ 8,341

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2018

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - APRIL 1, 2017	$ 21,464		$ 36,816	
Adjustments to Beginning Balance	(50)	$ 21,414	(29)	$ 36,787
Original 2017 Tax Levy	$ 1,220,553		$ 2,034,254	
Adjustment to 2017 Tax Levy	94,549	1,315,102	157,581	2,191,835
TOTAL TO BE ACCOUNTED FOR		$ 1,336,516		$ 2,228,622
TAX COLLECTIONS:				
Prior Years	$ 19,058		$ 31,763	
Current Year	1,282,454	1,301,512	2,137,424	2,169,187
TAXES RECEIVABLE - MARCH 31, 2018		$ 35,004		$ 59,435
TAXES RECEIVABLE BY YEAR:				
2017		$ 32,648		$ 54,411
2016		2,127		3,545
2015		229		1,471
2014				3
2013				3
2012				2
TOTAL		$ 35,004		$ 59,435

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2018

	2017	2016	2015	2014
PROPERTY VALUATIONS:				
Land	$ 89,590,890	$ 88,628,030	$ 72,045,164	$ 66,865,760
Improvements	445,851,538	394,819,014	260,966,282	204,948,464
Personal Property	19,526,190	11,088,970	3,651,330	3,410,560
Exemptions	(116,601,527)	(78,326,606)	(12,197,004)	(7,448,042)
TOTAL PROPERTY VALUATIONS	$ 438,367,091	$ 416,209,408	$ 324,465,772	$ 267,776,742
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.50	$ 0.50	$ 0.70	$ 0.77
Maintenance	0.30	0.30	0.12	0.08
TOTAL TAX RATES PER $100 VALUATION	$ 0.80	$ 0.80	$ 0.82	$ 0.85
ADJUSTED TAX LEVY*	$ 3,506,937	$ 3,329,675	$ 2,660,635	$ 2,276,112
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	97.52 %	99.83 %	99.94 %	99.99 %

* 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 $1.25 per $100 of assessed valuation approved by voters on November 2, 2004.

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2018

	SERIES-2011		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	$ 200,000	$ 306,706	$ 506,706
2020	215,000	294,256	509,256
2021	225,000	281,057	506,057
2022	245,000	269,406	514,406
2023	260,000	259,306	519,306
2024	275,000	248,607	523,607
2025	295,000	237,206	532,206
2026	315,000	225,007	540,007
2027	335,000	212,006	547,006
2028	365,000	198,006	563,006
2029	385,000	183,007	568,007
2030	415,000	167,006	582,006
2031	440,000	149,906	589,906
2032	470,000	131,706	601,706
2033	500,000	112,306	612,306
2034	535,000	90,937	625,937
2035	570,000	67,456	637,456
2036	610,000	42,000	652,000
2037	655,000	14,328	669,328
	$ 7,310,000	$ 3,490,215	$ 10,800,215

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2018

	SERIES-2012		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	$ 155,000	$ 104,994	$ 259,994
2020	160,000	101,844	261,844
2021	170,000	97,694	267,694
2022	175,000	92,519	267,519
2023	180,000	87,194	267,194
2024	185,000	81,719	266,719
2025	185,000	76,169	261,169
2026	185,000	70,619	255,619
2027	190,000	64,994	254,994
2028	190,000	59,175	249,175
2029	195,000	53,159	248,159
2030	190,000	47,025	237,025
2031	190,000	40,850	230,850
2032	190,000	34,555	224,555
2033	185,000	28,228	213,228
2034	180,000	21,956	201,956
2035	180,000	15,656	195,656
2036	175,000	9,334	184,334
2037	170,000	3,081	173,081
	$ 3,430,000	$ 1,090,765	$ 4,520,765

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2018

	SERIES - 2013		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	$ 130,000	$ 130,906	$ 260,906
2020	135,000	126,931	261,931
2021	140,000	122,806	262,806
2022	140,000	118,431	258,431
2023	140,000	113,706	253,706
2024	145,000	108,719	253,719
2025	150,000	103,181	253,181
2026	155,000	97,081	252,081
2027	160,000	90,782	250,782
2028	160,000	84,081	244,081
2029	165,000	76,972	241,972
2030	170,000	69,537	239,537
2031	175,000	61,775	236,775
2032	180,000	53,563	233,563
2033	185,000	44,894	229,894
2034	195,000	35,625	230,625
2035	195,000	25,875	220,875
2036	205,000	15,875	220,875
2037	215,000	5,375	220,375
	$ 3,140,000	$ 1,486,115	$ 4,626,115

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2018

	SERIES-2014 REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	$ 400,000	$ 297,393	$ 697,393
2020	410,000	289,294	699,294
2021	425,000	280,944	705,944
2022	430,000	270,244	700,244
2023	445,000	257,118	702,118
2024	455,000	243,619	698,619
2025	470,000	229,744	699,744
2026	485,000	215,419	700,419
2027	500,000	200,644	700,644
2028	510,000	185,494	695,494
2029	525,000	169,313	694,313
2030	540,000	151,332	691,332
2031	555,000	131,822	686,822
2032	575,000	110,981	685,981
2033	595,000	88,300	683,300
2034	615,000	64,100	679,100
2035	635,000	39,100	674,100
2036	660,000	13,200	673,200
2037			
	$ 9,230,000	$ 3,238,061	$ 12,468,061

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2018

	SERIES - 2015		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	$ 175,000	$ 125,044	$ 300,044
2020	175,000	121,544	296,544
2021	175,000	118,044	293,044
2022	175,000	114,106	289,106
2023	175,000	109,731	284,731
2024	200,000	105,044	305,044
2025	200,000	99,543	299,543
2026	200,000	93,544	293,544
2027	200,000	87,543	287,543
2028	200,000	81,544	281,544
2029	225,000	75,169	300,169
2030	250,000	67,919	317,919
2031	250,000	60,138	310,138
2032	250,000	52,325	302,325
2033	275,000	43,950	318,950
2034	275,000	35,013	310,013
2035	300,000	25,481	325,481
2036	300,000	15,356	315,356
2037	305,000	5,147	310,147
	$ 4,305,000	$ 1,436,185	$ 5,741,185

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2018

	SERIES-2016		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	$ 210,000	$ 142,078	$ 352,078
2020	210,000	139,454	349,454
2021	210,000	136,566	346,566
2022	225,000	132,794	357,794
2023	230,000	128,244	358,244
2024	240,000	123,543	363,543
2025	250,000	118,331	368,331
2026	260,000	112,594	372,594
2027	270,000	106,294	376,294
2028	285,000	99,356	384,356
2029	290,000	91,443	381,443
2030	310,000	82,444	392,444
2031	325,000	72,919	397,919
2032	335,000	63,019	398,019
2033	355,000	52,669	407,669
2034	370,000	41,563	411,563
2035	395,000	29,609	424,609
2036	410,000	17,031	427,031
2037	340,000	5,313	345,313
	$ 5,520,000	$ 1,695,264	$ 7,215,264

See accompanying independent auditor’s report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2018

	SERIES - 2017 REFUNDING		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	$ 70,000	$ 102,450	$ 172,450
2020	70,000	100,350	170,350
2021	70,000	98,250	168,250
2022	75,000	96,075	171,075
2023	80,000	93,750	173,750
2024	85,000	91,275	176,275
2025	85,000	88,725	173,725
2026	90,000	86,100	176,100
2027	90,000	83,400	173,400
2028	95,000	80,625	175,625
2029	100,000	77,200	177,200
2030	105,000	73,100	178,100
2031	115,000	68,700	183,700
2032	125,000	63,900	188,900
2033	135,000	58,700	193,700
2034	140,000	53,200	193,200
2035	155,000	47,300	202,300
2036	165,000	40,900	205,900
2037	940,000	18,800	958,800
	$ 2,790,000	$ 1,422,800	$ 4,212,800

See accompanying independent auditor’s report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2018

	SERIES-2017		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	$	$ 149,219	$ 149,219
2020	225,000	117,125	342,125
2021	235,000	112,525	347,525
2022	240,000	107,775	347,775
2023	250,000	102,875	352,875
2024	240,000	97,975	337,975
2025	245,000	93,125	338,125
2026	255,000	88,125	343,125
2027	265,000	82,925	347,925
2028	280,000	77,125	357,125
2029	270,000	70,600	340,600
2030	255,000	63,719	318,719
2031	275,000	56,431	331,431
2032	290,000	48,300	338,300
2033	280,000	39,750	319,750
2034	295,000	31,125	326,125
2035	280,000	22,500	302,500
2036	300,000	13,800	313,800
2037	310,000	4,650	314,650
	$ 4,790,000	$ 1,379,669	$ 6,169,669

See accompanying independent auditor's report.

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2018

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending March 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2019	$ 1,340,000	$ 1,358,790	$ 2,698,790
2020	1,600,000	1,290,798	2,890,798
2021	1,650,000	1,247,886	2,897,886
2022	1,705,000	1,201,350	2,906,350
2023	1,760,000	1,151,924	2,911,924
2024	1,825,000	1,100,501	2,925,501
2025	1,880,000	1,046,024	2,926,024
2026	1,945,000	988,489	2,933,489
2027	2,010,000	928,588	2,938,588
2028	2,085,000	865,406	2,950,406
2029	2,155,000	796,863	2,951,863
2030	2,235,000	722,082	2,957,082
2031	2,325,000	642,541	2,967,541
2032	2,415,000	558,349	2,973,349
2033	2,510,000	468,797	2,978,797
2034	2,605,000	373,519	2,978,519
2035	2,710,000	272,977	2,982,977
2036	2,825,000	167,496	2,992,496
2037	2,935,000	56,694	2,991,694
	$ 40,515,000	$ 15,239,074	$ 55,754,074

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2018

Description	Original Bonds Issued	Bonds Outstanding April 1, 2017
Brazoria County Municipal Utility District No. 34 Unlimited Tax Bonds - Series 2009	$ 4,070,000	$ 115,000
Brazoria County Municipal Utility District No. 34 Unlimited Tax Bonds - Series 2010	2,945,000	2,740,000
Brazoria County Municipal Utility District No. 34 Unlimited Tax Bonds - Series 2011	8,150,000	7,500,000
Brazoria County Municipal Utility District No. 34 Unlimited Tax Bonds - Series 2012	3,970,000	3,575,000
Brazoria County Municipal Utility District No. 34 Unlimited Tax Bonds - Series 2013	3,400,000	3,270,000
Brazoria County Municipal Utility District No. 34 Unlimited Tax Refunding Bonds - Series 2014	9,810,000	9,505,000
Brazoria County Municipal Utility District No. 34 Unlimited Tax Bonds - Series 2015	4,480,000	4,480,000
Brazoria County Municipal Utility District No. 34 Unlimited Tax Bonds - Series 2016	5,520,000	5,520,000
Brazoria County Municipal Utility District No. 34 Unlimited Tax Refunding Bonds - Series 2017	2,815,000	
Brazoria County Municipal Utility District No. 34 Unlimited Tax Bonds - Series 2017	4,790,000	
TOTAL	$ 49,950,000	$ 36,705,000

See accompanying independent auditor's report.

Current Year Transactions					
	Retirements				
Bonds Sold	Principal	Interest	Bonds Outstanding March 31, 2018	Paying Agent
$	$ 115,000	$ 3,306	$ -	Wells Fargo Bank N.A. Houston, TX
	2,740,000	1,250	-	Wells Fargo Bank N.A. Houston, TX
	190,000	318,407	7,310,000	Wells Fargo Bank N.A. Houston, TX
	145,000	107,994	3,430,000	Wells Fargo Bank N.A. Houston, TX
	130,000	135,619	3,140,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	275,000	304,144	9,230,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	175,000	128,544	4,305,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		143,339	5,520,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
2,815,000	25,000	73,993	2,790,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
4,790,000			4,790,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
$ 7,605,000	$ 3,795,000	$ 1,216,596	$ 40,515,000	

See accompanying independent auditor’s report.

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2018

Bond Authority:	Park and Recreation Bonds	Tax Bonds*	Refunding Bonds
Amount Authorized by Voters	$ 7,000,000	$ 74,500,000	$ 35,000,000
Amount Issued		43,775,000	1,080,000
Remaining to be Issued	$ 7,000,000	$ 30,725,000	$ 33,920,000

Debt Service Fund cash and investment balances as of March 31, 2018:	$ 4,520,371
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,934,425

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

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2018	2017	2016
REVENUES			
Property Taxes	$ 1,301,512	$ 1,233,912	$ 386,612
Contract Revenue	92,810	86,233	77,808
Investment Revenues	17,334	3,523	505
Miscellaneous Revenues	5		
TOTAL REVENUES	$ 1,411,661	$ 1,323,668	$ 464,925
EXPENDITURES			
Professional Fees	$ 115,485	$ 135,101	$ 106,473
Contracted Services	14,231	14,100	14,100
Utilities	1,428	976	1,079
Repairs and Maintenance	62,096	58,049	70,209
Other	16,708	15,339	14,017
Conveyance of Capital Assets		30,838	
Capital Outlay	44,751		
TOTAL EXPENDITURES	$ 254,699	$ 254,403	$ 205,878
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 1,156,962	$ 1,069,265	$ 259,047
OTHER FINANCING SOURCES			
Transfers In	$ 45,791	$ - 0 -	$ 63,387
NET CHANGE IN FUND BALANCE	$ 1,202,753	$ 1,069,265	$ 322,434
BEGINNING FUND BALANCE	1,623,915	554,650	232,216
ENDING FUND BALANCE	$ 2,826,668	$ 1,623,915	$ 554,650

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2015	2014	2018	2017	2016	2015	2014
$ 214,256	$ 177,766	92.2 %	93.2 %	83.2 %	75.1 %	73.5 %
70,289	62,575	6.6	6.5	16.7	24.6	25.9
778	1,636	1.2	0.3	0.1	0.3	0.6
$ 285,323	$ 241,977	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 176,677	$ 76,718	8.2 %	10.2 %	22.9 %	61.9 %	31.7 %
15,600	13,800	1.0	1.0	3.0	5.5	5.7
469		0.1	0.1	0.2	0.2	
58,860	5,850	4.4	4.4	15.1	20.6	2.4
29,700	12,540	1.2	1.2	3.0	10.4	5.2
			2.3			
386,479	325,375	3.2			135.5	134.5
$ 667,785	$ 434,283	18.1 %	19.2 %	44.2 %	234.1 %	179.5 %
$ (382,462)	$ (192,306)	81.9 %	80.8 %	55.8 %	(134.1) %	(79.5) %
$ - 0 -	$ - 0 -					
$ (382,462)	$ (192,306)					
614,678	806,984					
$ 232,216	$ 614,678					

See accompanying independent auditor’s report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2018	2017	2016
REVENUES			
Property Taxes	$ 2,169,705	$ 2,085,290	$ 2,269,048
Penalty and Interest	15,655	15,836	12,997
Contract Revenues	656,723	378,844	378,202
Investment Revenues	26,518	8,533	6,665
TOTAL REVENUES	$ 2,868,601	$ 2,488,503	$ 2,666,912
EXPENDITURES			
Tax Collection Expenditures	$ 58,459	$ 53,757	$ 47,093
Transfer to Refunded Bond Escrow Agent			
Bond Issuance Costs	146,125		
Debt Service Principal	1,105,000	870,000	630,000
Debt Service Interest and Fees	1,221,196	1,317,622	1,184,112
TOTAL EXPENDITURES	$ 2,530,780	$ 2,241,379	$ 1,861,205
EXCESS OF REVENUES OVER EXPENDITURES	$ 337,821	$ 247,124	$ 805,707
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ 2,815,000	$	$
Payment to Refunded Bond Escrow Agent	(2,758,674)		
Bond Premium	90,789		
Bond Discount			
TOTAL OTHER FINANCING SOURCES, NET	$ 147,115	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 484,936	$ 247,124	$ 805,707
BEGINNING FUND BALANCE	3,985,340	3,738,216	2,932,509
ENDING FUND BALANCE	$ 4,470,276	$ 3,985,340	$ 3,738,216
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A

See accompanying independent auditor's report.

2015	2014	Percentage of Total Revenue 2018	2017	2016	2015	2014
$ 2,062,210	$ 1,710,995	75.7 %	83.9 %	85.1 %	86.2 %	86.5 %
9,192	4,731	0.5	0.6	0.5	0.4	0.2
315,196	258,324	22.9	15.2	14.2	13.2	13.1
4,763	4,059	0.9	0.3	0.2	0.2	0.2
$ 2,391,361	$ 1,978,109	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 40,538	$ 25,368	2.0 %	2.2 %	1.8 %	1.7 %	1.3 %
193,000					8.1	
186,136		5.1			7.8	
550,000	400,000	38.5	35.0	23.6	23.0	20.2
1,009,588	1,274,195	42.6	52.9	44.4	42.2	64.4
$ 1,979,262	$ 1,699,563	88.2 %	90.1 %	69.8 %	82.8 %	85.9 %
$ 412,099	$ 278,546	11.8 %	9.9 %	30.2 %	17.2 %	14.1 %
$ 9,810,000	$					
(9,559,187)						
(58,461)						
$ 192,352	$ - 0 -					
$ 604,451	$ 278,546					
2,328,058	2,049,512					
$ 2,932,509	$ 2,328,058					
N/A	N/A					
N/A	N/A					

See accompanying independent auditor’s report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2018

District Mailing Address	-	Brazoria County Municipal Utility District No. 34 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 March 31, 2018	Expense reimbursements for the year ended March 31, 2018	Title
Brian Thompson	05/2016 05/2020 (Elected)	$ 1,650	$ 36	President
Roland Falgoust	05/2016 05/2020 (Elected)	$ 1,650	$ 177	Vice President
Christopher Doherty	05/2018 05/2020 (Appointed)	$ -0-	$ -0-	Assistant Vice President
Travis McGuire	05/2018 05/2022 (Elected)	$ 1,800	$ -0-	Secretary
Nicholas Ostrowicki	05/2018 05/2022 (Elected	$ 900	$ -0-	Assistant Secretary
Donna Davis	05/2014 10/2017 (Resigned)	$ 750	$ -0-	Resigned
Sam H. Hall	05/2016 01/2018 (Resigned)	$ 1,200	$ -0-	Resigned

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 (TWC Sections 36.054 and 49.054): May 24, 2018.

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 (TWC Section 49.060) on September 23, 2004. Fees of Office are the amounts actually paid to a Director during the District's current year.

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 34
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2018

Consultants:	Date Hired	Fees / Compensation for the year ended March 31, 2018	Title
Allen Boone Humphries Robinson LLP	08/31/04	$ 76,416	General Counsel
		$ 175,087	Bond Related
McCall Gibson Swedlund Barfoot PLLC	10/23/08	$ 13,000	Auditor
		$ 12,300	Bond Related
Myrtle Cruz, Inc.	08/31/04	$ 15,301	Bookkeeper
		$ 7,500	Bond Related
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/24/05	$ 4,080	Delinquent Tax Attorney
LJA Engineers & Surveying, Inc.	02/23/12	$ 75,292	Engineer
		$ 12,210	Bond Related
Rathmann & Associates, L.P.	08/31/04	$ 133,988	Financial Advisor
Mary Jarmon	09/23/04	$ -0-	Investment Officer
Assessments of the Southwest, Inc.	08/31/04	$ 20,320	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX C

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)