

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**

**FORT BEND COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2022**



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**INDEPENDENT AUDITOR'S REPORT**

Board of Supervisors  
Fort Bend County Fresh Water  
Supply District No. 1  
Fort Bend County, Texas

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Fresh Water Supply District No. 1 (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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





### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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



Board of Supervisors  
Fort Bend County Fresh Water Supply District No. 1

### **Supplementary Information**

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

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

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

April 20, 2023



**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Management’s discussion and analysis of the financial performance of Fort Bend County Fresh Water Supply District No. 1 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The 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 required and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**FUND FINANCIAL STATEMENTS**

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

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**FUND FINANCIAL STATEMENTS (Continued)**

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in 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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,532,748 as of December 31, 2022. A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities less any debt used to acquire those assets that is still outstanding).

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

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

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 28,373,409	\$ 17,203,237	\$ 11,170,172
Capital Assets (Net of Accumulated Depreciation)	35,440,925	33,828,183	1,612,742
Total Assets	\$ 63,814,334	\$ 51,031,420	\$ 12,782,914
Deferred Outflows of Resources	\$ 273,542	\$ 290,613	\$ (17,071)
Bonds Payable	\$ 34,640,874	\$ 25,588,540	\$ (9,052,334)
Other Liabilities	1,559,193	1,060,154	(499,039)
Total Liabilities	\$ 36,200,067	\$ 26,648,694	\$ (9,551,373)
Deferred Inflows of Resources	\$ 5,355,061	\$ 4,351,135	\$ (1,003,926)
Net Position:			
Net Investment in Capital Assets	\$ 9,754,692	\$ 10,279,173	\$ (524,481)
Restricted	3,060,675	2,668,288	392,387
Unrestricted	9,717,381	7,374,743	2,342,638
Total Net Position	\$ 22,532,748	\$ 20,322,204	\$ 2,210,544

The following table provides a summary of the District's operations for the years ending December 31, 2022, and 2021. The District's net position increased by \$2,210,544.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,344,693	\$ 4,258,507	\$ 86,186
Service Revenues	2,176,546	1,846,676	329,870
Other Revenues	432,125	99,027	333,098
Total Revenues	\$ 6,953,364	\$ 6,204,210	\$ 749,154
Expenses for Services	4,742,820	3,793,806	(949,014)
Change in Net Position	\$ 2,210,544	\$ 2,410,404	\$ (199,860)
Net Position, Beginning of Year	20,322,204	17,911,800	2,410,404
Net Position, End of Year	\$ 22,532,748	\$ 20,322,204	\$ 2,210,544

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of December 31, 2022, were \$20,946,819, an increase of \$9,772,672 from the prior year.

The General Fund fund balance increased by \$2,373,053 primarily due to maintenance tax revenues and service revenues exceeding operating costs and capital outlay.

The Debt Service Fund fund balance increased by \$467,437, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$6,932,182, primarily due to unspent proceeds from the sale of Series 2022 bonds during the fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Supervisors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$555,021 more than budgeted revenues, actual expenditures were \$1,665,486 less than budgeted expenditures and unbudgeted transfers in were \$515,597 more than budgeted which resulted in a positive budget variance of \$2,736,104. See the budget to actual comparison for more information.

**CAPITAL ASSETS**

Capital assets as of December 31, 2022, total \$35,440,925, and include land, construction in progress, and the water and wastewater facilities. The District used bond proceeds received in the current year and other available funds to pay for new construction and rehabilitation of existing District water and wastewater infrastructure.

Capital Assets At Year-End			
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 7,000	\$ 7,000	\$
Construction in Progress	5,014,074	2,549,641	2,464,433
Capital Assets Subject to Depreciation:			
Water System	23,659,646	23,577,739	81,907
Wastewater System	14,127,434	14,127,434	
Less Accumulated Depreciation	(7,367,229)	(6,433,631)	(933,598)
Total Net Capital Assets	\$ 35,440,925	\$ 33,828,183	\$ 1,612,742



**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**LONG-TERM DEBT**

As of December 31, 2022, the District had total bond debt payable of \$34,440,000. The changes in the debt position of the District during the fiscal year ended December 31, 2022, are summarized as follows:

Bond Debt Payable, January 1, 2022	\$ 25,260,000
Add: Bond Sale	10,450,000
Less: Bond Principal Paid	<u>1,270,000</u>
Bond Debt Payable, December 31, 2022	<u>\$ 34,440,000</u>

The Series 2016 Bonds, Series 2017 Bonds and Series 2022 Bonds carry insured ratings of “AA” from Standard and Poor’s by virtue of bond insurance issued by Build America Mutual Assurance Company and Assured Guaranty Municipal Corp., respectively. The Series 2020 Refunding Bonds carry an insured rating of “AA/A2” by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The underlying ratings assigned to the Series 2016 Bonds, Series 2017 Bonds, Series 2020 Refunding Bonds and Series 2022 are “Baa1”. The District’s other bonds were non-rated and uninsured for the current and prior years. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Fresh Water Supply District No. 1, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, TX 77056.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2022**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 314,047	\$
Investments	8,991,128	3,878,363
Receivables:		
Property Taxes	2,408,192	2,505,238
Penalty and Interest on Delinquent Taxes		
Service Accounts Receivable	313,376	
Accrued Interest	6,708	2,209
Prepaid Costs		
Due from Other Funds	596,631	
Due from Other Governmental Units	32,732	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 12,662,814</b>	<b>\$ 6,385,810</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 12,662,814</b>	<b>\$ 6,385,810</b>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 175,113	\$ 489,160	\$	\$ 489,160
9,356,378	22,225,869		22,225,869
	4,913,430		4,913,430
		318,741	318,741
	313,376		313,376
	8,917		8,917
		71,184	71,184
	596,631	(596,631)	
	32,732		32,732
		7,000	7,000
		5,014,074	5,014,074
		30,419,851	30,419,851
\$ 9,531,491	\$ 28,580,115	\$ 35,234,219	\$ 63,814,334
\$ - 0 -	\$ - 0 -	\$ 273,542	\$ 273,542
\$ 9,531,491	\$ 28,580,115	\$ 35,507,761	\$ 64,087,876

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

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2022**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 186,235	\$
Accrued Interest Payable		
Due to Other Funds		538,019
Security Deposits	152,851	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	\$ 339,086	\$ 538,019
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 2,904,377	\$ 3,001,422
<b>FUND BALANCES</b>		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		2,846,369
Unassigned	9,419,351	
<b>TOTAL FUND BALANCES</b>	\$ 9,419,351	\$ 2,846,369
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	\$ 12,662,814	\$ 6,385,810
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 791,780	\$ 978,015	\$	\$ 978,015
		428,327	428,327
58,612	596,631	(596,631)	
	152,851		152,851
		1,310,000	1,310,000
		33,330,874	33,330,874
<u>\$ 850,392</u>	<u>\$ 1,727,497</u>	<u>\$ 34,472,570</u>	<u>\$ 36,200,067</u>
<u>\$ - 0 -</u>	<u>\$ 5,905,799</u>	<u>\$ (550,738)</u>	<u>\$ 5,355,061</u>
\$ 8,681,099	\$ 8,681,099	\$ (8,681,099)	\$
	2,846,369	(2,846,369)	
	9,419,351	(9,419,351)	
<u>\$ 8,681,099</u>	<u>\$ 20,946,819</u>	<u>\$ (20,946,819)</u>	<u>\$ - 0 -</u>
<u>\$ 9,531,491</u>	<u>\$ 28,580,115</u>		
		\$ 9,754,692	\$ 9,754,692
		3,060,675	3,060,675
		<u>9,717,381</u>	<u>9,717,381</u>
		<u>\$ 22,532,748</u>	<u>\$ 22,532,748</u>

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

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

Total Fund Balances - Governmental Funds	\$ 20,946,819
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow of resources in governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. Prepaid bond insurance is amortized over the life of the bonds.	344,726
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	35,440,925
--	------------

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District.	869,479
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Accrued Interest Payable	\$ (428,327)	
Bonds Payable	<u>(34,640,874)</u>	<u>(35,069,201)</u>

Total Net Position - Governmental Activities	<u>\$ 22,532,748</u>
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The accompanying notes to the financial statements are an integral part of this report.

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**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 1,807,397	\$ 2,589,593
Water Revenues	649,722	
Wastewater Revenues	228,383	
Water Authority Fees	511,974	
Shared Facilities Revenues	217,564	
Tap Connection and Inspection Fees	232,268	
Penalty and Interest	188,007	91,889
Investment and Miscellaneous Revenues	215,469	50,312
<b>TOTAL REVENUES</b>	<b>\$ 4,050,784</b>	<b>\$ 2,731,794</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 640,690	\$
Contracted Services	190,721	3,850
Purchased Sewer Service	103,590	
Utilities	54,275	
Repairs and Maintenance	239,935	
Purchased Water and Pumpage Fees	671,375	
Depreciation		
Other	210,835	95
Capital Outlay	81,907	
Debt Service:		
Bond Principal		1,270,000
Bond Interest		990,412
Bond Issuance Costs		
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 2,193,328</b>	<b>\$ 2,264,357</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER</b>		
<b>    EXPENDITURES/EXPENSES</b>	<b>\$ 1,857,456</b>	<b>\$ 467,437</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In(Out)	\$ 515,597	\$
Proceeds from Issuance of Long-Term Debt		
Bond Discount		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 515,597</b>	<b>\$ -0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 2,373,053</b>	<b>\$ 467,437</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JANUARY 1, 2022</b>	<b>7,046,298</b>	<b>2,378,932</b>
<b>FUND BALANCES/NET POSITION - DECEMBER 31, 2022</b>	<b>\$ 9,419,351</b>	<b>\$ 2,846,369</b>

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



<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$	\$ 4,396,990	\$ (52,297)	\$ 4,344,693
	649,722		649,722
	228,383		228,383
	511,974		511,974
	217,564		217,564
	232,268		232,268
	279,896	56,739	336,635
166,344	432,125		432,125
<u>\$ 166,344</u>	<u>\$ 6,948,922</u>	<u>\$ 4,442</u>	<u>\$ 6,953,364</u>
\$ 1,985	\$ 642,675	\$	\$ 642,675
	194,571		194,571
	103,590		103,590
	54,275		54,275
	239,935		239,935
	671,375		671,375
		933,598	933,598
505	211,435		211,435
2,464,433	2,546,340	(2,546,340)	
	1,270,000	(1,270,000)	
	990,412	115,263	1,105,675
585,691	585,691		585,691
<u>\$ 3,052,614</u>	<u>\$ 7,510,299</u>	<u>\$ (2,767,479)</u>	<u>\$ 4,742,820</u>
<u>\$ (2,886,270)</u>	<u>\$ (561,377)</u>	<u>\$ 2,771,921</u>	<u>\$ 2,210,544</u>
\$ (515,597)	\$	\$	\$
10,450,000	10,450,000	(10,450,000)	
(115,951)	(115,951)	115,951	
<u>\$ 9,818,452</u>	<u>\$ 10,334,049</u>	<u>\$ (10,334,049)</u>	<u>\$ -0-</u>
\$ 6,932,182	\$ 9,772,672	\$ (9,772,672)	\$
		2,210,544	2,210,544
1,748,917	11,174,147	9,148,057	20,322,204
<u>\$ 8,681,099</u>	<u>\$ 20,946,819</u>	<u>\$ 1,585,929</u>	<u>\$ 22,532,748</u>

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

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds	\$ 9,772,672
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.	(52,297)
Governmental funds report penalty and interest revenues on property taxes when collected. However, in the Statement of Activities, revenues are recorded when penalty and interest are assessed.	56,739
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(933,598)
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.	2,546,340
Bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	115,951
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.	1,270,000
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.	(115,263)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	<u>(10,450,000)</u>
Change in Net Position - Governmental Activities	<u>\$ 2,210,544</u>

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

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 1. CREATION OF DISTRICT**

Fort Bend County Fresh Water Supply District No. 1 of Fort Bend County, Texas (the “District”) was created as a political subdivision of the State of Texas pursuant to an order of the Fort Bend County Commissioner’s Court dated January 18, 1997, and operates in accordance with Article XVI, Section 59 of the Texas Constitution and the Texas Water Code, Chapters 49 and 53. The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water and the collection, transportation and treatment of wastewater. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts. The Board of Supervisors held its first meeting on February 11, 1997 and sold its first bonds on October 2, 2006. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities.

It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, customer service revenues, operating costs and general expenditures.

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

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

Basis of Accounting

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

Deferred inflows of resources related to property tax revenues are those taxes which the District does not expect to be collected soon enough in the subsequent period to finance current expenditures. Property taxes considered available by the District and included in revenue include the 2021 tax levy collections during the period of October 1, 2021 to December 31, 2022, and taxes collected from January 1, 2022 to December 31, 2022, for the 2020 and prior tax levies. The 2022 tax levy has been fully deferred to meet the operating expenditures for the 2023 fiscal year.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of December 31, 2022, the District’s Debt Service Fund owed the General Fund \$538,019 for tax collections and the Capital Projects Fund owed the General Fund \$58,612 for the water plant no. 2 project. The Capital Projects Fund transferred \$515,597 to the General Fund to reimburse for engineering expenses and bond issuance costs.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are 10 to 45 years for water and wastewater infrastructure.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Supervisors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that supervisors are considered to be "employees" for federal payroll tax purposes only.

Measurement Focus

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

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

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

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

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

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

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

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3. LONG-TERM DEBT**

	<u>Series 2006A</u>	<u>Series 2010A</u>	<u>Series 2015</u>
Amount Outstanding – December 31, 2022	\$ 2,080,000	\$ 240,000	\$ 6,715,000
Interest Rates	2.70% - 2.85%	N/A	2.25% - 4.30%
Maturity Dates - Serially Beginning/Ending	August 15, 2023/2027	August 15, 2023/2030	August 15, 2023/2045
Interest Payment Dates	February 15/ August 15	N/A	February 15/ August 15
Callable Dates	August 15, 2016*	N/A	August 15, 2025*
	<u>Series 2016 Refunding</u>	<u>Series 2017 Refunding</u>	<u>Series 2019</u>
Amount Outstanding – December 31, 2022	\$ 3,495,000	\$ 5,295,000	\$ 1,635,000
Interest Rates	3.00% - 3.50%	3.00% - 4.00%	2.03% - 4.34%
Maturity Dates - Serially Beginning/Ending	August 15, 2023/2037	August 15, 2023/2038	August 15, 2023/2049
Interest Payment Dates	February 15/ August 15	February 15/ August 15	February 15/ August 15
Callable Dates	August 15, 2025*	August 15, 2027*	February 15, 2030*
	<u>Series 2020 Refunding</u>	<u>Series 2022</u>	
Amount Outstanding – December 31, 2022	\$ 4,530,000	\$ 10,450,000	
Interest Rates	2.00% - 3.125%	3.00%	
Maturity Dates - Serially Beginning/Ending	August 15, 2023/2039	August 15, 2038/2046	
Interest Payment Dates	February 15/ August 15	February 15/ August 15	
Callable Dates	August 15, 2025*	March 1, 2027*	

\* Or any interest payment date thereafter, at the option of the District, in whole or in part, at par plus accrued interest to the date fixed for redemption. Series 2016 term bonds due August 15, 2030, 2033, and 2037 are subject to mandatory redemption on August 15, 2028, 2031, and 2034, respectively. Series 2020 Refunding term bonds due August 15, 2031 are subject to mandatory redemption on August 15, 2029. Series 2022 term bonds due August 15, 2043 and 2046 are subject to mandatory redemption on August 15, 2040 and 2044, respectively.



**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3. LONG-TERM DEBT (Continued)**

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

	January 1, 2022	Additions	Retirements	December 31, 2022
Bonds Payable	\$ 25,260,000	\$ 10,450,000	\$ 1,270,000	\$ 34,440,000
Unamortized Discounts	(119,087)	(115,951)	(14,925)	(220,113)
Unamortized Premiums	447,627		26,640	420,987
Bonds Payable, Net	\$ 25,588,540	\$ 10,334,049	\$ 1,281,715	\$ 34,640,874
			Amount Due Within One Year	\$ 1,310,000
			Amount Due After One Year	33,330,874
			Bonds Payable, Net	\$ 34,640,874

The debt service requirements on the bonds outstanding are summarized in the table below:

Fiscal Year	Principal	Interest	Total
2023	\$ 1,310,000	\$ 1,142,206	\$ 2,452,206
2024	1,335,000	1,106,841	2,441,841
2025	1,375,000	1,070,176	2,445,176
2026	1,420,000	1,029,235	2,449,235
2027	1,465,000	988,123	2,453,123
2028-2032	5,575,000	4,368,226	9,943,226
2033-2037	6,500,000	3,327,504	9,827,504
2038-2042	7,740,000	2,076,739	9,816,739
2043-2047	7,535,000	673,057	8,208,057
2048-2049	185,000	12,153	197,153
	\$ 34,440,000	\$ 15,794,260	\$ 50,234,260

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. The District has remaining new money bond authorization of \$71,760,000 and refunding bond authorization of \$173,345,000.

The Series 2006A, Series 2010A, Series 2015, and Series 2019 Bonds are private placement bonds with the Texas Water Development Board. See the Supplementary Information in this document for the future debt service payments due on the private placement bonds.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3. LONG-TERM DEBT (Continued)**

During the year ended December 31, 2022, 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 \$2,677,530 on the adjusted taxable valuation of \$535,120,927 for the 2022 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

**NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS**

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds. The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary 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. At fiscal year end, the carrying amount of the District's deposits was \$1,449,160 and the bank balance was \$1,512,457. The District was not exposed to custodial credit risk as of year-end.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2022, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 314,047	\$ 720,000	\$ 1,034,047
DEBT SERVICE FUND		240,000	240,000
CAPITAL PROJECTS FUND	175,113		175,113
TOTAL DEPOSITS	\$ 489,160	\$ 960,000	\$ 1,449,160

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 Supervisors. 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 also invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor. The pool is subject to the supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis and are considered to be Level I investments whose fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Certificates of deposit are recorded at acquisition cost.

As of December 31, 2022, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 8,271,128	\$ 8,271,128
Certificates of Deposit	720,000	720,000
<u>DEBT SERVICE FUND</u>		
Texas CLASS	3,638,363	3,638,363
Certificate of Deposit	240,000	240,000
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	9,356,378	9,356,378
<b>TOTAL INVESTMENTS</b>	<b><u>\$22,225,869</u></b>	<b><u>\$22,225,869</u></b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investments in Texas CLASS were rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS to have maturities of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there have been significant changes in values. 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.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022, is summarized in the following table:

	January 1, 2022	Increases	Decreases	December 31, 2022
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 7,000	\$	\$	\$ 7,000
Construction in Progress	2,549,641	2,546,340	81,907	5,014,074
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 2,556,641</u>	<u>\$ 2,546,340</u>	<u>\$ 81,907</u>	<u>\$ 5,021,074</u>
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 23,577,739	\$ 81,907	\$	\$ 23,659,646
Wastewater System	14,127,434	_____	_____	14,127,434
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 37,705,173</u>	<u>\$ 81,907</u>	<u>\$ - 0 -</u>	<u>\$ 37,787,080</u>
<b>Less Accumulated Depreciation</b>				
Water System	\$ 5,143,315	\$ 612,294	\$	\$ 5,755,609
Wastewater System	1,290,316	321,304	_____	1,611,620
<b>Total Accumulated Depreciation</b>	<u>\$ 6,433,631</u>	<u>\$ 933,598</u>	<u>\$ - 0 -</u>	<u>\$ 7,367,229</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 31,271,542</u>	<u>\$ (851,691)</u>	<u>\$ - 0 -</u>	<u>\$ 30,419,851</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 33,828,183</u>	<u>\$ 1,694,649</u>	<u>\$ 81,907</u>	<u>\$ 35,440,925</u>

**NOTE 7. MAINTENANCE TAX**

At an election held on November 4, 2014, the voters of the District authorized the levy and collection of an annual maintenance tax for the operation and maintenance of the District's improvements in an amount not to exceed \$0.50 per \$100 of assessed valuation. The maintenance tax is to be used by the General Fund to pay the expenditures of operating the District's facilities as well as to pay for general and administrative costs.

During the year ended December 31, 2022, the District levied an ad valorem maintenance tax rate of \$0.50 per \$100 of assessed valuation, which resulted in a tax levy of \$2,677,531 on the adjusted taxable valuation of \$535,120,927 for the 2022 tax year. The 2022 tax levy has been fully deferred to meet fiscal year 2023 expenditures.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 8. RISK MANAGEMENT**

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

**NOTE 9. REGIONAL FACILITIES CONTRACT**

On August 18, 2005, the District entered into a Regional Facilities Contract (Contract) with the City of Arcola (the City) for the provision of water and wastewater service. This contract has been amended multiple times. The contract is in force through September 30, 2053.

The Regional Sewer System (RSS), including the initial expansion, is owned and operated by the City. The District pays a portion of those RSS expenses directly attributable to the RSS, plus an administrative overhead fee not to exceed 20% of the District's portion of total RSS expenses. These RSS expenses are prorated based on relative capacity in the RSS. The District also pays a portion of variable RSS expenses based on the ratio of metered flow to the District versus total discharge.

The Contract also provided for the design and construction of the Regional Water System (Water System) to provide water service to both the District and the City. The portion of the Water System upstream of the water point of delivery plus the measuring equipment will be owned and maintained by the District and those portions downstream will be owned and maintained by the City.

**NOTE 10. EMERGENCY WATER SUPPLY AGREEMENT**

On May 23, 2006, the District entered into an Emergency Water Supply Agreement with Fort Bend County Municipal Utility District No. 23 (District No. 23). The District was responsible for all costs associated with construction of such water interconnect facilities to be connected to the District's system. The rates for emergency water service are \$1.00 per 1,000 gallons plus any per 1,000-gallon pumpage fee that may be imposed on the supplying district by a governmental entity, including but not limited to the City of Missouri City or a regional water authority. The term of this agreement is 40 years.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 11. NORTH FORT BEND WATER AUTHORITY**

The District has entered into a Groundwater Reduction Plan Participation Agreement with the North Fort Bend Water Authority (the “Authority”). The District pays the Authority a water well pumpage fee based on the amount of water pumped from all well(s) owned and operated by the District. This fee enables the Authority to fulfill its purpose and regulatory functions. The fee charged as of year-end was \$4.55 per 1,000-gallons of water pumped from each well. The District incurred costs of \$671,375 during the current fiscal year in relation to this agreement. The term of this agreement is for 40 years from the effective date of the agreement

**NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT**

The District has entered into a Strategic Partnership Agreement (the “SPA”) with the City of Houston (the “City”), effective December 31, 2018. The SPA provides for a “limited purpose annexation” of that portion of the District developed for retail and commercial purposes in order to apply certain City health, safety, planning, and zoning ordinances within the District. Pursuant to the terms of the SPA, certain commercial tracts within the District have been annexed into the City for limited purposes and the City has imposed a one percent sales and use tax (but no property tax) within the areas of limited-purpose annexation and agreed to remit one-half of such sales and use tax to the District to be used for any lawful District purpose. The SPA also provides that the City will not annex the District for “full purposes” for at least 30 years.

**NOTE 13. BOND SALE**

On March 17, 2022, the District issued \$10,450,000 of Series 2022 Unlimited Tax Bonds. Proceeds from the bonds are being used to pay for the construction and engineering costs related to the City of Arcola wastewater treatment plant expansions, Gateway Acres Subdivision Wastewater Collection System, and the Fresno Ranchos Subdivision Lift Station and Force Main. Additional proceeds were used to pay bond issuance costs.

**NOTE 14. ESCROW REQUIREMENTS**

The District has unspent funds totaling \$202,177 from the Series 2019 Unlimited Tax Bonds which are required to be held in escrow in accordance with an agreement with the Texas Water Development Board.

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**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2022**



**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Original Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,731,496	\$ 1,807,397	\$ 75,901
Water Revenues	574,744	649,722	74,978
Wastewater Revenues	224,007	228,383	4,376
Water Authority Fees	474,389	511,974	37,585
Shared Facilities Revenues	142,285	217,564	75,279
Tap Connection and Inspection Fees	186,561	232,268	45,707
Penalty and Interest	99,912	188,007	88,095
Investment and Miscellaneous Revenues	<u>62,369</u>	<u>215,469</u>	<u>153,100</u>
<b>TOTAL REVENUES</b>	<u>\$ 3,495,763</u>	<u>\$ 4,050,784</u>	<u>\$ 555,021</u>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 570,800	\$ 640,690	\$ (69,890)
Contracted Services	167,428	190,721	(23,293)
Purchased Sewer Services	96,169	103,590	(7,421)
Utilities	43,600	54,275	(10,675)
Repairs and Maintenance	194,079	239,935	(45,856)
Purchased Water and Pumpage Fees	602,175	671,375	(69,200)
Other	199,563	210,835	(11,272)
Capital Outlay	<u>1,985,000</u>	<u>81,907</u>	<u>1,903,093</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,858,814</u>	<u>\$ 2,193,328</u>	<u>\$ 1,665,486</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (363,051)</u>	<u>\$ 1,857,456</u>	<u>\$ 2,220,507</u>
<b>OTHER FINANCING SOURCES(USES)</b>			
Transfers In	<u>\$ -0-</u>	<u>\$ 515,597</u>	<u>\$ 515,597</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (363,051)	\$ 2,373,053	\$ 2,736,104
<b>FUND BALANCE - JANUARY 1, 2022</b>	<u>7,046,298</u>	<u>7,046,298</u>	<u></u>
<b>FUND BALANCE - DECEMBER 31, 2022</b>	<u>\$ 6,683,247</u>	<u>\$ 9,419,351</u>	<u>\$ 2,736,104</u>

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**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**DECEMBER 31, 2022**





**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
SERVICES AND RATES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ <sup>3</sup> / <sub>4</sub> "	<u>1,774</u>	<u>1,686</u>	x 1.0	<u>1,686</u>
1"	<u>16</u>	<u>16</u>	x 2.5	<u>40</u>
1½"	<u>5</u>	<u>5</u>	x 5.0	<u>25</u>
2"	<u>11</u>	<u>11</u>	x 8.0	<u>88</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"	<u>1</u>	<u>1</u>	x 80.0	<u>80</u>
10"			x 115.0	
Total Water Connections	<u><u>1,807</u></u>	<u><u>1,719</u></u>		<u><u>1,919</u></u>
Total Wastewater Connections	<u><u>1,600</u></u>	<u><u>1,582</u></u>	x 1.0	<u><u>1,582</u></u>

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

Gallons pumped into system:	149,532,000	Water Accountability Ratio: 91.1% (Gallons billed and sold /Gallons pumped and purchased)
Gallons billed to customers:	108,172,000	
Gallons sold:	35,170,000	To: <u>City of Arcola, Texas</u>
Gallons purchased:	7,900,000	From: <u>Fort Bend County MUD No. 23</u>

See accompanying independent auditor's report.





**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

PROFESSIONAL FEES:	
Auditing	\$ 21,500
Engineering	388,462
Legal	150,225
Delinquent Tax Attorney	80,503
TOTAL PROFESSIONAL FEES	<u>\$ 640,690</u>
PURCHASED WATER AND PUMPAGE FEES	<u>\$ 671,375</u>
PURCHASED WASTEWATER SERVICE	<u>\$ 103,590</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 49,943
Operations and Billing	100,661
Tax Collector and Appraisal District	40,117
TOTAL CONTRACTED SERVICES	<u>\$ 190,721</u>
UTILITIES:	
Electricity	\$ 49,176
Telephone	5,099
TOTAL UTILITIES	<u>\$ 54,275</u>
REPAIRS AND MAINTENANCE	<u>\$ 239,935</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 18,592
Arbitrage Compliance Costs	5,000
Insurance	16,798
Office Supplies and Postage	21,548
Travel, Meetings, Election, and Other	28,937
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 90,875</u>
CAPITAL OUTLAY	<u>\$ 81,907</u>
OTHER EXPENDITURES:	
Chemicals	\$ 5,340
Laboratory Fees	7,805
Permit Fees	1,523
Connection and Inspection Fees	101,166
Regulatory Assessment	4,126
TOTAL OTHER EXPENDITURES	<u>\$ 119,960</u>
TOTAL EXPENDITURES	<u>\$ 2,193,328</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
INVESTMENTS  
DECEMBER 31, 2022**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0002	Varies	Daily	\$ 8,271,128	\$
Certificate of Deposit	XXXX1575	3.50%	09/26/23	240,000	2,209
Certificate of Deposit	XXXX0769	3.50%	09/29/23	240,000	2,140
Certificate of Deposit	XXXX0172	2.05%	06/30/23	240,000	2,359
TOTAL GENERAL FUND				<u>\$ 8,991,128</u>	<u>\$ 6,708</u>
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0004	Varies	Daily	\$ 3,638,363	\$
Certificate of Deposit	XXXX0365	3.50%	09/26/23	240,000	2,209
TOTAL DEBT SERVICE FUND				<u>\$ 3,878,363</u>	<u>\$ 2,209</u>
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0006	Varies	Daily	\$ 9,356,378	\$ - 0 -
TOTAL - ALL FUNDS				<u>\$ 22,225,869</u>	<u>\$ 8,917</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Maintenance Taxes		Debt Service Taxes
TAXES RECEIVABLE -			
JANUARY 1, 2022	\$ 1,735,078		\$ 2,483,736
Adjustments to Beginning			
Balance	<u>(2,330)</u>	\$ 1,732,748	<u>(4,111)</u> \$ 2,479,625
Original 2022 Tax Levy	\$ 2,642,661		\$ 2,642,660
Adjustment to 2022 Tax Levy	<u>34,870</u>	<u>2,677,531</u>	<u>34,870</u> <u>2,677,530</u>
TOTAL TO BE			
ACCOUNTED FOR		\$ 4,410,279	\$ 5,157,155
TAX COLLECTIONS:			
Prior Years	\$ 1,505,902		\$ 2,155,733
Current Year	<u>496,185</u>	<u>2,002,087</u>	<u>496,184</u> <u>2,651,917</u>
TAXES RECEIVABLE -			
DECEMBER 31, 2022		<u>\$ 2,408,192</u>	<u>\$ 2,505,238</u>
TAXES RECEIVABLE BY			
YEAR:			
2022		\$ 2,181,346	\$ 2,181,346
2021		76,838	110,572
2020		44,191	63,592
2019		27,211	36,071
2018		24,605	24,605
2017		11,395	11,395
2016		8,232	8,231
2015		6,245	6,245
2014		5,464	5,464
2013		3,446	10,340
2012		3,466	10,400
2011 and prior		<u>15,753</u>	<u>36,977</u>
TOTAL		<u>\$ 2,408,192</u>	<u>\$ 2,505,238</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY VALUATIONS:				
Land	\$ 245,946,186	\$ 201,360,841	\$ 196,658,583	\$ 140,376,197
Improvements	306,987,305	213,823,958	217,232,684	183,471,630
Personal Property	98,701,167	89,740,213	94,787,040	99,339,981
Exemptions	<u>(116,513,731)</u>	<u>(70,084,168)</u>	<u>(80,820,270)</u>	<u>(61,266,359)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 535,120,927</u>	<u>\$ 434,840,844</u>	<u>\$ 427,858,037</u>	<u>\$ 361,921,449</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.50	\$ 0.59	\$ 0.59	\$ 0.57
Maintenance	<u>0.50</u>	<u>0.41</u>	<u>0.41</u>	<u>0.43</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>
ADJUSTED TAX LEVY*	<u>\$ 5,355,061</u>	<u>\$ 4,351,134</u>	<u>\$ 4,281,228</u>	<u>\$ 3,621,045</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>18.53 %</u>	<u>95.69 %</u>	<u>97.48 %</u>	<u>98.25 %</u>

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

Maintenance Tax – Maximum tax rate of \$0.50 per \$100 of assessed valuation approved by voters on November 4, 2014.

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2022**

SERIES - 2006A

Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2023	\$ 395,000	\$ 57,655	\$ 452,655
2024	405,000	46,990	451,990
2025	415,000	35,852	450,852
2026	425,000	24,440	449,440
2027	440,000	12,540	452,540
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	<u>\$ 2,080,000</u>	<u>\$ 177,477</u>	<u>\$ 2,257,477</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2022**

SERIES - 2010 A

Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due	Total
2023	\$ 30,000	\$	\$ 30,000
2024	30,000		30,000
2025	30,000		30,000
2026	30,000		30,000
2027	30,000		30,000
2028	30,000		30,000
2029	30,000		30,000
2030	30,000		30,000
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	<u>\$ 240,000</u>	<u>\$ - 0 -</u>	<u>\$ 240,000</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2022**

SERIES - 2015

Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2023	\$ 195,000	\$ 256,882	\$ 451,882
2024	200,000	252,494	452,494
2025	205,000	247,615	452,615
2026	210,000	242,366	452,366
2027	220,000	236,424	456,424
2028	225,000	229,670	454,670
2029	230,000	222,334	452,334
2030	240,000	214,446	454,446
2031	250,000	205,853	455,853
2032	260,000	196,629	456,629
2033	265,000	186,800	451,800
2034	280,000	176,545	456,545
2035	290,000	165,485	455,485
2036	300,000	153,827	453,827
2037	315,000	141,617	456,617
2038	325,000	128,639	453,639
2039	340,000	115,119	455,119
2040	355,000	100,873	455,873
2041	370,000	85,892	455,892
2042	385,000	70,204	455,204
2043	400,000	53,803	453,803
2044	420,000	36,723	456,723
2045	435,000	18,705	453,705
2046			
2047			
2048			
2049			
	<u>\$ 6,715,000</u>	<u>\$ 3,738,945</u>	<u>\$ 10,453,945</u>

See accompanying independent auditor's report.



**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2022**

SERIES - 2016 REFUNDING

Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2023	\$ 190,000	\$ 113,000	\$ 303,000
2024	190,000	107,300	297,300
2025	200,000	101,600	301,600
2026	205,000	95,600	300,600
2027	210,000	89,450	299,450
2028	215,000	83,150	298,150
2029	225,000	76,432	301,432
2030	230,000	69,400	299,400
2031	240,000	62,212	302,212
2032	245,000	54,412	299,412
2033	250,000	46,450	296,450
2034	260,000	38,325	298,325
2035	270,000	29,225	299,225
2036	280,000	19,775	299,775
2037	285,000	9,975	294,975
2038			
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2045			
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2049			
	<u>\$ 3,495,000</u>	<u>\$ 996,306</u>	<u>\$ 4,491,306</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2022**

SERIES - 2017 REFUNDING

Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2023	\$ 10,000	\$ 211,600	\$ 221,600
2024	10,000	211,300	221,300
2025	285,000	211,000	496,000
2026	300,000	199,600	499,600
2027	315,000	187,600	502,600
2028	325,000	175,000	500,000
2029	340,000	162,000	502,000
2030	350,000	148,400	498,400
2031	365,000	134,400	499,400
2032	380,000	119,800	499,800
2033	395,000	104,600	499,600
2034	410,000	88,800	498,800
2035	425,000	72,400	497,400
2036	445,000	55,400	500,400
2037	460,000	37,600	497,600
2038	480,000	19,200	499,200
2039			
2040			
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2049			
	<u>\$ 5,295,000</u>	<u>\$ 2,138,700</u>	<u>\$ 7,433,700</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2022**

SERIES - 2019

Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2023	\$ 40,000	\$ 60,857	\$ 100,857
2024	40,000	60,045	100,045
2025	40,000	59,197	99,197
2026	40,000	58,317	98,317
2027	40,000	57,397	97,397
2028	45,000	56,441	101,441
2029	45,000	55,208	100,208
2030	45,000	53,858	98,858
2031	50,000	52,409	102,409
2032	50,000	50,709	100,709
2033	50,000	49,009	99,009
2034	55,000	47,309	102,309
2035	55,000	45,362	100,362
2036	55,000	43,349	98,349
2037	60,000	41,286	101,286
2038	60,000	38,988	98,988
2039	65,000	36,642	101,642
2040	65,000	34,062	99,062
2041	70,000	31,449	101,449
2042	70,000	28,495	98,495
2043	75,000	25,541	100,541
2044	80,000	22,376	102,376
2045	80,000	19,000	99,000
2046	85,000	15,624	100,624
2047	90,000	11,935	101,935
2048	90,000	8,029	98,029
2049	95,000	4,124	99,124
	<u>\$ 1,635,000</u>	<u>\$ 1,067,018</u>	<u>\$ 2,702,018</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2022**

S E R I E S - 2 0 2 0 R E F U N D I N G

Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2023	\$ 450,000	\$ 128,712	\$ 578,712
2024	460,000	115,212	575,212
2025	200,000	101,412	301,412
2026	210,000	95,412	305,412
2027	210,000	91,212	301,212
2028	215,000	87,012	302,012
2029	215,000	82,712	297,712
2030	225,000	76,263	301,263
2031	235,000	69,513	304,513
2032	240,000	62,463	302,463
2033	245,000	56,463	301,463
2034	250,000	49,113	299,113
2035	260,000	41,613	301,613
2036	265,000	33,813	298,813
2037	275,000	25,863	300,863
2038	285,000	17,613	302,613
2039	290,000	9,063	299,063
2040			
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2049			
	<u>\$ 4,530,000</u>	<u>\$ 1,143,464</u>	<u>\$ 5,673,464</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2022**

S E R I E S - 2 0 2 2

Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2023	\$	\$ 313,500	\$ 313,500
2024		313,500	313,500
2025		313,500	313,500
2026		313,500	313,500
2027		313,500	313,500
2028		313,500	313,500
2029		313,500	313,500
2030		313,500	313,500
2031		313,500	313,500
2032		313,500	313,500
2033		313,500	313,500
2034		313,500	313,500
2035		313,500	313,500
2036		313,500	313,500
2037		313,500	313,500
2038	280,000	313,500	593,500
2039	790,000	305,100	1,095,100
2040	1,120,000	281,400	1,401,400
2041	1,170,000	247,800	1,417,800
2042	1,220,000	212,700	1,432,700
2043	1,270,000	176,100	1,446,100
2044	1,320,000	138,000	1,458,000
2045	1,385,000	98,400	1,483,400
2046	1,895,000	56,850	1,951,850
2047			
2048			
2049			
	<u>\$ 10,450,000</u>	<u>\$ 6,532,350</u>	<u>\$ 16,982,350</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2022**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	\$ 1,310,000	\$ 1,142,206	\$ 2,452,206
2024	1,335,000	1,106,841	2,441,841
2025	1,375,000	1,070,176	2,445,176
2026	1,420,000	1,029,235	2,449,235
2027	1,465,000	988,123	2,453,123
2028	1,055,000	944,773	1,999,773
2029	1,085,000	912,186	1,997,186
2030	1,120,000	875,867	1,995,867
2031	1,140,000	837,887	1,977,887
2032	1,175,000	797,513	1,972,513
2033	1,205,000	756,822	1,961,822
2034	1,255,000	713,592	1,968,592
2035	1,300,000	667,585	1,967,585
2036	1,345,000	619,664	1,964,664
2037	1,395,000	569,841	1,964,841
2038	1,430,000	517,940	1,947,940
2039	1,485,000	465,924	1,950,924
2040	1,540,000	416,335	1,956,335
2041	1,610,000	365,141	1,975,141
2042	1,675,000	311,399	1,986,399
2043	1,745,000	255,444	2,000,444
2044	1,820,000	197,099	2,017,099
2045	1,900,000	136,105	2,036,105
2046	1,980,000	72,474	2,052,474
2047	90,000	11,935	101,935
2048	90,000	8,029	98,029
2049	95,000	4,124	99,124
	<u>\$ 34,440,000</u>	<u>\$ 15,794,260</u>	<u>\$ 50,234,260</u>

See accompanying independent auditor's report.

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**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Description	Original Bonds Issued	Bonds Outstanding January 1, 2022
Fort Bend County Fresh Water Supply District No. 1 Sanitary Sewer System Unlimited Tax Bonds - Series 2006A	\$ 6,935,000	\$ 2,460,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2010	5,285,000	150,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2010A	600,000	270,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2015	8,000,000	6,910,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Refunding Bonds - Series 2016	4,430,000	3,680,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Refunding Bonds - Series 2017	5,365,000	5,305,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2019	1,745,000	1,675,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Refunding Bonds - Series 2020	4,850,000	4,810,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2022	10,450,000	
<b>TOTAL</b>	<b>\$ 47,660,000</b>	<b>\$ 25,260,000</b>

See accompanying independent auditor's report.



Current Year Transactions

Bonds Sold	Retirements		Bonds Outstanding December 31, 2022	Paying Agent
	Principal	Interest		
\$	\$ 380,000	\$ 67,725	\$ 2,080,000	Wells Fargo Bank N.A. Houston, TX
	150,000	5,625	- 0 -	Wells Fargo Bank N.A. Houston, TX
	30,000		240,000	Wells Fargo Bank N.A. Houston, TX
	195,000	260,821	6,715,000	Amegy Bank N.A. Houston, TX
	185,000	116,700	3,495,000	Amegy Bank N.A. Houston, TX
	10,000	211,900	5,295,000	Amegy Bank N.A. Houston, TX
	40,000	61,645	1,635,000	BONY, N.A. Dallas, TX
	280,000	137,113	4,530,000	Amegy Bank N.A. Houston, TX
<u>10,450,000</u>		<u>128,883</u>	<u>10,450,000</u>	Amegy Bank N.A. Houston, TX
<u>\$ 10,450,000</u>	<u>\$ 1,270,000</u>	<u>\$ 990,412</u>	<u>\$ 34,440,000</u>	

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
CHANGES IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 118,310,000	\$ 173,965,000
Amount Issued	<u>46,550,000</u>	<u>620,000</u>
Remaining to be Issued	<u>\$ 71,760,000</u>	<u>\$ 173,345,000</u>

Debt Service Fund cash and investment balances as of December 31, 2022: \$ 3,878,363

Average annual debt service payment (principal and interest) for remaining term  
of all debt: \$ 1,860,528

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

See accompanying independent auditor's report.

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**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2022	2021	2020
<b>REVENUES</b>			
Property Taxes	\$ 1,807,397	\$ 1,732,622	\$ 1,551,624
Water Revenues	649,722	546,138	575,046
Wastewater Revenues	228,383	218,437	198,675
Water Authority Fees	511,974	458,273	421,570
Shared Facilities Revenues	217,564	124,231	364,529
Tap Connection and Inspection Fees	232,268	297,339	146,515
Penalty and Interest	188,007	154,236	111,449
Capital Contributions			
Investment and Miscellaneous Revenues	215,469	88,951	115,030
<b>TOTAL REVENUES</b>	<b>\$ 4,050,784</b>	<b>\$ 3,620,227</b>	<b>\$ 3,484,438</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 640,690	\$ 581,178	\$ 709,742
Contracted Services	190,721	170,583	149,938
Purchased Sewer Service	103,590	114,667	109,214
Utilities	54,275	43,940	37,151
Repairs and Maintenance	239,935	214,163	439,470
Purchased Water and Pumpage Fees	671,375	635,590	529,810
Other	210,835	209,462	184,419
Capital Outlay	81,907	425,422	2,096,634
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,193,328</b>	<b>\$ 2,395,005</b>	<b>\$ 4,256,378</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,857,456</b>	<b>\$ 1,225,222</b>	<b>\$ (771,940)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In(Out)	\$ 515,597	\$ - 0 -	\$ (155,637)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 2,373,053</b>	<b>\$ 1,225,222</b>	<b>\$ (927,577)</b>
<b>BEGINNING FUND BALANCE</b>	7,046,298	5,821,076	6,748,653
<b>ENDING FUND BALANCE</b>	<b>\$ 9,419,351</b>	<b>\$ 7,046,298</b>	<b>\$ 5,821,076</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
\$ 1,716,514	\$ 1,596,026	44.8 %	47.8 %	44.5 %	47.0 %	49.2 %
520,736	517,697	16.0	15.1	16.5	14.3	15.9
163,918	141,496	5.6	6.0	5.7	4.5	4.4
366,021	310,134	12.6	12.7	12.1	10.0	9.5
190,657	189,522	5.4	3.4	10.5	5.2	5.8
216,935	193,297	5.7	8.2	4.2	5.9	5.9
122,920	112,900	4.6	4.3	3.2	3.4	3.5
169,963	120,496				4.7	3.7
181,317	69,074	5.3	2.5	3.3	5.0	2.1
<u>\$ 3,648,981</u>	<u>\$ 3,250,642</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 508,934	\$ 471,834	15.8 %	16.1 %	20.4 %	13.9 %	14.5 %
156,506	150,199	4.7	4.7	4.3	4.3	4.6
114,597	99,362	2.6	3.2	3.1	3.1	3.1
44,010	49,519	1.3	1.2	1.1	1.2	1.5
184,115	222,356	5.9	5.9	12.6	5.0	6.8
522,428	435,101	16.6	17.6	15.2	14.3	13.4
260,203	295,062	5.2	5.8	5.3	7.1	9.1
528,207	224,278	2.0	11.8	60.2	14.5	6.9
<u>\$ 2,319,000</u>	<u>\$ 1,947,711</u>	<u>54.1 %</u>	<u>66.3 %</u>	<u>122.2 %</u>	<u>63.4 %</u>	<u>59.9 %</u>
\$ 1,329,981	\$ 1,302,931	45.9 %	33.7 %	(22.2) %	36.6 %	40.1 %
\$ 50,680	\$ (68,870)					
\$ 1,380,661	\$ 1,234,061					
<u>5,367,992</u>	<u>4,133,931</u>					
<u>\$ 6,748,653</u>	<u>\$ 5,367,992</u>					

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2022	2021	2020
<b>REVENUES</b>			
Property Taxes	\$ 2,589,593	\$ 2,475,475	\$ 2,056,644
Penalty and Interest	91,889	80,738	57,619
Investment and Miscellaneous Revenues	<u>50,312</u>	<u>8,958</u>	<u>44,337</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,731,794</u>	<u>\$ 2,565,171</u>	<u>\$ 2,158,600</u>
<b>EXPENDITURES</b>			
Debt Service Interest, Fees, Tax Collection Costs	\$ 994,357	\$ 901,387	\$ 910,761
Debt Service Principal	1,270,000	1,235,000	1,160,000
Bond Issuance Costs			239,274
Payment to Refunded Bond Escrow Agent			<u>79,000</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,264,357</u>	<u>\$ 2,136,387</u>	<u>\$ 2,389,035</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 467,437</u>	<u>\$ 428,784</u>	<u>\$ (230,435)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds From Issuance of Long-Term Debt	\$	\$	\$ 4,850,000
Payment to Refunded Bond Escrow Agent			(4,611,167)
Bond Discount			(60,794)
Bond Premium			<u>66,253</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 244,292</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 467,437	\$ 428,784	\$ 13,857
<b>BEGINNING FUND BALANCE</b>	<u>2,378,932</u>	<u>1,950,148</u>	<u>1,936,291</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 2,846,369</u>	<u>\$ 2,378,932</u>	<u>\$ 1,950,148</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>1,719</u>	<u>1,664</u>	<u>1,596</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>1,582</u>	<u>1,596</u>	<u>1,528</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
\$ 1,718,508	\$ 1,603,046	94.8 %	96.6 %	95.2 %	93.8 %	92.9 %
50,237	51,471	3.4	3.1	2.7	2.7	3.0
<u>63,811</u>	<u>70,834</u>	<u>1.8</u>	<u>0.3</u>	<u>2.1</u>	<u>3.5</u>	<u>4.1</u>
<u>\$ 1,832,556</u>	<u>\$ 1,725,351</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 961,266	\$ 967,200	36.4 %	35.1 %	42.2 %	52.4 %	56.1 %
1,110,000	1,100,000	46.5	48.1	53.7	60.6	63.8
				11.1		
				<u>3.7</u>		
<u>\$ 2,071,266</u>	<u>\$ 2,067,200</u>	<u>82.9 %</u>	<u>83.2 %</u>	<u>110.7 %</u>	<u>113.0 %</u>	<u>119.9 %</u>
<u>\$ (238,710)</u>	<u>\$ (341,849)</u>	<u>17.1 %</u>	<u>16.8 %</u>	<u>(10.7) %</u>	<u>(13.0) %</u>	<u>(19.9) %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ (238,710)	\$ (341,849)					
<u>2,175,001</u>	<u>2,516,850</u>					
<u>\$ 1,936,291</u>	<u>\$ 2,175,001</u>					
<u>1,527</u>	<u>1,436</u>					
<u>1,497</u>	<u>1,410</u>					

See accompanying independent auditor's report.

**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
DECEMBER 31, 2022**

District Mailing Address - Fort Bend County Fresh Water Supply District No. 1  
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP  
1980 Post Oak, Suite 1380  
Houston, TX 77056

District Telephone Number - (713) 850-9000

<b>Supervisors</b>	<b>Term of Office (Elected or Appointed)</b>	<b>Fees of Office for the year ended <u>December 31, 2022</u></b>	<b>Expense Reimbursements for the year ended <u>December 31, 2022</u></b>	<b><u>Title</u></b>
Paul Hamilton	05/22 05/26 (Elected)	\$ 5,700	\$ 1,290	President
Rosa Linda Medina	11/20 05/24 (Elected)	\$ 4,050	\$ 1,514	Vice President
Calvin Casher	11/20 05/24 (Elected)	\$ 4,050	\$ 1,366	Secretary
Rodrigo Carreon	05/22 05/26 (Elected)	\$ -0-	\$ -0-	Assistant Secretary
Erasto Vallejo	11/20 05/24 (Elected)	\$ 3,600	\$ 1,315	Assistant Secretary

Notes: No Supervisor 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: May 27, 2022

The limit on Fees of Office that a Supervisor may receive during a fiscal year is \$7,200 as set by Board Resolution on May 12, 2016. Fees of Office are the amounts actually paid to a Supervisor during the District's current fiscal year.

See accompanying independent auditor's report.



**FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
DECEMBER 31, 2022**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2022</u>	<u>Title</u>
Sanford Kuhl Hagan Kugle Parker Kahn LLP	01/21/10	\$ 162,733 \$ 211,408	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	11/01/01	\$ 21,500 \$ 1,750	Auditor Bond Related
Municipal Accounts and Consulting, LP	06/15/18	\$ 58,114	Bookkeeper
Jacobs Engineering Group, Inc.	01/15/09	\$ 521,078	Engineer
Robert W. Baird & Co. Inc.	02/19/15	\$ 146,817	Financial Advisor
Environmental Development Partners	07/01/12	\$ 486,895	Operator

See accompanying independent auditor's report.

