

FORT BEND COUNTY
MUNICIPAL UTILITY DISTRICT NO. 49
FORT BEND COUNTY, TEXAS
ANNUAL AUDIT REPORT
MARCH 31, 2021

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	9
NOTES TO THE FINANCIAL STATEMENTS	10-19
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND	20
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	21
SCHEDULE OF SERVICES AND RATES	22-23
EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2021	24-25
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS, ALL GOVERNMENTAL FUND TYPES	26
SCHEDULE OF TEMPORARY INVESTMENTS	27
TAXES LEVIED AND RECEIVABLE	28-29
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS	30
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT	31
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND	32
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND	33
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	34-35

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July 13, 2021

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal
Utility District No. 49
Fort Bend County, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Fort Bend County Municipal Utility District No. 49, as of and for the year ended March 31, 2021, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 assessment of the risk of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Fort Bend County Municipal Utility District No. 49 as of March 31, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 7 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 20 be presented to supplement the basic financial statements. Such information, although not 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 21 to 35 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in dark ink, appearing to read "M. G. J.", is located in the lower right quadrant of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Fort Bend County Municipal Utility District No. 49 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended March 31, 2021.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 2,618,167	\$ 2,529,075	\$ 89,092
Capital assets	1,883,684	1,759,290	124,394
Total assets	<u>4,501,851</u>	<u>4,288,365</u>	<u>213,486</u>
Long-term liabilities	365,000	400,000	(35,000)
Other liabilities	233,707	223,104	10,603
Total liabilities	<u>598,707</u>	<u>623,104</u>	<u>(24,397)</u>
Net position:			
Invested in capital assets, net of related debt	1,610,284	1,450,890	159,394
Restricted	105,831	113,568	(7,737)
Unrestricted	2,187,029	2,100,803	86,226
Total net position	<u>\$ 3,903,144</u>	<u>\$ 3,665,261</u>	<u>\$ 237,883</u>

Summary of Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 451,375	\$ 440,745	\$ 10,630
Charges for services	411,207	425,236	(14,029)
Other revenues	3,301	24,424	(21,123)
Total revenues	<u>865,883</u>	<u>890,405</u>	<u>(24,522)</u>
Expenses:			
Service operations	605,135	592,748	12,387
Debt service	22,865	25,984	(3,119)
Total expenses	<u>628,000</u>	<u>618,732</u>	<u>9,268</u>
Change in net position	237,883	271,673	(33,790)
Net position, beginning of year	<u>3,665,261</u>	<u>3,393,588</u>	<u>271,673</u>
Net position, end of year	<u>\$ 3,903,144</u>	<u>\$ 3,665,261</u>	<u>\$ 237,883</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended March 31, 2021, were \$2,385,552, an increase of \$73,282 from the prior year.

The General Fund balance increased by \$84,738, in accordance with the District's financial plan.

The Debt Service Fund balance decreased by \$11,525, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by \$69 due to interest earnings on deposits and investments.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 20 of this report. The budgetary fund balance as of March 31, 2021, was expected to be \$2,193,974 and the actual end of year fund balance was \$2,170,053.

Capital Asset and Debt Administration

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows:

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Land	\$ 536,018	\$ 536,018	\$ 0
Construction in progress		22,489	(22,489)
Water facilities	477,214	283,487	193,727
Sewer facilities	622,471	682,576	(60,105)
Drainage facilities	247,981	234,720	13,261
Totals	<u>\$ 1,883,684</u>	<u>\$ 1,759,290</u>	<u>\$ 124,394</u>

Changes to capital assets during the fiscal year ended March 31, 2021, are summarized as follows:

Additions:		
Sewer system rehabilitation		\$ 30,015
Water system rehabilitation		<u>193,702</u>
		223,717
Decreases:		
Depreciation		<u>(99,323)</u>
Net change to capital assets		<u>\$ 124,394</u>

Debt

Changes in the bonded debt position of the District during the fiscal year ended March 31, 2021, are summarized as follows:

Bonded debt payable, beginning of year	\$ 435,000
Bonds paid	<u>(35,000)</u>
Bonded debt payable, end of year	<u>\$ 400,000</u>

At March 31, 2021, the District had \$1,900,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District's bonds do not have an underlying rating.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$3,830,000 (approximately 5%) for the 2020 tax year primarily due to the increase of the average assessed valuations on existing property.

Relationship to the City of Missouri City

The District lies entirely within the city limits of the City of Missouri City.

Water Supply Issues

The District is within the boundaries of the Fort Bend Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. On September 24, 2003 (superseded August 28, 2013), the Subsidence District issued a District Regulatory Plan (the "Plan") to reduce groundwater withdrawal through conversion to surface water or other alternative water sources in certain areas within the Subsidence District's jurisdiction. Under the Plan, the District was required to have a Groundwater Reduction Plan ("GRP") approved by the Subsidence District by the beginning date of the District's permit term in 2010, or pay a proposed disincentive fee for any groundwater withdrawn in excess of 40% of the District's total water demand. Additional disincentive fees would be imposed under the Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2014, and exceeds 40% of the District's total water demand beginning January of 2025.

The District has opted to become part of the City of Missouri City's (the "City") GRP pursuant to a contract entered into between the District and the City. As a participant in the City's GRP, the District has complied with all Subsidence District requirements in regard to the conversion to surface water, but is obligated to pay to the City a groundwater withdrawal fee for all groundwater produced and used by the District and a water purchase fee for any water actually purchased from the City by the District in the future. As of March 31, 2021, the City had established a fee of \$1.79 per 1,000 gallons of groundwater pumped, payable monthly. The pumpage fee is expected to increase in the future. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future in order to develop surface water conversion infrastructure should the City require the District to convert to surface water and connect to the City's water supply system or should the District determine that it would be in the District's best interest to supplement or replace its groundwater supply with surface water.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

MARCH 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
ASSETS						
Cash, including interest-bearing accounts, Note 7	\$1,223,440	\$ 94,929	\$	\$ 1,318,369	\$	\$ 1,318,369
Temporary investments, at cost, Note 7	1,051,504	305	131,010	1,182,819		1,182,819
Receivables:						
Property taxes	16,976	8,765		25,741		25,741
Accrued penalty and interest on property taxes				0	8,167	8,167
Service accounts	37,401			37,401		37,401
Other	1,855			1,855		1,855
Maintenance taxes collected not yet transferred from other fund	10,648			10,648	(10,648)	0
Operating reserves at joint facilities, Note 9	43,815			43,815		43,815
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	536,018	536,018
Depreciable capital assets				0	1,347,666	1,347,666
Total assets	<u>\$2,385,639</u>	<u>\$ 103,999</u>	<u>\$ 131,010</u>	<u>\$ 2,620,648</u>	<u>1,881,203</u>	<u>4,501,851</u>
LIABILITIES						
Accounts payable	\$ 68,010	\$ 97	\$	\$ 68,107		68,107
Construction contracts payable	20,233			20,233		20,233
Customer deposits	110,367			110,367		110,367
Maintenance taxes collected not yet transferred to other fund		10,648		10,648	(10,648)	0
Long-term liabilities, Note 5:						
Due within one year				0	35,000	35,000
Due in more than one year				0	365,000	365,000
Total liabilities	<u>198,610</u>	<u>10,745</u>	<u>0</u>	<u>209,355</u>	<u>389,352</u>	<u>598,707</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	<u>16,976</u>	<u>8,765</u>	<u>0</u>	<u>25,741</u>	<u>(25,741)</u>	<u>0</u>
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable:						
Operating reserves at joint facilities, Note 9	43,815			43,815	(43,815)	0
Restricted for capital projects, Note 7			126,600	126,600	(126,600)	0
Assigned to:						
Debt service		84,489		84,489	(84,489)	0
Capital projects			4,410	4,410	(4,410)	0
Unassigned	<u>2,126,238</u>			<u>2,126,238</u>	<u>(2,126,238)</u>	<u>0</u>
Total fund balances	<u>2,170,053</u>	<u>84,489</u>	<u>131,010</u>	<u>2,385,552</u>	<u>(2,385,552)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$2,385,639</u>	<u>\$ 103,999</u>	<u>\$ 131,010</u>	<u>\$ 2,620,648</u>		
Net position:						
Invested in capital assets, net of related debt					1,610,284	1,610,284
Restricted for debt service					101,421	101,421
Restricted for capital projects					4,410	4,410
Unrestricted					<u>2,187,029</u>	<u>2,187,029</u>
Total net position					<u>\$ 3,903,144</u>	<u>\$ 3,903,144</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 386,281	\$ 55,564	\$	\$ 441,845	\$ 1,638	\$ 443,483
Water service	199,220			199,220		199,220
Sewer service	131,840			131,840		131,840
Surface water fees, Note 10	72,126			72,126		72,126
Penalty and interest	4,573	4,323		8,896	3,569	12,465
Interest on deposits and investments	3,230	2	69	3,301		3,301
Other revenues	3,448			3,448		3,448
Total revenues	800,718	59,889	69	860,676	5,207	865,883
EXPENDITURES / EXPENSES						
Service operations:						
Purchased services, Note 9	161,133			161,133		161,133
Professional fees	88,206	758		88,964		88,964
Contracted services	49,543	8,734		58,277		58,277
Repairs, maintenance and other operating expenditures	108,628			108,628		108,628
Administrative expenditures	32,630	4,057		36,687		36,687
Depreciation				0	99,323	99,323
Capital outlay / non-capital outlay	275,840			275,840	(223,717)	52,123
Debt service:						
Principal retirement		35,000		35,000	(35,000)	0
Interest and fees		22,865		22,865		22,865
Total expenditures / expenses	715,980	71,414	0	787,394	(159,394)	628,000
Excess (deficiency) of revenues over expenditures	84,738	(11,525)	69	73,282	164,601	237,883
Net change in fund balances / net position	84,738	(11,525)	69	73,282	164,601	237,883
Beginning of year	2,085,315	96,014	130,941	2,312,270	1,352,991	3,665,261
End of year	\$ 2,170,053	\$ 84,489	\$ 131,010	\$ 2,385,552	\$ 1,517,592	\$ 3,903,144

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

NOTE 1: REPORTING ENTITY

Fort Bend County Municipal Utility District No. 49 (the "District") was created by an order of the Texas Water Commission (now the Texas Commission on Environmental Quality) effective July 13, 1983, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is located entirely within the boundaries of Missouri City, Texas. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on August 10, 1983. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

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; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services. 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.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

The District is a participant in joint facilities with Palmer Plantation Municipal Utility District Nos. 1 and 2. Oversight of the joint facilities is exercised by Palmer Plantation Municipal Utility District Nos. 1 and 2. Based on the criteria described above, the joint facilities financial activity has not been included as a component unit in the District's financial statements. Transactions with this joint venture are described in Note 9.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position are reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are either not spendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 2,385,552
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		1,883,684
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable		(400,000)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	\$ 8,167	
Uncollected property taxes	25,741	33,908
	<u> </u>	<u> </u>
Net position, end of year		<u>\$ 3,903,144</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances	\$	73,282
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$	223,717
Depreciation	<u>(99,323)</u>	124,394
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Principal reduction		35,000
<p>The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Refunding charges	3,569	
Issuance discount	<u>1,638</u>	<u>5,207</u>
Change in net position	\$	<u><u>237,883</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended March 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 536,018	\$	\$	\$ 536,018
Construction in progress	<u>22,489</u>	<u>193,702</u>	<u>216,191</u>	<u>0</u>
Total capital assets not being depreciated	<u>558,507</u>	<u>193,702</u>	<u>216,191</u>	<u>536,018</u>
Depreciable capital assets:				
Water system	1,100,056	216,191		1,316,247
Sewer system	2,272,189			2,272,189
Drainage system	<u>723,868</u>	<u>30,015</u>		<u>753,883</u>
Total depreciable capital assets	<u>4,096,113</u>	<u>246,206</u>	<u>0</u>	<u>4,342,319</u>
Less accumulated depreciation for:				
Water system	(816,569)	(22,464)		(839,033)
Sewer system	(1,589,613)	(60,105)		(1,649,718)
Drainage system	<u>(489,148)</u>	<u>(16,754)</u>		<u>(505,902)</u>
Total accumulated depreciation	<u>(2,895,330)</u>	<u>(99,323)</u>	<u>0</u>	<u>(2,994,653)</u>
Total depreciable capital assets, net	<u>1,200,783</u>	<u>146,883</u>	<u>0</u>	<u>1,347,666</u>
Total capital assets, net	<u>\$ 1,759,290</u>	<u>\$ 340,585</u>	<u>\$ 216,191</u>	<u>\$ 1,883,684</u>
Changes to capital assets:				
Capital outlay		\$ 223,717	\$	
Assets transferred to depreciable assets		216,191	216,191	
Less depreciation expense for the fiscal year		<u>(99,323)</u>		
Net increases / decreases to capital assets		<u>\$ 340,585</u>	<u>\$ 216,191</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended March 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 435,000	\$ 0	\$ 35,000	\$ 400,000	\$ 35,000
Total long-term liabilities	<u>\$ 435,000</u>	<u>\$ 0</u>	<u>\$ 35,000</u>	<u>\$ 400,000</u>	<u>\$ 35,000</u>

Developer Construction Commitments and Liabilities

At March 31, 2021, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The District has been paying the amount due April 1 within the fiscal year preceding this due date, and the following schedule has been prepared assuming that this practice will be followed in the future. As of March 31, 2021, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 35,000	\$ 21,150	\$ 56,150
2023	40,000	19,245	59,245
2024	40,000	17,155	57,155
2025	40,000	15,025	55,025
2026	45,000	12,706	57,706
2027 - 2030	<u>200,000</u>	<u>23,899</u>	<u>223,899</u>
	<u>\$ 400,000</u>	<u>\$ 109,180</u>	<u>\$ 509,180</u>

Bonds voted	\$ 6,700,000
Bonds approved for sale and sold	4,800,000
Bonds voted and not issued	1,900,000

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 and the Series 2009 bonds are further payable and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

The bond issues payable at March 31, 2021, were as follows:

	<u>Series 2009</u>
Amounts outstanding, March 31, 2021	\$435,000
Interest rates	5.00% to 5.80%
Maturity dates, serially beginning/ending	October 1, 2021/2029
Interest payment dates	October 1/April 1
Callable dates	April 1, 2019*

*Or any date thereafter at the option of the District, in whole or in part, at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6: PROPERTY TAXES

The Fort Bend Central Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on lease when due and the cost of assessing and collecting taxes.

At an election held December 17, 1983, the voters within the District authorized an unlimited maintenance tax on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On September 8, 2020, the District levied the following ad valorem taxes for the 2020 tax year on the adjusted taxable valuation of \$74,305,516:

	<u>Rate</u>	<u>Amount</u>
Debt service	\$ 0.0750	\$ 55,729
Maintenance	<u>0.5220</u>	<u>387,875</u>
	<u>\$ 0.5970</u>	<u>\$ 443,604</u>

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2020 tax year total property tax levy	\$ 443,604
Appraisal district adjustments to prior year taxes	<u>(121)</u>
Statement of Activities property tax revenues	<u>\$ 443,483</u>

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions, Dreyfus Government Prime Cash Management, an authorized private sector investment pool, and in TexPool, a local government investment pool sponsored by the State Comptroller. Dreyfus Government Prime Cash Management and TexPool are rated AAAM by Standard & Poor's.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was \$1,318,369 and the bank balance was \$1,460,232. Of the bank balance, \$453,993 was covered by federal insurance and \$1,006,239 was covered by a letter of credit in favor of the District issued by the Federal Home Loan Bank of Atlanta.

At the balance sheet date the carrying value and market value of the investments in the authorized private sector investment pool was \$131,010.

At the balance sheet date the carrying value and market value of the investments in TexPool was \$1,051,809.

Deposits and temporary investments restricted by state statutes and the Bond Orders:

Debt Service Fund

For payment of debt principal and interest,
paying agent fees and costs of assessing and
collecting taxes:

Cash	\$	94,929
Temporary investments		305
	\$	95,234

Capital Projects Fund

For construction of capital assets:

Temporary investments	\$	131,010
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At March 31, 2021, the Texas Water Development Board required that the District escrow \$126,600 from the proceeds of its Series 2009 issue. At the balance sheet date, these funds were invested in an authorized private sector investment pool.

NOTE 8: INSURANCE

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At March 31, 2021, the District had physical damage and boiler and machinery coverage of \$150,000, comprehensive general liability coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, worker's compensation coverage of \$1,000,000, consultant's crime coverage of \$10,000 and a tax assessor-collector bond of \$25,000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 9: CONTRACT WITH OTHER DISTRICTS

On December 10, 1984, the District entered into forty-year regional wastewater treatment and joint water facilities contracts with Palmer Plantation Municipal Utility District No. 1 ("Palmer No. 1"). On July 17, 1994, the District entered into a contract to sell part of its capacity in the joint water plant to Palmer Plantation Municipal Utility District No. 2 ("Palmer No. 2"). On August 31, 1994, the District consented to the sale by the District's developer to Palmer No. 2 of the District's excess capacity in the joint wastewater treatment plant. The District had not yet purchased its share of the joint wastewater treatment plant from the developer. On February 2, 1999, the District sold excess District capacity in the joint wastewater treatment plant to Palmer No. 2. On July 1, 2000, the District and Palmer Nos. 1 and 2 entered into a Restated Joint Water Facilities Contract, as amended, by and among the three districts. In accordance with the restated contract, the District owns 28.15% of the capacity in joint water plant No. 1, 0.0% of the capacity in joint water plant No. 2 and 23.73% of the capacity in the joint wastewater treatment plant. Joint water plant No. 2 is integrated into the regional water supply system serving the District, Palmer No. 1 and Palmer No. 2. Palmer No. 1 operates joint water plant No. 1 and the joint wastewater treatment plant and Palmer No. 2 operates joint water plant No. 2 under the terms of the agreements. Construction costs of the facilities are shared according to the pro rata share of the capacity in the facilities. Each participant records its share of the capital assets of the joint plants in its financial statements.

The District is billed monthly for its proportionate share of expenses of operating the joint plants, some of which are at a fixed rate and some of which are at a variable rate. During the fiscal year ended March 31, 2021, the District accrued \$103,056 and \$58,077 for water and sewer service expenditures, respectively. At this date, the District had contributed \$34,777 for an operating reserve at the joint facilities operated by Palmer No. 1 and \$9,038 for an operating reserve at the joint facilities operated by Palmer No. 2.

NOTE 10: SURFACE WATER

Effective July 1, 2010, the District entered into a Joint Groundwater Reduction Plan Participant Agreement (the "Agreement") with the City of Missouri City (the "City") in order to meet regulatory compliance requirements of the Fort Bend Subsidence District (the "Subsidence District"). The Agreement continues until December 31, 2058. Under the terms of the Agreement, the City is the manager of the Groundwater Reduction Plan (the "GRP") that includes the District as a participant. In order to achieve overall compliance with the Subsidence District regulation for reduction of groundwater use in Regulatory Area A, treated surface water will be supplied by the City to some of the participants in the GRP area in sufficient quantities to meet the requirements. Under the terms of the Agreement, the District will pay to the City a monthly pumpage charge based on the District's water pumpage. In accordance with this provision, as of March 31, 2021, the City had established a well pumpage fee of \$1.79 per 1,000 gallons of water pumped from each regulated well. The District pays surface water pumpage fees through purchased water service billings from Palmer No. 1 and Palmer No. 2. The District billed its customers \$72,126 for surface water fees during the fiscal year ended March 31, 2021.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 374,000	\$ 374,000	\$ 386,281	\$ 12,281
Water service	205,000	205,000	199,220	(5,780)
Sewer service	132,000	132,000	131,840	(160)
Surface water fees	70,000	70,000	72,126	2,126
Penalty	7,800	7,800	4,573	(3,227)
Tap connection and inspection fees	1,500	1,500	0	(1,500)
Interest on deposits and investments	20,000	20,000	3,230	(16,770)
Other revenues	3,250	3,250	3,448	198
TOTAL REVENUES	<u>813,550</u>	<u>813,550</u>	<u>800,718</u>	<u>(12,832)</u>
EXPENDITURES				
Service operations:				
Purchased services	208,146	208,146	161,133	(47,013)
Professional fees	91,000	91,000	88,206	(2,794)
Contracted services	65,300	65,300	49,543	(15,757)
Repairs, maintenance and other operating expenditures	80,000	80,000	108,628	28,628
Administrative expenditures	39,100	39,100	32,630	(6,470)
Capital outlay	221,345	221,345	275,840	54,495
TOTAL EXPENDITURES	<u>704,891</u>	<u>704,891</u>	<u>715,980</u>	<u>11,089</u>
EXCESS REVENUES (EXPENDITURES)	108,659	108,659	84,738	(23,921)
FUND BALANCE, BEGINNING OF YEAR	<u>2,085,315</u>	<u>2,085,315</u>	<u>2,085,315</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,193,974</u>	<u>\$ 2,193,974</u>	<u>\$ 2,170,053</u>	<u>\$ (23,921)</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
MARCH 31, 2021

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49

SCHEDULE OF SERVICES AND RATES

MARCH 31, 2021

1. Services Provided by the District during the Fiscal Year (unaudited):

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input checked="" type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other | | |

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$31.00	6,000	N	\$2.00	Over 6,000
WASTEWATER:	\$31.00	5,000	N	\$2.25	Over 5,000
SURCHARGE:	\$1.97	Groundwater reduction fee 0.50 % of monthly billing -- TCEQ assessment fees.			

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$39.00 Wastewater: \$42.25 Surcharge: \$20.11

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49

SCHEDULE OF SERVICES AND RATES (Continued)

MARCH 31, 2021

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC* Factor</u>	<u>Active ESFCs</u>
Unmetered	0	0	1.0	0
< or = 3/4"	260	260	1.0	260
1"	88	88	2.5	220
1-1/2"	1	1	5.0	5
2"	7	7	8.0	56
3"	0	0	15.0	0
4"	0	0	25.0	0
6"	0	0	50.0	0
8"	0	0	80.0	0
10"	0	0	115.0	0
Total Water	<u>356</u>	<u>356</u>		<u>541</u>
Total Wastewater	<u>308</u>	<u>308</u>	1.0	<u>308</u>

*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): Water supplied by Palmer Plantation MUD Nos. 1 and 2
 Gallons billed to customers (unaudited): 222,244

Water Accountability Ratio Not
 (Gallons billed/ gallons pumped): Applicable

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, date of the most recent Commission Order: _____

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

If yes, date of the most recent Commission Order: _____

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49

EXPENDITURES

FOR THE YEAR ENDED MARCH 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Purchased services:				
Water	\$ 103,056	\$	\$	\$ 103,056
Sewer	58,077			58,077
	<u>161,133</u>	<u>0</u>	<u>0</u>	<u>161,133</u>
Professional fees:				
Auditing	10,950			10,950
Legal	46,651	758		47,409
Engineering	30,605			30,605
	<u>88,206</u>	<u>758</u>	<u>0</u>	<u>88,964</u>
Contracted services:				
Bookkeeping	18,450			18,450
Operation and billing	31,093			31,093
Tax assessor-collector		5,571		5,571
Central appraisal district		3,163		3,163
	<u>49,543</u>	<u>8,734</u>	<u>0</u>	<u>58,277</u>
Repairs, maintenance and other operating expenditures:				
Repairs and maintenance	102,819			102,819
Regulatory assessment	1,796			1,796
Laboratory costs	708			708
Other	3,305			3,305
	<u>108,628</u>	<u>0</u>	<u>0</u>	<u>108,628</u>
Administrative expenditures:				
Director's fees	12,750			12,750
Office supplies and postage	8,981			8,981
Insurance	6,546			6,546
Permits	869			869
Other	3,484	4,057		7,541
	<u>32,630</u>	<u>4,057</u>	<u>0</u>	<u>36,687</u>
CAPITAL OUTLAY				
Authorized expenditures	<u>275,840</u>	<u>0</u>	<u>0</u>	<u>275,840</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49EXPENDITURES (Continued)FOR THE YEAR ENDED MARCH 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
DEBT SERVICE				
Principal retirement	\$ 0	\$ 35,000	\$ 0	\$ 35,000
Interest	0	22,865	0	22,865
TOTAL EXPENDITURES	<u>\$ 715,980</u>	<u>\$ 71,414</u>	<u>\$ 0</u>	<u>\$ 787,394</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues excluding maintenance taxes	\$ 414,958	\$ 59,889	\$ 69	\$ 474,916
Maintenance tax receipts		386,281		386,281
Transfer of maintenance taxes	381,720			381,720
Decrease in operating reserve at joint facilities	<u>2,926</u>			<u>2,926</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	<u>799,604</u>	<u>446,170</u>	<u>69</u>	<u>1,245,843</u>
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	451,148	12,776		463,924
Capital outlay	255,607			255,607
Debt service		57,865		57,865
Decrease in customer deposits	1,250			1,250
Transfer of maintenance taxes		<u>381,720</u>		<u>381,720</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	<u>708,005</u>	<u>452,361</u>	<u>0</u>	<u>1,160,366</u>
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	91,599	(6,191)	69	85,477
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>2,183,345</u>	<u>101,425</u>	<u>130,941</u>	<u>2,415,711</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u>\$ 2,274,944</u>	<u>\$ 95,234</u>	<u>\$ 131,010</u>	<u>\$ 2,501,188</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49

SCHEDULE OF TEMPORARY INVESTMENTS

MARCH 31, 2021

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
TexPool				
No. 0793200001	Market	On demand	\$ <u>1,051,504</u>	\$ <u>0</u>
DEBT SERVICE FUND				
TexPool				
No. 0793200002	Market	On demand	\$ <u>305</u>	\$ <u>0</u>
CAPITAL PROJECTS FUND				
Dreyfus Government Prime Cash Management				
No. 141918	Market	On demand	\$ <u>131,010</u>	\$ <u>0</u>
Total – All Funds			\$ <u>1,182,819</u>	\$ <u>0</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED MARCH 31, 2021

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 15,488	\$ 8,615
Additions and corrections to prior year taxes	<u>(106)</u>	<u>(15)</u>
Adjusted receivable, beginning of year	15,382	8,600
2020 ADJUSTED TAX ROLL	<u>387,875</u>	<u>55,729</u>
Total to be accounted for	403,257	64,329
Tax collections: Current tax year	(376,215)	(54,054)
Prior tax years	<u>(10,066)</u>	<u>(1,510)</u>
RECEIVABLE, END OF YEAR	<u>\$ 16,976</u>	<u>\$ 8,765</u>
RECEIVABLE, BY TAX YEAR		
2012	\$ 349	\$ 1,308
2013	386	1,361
2014	397	1,398
2015	455	1,507
2016	809	1,079
2019	2,920	437
2020	<u>11,660</u>	<u>1,675</u>
RECEIVABLE, END OF YEAR	<u>\$ 16,976</u>	<u>\$ 8,765</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED MARCH 31, 2021

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 17,820,580	\$ 17,610,080	\$ 16,816,200	\$ 17,050,650
Improvements	78,483,129	141,262,910	142,701,500	143,858,930
Personal property	901,450	721,320	709,030	662,300
Less exemptions	<u>(22,899,643)</u>	<u>(89,121,920)</u>	<u>(91,101,100)</u>	<u>(93,795,590)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 74,305,516</u>	 <u>\$ 70,472,390</u>	 <u>\$ 69,125,630</u>	 <u>\$ 67,776,290</u>
TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.07500	\$ 0.08000	\$ 0.08200	\$ 0.08500
Maintenance tax rates*	<u>0.52200</u>	<u>0.53500</u>	<u>0.53300</u>	<u>0.53000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.59700</u>	 <u>\$ 0.61500</u>	 <u>\$ 0.61500</u>	 <u>\$ 0.61500</u>
TAX ROLLS	<u>\$ 443,604</u>	<u>\$ 433,405</u>	<u>\$ 425,123</u>	<u>\$ 416,824</u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u>97.0 %</u>	<u>99.2 %</u>	<u>100 %</u>	<u>100 %</u>

*Maximum tax rate approved by voters on December 18, 1983: Unlimited

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARSMARCH 31, 2021

The interest payments due April 1 are paid on or before March 31. This schedule shows the amounts due assuming that this practice will be followed in the future.

<u>Due During Fiscal Years Ending March 31</u>	<u>Series 2009</u>		<u>Total</u>
	<u>Principal Due October 1</u>	<u>Interest Due October 1, April 1</u>	
2022	\$ 35,000	\$ 21,150	\$ 56,150
2023	40,000	19,245	59,245
2024	40,000	17,155	57,155
2025	40,000	15,025	55,025
2026	45,000	12,706	57,706
2027	45,000	10,186	55,186
2028	50,000	7,490	57,490
2029	50,000	4,628	54,628
2030	55,000	1,595	56,595
TOTALS	<u>\$ 400,000</u>	<u>\$ 109,180</u>	<u>\$ 509,180</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED MARCH 31, 2021

Bond Series:	2009
Interest Rate:	5.00% to 5.80%
Dates Interest Payable:	October 1/ April 1
Maturity Dates:	October 1, 2021/2029
Bonds Outstanding at Beginning of Current Year	\$ 435,000
Less Retirements	<u>(35,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 400,000</u>
Current Year Interest Paid:	<u>\$ 22,865</u>

Bond Descriptions and Original Amount of Issue

Fort Bend County Municipal Utility District No. 49 Waterworks and Sewer System Combination Tax and Revenue Bonds, Series 2009 (\$640,000)

Paying Agent/Registrar

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 6,700,000	\$ 0	\$ 0
Amount Issued:	4,800,000		
Remaining to be Issued:	1,900,000		

Net Debt Service Fund deposits and investments balances as of March 31, 2021:	\$84,489
Average annual debt service payment for remaining term of all debt:	56,576

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND
FOR YEARS ENDED MARCH 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
REVENUES										
Property taxes	\$ 386,281	\$ 381,530	\$ 368,718	\$ 353,048	\$ 227,772	48.2 %	46.0 %	46.2 %	45.5 %	36.4 %
Water service	199,220	193,026	190,704	194,502	187,175	24.9	23.3	24.0	25.1	29.9
Sewer service	131,840	130,079	131,852	133,410	131,948	16.5	15.7	16.6	17.2	21.1
Surface water fees	72,126	67,704	66,017	69,298	64,176	9.0	8.2	8.3	8.9	10.3
Penalty and other	8,021	12,527	12,813	11,414	8,262	1.0	1.5	1.6	1.5	1.3
Tap connection and inspection fees	0	21,900	3,600	4,600	1,586	0.0	2.6	0.5	0.6	0.3
Interest on deposits and investments	3,230	22,456	22,463	9,466	4,671	0.4	2.7	2.8	1.2	0.7
TOTAL REVENUES	800,718	829,222	796,167	775,738	625,590	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Purchased services	161,133	205,615	164,634	202,178	155,467	20.1	24.8	20.6	26.1	24.8
Professional fees	88,206	94,231	80,908	62,120	56,177	11.0	11.4	10.2	8.0	9.0
Contracted services	49,543	49,085	48,607	46,847	49,154	6.2	5.9	6.1	6.0	7.9
Repairs, maintenance and other operating expenditures	108,628	88,361	138,370	67,291	97,006	13.5	10.6	17.4	8.7	15.5
Administrative and interest expenditures	32,630	37,491	26,586	21,291	25,122	4.1	4.5	3.3	2.7	4.0
Capital outlay	275,840	61,983	66,546	73,433	0	34.5	7.5	8.4	9.5	0.0
TOTAL EXPENDITURES	715,980	536,766	525,651	473,160	382,926	89.4	64.7	66.0	61.0	61.2
EXCESS REVENUES (EXPENDITURES)	\$ 84,738	\$ 292,456	\$ 270,516	\$ 302,578	\$ 242,664	10.6 %	35.3 %	34.0 %	39.0 %	38.8 %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	356	357	349	348	347					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	308	301	303	313	308					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED MARCH 31

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
REVENUES										
Property taxes	\$ 55,564	\$ 64,237	\$ 62,658	\$ 307,120	\$ 440,050	92.8 %	80.3 %	93.6 %	98.8 %	98.6 %
Penalty and interest	4,323	15,655	3,733	2,939	5,161	7.2	19.6	5.6	0.9	1.2
Interest on deposits and investments	<u>2</u>	<u>61</u>	<u>537</u>	<u>1,080</u>	<u>1,054</u>	<u>0.0</u>	<u>0.1</u>	<u>0.8</u>	<u>0.3</u>	<u>0.2</u>
TOTAL REVENUES	<u>59,889</u>	<u>79,953</u>	<u>66,928</u>	<u>311,139</u>	<u>446,265</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Current:										
Professional fees	758	4,650	379	1,326	1,760	1.3	5.8	0.6	0.4	0.4
Contracted services	8,734	7,334	8,436	8,225	8,494	14.6	9.2	12.6	2.6	1.9
Other expenditures	4,057	2,296	5,642	1,783	1,679	6.8	2.9	8.4	0.6	0.4
Debt service:										
Principal retirement	35,000	30,000	390,000	375,000	360,000	58.3	37.5	582.7	120.6	80.6
Interest and fees	<u>22,865</u>	<u>26,650</u>	<u>37,820</u>	<u>52,323</u>	<u>67,224</u>	<u>38.2</u>	<u>33.3</u>	<u>56.5</u>	<u>16.8</u>	<u>15.1</u>
TOTAL EXPENDITURES	<u>71,414</u>	<u>70,930</u>	<u>442,277</u>	<u>438,657</u>	<u>439,157</u>	<u>119.2</u>	<u>88.7</u>	<u>660.8</u>	<u>141.0</u>	<u>98.4</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ (11,525)</u>	<u>\$ 9,023</u>	<u>\$ (375,349)</u>	<u>\$ (127,518)</u>	<u>\$ 7,108</u>	<u>(19.2) %</u>	<u>11.3 %</u>	<u>(560.8) %</u>	<u>(41.0) %</u>	<u>1.6 %</u>

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSMARCH 31, 2021

Complete District Mailing Address: Fort Bend County Municipal Utility District No. 49
 c/o Strawn & Richardson, P.C.
 6750 West Loop South, Suite 865
 Bellaire, Texas 77401

District Business Telephone No.: 713-864-5466

Submission date of the most recent District Registration Form: September 14, 2020

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Bill Quinn c/o Strawn & Richardson, P.C. 6750 West Loop South, Suite 865 Bellaire, Texas 77401-4111	Elected 5/02/20- 5/04/24	\$ 1,650	\$ 55	President
Terry D. Sparks c/o Strawn & Richardson, P.C. 6750 West Loop South, Suite 865 Bellaire, Texas 77401-4111	Elected 5/05/18- 5/07/22	3,450	52	Vice President
Donna Kottwitz c/o Strawn & Richardson, P.C. 6750 West Loop South, Suite 865 Bellaire, Texas 77401-4111	Elected 5/05/18- 5/07/22	1,800	17	Secretary
Dennis J. Hurta c/o Strawn & Richardson, P.C. 6750 West Loop South, Suite 865 Bellaire, Texas 77401-4111	Elected 5/02/20- 5/04/24	1,800	51	Assistant Secretary/ Treasurer
Karen E. Overton c/o Strawn & Richardson, P.C. 6750 West Loop South, Suite 865 Bellaire, Texas 77401-4111	Elected 5/02/20- 5/04/24	4,050	0	Assistant Secretary

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 49BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)MARCH 31, 2021CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Strawn & Richardson, P.C. 6750 West Loop South, Suite 865 Bellaire, Texas 77401-4111	10/07/08	\$ 47,493	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 N. Loop West, Suite 600 Houston, Texas 77008	3/19/96	758	Delinquent Tax Attorney
Myrtle Cruz, Inc. 3401 Louisiana, Suite 400 Houston, Texas 77002	8/15/85	20,661	Bookkeeper
Mary Jarmon 3401 Louisiana, Suite 400 Houston, Texas 77002	6/03/03	0	Investment Officer
Quail Valley Utility District P.O. Box 515 Missouri City, Texas 77459	2/26/85	240,529	Operator
LJA Engineering and Surveying, Inc. 2929 Briarpark Drive, Suite 500 Houston, Texas 77042	8/10/86	39,001	Engineer
Bob Leared 11111 Katy Freeway, Suite 725 Houston, Texas 77079	1/25/85	9,155	Tax Assessor- Collector
Fort Bend Central Appraisal District 2801 B. F. Terry Drive Rosenberg, Texas 77471	Legislative Action	3,163	Central Appraisal District
Blitch Associates, Inc. 11111 Katy Freeway, Suite 820 Houston, Texas 77079-2118	8/10/10	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	10,950	Independent Auditor

See accompanying independent auditor's report.