

**FIRST COLONY MUNICIPAL
UTILITY DISTRICT NO. 10
FORT BEND COUNTY, TEXAS
FINANCIAL REPORT
July 31, 2023**

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Independent Auditor's Report

Board of Directors
First Colony Municipal Utility District No. 10
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of First Colony Municipal Utility District No. 10 (the "District"), as of and for the year ended July 31, 2023, 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 First Colony Municipal Utility District No. 10, as of July 31, 2023, and the respective changes in financial position thereof 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.

***Board of Directors
First Colony Municipal Utility District No. 10
Fort Bend County, Texas***

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 budgetary comparison information 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

***Board of Directors
First Colony Municipal Utility District No. 10
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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.

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 Texas Supplementary Information schedules are presented for purposes of additional analysis and are 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

W. G. Grath & Co., P.C.

Houston, Texas
October 11, 2023

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Management's Discussion and Analysis

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***First Colony Municipal Utility District No. 10
Management's Discussion and Analysis
July 31, 2023***

Using this Annual Report

Within this section of the financial report of First Colony Municipal Utility District No. 10 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended July 31, 2023. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***First Colony Municipal Utility District No. 10
Management's Discussion and Analysis
July 31, 2023***

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. 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, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at July 31, 2023, was \$505,406. A comparative summary of the District's overall financial position, as of July 31, 2023 and 2022, is as follows:

	2023	2022
Current and other assets	\$ 5,479,937	\$ 5,008,345
Capital assets	4,611,966	4,711,002
Total assets	<u>10,091,903</u>	<u>9,719,347</u>
 Total deferred outflows of resources	 <u>547,508</u>	 <u>607,771</u>
 Current liabilities	 1,062,848	 1,033,990
Long-term liabilities	9,071,157	10,012,398
Total liabilities	<u>10,134,005</u>	<u>11,046,388</u>
 Net position		
Net investment in capital assets	1,340,830	1,146,521
Restricted	2,192,914	2,156,378
Unrestricted	(3,028,338)	(4,022,169)
Total net position	<u>\$ 505,406</u>	<u>\$ (719,270)</u>

***First Colony Municipal Utility District No. 10
Management's Discussion and Analysis
July 31, 2023***

The total net position of the District increased during the current fiscal year by \$1,224,676. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2023</u>	<u>2022</u>
Revenues		
Property taxes, penalties and interest	\$ 770,237	\$ 737,980
City of Sugar Land tax rebate	851,609	807,830
Other	181,081	15,768
Total revenues	<u>1,802,927</u>	<u>1,561,578</u>
Expenses		
Operating and administrative	133,758	139,535
Interest and fees	345,457	376,017
Depreciation and amortization	99,036	99,036
Total expenses	<u>578,251</u>	<u>614,588</u>
Change in net position	1,224,676	946,990
Net position, beginning of year	<u>(719,270)</u>	<u>(1,666,260)</u>
Net position, end of year	<u>\$ 505,406</u>	<u>\$ (719,270)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of July 31, 2023, were \$5,432,949, which consists of \$3,126,778 in the General Fund and \$2,306,171 in the Debt Service Fund.

General Fund

A comparative summary of the General Fund's financial position as of July 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Total assets	<u>\$ 3,154,894</u>	<u>\$ 2,704,260</u>
Total liabilities	\$ 20,719	\$ 11,283
Total deferred inflows	7,397	8,741
Total fund balance	<u>3,126,778</u>	<u>2,684,236</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,154,894</u>	<u>\$ 2,704,260</u>

***First Colony Municipal Utility District No. 10
Management's Discussion and Analysis
July 31, 2023***

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	<u>2023</u>	<u>2022</u>
Total revenues	\$ 546,552	\$ 299,760
Total expenditures	(104,010)	(110,110)
Revenues over expenditures	<u>\$ 442,542</u>	<u>\$ 189,650</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and because assessed values increased from prior year.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of July 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Total assets	<u>\$ 2,325,043</u>	<u>\$ 2,304,085</u>
Total liabilities	\$ 7,098	\$ 11,471
Total deferred inflows	11,774	13,396
Total fund balance	<u>2,306,171</u>	<u>2,279,218</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,325,043</u>	<u>\$ 2,304,085</u>

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	<u>2023</u>	<u>2022</u>
Total revenues	\$ 1,259,342	\$ 1,256,174
Total expenditures	(1,232,389)	(1,213,574)
Revenues over expenditures	<u>\$ 26,953</u>	<u>\$ 42,600</u>

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues and City of Sugar Land tax rebates. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

*First Colony Municipal Utility District No. 10
Management's Discussion and Analysis
July 31, 2023*

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$234,928 greater than budgeted. The *Budgetary Comparison Schedule* on page 32 of this report provides variance information per financial statement line item.

Capital Assets

Capital assets held by the District at July 31, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Capital assets not being depreciated		
Land and improvements	<u>\$ 2,643,481</u>	<u>\$ 2,643,481</u>
Capital assets being depreciated/amortized		
Infrastructure	2,085,447	2,085,447
Parks and recreational facilities	443,365	443,365
Connection fees	618,030	618,030
	<u>3,146,842</u>	<u>3,146,842</u>
Less accumulated depreciation/amortization		
Infrastructure	(683,339)	(627,072)
Parks and recreational facilities	(309,609)	(287,441)
Connection fees	(185,409)	(164,808)
	<u>(1,178,357)</u>	<u>(1,079,321)</u>
Depreciable capital assets, net	<u>1,968,485</u>	<u>2,067,521</u>
Capital assets, net	<u>\$ 4,611,966</u>	<u>\$ 4,711,002</u>

Long-Term Debt

At July 31, 2023 and 2022, the District had total bonded debt outstanding as shown below:

Series	<u>2023</u>	<u>2022</u>
2009	\$ -	\$ 200,000
2015 Refunding	2,270,000	2,505,000
2016 Refunding	2,925,000	3,190,000
2016A Refunding	2,770,000	2,805,000
2020 Park Refunding	1,735,000	1,875,000
	<u>\$ 9,700,000</u>	<u>\$ 10,575,000</u>

***First Colony Municipal Utility District No. 10
Management's Discussion and Analysis
July 31, 2023***

At July 31, 2023, the District had \$4,200,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$4,500,000 for parks and recreational facilities; and \$8,025,000 for refunding purposes.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	<u>2023 Actual</u>	<u>2024 Budget</u>
Total revenues	\$ 546,552	\$ 560,998
Total expenditures	<u>(104,010)</u>	<u>(297,195)</u>
Revenues over expenditures	442,542	263,803
Beginning fund balance	<u>2,684,236</u>	<u>3,126,778</u>
Ending fund balance	<u><u>\$ 3,126,778</u></u>	<u><u>\$ 3,390,581</u></u>

Property Taxes

The District's property tax base increased approximately \$58,593,000 for the 2023 tax year from \$527,310,420 to \$585,903,194. For the 2023 tax year, the District has levied a maintenance tax rate of \$0.095 per \$100 of assessed value and a debt service tax rate of \$0.040 per \$100 of assessed value, for a total combined tax rate of \$0.135 per \$100. Tax rates for the 2022 tax year were \$0.08 per \$100 for maintenance and operations and \$0.065 per \$100 for debt service for a combined total of \$0.145 per \$100 of assessed value.

Basic Financial Statements

First Colony Municipal Utility District No. 10
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2023

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets					
Cash	\$ 181,460	\$ 53,557	\$ 235,017	\$ -	\$ 235,017
Investments	3,084,546	2,141,203	5,225,749		5,225,749
Taxes receivable, net	7,397	11,774	19,171		19,171
Internal balances	(118,509)	118,509			
Capital assets not being depreciated				2,643,481	2,643,481
Capital assets, net				1,968,485	1,968,485
Total Assets	\$ 3,154,894	\$ 2,325,043	\$ 5,479,937	4,611,966	10,091,903
Deferred Outflows of Resources					
Deferred difference on refunding				547,508	547,508
Liabilities					
Accounts payable	\$ 20,719	\$ 38	\$ 20,757		20,757
Other payables		7,060	7,060		7,060
Accrued interest payable				125,031	125,031
Long-term debt					
Due within one year				910,000	910,000
Due after one year				9,071,157	9,071,157
Total Liabilities	20,719	7,098	27,817	10,106,188	10,134,005
Deferred Inflows of Resources					
Deferred property taxes	7,397	11,774	19,171	(19,171)	
Fund Balances/Net Position					
Fund Balances					
Restricted		2,306,171	2,306,171	(2,306,171)	
Unassigned	3,126,778		3,126,778	(3,126,778)	
Total Fund Balances	3,126,778	2,306,171	5,432,949	(5,432,949)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,154,894	\$ 2,325,043	\$ 5,479,937		
Net Position					
Net investment in capital assets				1,340,830	1,340,830
Restricted for debt service				2,192,914	2,192,914
Unrestricted				(3,028,338)	(3,028,338)
Total Net Position				\$ 505,406	\$ 505,406

See notes to basic financial statements.

First Colony Municipal Utility District No. 10

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances

For the Year Ended July 31, 2023

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues					
Property taxes	\$ 431,883	\$ 332,685	\$ 764,568	\$ (2,810)	\$ 761,758
Penalties and interest		8,636	8,636	(157)	8,479
City of Sugar Land tax rebate		851,609	851,609		851,609
Investment earnings	114,669	66,412	181,081		181,081
Total Revenues	546,552	1,259,342	1,805,894	(2,967)	1,802,927
Expenditures/Expenses					
Operating and administrative					
Professional fees	59,733		59,733		59,733
Contracted services	21,910	21,136	43,046		43,046
Administrative	19,844	8,612	28,456		28,456
Other	2,523		2,523		2,523
Debt service					
Principal		875,000	875,000	(875,000)	
Interest and fees		327,641	327,641	17,816	345,457
Depreciation and amortization				99,036	99,036
Total Expenditures/Expenses	104,010	1,232,389	1,336,399	(758,148)	578,251
Revenues Over Expenditures	442,542	26,953	469,495	(469,495)	
Change in Net Position				1,224,676	1,224,676
Fund Balance/Net Position					
Beginning of the year	2,684,236	2,279,218	4,963,454	(5,682,724)	(719,270)
End of the year	\$ 3,126,778	\$ 2,306,171	\$ 5,432,949	\$ (4,927,543)	\$ 505,406

See notes to basic financial statements.

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First Colony Municipal Utility District No. 10
Notes to Basic Financial Statements
July 31, 2023

Note 1 – Summary of Significant Accounting Policies

The accounting policies of First Colony Municipal Utility District No. 10 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality dated November 2, 2004, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on November 29, 2004 and the first bonds were issued on September 1, 2007.

The District’s primary activities include construction of water, sewer, drainage, park and recreational facilities. As further discussed in Note 8, the District transfers the water and sewer facilities to the City of Sugar Land for operation and maintenance upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other 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 statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

First Colony Municipal Utility District No. 10
Notes to Basic Financial Statements
July 31, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has two governmental funds, which are both considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal source of revenue is property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary sources of revenue for debt service are property taxes and tax rebates from the City of Sugar Land. Expenditures include costs incurred in assessing and collecting these taxes.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, City of Sugar Land rebates and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

First Colony Municipal Utility District No. 10
Notes to Basic Financial Statements
July 31, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At July 31, 2023, an allowance of \$13,267 was provided for possible uncollectible property taxes.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$50,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of infrastructure, parks and recreational facilities and connection fees paid to the City of Sugar Land, are depreciated or amortized using the straight-line method as follows:

Assets	Useful Life
Infrastructure	20-45 years
Parks and recreational facilities	20 years
Connection fees	Remaining life of contract

The District’s detention facilities and trail system are considered improvements to land and are non-depreciable.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Deferred outflows of financial resources at the government-wide level are from refunding bond transactions in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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 externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balances consist of property taxes levied for debt service and City of Sugar Land tax rebates in the Debt Service Fund.

First Colony Municipal Utility District No. 10
Notes to Basic Financial Statements
July 31, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables and the useful lives and impairment of capital assets. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

First Colony Municipal Utility District No. 10
Notes to Basic Financial Statements
July 31, 2023

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		\$ 5,432,949
--	--	--------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost		\$ 5,790,323
Less accumulated depreciation/amortization		<u>(1,178,357)</u>
Change due to capital assets		4,611,966

The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the *Statement of Net Position* and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.

547,508

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:

Bonds payable, net		(9,981,157)
Interest payable on bonds		<u>(125,031)</u>
Change due to long-term debt		(10,106,188)

Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.

19,171

Total net position - governmental activities		<u><u>\$ 505,406</u></u>
--	--	--------------------------

First Colony Municipal Utility District No. 10
Notes to Basic Financial Statements
July 31, 2023

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds	\$	469,495
--	----	---------

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.

		(2,967)
--	--	---------

In the *Statement of Activities*, the cost of capital assets is charged to depreciation/amortization expense over the estimated useful life of the asset.

		(99,036)
--	--	----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.

Principal payments	\$	875,000	
Accrued interest on bonds		(17,816)	
		857,184	

Change in net position of governmental activities	\$	1,224,676
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Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.

First Colony Municipal Utility District No. 10
Notes to Basic Financial Statements
July 31, 2023

Note 3 – Deposits and Investments (continued)

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers’ acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District’s investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of July 31, 2023, the District’s investments consist of the following:

<u>Type</u>	<u>Fund</u>	<u>Carrying Value</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
TexPool	General	\$ 3,084,546	AAAm	25 days
	Debt Service	2,141,203		
		<u>\$ 5,225,749</u>		

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

First Colony Municipal Utility District No. 10
Notes to Basic Financial Statements
July 31, 2023

Note 3 – Deposits and Investments (continued)

TexPool (continued)

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District’s position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances

Amounts due to/from other funds at July 31, 2023, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 509	Property tax collections not yet remitted to the General Fund
Debt Service Fund	General Fund	119,018	City of Sugar Land tax rebates not remitted as of year end

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

First Colony Municipal Utility District No. 10
Notes to Basic Financial Statements
July 31, 2023

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended July 31, 2023, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 2,643,481	\$ -	\$ 2,643,481
Capital assets being depreciated/amortized			
Infrastructure	2,085,447		2,085,447
Parks and recreational facilities	443,365		443,365
Connection fees	618,030		618,030
	<u>3,146,842</u>		<u>3,146,842</u>
Less accumulated depreciation/amortization			
Infrastructure	(627,072)	(56,267)	(683,339)
Parks and recreational facilities	(287,441)	(22,168)	(309,609)
Connection fees	(164,808)	(20,601)	(185,409)
	<u>(1,079,321)</u>	<u>(99,036)</u>	<u>(1,178,357)</u>
Subtotal depreciable capital assets, net	<u>2,067,521</u>	<u>(99,036)</u>	<u>1,968,485</u>
Capital assets, net	<u>\$ 4,711,002</u>	<u>\$ (99,036)</u>	<u>\$ 4,611,966</u>

Depreciation/amortization expense for the current year was \$99,036.

Note 6 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 9,700,000
Unamortized discounts	(33,164)
Unamortized premium	314,321
	<u>\$ 9,981,157</u>
Due within one year	<u>\$ 910,000</u>

First Colony Municipal Utility District No. 10
Notes to Basic Financial Statements
July 31, 2023

Note 6 – Long-Term Debt (continued)

The District’s bonds payable at July 31, 2023, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2015 Refunding	\$ 2,270,000	\$ 3,020,000	2.00% - 4.00%	September 1, 2016/2031	September 1, March 1	September 1, 2023
2016 Refunding	2,925,000	3,915,000	2.00% - 4.00%	September 1, 2017/2031	September 1, March 1	September 1, 2025
2016A Refunding	2,770,000	3,000,000	2.76%	September 1, 2017/2031	September 1, March 1	September 1, 2025
2020 Park Refunding	1,735,000	1,995,000	2.00% - 4.00%	September 1, 2021/2031	September 1, March 1	September 1, 2025
	<u>\$ 9,700,000</u>					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District and City of Sugar Land tax rebates. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At July 31, 2023, the District had authorized but unissued bonds in the amount of \$4,200,000 for water, sewer and drainage facilities; \$4,500,000 for park and recreational facilities; and \$8,025,000 for refunding purposes.

The change in the District’s long-term debt during the year is as follows:

Bonds payable, beginning of year	\$ 10,575,000
Bonds retired	(875,000)
Bonds payable, end of year	<u>\$ 9,700,000</u>

First Colony Municipal Utility District No. 10
Notes to Basic Financial Statements
July 31, 2023

Note 6 – Long-Term Debt (continued)

As of July 31, 2023, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2024	\$ 910,000	\$ 297,415	\$ 1,207,415
2025	945,000	267,814	1,212,814
2026	995,000	234,787	1,229,787
2027	1,035,000	202,046	1,237,046
2028	1,075,000	169,679	1,244,679
2029	1,115,000	135,785	1,250,785
2030	1,155,000	99,533	1,254,533
2031	1,210,000	60,861	1,270,861
2032	1,260,000	20,556	1,280,556
	<u>\$ 9,700,000</u>	<u>\$ 1,488,475</u>	<u>\$ 11,188,475</u>

Note 7 – Property Taxes

On February 5, 2005, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$0.75 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2023 fiscal year was financed through the 2022 tax levy, pursuant to which the District levied property taxes of \$0.145 per \$100 of assessed value, of which \$0.08 was allocated to maintenance and operations and \$0.065 was allocated to debt service. The resulting tax levy was \$764,600 on the adjusted taxable value of \$527,310,420.

First Colony Municipal Utility District No. 10
Notes to Basic Financial Statements
July 31, 2023

Note 7 – Property Taxes (continued)

Net property taxes receivable, at July 31, 2023, consisted of the following:

Current year taxes receivable	\$ 4,713
Prior years taxes receivable	22,184
Less allowance for uncollectible accounts	<u>(13,267)</u>
	13,630
Penalty and interest receivable	<u>5,541</u>
Net property taxes receivable	<u><u>\$ 19,171</u></u>

Note 8 – Utility Agreement with the City of Sugar Land

On March 2, 2004, the District entered into a utility agreement with the City of Sugar Land (the “City”) for construction and extension of water distribution lines, sanitary sewer collection systems and drainage facilities to serve the District. As the system is acquired or constructed, the District shall transfer the system to the City but will reserve a security interest in the system. The term of the agreement is 40 years.

The City provides services to all users in the District. Water and sewer rates charged by the City to users in the District, shall be the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City.

The City is obligated to pay the District fifty percent of the ad valorem taxes collected by the City on property within the District after deducting the costs of collection. Payments are made twice a year, the first normally occurring in February and the second normally occurring in August. For the 2022 tax year, the City collected \$1,717,688 (90%) of its \$1,899,830 ad valorem tax levy on property in the District and remitted \$841,992 to the District, which was net of \$16,292 for the District’s share of collection costs (3% of the City’s allocation). The rebates remitted also included delinquent collections and prior period adjustments. The amount reported as City of Sugar Land tax rebates for the current fiscal year are \$851,609.

Note 9 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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Required Supplementary Information

*First Colony Municipal Utility District No. 10
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended July 31, 2023*

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 315,489	\$ 428,998	\$ 431,883	\$ 2,885
Investment earnings	25,200	85,114	114,669	29,555
Total Revenues	340,689	514,112	546,552	32,440
Expenditures				
Operating and administrative				
Professional fees	84,750	80,037	59,733	20,304
Contracted services	22,220	23,532	21,910	1,622
Repairs and maintenance	60,000	60,000		60,000
Trails beautification	100,000	100,000		100,000
Administrative	26,066	22,745	19,844	2,901
Other	1,200	20,184	2,523	17,661
Total Expenditures	294,236	306,498	104,010	202,488
Revenues Over Expenditures	46,453	207,614	442,542	234,928
Fund Balance				
Beginning of the year	2,684,236	2,684,236	2,684,236	
End of the year	\$ 2,730,689	\$ 2,891,850	\$ 3,126,778	\$ 234,928

First Colony Municipal Utility District No. 10
Notes to Required Supplementary Information
July 31, 2023

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

First Colony Municipal Utility District No. 10
TSI-1. Services and Rates
July 31, 2023

1. Services provided by the District During the Fiscal Year:

- | | | | |
|---|---|--|--|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Solid Waste/Garbage | <input checked="" type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Irrigation |
| <input checked="" type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Roads | <input type="checkbox"/> Security |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | | |
| <input checked="" type="checkbox"/> Other (Specify): <u>Water and sewer service is provided by the City of Sugar Land</u> | | | |

2. Retail Service Providers N/A

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 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC'S</u>
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-1. Services and Rates
July 31, 2023

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	<u> N/A </u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u> N/A </u>	<u> N/A </u>

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: _____

5. Location of District:

Is the District located entirely within one county? Yes No

County(ies) in which the District is located: Fort Bend County

Is the District located within a city? Entirely Partly Not at all

City(ies) in which the District is located: City of Sugar Land

Is the District located within a city's extra territorial jurisdiction (ETJ)?
 Entirely Partly Not at all

ETJs in which the District is located: _____

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom? _____

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-2. General Fund Expenditures
For the Year Ended July 31, 2023

Professional fees	
Legal	\$ 48,464
Audit	11,000
Engineering	269
	<u>59,733</u>
Contracted services	
Bookkeeping	<u>21,910</u>
Administrative	
Directors fees	3,600
Printing and office supplies	2,432
Insurance	11,887
Other	1,925
	<u>19,844</u>
Other	<u>2,523</u>
Total expenditures	<u><u>\$ 104,010</u></u>

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-3. Investments
July 31, 2023

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
TexPool	Variable	N/A	\$ 3,084,546
Debt Service			
TexPool	Variable	N/A	<u>2,141,203</u>
Total - All Funds			<u><u>\$ 5,225,749</u></u>

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-4. Taxes Levied and Receivable
July 31, 2023

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 8,741	\$ 7,698	\$ 16,439	
Adjustments	(1,116)	(1,725)	(2,841)	
Adjusted Receivable	7,625	5,973	13,598	
2022 Original Tax Levy	428,022	347,768	775,790	
Adjustments	(6,174)	(5,016)	(11,190)	
Adjusted Tax Levy	421,848	342,752	764,600	
Total to be accounted for	429,473	348,725	778,198	
Tax collections				
Current year	419,248	340,639	759,887	
Prior years	2,828	1,853	4,681	
Total Collections	422,076	342,492	764,568	
Taxes Receivable, End of Year	\$ 7,397	\$ 6,233	\$ 13,630	
Taxes Receivable, By Years				
2022	\$ 2,600	\$ 2,113	\$ 4,713	
2021	508	761	1,269	
2020	1,769	126	1,895	
2019 and prior	2,520	3,233	5,753	
Taxes Receivable, End of Year	\$ 7,397	\$ 6,233	\$ 13,630	
	2022	2021	2020	2019
Property Valuations				
Land	\$ 169,740,935	\$ 158,455,200	\$ 158,235,630	\$ 157,678,520
Improvements	467,675,130	425,120,705	421,191,033	423,156,776
Personal Property	55,311,120	33,246,780	32,472,970	33,589,582
Exemptions	(165,416,765)	(131,792,241)	(114,984,093)	(115,432,366)
Total Property Valuations	\$ 527,310,420	\$ 485,030,444	\$ 496,915,540	\$ 498,992,512
Tax Rates per \$100 Valuation				
Maintenance tax rates	\$ 0.080	\$ 0.06	\$ 0.14	\$ 0.07
Debt service tax rates	0.065	0.09	0.01	0.09
Total Tax Rates per \$100 Valuation	\$ 0.145	\$ 0.15	\$ 0.15	\$ 0.16
Adjusted Tax Levy:	\$ 764,600	\$ 727,546	\$ 745,373	\$ 798,388
Percentage of Taxes Collected to Taxes Levied **	99.38%	99.83%	99.75%	99.56%

* Maximum Maintenance Tax Rate Approved by Voters: \$0.75 on February 5, 2005

** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

*First Colony Municipal Utility District No. 10
 TSI-5. Long-Term Debt Service Requirements
 Series 2015 Refunding--by Years
 July 31, 2023*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2024	\$ 235,000	\$ 72,888	\$ 307,888
2025	240,000	66,350	306,350
2026	245,000	59,075	304,075
2027	250,000	51,650	301,650
2028	250,000	43,994	293,994
2029	255,000	35,944	290,944
2030	260,000	26,600	286,600
2031	265,000	16,100	281,100
2032	270,000	5,400	275,400
	<u>\$ 2,270,000</u>	<u>\$ 378,000</u>	<u>\$ 2,648,000</u>

See accompanying auditor's report.

*First Colony Municipal Utility District No. 10
 TSI-5. Long-Term Debt Service Requirements
 Series 2016 Refunding--by Years
 July 31, 2023*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2024	\$ 275,000	\$ 110,125	\$ 385,125
2025	285,000	100,300	385,300
2026	295,000	88,700	383,700
2027	310,000	76,600	386,600
2028	325,000	63,900	388,900
2029	335,000	50,700	385,700
2030	350,000	37,000	387,000
2031	365,000	22,700	387,700
2032	385,000	7,700	392,700
	<u>\$ 2,925,000</u>	<u>\$ 557,725</u>	<u>\$ 3,482,725</u>

See accompanying auditor's report.

*First Colony Municipal Utility District No. 10
 TSI-5. Long-Term Debt Service Requirements
 Series 2016A Refunding--by Years
 July 31, 2023*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2024	\$ 250,000	\$ 73,002	\$ 323,002
2025	260,000	65,964	325,964
2026	280,000	58,512	338,512
2027	290,000	50,646	340,646
2028	305,000	42,435	347,435
2029	325,000	33,741	358,741
2030	335,000	24,633	359,633
2031	355,000	15,111	370,111
2032	370,000	5,106	375,106
	<u>\$ 2,770,000</u>	<u>\$ 369,150</u>	<u>\$ 3,139,150</u>

See accompanying auditor's report.

*First Colony Municipal Utility District No. 10
 TSI-5. Long-Term Debt Service Requirements
 Series 2020 Park Refunding--by Years
 July 31, 2023*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2024	\$ 150,000	\$ 41,400	\$ 191,400
2025	160,000	35,200	195,200
2026	175,000	28,500	203,500
2027	185,000	23,150	208,150
2028	195,000	19,350	214,350
2029	200,000	15,400	215,400
2030	210,000	11,300	221,300
2031	225,000	6,950	231,950
2032	235,000	2,350	237,350
	<u>\$ 1,735,000</u>	<u>\$ 183,600</u>	<u>\$ 1,918,600</u>

See accompanying auditor's report.

*First Colony Municipal Utility District No. 10
 TSI-5. Long-Term Debt Service Requirements
 All Bonded Debt Series--by Years
 July 31, 2023*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2024	\$ 910,000	\$ 297,415	\$ 1,207,415
2025	945,000	267,814	1,212,814
2026	995,000	234,787	1,229,787
2027	1,035,000	202,046	1,237,046
2028	1,075,000	169,679	1,244,679
2029	1,115,000	135,785	1,250,785
2030	1,155,000	99,533	1,254,533
2031	1,210,000	60,861	1,270,861
2032	1,260,000	20,556	1,280,556
	<u>\$ 9,700,000</u>	<u>\$ 1,488,475</u>	<u>\$ 11,188,475</u>

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-6. Change in Long-Term Bonded Debt
July 31, 2023

	Bond Issue			
	Series 2009	Series 2015 Refunding	Series 2016 Refunding	Series 2016A Refunding
Interest rate	3.00% - 5.00%	2.00% - 4.00%	2.00% - 4.00%	2.76%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/11 - 9/1/31	9/1/16 - 9/1/31	9/1/17 - 9/1/31	9/1/17 - 9/1/31
Beginning bonds outstanding	\$ 200,000	\$ 2,505,000	\$ 3,190,000	\$ 2,805,000
Bonds retired	(200,000)	(235,000)	(265,000)	(35,000)
Ending bonds outstanding	\$ -	\$ 2,270,000	\$ 2,925,000	\$ 2,770,000
Interest paid during fiscal year	\$ 4,300	\$ 78,469	\$ 118,225	\$ 76,935
Paying agent's name and city				
Series 2009	Wells Fargo Bank, N.A., Houston, Texas			
Series 2015 and 2016 Refunding	Regions Bank, Dallas, Texas			
Series 2016A Refunding	Amegy Bank, Houston, Texas			
Series 2020 Refunding	Regions Bank, Houston, Texas			
Bond Authority:	Water, Sewer and Drainage Bonds	Park Bonds	Refunding Bonds	
Amount Authorized by Voters	\$ 18,080,000	\$ 7,250,000	\$ 9,040,000	
Amount Issued	(13,880,000)	(2,750,000)	(1,015,000)	
Remaining To Be Issued	\$ 4,200,000	\$ 4,500,000	\$ 8,025,000	

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investment balances as of July 31, 2023:	\$ 2,194,760
Average annual debt service payment (principal and interest) for remaining term of all debt:	\$ 1,243,164

See accompanying auditor's report.

<u>Bond Issue</u>	
Series 2020	
<u>Park Refunding</u>	<u>Totals</u>
2.00% - 4.00%	
9/1; 3/1	
9/1/21 - 9/1/31	
\$ 1,875,000	\$ 10,575,000
<u>(140,000)</u>	<u>(875,000)</u>
<u>\$ 1,735,000</u>	<u>\$ 9,700,000</u>
<u>\$ 47,200</u>	<u>\$ 325,129</u>

First Colony Municipal Utility District No. 10
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2023	2022	2021	2020	2019
Revenues					
Property taxes	\$ 431,883	\$ 290,667	\$ 693,575	\$ 349,437	\$ 393,927
Investment earnings	114,669	9,093	1,478	21,479	34,167
Total Revenues	<u>546,552</u>	<u>299,760</u>	<u>695,053</u>	<u>370,916</u>	<u>428,094</u>
Expenditures					
Operating and administrative					
Professional fees	59,733	66,552	84,278	59,457	47,514
Contracted services	21,910	18,975	18,035	15,398	16,500
Administrative	19,844	19,499	20,114	16,887	15,453
Other	2,523	5,084	7,500	13,714	4,088
Total Expenditures	<u>104,010</u>	<u>110,110</u>	<u>129,927</u>	<u>105,456</u>	<u>83,555</u>
Revenues Over Expenditures	<u>\$ 442,542</u>	<u>\$ 189,650</u>	<u>\$ 565,126</u>	<u>\$ 265,460</u>	<u>\$ 344,539</u>

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
79%	97%	100%	94%	92%
21%	3%	*	6%	8%
100%	100%	100%	100%	100%
11%	22%	12%	16%	11%
4%	6%	3%	4%	4%
4%	7%	3%	5%	4%
*	2%	1%	4%	1%
19%	37%	19%	29%	20%
81%	63%	81%	71%	80%

First Colony Municipal Utility District No. 10

TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund

For the Last Five Fiscal Years

	Amounts				
	2023	2022	2021	2020	2019
Revenues					
Property taxes	\$ 332,685	\$ 435,035	\$ 52,005	\$ 454,836	\$ 446,384
Penalties and interest	8,636	6,634	6,383	10,597	16,212
City of Sugar Land tax rebate	851,609	807,830	839,819	941,028	661,718
City of Sugar Land tax rebate - prior years				163,583	
Accrued interest on bonds sold				3,349	
Miscellaneous			50		
Investment earnings	66,412	6,675	1,205	18,398	36,116
Total Revenues	<u>1,259,342</u>	<u>1,256,174</u>	<u>899,462</u>	<u>1,591,791</u>	<u>1,160,430</u>
Expenditures					
Tax collection services	29,748	29,425	29,988	28,365	26,163
Debt service					
Principal	875,000	825,000	785,000	745,000	705,000
Interest and fees	327,641	359,149	371,843	445,655	475,187
Debt issuance costs				121,976	
Payment to refunded bond escrow agent				40,000	
Total Expenditures	<u>1,232,389</u>	<u>1,213,574</u>	<u>1,186,831</u>	<u>1,380,996</u>	<u>1,206,350</u>
Revenues Over/(Under) Expenditures	<u>\$ 26,953</u>	<u>\$ 42,600</u>	<u>\$ (287,369)</u>	<u>\$ 210,795</u>	<u>\$ (45,920)</u>

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
26%	34%	6%	29%	39%
1%	1%	1%	1%	1%
68%	64%	93%	59%	57%
			10%	
			*	
5%	1%	*	1%	3%
100%	100%	100%	100%	100%
2%	2%	3%	2%	2%
69%	66%	87%	47%	61%
26%	29%	41%	28%	41%
			8%	
			3%	
97%	97%	131%	88%	104%
3%	3%	(31%)	12%	(4%)

First Colony Municipal Utility District No. 10
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended July 31, 2023

Complete District Mailing Address: 3200 SW Freeway, Suite 2600, Houston, Texas 77027
District Business Telephone Number: 713-860-6400
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): June 1, 2022
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Rodney L. Craig	05/20 - 05/24	\$ 750	\$ 32	President
Zac Cypert	05/20 - 05/24	600	26	Vice President
Stephen Higgins	05/20 - 05/24	600	26	Assistant Vice President
John Peper	05/22 - 05/26	900	39	Secretary
Marta Mohan	05/22 - 05/26	750	32	Assistant Secretary
Consultants				
		Amounts Paid		
Allen Boone Humphries Robinson LLP <i>General legal fees</i>	2005	\$ 41,101		Attorney
McLennan & Associates, LP	2005	22,087		Bookkeeper
Bob Leared Interests, Inc.	2005	12,308		Tax Collector
Fort Bend Central Appraisal District	Legislation	6,501		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2005	1,383		Delinquent Tax Attorney
Costello, Inc.	2005	270		Engineer
McGrath & Co., PLLC	2011	11,000		Auditor
Robert W. Baird & Co. Incorporated	2005			Financial Advisor
TBG Partners	2020			Landscape Architect

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
See accompanying auditor's report.