

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JULY 31, 2023

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal
Utility District No. 206
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 206 (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 the District as of July 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Fort Bend County Municipal
Utility District No. 206

Supplementary Information

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

November 14, 2023

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2023**

Management's discussion and analysis of Fort Bend County Municipal Utility District No. 206's (the "District") financial performance provides an overview of the District's financial activities for the year ended July 31, 2023. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2023**

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$12,537,886 as of July 31, 2023.

A portion of the District's net position reflects its net investment in capital assets (e.g. land, buildings and equipment as well as water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding).

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2023</u>	<u>2022</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 5,428,577	\$ 4,095,296	\$ 1,333,281
Capital Assets (Net of Accumulated Depreciation)	<u>14,828,179</u>	<u>15,057,473</u>	<u>(229,294)</u>
Total Assets	<u>\$ 20,256,756</u>	<u>\$ 19,152,769</u>	<u>\$ 1,103,987</u>
Due to Developer	\$ 9,562,774	\$ 13,911,612	\$ 4,348,838
Long-Term Liabilities	22,767,734	16,640,429	(6,127,305)
Other Liabilities	<u>464,134</u>	<u>541,510</u>	<u>77,376</u>
Total Liabilities	<u>\$ 32,794,642</u>	<u>\$ 31,093,551</u>	<u>\$ (1,701,091)</u>
Net Position:			
Net Investment in Capital Assets	\$ (15,555,857)	\$ (13,728,510)	\$ (1,827,347)
Restricted	1,466,498	1,015,238	451,260
Unrestricted	<u>1,551,473</u>	<u>772,490</u>	<u>778,983</u>
Total Net Position	<u>\$ (12,537,886)</u>	<u>\$ (11,940,782)</u>	<u>\$ (597,104)</u>

The following table provides a summary of the District's operations for the years ended July 31, 2023, and July 31, 2022.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2023</u>	<u>2022</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 2,587,376	\$ 2,027,623	\$ 559,753
Charges for Services	909,832	778,890	130,942
Other Revenues	<u>182,182</u>	<u>23,092</u>	<u>159,090</u>
Total Revenues	<u>\$ 3,679,390</u>	<u>\$ 2,829,605</u>	<u>\$ 849,785</u>
Expenses for Services	<u>4,276,494</u>	<u>3,045,727</u>	<u>(1,230,767)</u>
Change in Net Position	\$ (597,104)	\$ (216,122)	\$ (380,982)
Net Position, Beginning of Year	<u>(11,940,782)</u>	<u>(11,724,660)</u>	<u>(216,122)</u>
Net Position, End of Year	<u>\$ (12,537,886)</u>	<u>\$ (11,940,782)</u>	<u>\$ (597,104)</u>

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of July 31, 2023, were \$5,146,238, an increase of \$1,455,756 from the prior year.

The General Fund fund balance increased by \$774,680, primarily due to maintenance tax revenues exceeding operating costs and capital outlay.

The Debt Service Fund fund balance increased by \$500,662, primarily due to the structure of the District's long-term debt.

The Capital Projects Fund fund balance increased by \$180,414, primarily due to the sale of Series 2023 bonds and the use of bond proceeds received in the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal. Actual revenues were \$343,213 more than budgeted revenues. Actual expenditures were \$45,372 more than budgeted expenditures.

CAPITAL ASSETS

Capital assets as of July 31, 2023, total \$14,828,179 (net of accumulated depreciation) and include land and land improvements, as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 418,507	\$ 418,507	\$
Construction in Progress	30,862	1,853,645	(1,822,783)
Capital Assets, Net of Accumulated Depreciation:			
Water System	3,781,972	3,970,377	(188,405)
Wastewater System	5,718,034	3,730,535	1,987,499
Drainage System	4,091,135	4,167,403	(76,268)
Landscaping	787,669	917,006	(129,337)
Total Net Capital Assets	\$ 14,828,179	\$ 15,057,473	\$ (229,294)

Additional information on the District's capital assets can be found in Note 6 of this report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2023**

LONG-TERM DEBT ACTIVITY

At year end, the District had total bond debt payable of \$22,475,000. The changes in the debt position of the District during the fiscal year ended July 31, 2023, are summarized as follows:

Bond Debt Payable, August 1, 2022	\$ 16,405,000
Add: Bond Sale - Series 2023	6,500,000
Less: Bond Principal Paid	<u>430,000</u>
Bond Debt Payable, July 31, 2023	<u><u>\$ 22,475,000</u></u>

The Series 2020, 2021, 2022 and 2023 Bonds carry an insured rating of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company. The District’s Series 2023 Bonds carry an underlying rating of “Baa3” by Moody’s. This rating above includes all changes, if any, through July 31, 2023.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Municipal Utility District No. 206, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JULY 31, 2023

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 102,983	\$ 28,605
Investments	2,686,861	1,659,746
Receivables:		
Property Taxes	20,821	20,712
Penalty and Interest on Delinquent Taxes		
Service Accounts	100,845	
Accrued Interest	7,614	
Other	385	
Due from Other Funds	19,237	
Prepaid Costs	23,013	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 2,961,759	\$ 1,709,063

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 322	\$ 131,910	\$	\$ 131,910
767,981	5,114,588		5,114,588
	41,533		41,533
		8,689	8,689
	100,845		100,845
	7,614		7,614
	385		385
	19,237	(19,237)	
	23,013		23,013
		418,507	418,507
		30,862	30,862
		14,378,810	14,378,810
<u>\$ 768,303</u>	<u>\$ 5,439,125</u>	<u>\$ 14,817,631</u>	<u>\$ 20,256,756</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JULY 31, 2023

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 154,681	\$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		19,237
Security Deposits	77,105	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 231,786	\$ 19,237
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 20,821	\$ 20,712
 FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 23,013	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,669,114
Unassigned	2,686,139	
TOTAL FUND BALANCES	\$ 2,709,152	\$ 1,669,114
 TOTAL LIABILITIES AND FUND BALANCES	\$ 2,961,759	\$ 1,709,063
 NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 331	\$ 155,012	\$	\$ 155,012
		232,017	232,017
		9,562,774	9,562,774
	19,237	(19,237)	
	77,105		77,105
		735,000	735,000
		22,032,734	22,032,734
<u>\$ 331</u>	<u>\$ 251,354</u>	<u>\$ 32,543,288</u>	<u>\$ 32,794,642</u>
<u>\$ - 0 -</u>	<u>\$ 41,533</u>	<u>\$ (41,533)</u>	<u>\$ - 0 -</u>
\$ 767,972	\$ 23,013	\$ (23,013)	\$
	767,972	(767,972)	
	1,669,114	(1,669,114)	
	2,686,139	(2,686,139)	
<u>\$ 767,972</u>	<u>\$ 5,146,238</u>	<u>\$ (5,146,238)</u>	<u>\$ - 0 -</u>
<u>\$ 768,303</u>	<u>\$ 5,439,125</u>		
		\$ (15,555,857)	\$ (15,555,857)
		1,466,498	1,466,498
		1,551,473	1,551,473
		<u>\$ (12,537,886)</u>	<u>\$ (12,537,886)</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JULY 31, 2023

Total Fund Balances - Governmental Funds		\$ 5,146,238
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		14,828,179
Deferred inflows of resources related to property tax revenues and deferred penalty and interest revenues on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.		50,222
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developer	\$ (9,562,774)	
Accrued Interest Payable	(232,017)	
Bonds Payable	<u>(22,767,734)</u>	<u>(32,562,525)</u>
Total Net Position - Governmental Activities		<u>\$ (12,537,886)</u>

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

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JULY 31, 2023

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,253,941	\$ 1,319,845
Water Service	240,448	
Wastewater Service	346,025	
Regional Water Authority Fees	270,375	
Penalty and Interest	30,426	17,711
Tap Connection and Inspection Fees	2,040	
Investment Revenues	95,701	52,522
Miscellaneous Revenues	6,857	480
TOTAL REVENUES	\$ 2,245,813	\$ 1,390,558
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 128,291	\$ 4,559
Contracted Services	251,531	33,222
Purchased Water Service	302,742	
Utilities	68,611	
Regional Water Authority Assessments	7,935	
Repairs and Maintenance	548,687	
Depreciation		
Other	125,328	4,570
Developer Interest		
Capital Outlay	38,008	
Debt Service:		
Bond Principal		430,000
Bond Interest		417,545
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	\$ 1,471,133	\$ 889,896
EXCESS (DEFICIENCY) OF REVENUES		
OVER EXPENDITURES/EXPENSES	\$ 774,680	\$ 500,662
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	\$	\$
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCES	\$ 774,680	\$ 500,662
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION -		
AUGUST 1, 2022	1,934,472	1,168,452
FUND BALANCES/NET POSITION -		
JULY 31, 2023	\$ 2,709,152	\$ 1,669,114

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 2,573,786	\$ 13,590	\$ 2,587,376
	240,448		240,448
	346,025		346,025
	270,375		270,375
	48,137	2,807	50,944
	2,040		2,040
26,622	174,845		174,845
	7,337		7,337
<u>\$ 26,622</u>	<u>\$ 3,662,993</u>	<u>\$ 16,397</u>	<u>\$ 3,679,390</u>
\$ 16,892	\$ 149,742	\$	\$ 149,742
1,172	285,925		285,925
	302,742		302,742
	68,611		68,611
	7,935		7,935
	548,687		548,687
		632,996	632,996
470	130,368		130,368
1,076,775	1,076,775		1,076,775
4,714,533	4,752,541	(4,752,541)	
	430,000	(430,000)	
	417,545	50,434	467,979
604,734	604,734		604,734
<u>\$ 6,414,576</u>	<u>\$ 8,775,605</u>	<u>\$ (4,499,111)</u>	<u>\$ 4,276,494</u>
<u>\$ (6,387,954)</u>	<u>\$ (5,112,612)</u>	<u>\$ 4,515,508</u>	<u>\$ (597,104)</u>
\$ 6,500,000	\$ 6,500,000	\$ (6,500,000)	\$
68,368	68,368	(68,368)	
<u>\$ 6,568,368</u>	<u>\$ 6,568,368</u>	<u>\$ (6,568,368)</u>	<u>\$ - 0 -</u>
\$ 180,414	\$ 1,455,756	\$ (1,455,756)	\$
		(597,104)	(597,104)
<u>587,558</u>	<u>3,690,482</u>	<u>(15,631,264)</u>	<u>(11,940,782)</u>
<u>\$ 767,972</u>	<u>\$ 5,146,238</u>	<u>\$ (17,684,124)</u>	<u>\$ (12,537,886)</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2023**

Net Change in Fund Balances - Governmental Funds	\$ 1,455,756
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenue is recorded in the accounting period for which the taxes are levied.</p>	13,590
<p>Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.</p>	2,807
<p>Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.</p>	(632,996)
<p>Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.</p>	4,752,541
<p>Governmental funds report bond premiums as other financing sources in the year paid. However, in the Statement of Net Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.</p>	(68,368)
<p>Governmental funds report principal payments on long-term liabilities as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.</p>	430,000
<p>Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.</p>	(50,434)
<p>Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.</p>	<u>(6,500,000)</u>
Change in Net Position - Governmental Activities	<u>\$ (597,104)</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

NOTE 1. CREATION OF DISTRICT

Fort Bend County Municipal Utility District No. 206 (the “District”) was created by an act of the Texas Legislature, Senate Bill No. 273, Regular Session, dated June 14, 2013. The District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, and to construct roads as well as parks and recreational facilities for the residents of the District. The District is subject to supervisory jurisdiction of the Texas Commission on Environmental Quality (the “Commission”). The Board of Directors held its organizational meeting on July 15, 2013.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each a major fund.

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

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost of \$15,000 or more and an estimated useful life of two years or more following the date of acquisition. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Storm Drainage System	10-45
All Other Equipment	3-20

Budgeting

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

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered to be “employees” for federal payroll tax purposes only.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2020	Series 2021
Amount Outstanding – July 31, 2023	\$ 4,745,000	\$ 7,700,000
Interest Rates	2.00% - 4.50%	2.00% - 4.50%
Maturity Date	September 1, 2023/2044	September 1, 2023/2045
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2027*
	Series 2022	Series 2023
Amount Outstanding – July 31, 2023	\$ 3,530,000	\$ 6,500,000
Interest Rates	2.50% - 3.125%	4.00%
Maturity Date	September 1, 2023/2046	September 1, 2024/2047
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2027*	September 1, 2029*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. The Series 2020 term bonds maturing on September 1, 2038, 2040, 2042 and 2044 are subject to mandatory redemption beginning September 1, 2037, 2039, 2041 and September 1, 2043, respectively. The Series 2021 term bonds maturing September 1, 2045, are subject to redemption prior to maturity, on September 1, 2042, or on any date thereafter. The Series 2022 term bonds maturing on September 1, 2029, 2031, 2033, 2035, 2037, 2039 and 2046 are subject to mandatory redemption beginning September 1, 2028, 2030, 2032, 2034, 2036, 2038 and September 1, 2040, respectively. The Series 2023 term bonds maturing on September 1, 2037, 2039 and 2041 are subject to mandatory redemption beginning September 1, 2036, 2038 and September 1, 2040, respectively

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended July 31, 2023:

	August 1, 2022	Additions	Retirements	July 31, 2023
Bonds Payable	\$ 16,405,000	\$ 6,500,000	\$ 430,000	\$ 22,475,000
Unamortized Discounts	(69,472)		(3,066)	(66,406)
Unamortized Premiums	304,901	68,368	14,129	359,140
Bonds Payable, Net	\$ 16,640,429	\$ 6,568,368	\$ 441,063	\$ 22,767,734
			Amount Due Within One Year	\$ 735,000
			Amount Due After One Year	22,032,734
			Bonds Payable	\$ 22,767,734

As of July 31, 2023, the District had authorized but unissued bonds in the amount of \$36,720,000 for the purposes of purchasing or constructing utility facilities \$7,100,000 for park and recreational facilities and \$38,250,000 for road facilities.

As of July 31, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 735,000	\$ 616,076	\$ 1,351,076
2025	770,000	638,094	1,408,094
2026	705,000	608,820	1,313,820
2027	720,000	581,832	1,301,832
2028	740,000	559,856	1,299,856
2029-2033	3,960,000	2,500,874	6,460,874
2034-2038	4,630,000	1,926,541	6,556,541
2039-2043	5,370,000	1,210,055	6,580,055
2044-2048	4,845,000	358,858	5,203,858
	\$ 22,475,000	\$ 9,001,006	\$ 31,476,006

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. During the year ended July 31, 2023, the District levied an ad valorem debt service tax rate of \$0.75 per \$100 of assessed valuation, which resulted in a tax levy of \$1,329,132 on the adjusted taxable valuation of \$177,217,590 for the 2022 tax year. The bond order requires the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy and Note 9 for the road maintenance tax levy.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

The Bond Resolutions state the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$466,910 and the bank balance was \$468,837. The bank balance was fully covered by federal depository insurance.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at July 31, 2023, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 102,983	\$ 335,000	\$ 437,983
DEBT SERVICE FUND	28,605		28,605
CAPITAL PROJECTS FUND	322		322
TOTAL DEPOSITS	\$ 131,910	\$ 335,000	\$ 466,910

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

Certificates of deposit are valued at acquisition cost at the date of purchase.

As of July 31, 2023, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 2,351,861	\$ 2,351,861
Certificates of Deposit	335,000	335,000
<u>DEBT SERVICE FUND</u>		
Texas CLASS	1,659,746	1,659,746
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	767,981	767,981
TOTAL INVESTMENTS	\$ 5,114,588	\$ 5,114,588

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2023, the District’s investment in Texas CLASS were rated “AAAm” by Standard and Poor’s. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS to have a maturity of less than one year due to the fact the share positions can usually be redeemed at the discretion of the District, unless there has been a significant change on value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended July 31, 2023:

	August 1, 2022	Increases	Decreases	July 31, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 418,507	\$	\$	\$ 418,507
Construction in Progress	<u>1,853,645</u>	<u>403,702</u>	<u>2,226,485</u>	<u>30,862</u>
Total Capital Assets Not Being Depreciated	<u>\$ 2,272,152</u>	<u>\$ 403,702</u>	<u>\$ 2,226,485</u>	<u>\$ 449,369</u>
Capital Assets Subject to Depreciation				
Water System	\$ 5,341,666	\$ 20,900	\$	\$ 5,362,566
Wastewater System	4,383,587	2,166,786		6,550,373
Drainage System	4,828,615	38,799		4,867,414
Landscaping	<u>1,641,709</u>			<u>1,641,709</u>
Total Capital Assets Subject to Depreciation	<u>\$ 16,195,577</u>	<u>\$ 2,226,485</u>	<u>\$ - 0 -</u>	<u>\$ 18,422,062</u>
Accumulated Depreciation				
Water System	\$ 1,371,289	\$ 209,305	\$	\$ 1,580,594
Wastewater System	653,052	179,287		832,339
Drainage System	661,212	115,067		776,279
Landscaping	<u>724,703</u>	<u>129,337</u>		<u>854,040</u>
Total Accumulated Depreciation	<u>\$ 3,410,256</u>	<u>\$ 632,996</u>	<u>\$ - 0 -</u>	<u>\$ 4,043,252</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,785,321</u>	<u>\$ 1,593,489</u>	<u>\$ - 0 -</u>	<u>\$ 14,378,810</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,057,473</u>	<u>\$ 1,997,191</u>	<u>\$ 2,226,485</u>	<u>\$ 14,828,179</u>

NOTE 7. MAINTENANCE TAX

On November 5, 2013, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.40 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$0.71 per \$100 of assessed valuation, which resulted in a tax levy of \$1,258,244 on the adjustable taxable valuation of \$177,217,590 for the 2022 tax year.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

NOTE 8. UNREIMBURSED COSTS

The District has executed construction and purchase agreements covering water, wastewater and drainage facilities as well as roads and recreational facilities with a developer which call for the developer to fund costs associated with District facilities as well as provide operating advances when needed. The District will pursue the issuance of bonds to reimburse the developer for costs incurred related to these agreements. To date, the developer has contributed and not been reimbursed \$8,384,274 for the design and construction of the water, wastewater and drainage facilities and made operating advances of \$1,178,500.

Due to Developers, August 1, 2022	\$ 13,911,612
Current Year Reimbursements	<u>4,348,838</u>
Due to Developers, July 31, 2023	<u>\$ 9,562,774</u>

NOTE 9. ROAD MAINTENANCE TAX

On November 5, 2013, the voters of the District approved the levy and collection of a road maintenance tax not to exceed \$0.10 per \$100 of assessed valuation of taxable property within the District. This road maintenance tax is to be used by the General Fund to pay expenditures of operating the District’s roads. During the current fiscal year, the District did not levy an ad valorem road maintenance tax rate.

NOTE 10. GROUNDWATER REDUCTION PLAN

The District is located within the North Fort Bend Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by Senate Bill 1798 (the “Act”), as passed by the 79th Texas Legislature, in 2005. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater and for the reduction of groundwater withdrawals. The Authority is overseeing that its participants comply with subsidence district pumpage requirements. The District is required to convert its water supply to surface water over a period of time.

The District is required to pay the Authority a water well pumpage fee, based on the amount of water pumped from all well(s) owned and operated by the District. This fee will enable the Authority to fulfill its purpose and regulatory functions. The current fee being charged is \$4.55 per 1,000 gallons of water pumped from each well. The District recorded expenditures of \$7,935 for fees assessed during the current fiscal year. The District is required to pay the Authority for surface water purchased. The current rate being charged is \$4.90 per 1,000 gallons of water received. The District recorded expenditures of \$302,742 for surface water purchased during the current fiscal year.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2023

NOTE 11. RISK MANAGEMENT

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

NOTE 12. INTERFUND BALANCES

As of July 31, 2023, the Debt Service Fund (Tax Account) owed the General Fund \$19,237 for maintenance tax collections,

NOTE 13. BOND SALE

On May 11, 2023, the District issued \$6,500,000 of Unlimited Tax Bonds, Series 2023. Proceeds from the bond sale were used to reimburse the developer for engineering and construction costs for Camellia, Sections 2, 3 and 4, as well as earthwork, detention and storm water outfalls to serve Victorian Gardens. Additional proceeds were used to pay developer interest and issuance costs of the bonds.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206

REQUIRED SUPPLEMENTARY INFORMATION

JULY 31, 2023

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JULY 31, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 1,092,100	\$ 1,253,941	\$ 161,841
Water Service	195,000	240,448	45,448
Wastewater Service	312,000	346,025	34,025
Regional Water Authority Fee	234,400	270,375	35,975
Penalty and Interest	29,400	30,426	1,026
Tap Connection and Inspection Fees	7,300	2,040	(5,260)
Investment Revenues	24,000	95,701	71,701
Miscellaneous Revenues	<u>8,400</u>	<u>6,857</u>	<u>(1,543)</u>
TOTAL REVENUES	<u>\$ 1,902,600</u>	<u>\$ 2,245,813</u>	<u>\$ 343,213</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 118,500	\$ 128,291	\$ (9,791)
Contracted Services	235,038	251,531	(16,493)
Utilities	60,200	68,611	(8,411)
Purchased Water/ Water Authority Assessments	234,400	310,677	(76,277)
Repairs and Maintenance	617,702	548,687	69,015
Other	109,921	125,328	(15,407)
Capital Outlay	<u>50,000</u>	<u>38,008</u>	<u>11,992</u>
TOTAL EXPENDITURES	<u>\$ 1,425,761</u>	<u>\$ 1,471,133</u>	<u>\$ (45,372)</u>
NET CHANGE IN FUND BALANCE	\$ 476,839	\$ 774,680	\$ 297,841
FUND BALANCE - AUGUST 1, 2022	<u>1,934,472</u>	<u>1,934,472</u>	<u></u>
FUND BALANCE - JULY 31, 2023	<u>\$ 2,411,311</u>	<u>\$ 2,709,152</u>	<u>\$ 297,841</u>

See accompanying independent auditor's report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JULY 31, 2023

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2023**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved January 10, 2023.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 26.00	6,000	N	\$ 2.00 \$ 2.50 \$ 3.00	6,001 to 11,000 11,001 to 16,000 16,001 and up
WASTEWATER:	\$ 50.00		Y		
SURCHARGE:					
Regional Water Authority Fees			N	\$5.39	1,000 and up

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

Total monthly charges per 10,000 gallons usage: Water: \$34.00 Wastewater: \$50.00 Surcharge: \$53.90 Total \$137.90

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2023**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ ³ / ₄ "	<u>518</u>	<u>513</u>	x 1.0	<u>513</u>
1"	<u>3</u>	<u>3</u>	x 2.5	<u>8</u>
1½"	<u>1</u>	<u>1</u>	x 5.0	<u>5</u>
2"	<u>6</u>	<u>6</u>	x 8.0	<u>48</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"	<u>1</u>	<u>1</u>	x 80.0	<u>80</u>
10"			x 115.0	
Total Water Connections	<u><u>529</u></u>	<u><u>524</u></u>		<u><u>654</u></u>
Total Wastewater Connections	<u><u>521</u></u>	<u><u>516</u></u>	x 1.0	<u><u>516</u></u>

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

Gallons pumped into system:	1,655,000	Water Accountability Ratio: 90.4 % (Gallons billed and flushing/Gallons pumped and purchased)
Gallons billed to customers:	56,764,000	
Gallons purchased:	61,167,000	From: North Fort Bend Water Authority

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2023**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County or Counties in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ's in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JULY 31, 2023

PROFESSIONAL FEES:	
Auditing	\$ 13,500
Engineering	52,179
Legal	<u>62,612</u>
TOTAL PROFESSIONAL FEES	<u>\$ 128,291</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	<u>\$ 302,742</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 51,067
Operations and Billing	66,244
Solid Waste Disposal	<u>134,220</u>
TOTAL CONTRACTED SERVICES	<u>\$ 251,531</u>
UTILITIES:	
Electricity	\$ 64,938
Telephone	<u>3,673</u>
TOTAL UTILITIES	<u>\$ 68,611</u>
REPAIRS AND MAINTENANCE	<u>\$ 548,687</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 10,168
Insurance	16,271
Office Supplies and Postage	9,444
Payroll Administration	1,744
Payroll Taxes	778
Travel and Meetings	5,645
Other	<u>13,119</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 57,169</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JULY 31, 2023

CAPITAL OUTLAY	<u>\$ 38,008</u>
OTHER EXPENDITURES:	
Chemicals	\$ 11,331
Laboratory Fees	11,126
Permit Fees	12,813
Reconnection Fees	4,416
Inspection Fees	11,242
Regional Water Authority Assessments	7,935
Regulatory Assessment	2,876
Sludge Hauling	<u>14,355</u>
TOTAL OTHER EXPENDITURES	<u>\$ 76,094</u>
TOTAL EXPENDITURES	<u>\$ 1,471,133</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
INVESTMENTS
JULY 31, 2023

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 2,351,861	\$
Certificate of Deposit	XXXX0077	4.94%	03/13/24	100,000	1,881
Certificate of Deposit	XXXX4803	4.24%	01/02/24	<u>235,000</u>	<u>5,733</u>
TOTAL GENERAL FUND				<u>\$ 2,686,861</u>	<u>\$ 7,614</u>
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0002	Varies	Daily	<u>\$ 1,659,746</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0004	Varies	Daily	\$ 259,766	\$
Texas CLASS	XXXX0005	Varies	Daily	17,444	
Texas CLASS	XXXX0006	Varies	Daily	<u>490,771</u>	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 767,981</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 5,114,588</u>	<u>\$ 7,614</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2023**

	Maintenance Taxes		Road Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -						
AUGUST 1, 2022	\$	16,514	\$	4	\$	11,425
Adjustments to Beginning						
Balance	_____	\$ 16,514	_____	\$ 4	_____	\$ 11,425
Original 2022 Tax Levy	\$	1,256,838	\$		\$	1,327,647
Adjustment to 2022 Tax Levy	_____	1,406	_____	_____	_____	1,329,132
		<u>1,258,244</u>			<u>1,485</u>	<u>1,329,132</u>
TOTAL TO BE						
ACCOUNTED FOR		\$ 1,274,758		\$ 4		\$ 1,340,557
TAX COLLECTIONS:						
Prior Years	\$	12,859	\$		\$	8,842
Current Year	_____	1,241,082	_____	_____	_____	1,319,845
		<u>1,253,941</u>			<u>1,311,003</u>	<u>1,319,845</u>
TAXES RECEIVABLE -						
JULY 31, 2023		<u>\$ 20,817</u>		<u>\$ 4</u>		<u>\$ 20,712</u>
TAXES RECEIVABLE BY						
YEAR:						
2022		\$ 17,162		\$		\$ 18,129
2021		3,413				2,472
2020		192				111
2019		_____	50	_____	4	_____
TOTAL		<u>\$ 20,817</u>		<u>\$ 4</u>		<u>\$ 20,712</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2023**

	2022	2021	2020	2019
PROPERTY VALUATIONS:				
Land	\$ 33,085,240	\$ 30,009,210	\$ 27,518,830	\$ 17,146,030
Improvements	154,717,530	103,132,000	79,617,370	37,504,630
Personal Property	883,500	390,830	361,320	355,490
Exemptions	<u>(11,468,680)</u>	<u>(481,600)</u>	<u>(398,335)</u>	<u>(261,407)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 177,217,590</u>	<u>\$ 133,050,440</u>	<u>\$ 107,099,185</u>	<u>\$ 54,744,743</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.75	\$ 0.63	\$ 0.55	\$ 0.00
Road Maintenance	0.00	0.00	0.00	0.10
Maintenance	<u>0.71</u>	<u>0.87</u>	<u>0.95</u>	<u>1.40</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.46</u>	<u>\$ 1.50</u>	<u>\$ 1.50</u>	<u>\$ 1.50</u>
ADJUSTED TAX LEVY*	<u>\$ 2,587,376</u>	<u>\$ 1,995,756</u>	<u>\$ 1,606,488</u>	<u>\$ 821,171</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.64 %</u>	<u>99.71 %</u>	<u>99.99 %</u>	<u>99.99 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.40 per \$100 of assessed valuation approved by voters on November 5, 2013.

Road Maintenance Tax – Maximum tax rate of \$0.10 per \$100 of assessed valuation approved by voters on November 5, 2013.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2023

S E R I E S - 2 0 2 0

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 135,000	\$ 117,788	\$ 252,788
2025	140,000	111,600	251,600
2026	145,000	105,188	250,188
2027	150,000	100,425	250,425
2028	160,000	97,325	257,325
2029	165,000	94,075	259,075
2030	175,000	90,675	265,675
2031	180,000	87,125	267,125
2032	190,000	83,425	273,425
2033	195,000	79,453	274,453
2034	205,000	75,075	280,075
2035	215,000	70,350	285,350
2036	220,000	65,456	285,456
2037	230,000	60,250	290,250
2038	240,000	54,519	294,519
2039	250,000	48,394	298,394
2040	260,000	42,019	302,019
2041	275,000	35,331	310,331
2042	285,000	28,153	313,153
2043	295,000	20,541	315,541
2044	310,000	12,600	322,600
2045	325,000	4,266	329,266
2046			
2047			
2048			
	<u>\$ 4,745,000</u>	<u>\$ 1,484,033</u>	<u>\$ 6,229,033</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2023

S E R I E S - 2 0 2 1

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 300,000	\$ 189,625	\$ 489,625
2025	300,000	176,125	476,125
2026	300,000	162,625	462,625
2027	300,000	149,125	449,125
2028	300,000	139,375	439,375
2029	300,000	133,375	433,375
2030	300,000	127,375	427,375
2031	300,000	121,375	421,375
2032	300,000	115,375	415,375
2033	325,000	109,125	434,125
2034	325,000	102,625	427,625
2035	325,000	96,125	421,125
2036	325,000	89,625	414,625
2037	350,000	82,656	432,656
2038	350,000	75,219	425,219
2039	350,000	67,562	417,562
2040	350,000	59,687	409,687
2041	350,000	51,813	401,813
2042	350,000	43,938	393,938
2043	350,000	35,625	385,625
2044	350,000	26,875	376,875
2045	350,000	18,125	368,125
2046	550,000	6,875	556,875
2047			
2048			
	<u>\$ 7,700,000</u>	<u>\$ 2,180,250</u>	<u>\$ 9,880,250</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2023

S E R I E S - 2 0 2 2

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$ 300,000	\$ 99,219	\$ 399,219
2025	200,000	92,969	292,969
2026	125,000	88,907	213,907
2027	125,000	85,782	210,782
2028	125,000	82,656	207,656
2029	125,000	79,220	204,220
2030	125,000	75,469	200,469
2031	125,000	71,719	196,719
2032	125,000	67,969	192,969
2033	125,000	64,219	189,219
2034	125,000	60,469	185,469
2035	125,000	56,719	181,719
2036	125,000	52,968	177,968
2037	125,000	49,217	174,217
2038	125,000	45,468	170,468
2039	125,000	41,718	166,718
2040	125,000	37,969	162,969
2041	125,000	34,141	159,141
2042	125,000	30,235	155,235
2043	125,000	26,329	151,329
2044	125,000	22,421	147,421
2045	125,000	18,515	143,515
2046	130,000	14,531	144,531
2047	400,000	6,250	406,250
2048			
	<u>\$ 3,530,000</u>	<u>\$ 1,305,079</u>	<u>\$ 4,835,079</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2023

S E R I E S - 2 0 2 3

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2024	\$	\$ 209,444	\$ 209,444
2025	130,000	257,400	387,400
2026	135,000	252,100	387,100
2027	145,000	246,500	391,500
2028	155,000	240,500	395,500
2029	160,000	234,200	394,200
2030	170,000	227,600	397,600
2031	180,000	220,600	400,600
2032	190,000	213,200	403,200
2033	205,000	205,300	410,300
2034	215,000	196,900	411,900
2035	230,000	188,000	418,000
2036	245,000	178,500	423,500
2037	255,000	168,500	423,500
2038	275,000	157,900	432,900
2039	290,000	146,600	436,600
2040	305,000	134,700	439,700
2041	325,000	122,100	447,100
2042	345,000	108,700	453,700
2043	365,000	94,500	459,500
2044	385,000	79,500	464,500
2045	410,000	63,600	473,600
2046	435,000	46,700	481,700
2047	460,000	28,800	488,800
2048	490,000	9,800	499,800
	<u>\$ 6,500,000</u>	<u>\$ 4,031,644</u>	<u>\$ 10,531,644</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2023

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending July 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 735,000	\$ 616,076	\$ 1,351,076
2025	770,000	638,094	1,408,094
2026	705,000	608,820	1,313,820
2027	720,000	581,832	1,301,832
2028	740,000	559,856	1,299,856
2029	750,000	540,870	1,290,870
2030	770,000	521,119	1,291,119
2031	785,000	500,819	1,285,819
2032	805,000	479,969	1,284,969
2033	850,000	458,097	1,308,097
2034	870,000	435,069	1,305,069
2035	895,000	411,194	1,306,194
2036	915,000	386,549	1,301,549
2037	960,000	360,623	1,320,623
2038	990,000	333,106	1,323,106
2039	1,015,000	304,274	1,319,274
2040	1,040,000	274,375	1,314,375
2041	1,075,000	243,385	1,318,385
2042	1,105,000	211,026	1,316,026
2043	1,135,000	176,995	1,311,995
2044	1,170,000	141,396	1,311,396
2045	1,210,000	104,506	1,314,506
2046	1,115,000	68,106	1,183,106
2047	860,000	35,050	895,050
2048	490,000	9,800	499,800
	<u>\$ 22,475,000</u>	<u>\$ 9,001,006</u>	<u>\$ 31,476,006</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JULY 31, 2023**

Description	Original Bonds Issued	Bonds Outstanding August 1, 2022
Fort Bend County Municipal Utility District No. 206 Unlimited Tax Bonds - Series 2020	\$ 5,000,000	\$ 4,875,000
Fort Bend County Municipal Utility District No. 206 Unlimited Tax Bonds - Series 2021	8,000,000	8,000,000
Fort Bend County Municipal Utility District No. 206 Unlimited Tax Bonds - Series 2022	3,530,000	3,530,000
Fort Bend County Municipal Utility District No. 206 Unlimited Tax Bonds - Series 2023	<u>6,500,000</u>	
TOTAL	<u>\$ 23,030,000</u>	<u>\$ 16,405,000</u>

Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>	<u>Park Bonds</u>
Amount Authorized by Voters	\$ 59,750,000	\$	\$ 7,100,000
Amount Issued	<u>23,030,000</u>		
Remaining to be Issued	<u>\$ 36,720,000</u>	<u>\$ - 0 -</u>	<u>\$ 7,100,000</u>

Debt Service Fund cash, investments and cash with paying agent balances as of July 31, 2023: \$ 1,688,351

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,259,040

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding July 31, 2023</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 130,000	\$ 123,750	\$ 4,745,000	The Bank of New York Mellon Trust Company, NA Dallas, TX
	300,000	203,125	7,700,000	The Bank of New York Mellon Trust Company, NA Dallas, TX
		90,670	3,530,000	The Bank of New York Mellon Trust Company, NA Dallas, TX
<u>6,500,000</u>			<u>6,500,000</u>	The Bank of New York Mellon Trust Company, NA Dallas, TX
<u>\$ 6,500,000</u>	<u>\$ 430,000</u>	<u>\$ 417,545</u>	<u>\$ 22,475,000</u>	
<u>Road Bonds</u>				
\$ 38,250,000				
<u>\$ 38,250,000</u>				

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 1,253,941	\$ 1,175,357	\$ 1,015,306
Water Service	240,448	194,628	183,276
Wastewater Service	346,025	311,306	306,248
Regional Water Authority Fee	270,375	216,486	198,898
Penalty and Interest	30,426	29,302	23,167
Tap Connection and Inspection Fees	2,040	12,124	1,240
Investment Revenues	95,701	6,391	1,670
Miscellaneous Revenues	6,857	8,507	4,687
TOTAL REVENUES	\$ 2,245,813	\$ 1,954,101	\$ 1,734,492
EXPENDITURES			
Professional Fees	\$ 128,291	\$ 154,643	\$ 123,010
Contracted Services	251,531	219,412	200,562
Purchased Water Service	302,742	240,975	214,010
Utilities	68,611	57,711	39,013
Regional Water Authority Assessment	7,935	10,683	8,784
Repairs and Maintenance	548,687	491,485	508,690
Other	125,328	88,996	83,619
Capital Outlay	38,008	13,753	42,082
Debt Service:			
Capital Lease Principal			
TOTAL EXPENDITURES	\$ 1,471,133	\$ 1,277,658	\$ 1,219,770
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 774,680	\$ 676,443	\$ 514,722
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$	\$ 7,813	\$ 178,439
Contributed by Other Governmental Entity			
Developer Advances			
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ 7,813	\$ 178,439
NET CHANGE IN FUND BALANCE	\$ 774,680	\$ 684,256	\$ 693,161
BEGINNING FUND BALANCE	1,934,472	1,250,216	557,055
ENDING FUND BALANCE	\$ 2,709,152	\$ 1,934,472	\$ 1,250,216

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 814,621	\$ 430,971	55.8 %	60.2 %	58.4 %	48.9 %	34.2 %
182,757	103,415	10.7	10.0	10.6	11.0	8.2
291,516	168,134	15.4	15.9	17.7	17.5	13.3
189,333	69,211	12.0	11.1	11.5	11.4	5.5
25,110	9,218	1.4	1.5	1.3	1.5	0.7
139,949	448,120	0.1	0.6	0.1	8.4	35.5
6,178	170	4.3	0.3	0.1	0.4	
14,713	32,431	0.3	0.4	0.3	0.9	2.6
<u>\$ 1,664,177</u>	<u>\$ 1,261,670</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 137,267	\$ 98,396	5.7 %	7.9 %	7.1 %	8.2 %	7.8 %
184,146	110,188	11.2	11.2	11.6	11.1	8.7
209,563	48,172	13.5	12.3	12.3	12.6	3.8
50,788	49,432	3.1	3.0	2.2	3.1	3.9
10,094	55,764	0.4	0.5	0.5	0.6	4.4
393,301	320,602	24.4	25.2	29.3	23.6	25.4
174,122	282,348	5.6	4.6	4.8	10.5	22.4
149,845	260,952	1.7	0.7	2.4	9.0	20.7
138,000	103,500				8.3	8.2
<u>\$ 1,447,126</u>	<u>\$ 1,329,354</u>	<u>65.6 %</u>	<u>65.4 %</u>	<u>70.2 %</u>	<u>87.0 %</u>	<u>105.3 %</u>
<u>\$ 217,051</u>	<u>\$ (67,684)</u>	<u>34.4 %</u>	<u>34.6 %</u>	<u>29.8 %</u>	<u>13.0 %</u>	<u>(5.3) %</u>
\$ 35,391	\$					
	239,138					
	90,000					
<u>\$ 35,391</u>	<u>\$ 329,138</u>					
\$ 252,442	\$ 261,454					
304,613	43,159					
<u>\$ 557,055</u>	<u>\$ 304,613</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 1,319,845	\$ 843,701	\$ 583,822
Penalty and Interest	17,711	13,001	8,820
Investment Revenues	52,522	4,164	1,107
Miscellaneous Revenues	480	5	
TOTAL REVENUES	\$ 1,390,558	\$ 860,871	\$ 593,749
EXPENDITURES			
Tax Collection Expenditures	\$ 40,101	\$ 32,328	\$ 20,702
Debt Service Principal	430,000	125,000	
Debt Service Interest and Fees	419,795	315,794	129,008
TOTAL EXPENDITURES	\$ 889,896	\$ 473,122	\$ 149,710
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 500,662	\$ 387,749	\$ 444,039
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$ - 0 -	\$ - 0 -	\$ 104,937
NET CHANGE IN FUND BALANCE	\$ 500,662	\$ 387,749	\$ 548,976
BEGINNING FUND BALANCE	1,168,452	780,703	231,727
ENDING FUND BALANCE	\$ 1,669,114	\$ 1,168,452	\$ 780,703
TOTAL ACTIVE RETAIL WATER CONNECTIONS	524	526	525
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	516	517	515

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2020</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
\$	\$	94.9 %	98.0 %	98.3 %	%	%
		1.3	1.5	1.5		
262		3.8	0.5	0.2	100.0	
<u>\$ 262</u>	<u>\$ - 0 -</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>N/A %</u>
\$ 60	\$	2.9 %	3.8 %	3.5 %	22.9 %	%
		30.9	14.5			
		<u>30.2</u>	<u>36.7</u>	<u>21.7</u>		
<u>\$ 60</u>	<u>\$ - 0 -</u>	<u>64.0 %</u>	<u>55.0 %</u>	<u>25.2 %</u>	<u>22.9 %</u>	<u>N/A %</u>
\$ 202	\$ - 0 -	<u>36.0 %</u>	<u>45.0 %</u>	<u>74.8 %</u>	<u>77.1 %</u>	<u>N/A %</u>
<u>\$ 231,525</u>	<u>\$ - 0 -</u>					
\$ 231,727	\$ - 0 -					
<u>\$ 231,727</u>	<u>\$ - 0 -</u>					
<u>524</u>	<u>444</u>					
<u>515</u>	<u>436</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2023

District Mailing Address - Fort Bend County Municipal Utility District No. 206
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>July 31, 2023</u>	Expense Reimbursements for the year ended <u>July 31, 2023</u>	<u>Title</u>
Robin Stoner	05/2022 05/2026 (Elected)	\$ 1,871	\$ 648	President
Amy Rozell	05/2020 05/2024 (Elected)	\$ 1,500	\$ 39	Vice President
Sandra Weider	05/2020 05/2024 (Elected)	\$ 1,721	\$ 241	Secretary
Cheryl Kainer	06/2022 05/2026 (Appointed)	\$ 3,205	\$ 2,385	Assistant Vice President/ Assistant Secretary
Kathrin Yokubaitis	05/2020 05/2024 (Elected)	\$ 1,871	\$ 444	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District or with any of the District's consultants.

Submission date of most recent District Registration Form: January 27, 2023

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on July 15, 2013. Fees of Office are the amounts actually paid to a Director during the District's fiscal year.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 206
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2023

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended July 31, 2023</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/15/13	\$ 71,182 \$ 176,500	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	07/12/16	\$ 13,500 \$ 16,500	Auditor Bond Related
Municipal Accounts and Consulting, L.P.	04/10/18	\$ 58,914	Bookkeeper
Perdue Brandon Fielder Collins & Mott, LLP	03/11/14	\$ 4,559	Delinquent Tax Attorney
Odyssey Engineering Group, LLC	03/15/16	\$ 128,527	Engineer
Si Environmental, LLC	08/13/13	\$ 337,075	Operator
Masterson Advisors LLC	05/08/18	\$ 122,209	Financial Advisor
Mark Burton	09/11/18	\$ -0-	Investment Officer
Ghia Lewis	09/11/18	\$ -0-	Investment Officer
Bob Leared Interests	11/13/13	\$ 18,430	Tax Assessor/ Collector

See accompanying independent auditor's report.

