

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS**

ANNUAL FINANCIAL REPORT

APRIL 30, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fulshear Municipal Utility
District No. 1 of Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fulshear Municipal Utility District No. 1 of Fort Bend County, Texas (the "District") as of and for the year ended April 30, 2024, 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 April 30, 2024 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
Fulshear Municipal Utility
District No. 1 of Fort Bend County, Texas

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 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

August 28, 2024

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1 OF
FORT BEND COUNTY, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2024**

Management’s discussion and analysis of Fulshear Municipal Utility District No. 1 of Fort Bend County, Texas (the “District”) financial performance provides an overview of the District’s financial activities for year ended April 30, 2024. Please read it in conjunction with the District’s financial statements.

USING THIS FINANCIAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes all of the District’s assets, liabilities 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, maintenance tax revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1 OF
FORT BEND COUNTY, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2024**

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”) and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, liabilities exceeded assets and deferred outflows of resources by \$11,094,677 as of April 30, 2024.

A portion of the District’s net position reflects its net investment in capital assets (drainage and water and wastewater capacity fees (also referred to herein as impact fees) less any debt used to acquire those assets that is still outstanding).

The following is a comparative analysis of the Statement of Net Position:

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1 OF
FORT BEND COUNTY, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 5,620,416	\$ 4,368,401	\$ 1,252,015
Capital Assets (Net of Accumulated Depreciation)	9,068,314	8,170,269	898,045
Intangible Assets (Net of Accumulated Amortization)	44,723,680	39,989,290	4,734,390
Total Assets	<u>\$ 59,412,410</u>	<u>\$ 52,527,960</u>	<u>\$ 6,884,450</u>
Deferred Outflows of Resources	\$ 231,405	\$ 251,858	(20,453)
Due to Developer	\$ 14,596,410	\$ 13,477,711	\$ (1,118,699)
Long -Term Liabilities	53,643,595	46,157,797	(7,485,798)
Other Liabilities	2,498,487	2,215,266	(283,221)
Total Liabilities	<u>\$ 70,738,492</u>	<u>\$ 61,850,774</u>	<u>\$ (8,887,718)</u>
Net Position:			
Net Investment in Capital Assets	\$ (16,136,035)	\$ (13,074,091)	\$ (3,061,944)
Restricted	3,835,706	2,955,894	879,812
Unrestricted	1,205,652	1,047,241	158,411
Total Net Position	<u>\$ (11,094,677)</u>	<u>\$ (9,070,956)</u>	<u>\$ (2,023,721)</u>

The following table provides a summary of the District’s operations for the years ended April 30, 2024, and April 30, 2023. The District’s net position decreased by \$2,023,721.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,279,192	\$ 3,379,751	\$ 899,441
Charges for Services	239,275	210,884	28,391
Other Revenues	528,238	96,915	431,323
Total Revenues	<u>\$ 5,046,705</u>	<u>\$ 3,687,550</u>	<u>\$ 1,359,155</u>
Expenses for Services	7,070,426	7,437,234	366,808
Change in Net Position	\$ (2,023,721)	\$ (3,749,684)	\$ 1,725,963
Net Position, Beginning of Year	<u>(9,070,956)</u>	<u>(5,321,272)</u>	<u>(3,749,684)</u>
Net Position, End of Year	<u>\$ (11,094,677)</u>	<u>\$ (9,070,956)</u>	<u>\$ (2,023,721)</u>

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1 OF
FORT BEND COUNTY, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of April 30, 2024, was \$5,495,287, an increase of \$1,247,866 for the current fiscal year.

The District’s General Fund fund balance increased by \$158,824 from the prior year, primarily due to property tax revenue exceeding operating costs and capital outlay.

The Debt Service Fund fund balance increased by \$918,471, primarily due to the structure of the District’s debt and issuance of the Series 2023 Unlimited Tax Road Bonds.

The Capital Projects Fund fund balance increased by \$170,571, primarily due to issuance of the Series 2023 Unlimited Tax Road Bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the General Fund budget during the current fiscal year to decrease projected property tax revenue and increase repair and maintenance costs. Actual revenues were \$401,985 more than budgeted revenues, actual expenditures were \$89,013 more than budgeted expenditures, and transfers in were \$2,612 more than budgeted, which resulted in a positive variance of \$315,584. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of April 30, 2024, total \$9,068,314 (net of accumulated depreciation) and include impact fees, fencing, landscaping and the drainage system. Additional information on the District’s capital assets can be found in Note 6 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,708,920	\$ 1,708,920	\$
Capital Assets, Net of Accumulated Depreciation:			
Impact Fees	1,575,973	1,628,406	(52,433)
Fencing	504,773	531,724	(26,951)
Landscaping	1,611,672	1,292,118	319,554
Drainage System	3,666,976	3,009,101	657,875
Total Net Capital Assets	\$ 9,068,314	\$ 8,170,269	\$ 898,045

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1 OF
FORT BEND COUNTY, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2024**

INTANGIBLE ASSETS

Intangible assets as of April 30, 2024, total \$44,723,680 (net of accumulated amortization). These assets include the right to receive water and wastewater service. Additional information on the District’s intangible assets can be found in Note 6 of this report.

Intangible Assets At Year-End, Net of Accumulated Amortization			
	2024	2023	Change Positive (Negative)
Right to receive service	\$ 56,040,086	\$ 48,919,690	7,120,396
Less: Accumulated Amortization	11,316,406	8,930,400	2,386,006
Total Net Intangible Assets	\$ 44,723,680	\$ 39,989,290	\$ 4,734,390

LONG-TERM DEBT ACTIVITY

As of April 30, 2024, the District had total bond debt payable of \$55,785,000. The changes in the debt position of the District during the fiscal year ended April 30, 2024 are summarized as follows:

Bond Debt Payable, May 1, 2023	\$ 48,120,000
Add: Bond Sales	9,535,000
Less: Bond Principal Paid	1,870,000
Bond Debt Payable, April 30, 2024	\$ 55,785,000

The District’s Series 2015 Bonds do not carry an underlying rating or an insured rating. The District’s Series 2016 Bonds, Series 2017 Bonds, Series 2017 Road Refunding Bonds, Series 2018 Road Bonds, Series 2019 Road Bonds, Series 2020 Bonds and Series 2021 Bonds have an underlying rating of “Baa1” from Moody’s and have been assigned an S&P rating of “AA/A1” by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The Series 2022 Road Bonds, Series 2022A Road Bonds and Series 2023 Road Bonds have an underlying rating of “Baa1” from Moody’s and have been assigned an S&P rating of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The above ratings are as of April 30, 2024 and reflect all rating changes of the bond insurer through the year then ended.

As of April 30, 2024, the District has recorded an amount due to developer of \$14,596,410. See Note 8.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1 OF
FORT BEND COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2024**

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fulshear Municipal Utility District No. 1 of Fort Bend County, Texas, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

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**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2024**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 140,767	\$ 99,192
Investments	1,218,258	3,873,830
Receivables:		
Property Taxes	6,079	58,523
Penalty and Interest on Delinquent Taxes		
Due from Other Funds	61,300	206,871
Prepaid Costs	6,167	
Due from Other Governmental Units	26,952	
Land		
Capital Assets (Net of Accumulated Depreciation)		
Intangible Assets (Net of Accumulated Amortization)		
TOTAL ASSETS	\$ 1,459,523	\$ 4,238,416
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,459,523	\$ 4,238,416

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 777	\$ 240,736	\$	\$ 240,736
171,622	5,263,710		5,263,710
	64,602		64,602
		5,355	5,355
	268,171	(268,171)	
	6,167	12,894	19,061
	26,952		26,952
		1,708,920	1,708,920
		7,359,394	7,359,394
		44,723,680	44,723,680
<u>\$ 172,399</u>	<u>\$ 5,870,338</u>	<u>\$ 53,542,072</u>	<u>\$ 59,412,410</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 231,405</u>	<u>\$ 231,405</u>
<u>\$ 172,399</u>	<u>\$ 5,870,338</u>	<u>\$ 53,773,477</u>	<u>\$ 59,643,815</u>

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

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2024**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 39,894	\$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds	206,871	59,472
Due to Taxpayers		2,384
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 246,765	\$ 61,856
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 6,079	\$ 58,523
 FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 6,167	\$
Restricted for Authorized Construction		
Restricted for Debt Service		4,118,037
Assigned to 2025 Budget Deficit	277,044	
Unassigned	923,468	
TOTAL FUND BALANCES	\$ 1,206,679	\$ 4,118,037
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,459,523	\$ 4,238,416
 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
\$	\$ 39,894	\$	\$ 39,894
		346,209	346,209
		14,596,410	14,596,410
1,828	268,171	(268,171)	
	2,384		2,384
		2,110,000	2,110,000
		53,643,595	53,643,595
<u>\$ 1,828</u>	<u>\$ 310,449</u>	<u>\$ 70,428,043</u>	<u>\$ 70,738,492</u>
<u>\$ -0-</u>	<u>\$ 64,602</u>	<u>\$ (64,602)</u>	<u>\$ -0-</u>
\$	\$ 6,167	\$ (6,167)	\$
170,571	170,571	(170,571)	
	4,118,037	(4,118,037)	
	277,044	(277,044)	
	923,468	(923,468)	
<u>\$ 170,571</u>	<u>\$ 5,495,287</u>	<u>\$ (5,495,287)</u>	<u>\$ -0-</u>
<u>\$ 172,399</u>	<u>\$ 5,870,338</u>		
		\$ (16,136,035)	\$ (16,136,035)
		3,835,706	3,835,706
		1,205,652	1,205,652
		<u>\$ (11,094,677)</u>	<u>\$ (11,094,677)</u>

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

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2024**

Total Fund Balances - Governmental Funds \$ 5,495,287

Amounts reported for governmental activities in the Statement of Net Position are different because:

Prepaid bond insurance premiums are amortized over the term of the debt in governmental activities. 12,894

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 231,405

Capital assets used in governmental activities and intangible assets are not current financial resources and, therefore, are not reported as assets in the governmental funds. 53,791,994

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District. 69,957

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	\$ (14,596,410)	
Accrued Interest Payable	(346,209)	
Bonds Payable Within One Year	(2,110,000)	
Bonds Payable After One Year	<u>(53,643,595)</u>	<u>(70,696,214)</u>

Total Net Position - Governmental Activities \$ (11,094,677)

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

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**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 2024**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 400,738	\$ 3,853,846
Penalty and Interest		16,225
Property Tax Rebate		221,271
Investment and Miscellaneous Revenues	54,673	140,030
Miscellaneous Revenues	327,614	
TOTAL REVENUES	\$ 783,025	\$ 4,231,372
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 310,269	\$ 1,983
Contracted Services	19,875	54,357
Utilities	23,325	
Repairs and Maintenance	149,300	
Depreciation		
Amortization		
Other	36,181	5,258
Developer Interest		
Capital Outlay	87,863	
Debt Service:		
Bond Principal		1,870,000
Bond Interest		1,831,716
Bond Issuance Costs		2,500
TOTAL EXPENDITURES/EXPENSES	\$ 626,813	\$ 3,765,814
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ 156,212	\$ 465,558
OTHER FINANCING SOURCES (USES)		
Transfers In(Out)	\$ 2,612	\$
Long-Term Debt Issued		452,913
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	\$ 2,612	\$ 452,913
NET CHANGE IN FUND BALANCES	\$ 158,824	\$ 918,471
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MAY 1, 2023	1,047,855	3,199,566
FUND BALANCES/NET POSITION - APRIL 30, 2024	\$ 1,206,679	\$ 4,118,037

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 4,254,584	\$ 24,608	\$ 4,279,192
	16,225	1,779	18,004
	221,271		221,271
5,921	200,624		200,624
	327,614		327,614
<u>\$ 5,921</u>	<u>\$ 5,020,318</u>	<u>\$ 26,387</u>	<u>\$ 5,046,705</u>
\$	\$ 312,252	\$	\$ 312,252
	74,232		74,232
	23,325		23,325
	149,300		149,300
		426,301	426,301
		2,386,006	2,386,006
35	41,474		41,474
1,008,543	1,008,543		1,008,543
7,238,181	7,326,044	(7,326,044)	
	1,870,000	(1,870,000)	
	1,831,716	91,399	1,923,115
723,378	725,878		725,878
<u>\$ 8,970,137</u>	<u>\$ 13,362,764</u>	<u>\$ (6,292,338)</u>	<u>\$ 7,070,426</u>
<u>\$ (8,964,216)</u>	<u>\$ (8,342,446)</u>	<u>\$ 6,318,725</u>	<u>\$ (2,023,721)</u>
\$ (2,612)	\$	\$	\$
9,082,087	9,535,000	(9,535,000)	
(18,514)	(18,514)	18,514	
73,826	73,826	(73,826)	
<u>\$ 9,134,787</u>	<u>\$ 9,590,312</u>	<u>\$ (9,590,312)</u>	<u>\$ -0-</u>
\$ 170,571	\$ 1,247,866	\$ (1,247,866)	\$
		(2,023,721)	(2,023,721)
	4,247,421	(13,318,377)	(9,070,956)
<u>\$ 170,571</u>	<u>\$ 5,495,287</u>	<u>\$ (16,589,964)</u>	<u>\$ (11,094,677)</u>

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

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2024**

Net Change in Fund Balances - Governmental Funds	\$ 1,247,866
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	24,608
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.	1,779
Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital assets are depreciated, intangible assets are amortized, and depreciation and amortization expense are recorded in the Statement of Activities.	(2,812,307)
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.	7,326,044
Governmental funds report bond premiums and bond discounts as other financing sources and uses in the year received or paid. However, in the Statement of Net Position, the bond premiums and bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(55,312)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,870,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(91,399)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	<u>(9,535,000)</u>
Change in Net Position - Governmental Activities	<u><u>\$ (2,023,721)</u></u>

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

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024**

NOTE 1. CREATION OF DISTRICT

Fulshear Municipal Utility District No. 1 of Fort Bend County, Texas (the “District”) was duly created by the 80th Texas Legislature of the State of Texas, S.B. 682 adding Chapter 8207 to the Special District Local Laws Code (“Chapter 8207”), effective September 1, 2007. Chapter 8207 was amended by S.B. 1831, 83rd Texas Legislature, effective June 14, 2013, to clarify the District’s authority regarding road powers. Pursuant to the provisions of Chapter 8207, Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, 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, roads, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and, subject to certain regulatory approvals, to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on March 7, 2008, and sold its first bonds on December 15, 2011.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

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

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

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 revenues and expenses in the government-wide Statement of Activities.

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

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 Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

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

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

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

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means 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.

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of fiscal year-end, the Debt Service Fund owed the General Fund \$59,472 for maintenance tax collections, the Capital Projects Fund owed the General Fund \$1,828 for capital costs and the General Fund owed the Debt Service Fund \$206,871 for tax rebate collections. The Capital Projects Fund transferred \$2,612 to the General Fund to pay for certain bond issuance costs.

Intangible Assets

Intangible assets, consisting of rights to receive water and wastewater service, are reported in the government-wide Statement of Net Position. Intangible assets are valued at the cost of water and wastewater facilities conveyed to the City of Fulshear and amortized over the term of the applicable service contract, which is 40 years from the execution date of the contract.

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 \$5,000 or more and a useful life of two years following the date of acquisition. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Buildings are amortized over a period of 40 years. Water, wastewater and drainage facilities are amortized over periods ranging from 10 to 45 years. All other equipment is amortized of periods ranging from 3 to 20 years.

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

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

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the 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.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus Continued)

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District has assigned \$277,044 of its General Fund fund balance to offset a 2025 budgeted deficit.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Water, Sewer and Drainage Bonds Series 2015	Water, Sewer and Drainage Bonds Series 2016
Amounts Outstanding – April 30, 2024	\$ 3,145,000	\$ 3,485,000
Interest Rates	3.00%-4.25%	2.00%-3.25%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2040	September 1, 2024/2042
Interest Payment Dates	March 1/September 1	March 1/September 1
Callable Dates	September 1, 2022*	September 1, 2023*

* Or any date thereafter in whole or in part at the option of the District callable at par plus unpaid accrued interest. The Series 2015 Unlimited Tax Bonds maturing on September 1, 2032, 2034, 2036, and 2040 are term bonds and are scheduled for mandatory redemption beginning on September 1, 2030, 2033, 2035 and 2037, respectively. The Series 2016 Unlimited Tax Bonds maturing on September 1, 2026, 2028, 2030, 2032, 2034, 2036, 2038, 2040, and 2042 are term bonds and are scheduled for mandatory redemption beginning on September 1, 2025, 2027, 2029, 2031, 2033, 2035, 2037, 2039 and 2041, respectively.

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

	Road Refunding Bonds Series 2017	Waster, Sewer and Drainage Bonds Series 2017	Road Bonds Series 2018
Amounts Outstanding – April 30, 2024	\$ 3,200,000	\$ 4,490,000	\$ 2,400,000
Interest Rates	2.250%-3.625%	2.00%-4.50%	2.75%-5.25%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2035	September 1, 2024/2042	September 1, 2024/2043
Interest Payment Dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable Dates	September 1, 2023*	September 1, 2024*	September 1, 2024*
	Road Bonds Series 2019	Water, Sewer and Drainage Bonds Series 2020	Water, Sewer and Drainage Bonds Series 2021
Amounts Outstanding – April 30, 2024	\$ 3,570,000	\$ 4,260,000	\$ 5,280,000
Interest Rates	2.00%-3.00%	2.00%-4.00%	2.00%-4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2044	September 1, 2024/2045	March 1, 2024/2046
Interest Payment Dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable Dates	September 1, 2025*	September 1, 2025*	March 1, 2027*

* Or any date thereafter in whole or in part at the option of the District callable at par plus unpaid accrued interest. The Series 2017 Unlimited Tax Bonds maturing on September 1, 2035, 2037, 2039, and 2042, are term bonds and are scheduled for mandatory redemption beginning on September 1, 2034, 2036, 2038 and 2040, respectively. The Series 2018 Unlimited Tax Road Bonds maturing on September 1, 2035, 2037, 2039, and 2043, are term bonds and are scheduled for mandatory redemption beginning on September 1, 2034, 2036, 2038 and 2040, respectively. The Series 2019 Unlimited Tax Road Bonds maturing on September 1, 2030, September 1, 2032, September 1, 2034, September 1, 2036, September 1, 2038, September 1 2040, and September 1, 2044 are term bonds and are scheduled for mandatory redemption beginning on September 1, 2029, September 1, 2031, September 1, 2033, September 1, 2035, September 1, 2037, September 1, 2039 and September 1, 2041, respectively. The Series 2020 Unlimited Tax Bonds maturing on September 1, 2038, September 1, 2040, and September 1, 2045 are term bonds and are scheduled for mandatory redemption beginning on September 1, 2037, September 1, 2039, and September 1, 2041, respectively. The Series 2021 Unlimited Tax Bonds maturing on September 1, 2043, and 2046, are term bonds and are scheduled for mandatory redemption beginning on September 1, 2041 and 2044, respectively.

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

	Road Bonds Series 2022	Road Bonds Series 2022A	Road Bonds Series 2023
Amounts Outstanding – April 30, 2024	\$ 4,580,000	\$ 11,840,000	\$ 9,535,000
Interest Rates	3.00%	4.75%-7.25%	4.05%-5.00%
Maturity Dates – Serially Beginning/Ending	March 1, 2024/2046	March 1, 2024/2048	March 1, 2025/2048
Interest Payment Dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable Dates	March 1, 2028*	March 1, 2029*	March 1, 2029*

* Or any date thereafter in whole or in part at the option of the District callable at par plus unpaid accrued interest. The Series 2022 Unlimited Tax Road Bonds maturing on September 1, 2032, 2034, 2036, 2038, 2040, 2042, and 2046, are term bonds and are scheduled for mandatory redemption beginning on September 1, 2031, 2033, 2035, 2037, 2039, 2041, and 2043, respectively. The Series 2022A Unlimited Tax Road Bonds maturing on September 1, 2040, 2042, 2044, 2046, and 2048, are term bonds and are scheduled for mandatory redemption beginning on September 1, 2039, 2041, 2043, 2045, and 2047, respectively. The Series 2023 Unlimited Tax Road Bonds maturing on September 1, 2048, are term bonds and are scheduled for mandatory redemption beginning on September 1, 2046.

The following is a summary of transactions regarding long-term liabilities for the year ended April 30, 2024:

	May 1, 2023	Additions	Retirements	April 30, 2024
Bonds Payable	\$ 48,120,000	\$ 9,535,000	\$ 1,870,000	\$ 55,785,000
Unamortized Discounts	(375,960)	(18,514)	(18,909)	(375,565)
Unamortized Premiums	283,757	73,826	13,423	344,160
Total Long-Term Liabilities	<u>\$ 48,027,797</u>	<u>\$ 9,590,312</u>	<u>\$ 1,864,514</u>	<u>\$ 55,753,595</u>
		Amount Due Within One Year		\$ 2,110,000
		Amount Due After One Year		<u>53,643,595</u>
		Total Long-Term Liabilities		<u>\$ 55,753,595</u>

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024**

NOTE 3. LONG-TERM DEBT (Continued)

As of April 30, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 2,110,000	\$ 2,059,600	\$ 4,169,600
2026	2,150,000	1,979,338	4,129,338
2027	2,195,000	1,899,557	4,094,557
2028	2,230,000	1,817,830	4,047,830
2029	2,295,000	1,737,629	4,032,629
2030-2034	12,275,000	7,470,808	19,745,808
2035-2039	12,880,000	5,291,112	18,171,112
2040-2044	12,770,000	2,911,174	15,681,174
2045-2048	6,880,000	742,900	7,622,900
	<u>\$ 55,785,000</u>	<u>\$ 25,909,948</u>	<u>\$ 81,694,948</u>

The District has authorized but unissued tax bonds totaling \$107,140,000 for water, sewer and drainage facilities, \$46,770,000 for road facilities, and \$43,000,000 for park facilities. Voters of the District have also authorized the issuance of one and one-half times the amount of bonds or other evidences of indebtedness issued for water, sewer and drainage facilities, and road facilities for the purposes of refunding such bonds or other evidences of indebtedness, of which \$550,000 principal amount of refunding bond authorization for road facilities has been issued and all of the authorized refunding bonds for water, sewer and drainage facilities remains authorized but unissued.

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 April 30, 2024, the District levied an ad valorem debt service tax rate of \$0.77 per \$100 of assessed valuation, which resulted in a tax levy of \$3,882,168 on the adjusted taxable valuation of \$504,177,729 for the 2023 tax year. The bond order/resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on the bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

NOTE 4. SIGNIFICANT BOND ORDER/RESOLUTIONS AND LEGAL REQUIREMENTS

The bond order/resolutions state that the District is required to provide to the state information depository and/or the Municipal Securities Rulemaking Board (the “MSRB”) continuing disclosure of certain annual financial information and operating data with respect to the District. The information, along with the audited annual financial statements, must be provided within six (6) months after the end of each fiscal year.

The bond order/resolutions state that any profit realized from or interest accruing on such investments shall belong to the fund from which the monies for such investments were taken. The profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

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 the issue.

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 \$240,736 and the bank balance was \$323,593. The District was not exposed to custodial credit risk at fiscal year-end.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024**

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 April 30, 2024, as listed below:

	Cash
GENERAL FUND	\$ 140,767
DEBT SERVICE FUND	99,192
CAPITAL PROJECTS FUND	777
TOTAL DEPOSITS	\$ 240,736

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 the Texas Short Term Asset Reserve Program (“TexSTAR”), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management, Inc. provides investment management and Hilltop Securities Inc. provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services and provided by JPMorgan Chase Bank, N.A. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 TexSTAR.

As of April 30, 2024, the District had the following investments and maturities:

<u>Fund and Investment Type</u>	<u>Fair Value</u>	<u>Maturities in Less Than 1 Year</u>
<u>GENERAL FUND</u>		
TexSTAR	\$ 1,218,258	\$ 1,218,258
<u>DEBT SERVICE FUND</u>		
TexSTAR	3,873,830	3,873,830
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	<u>171,622</u>	<u>171,622</u>
TOTAL INVESTMENTS	<u>\$5,263,710</u>	<u>\$ 5,263,710</u>

Credit risk is the risk that the insurer or other counterparty to an investment will not fulfill its obligations. As of April 30, 2024, the District's investment in TexSTAR was rated "AAAm" by Standard & Poors' Rating Service. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexSTAR to have a maturity of less than one year due to the face that the share position can be redeemed each day at the discretion of the District.

Restrictions

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

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

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital asset activity for year ended April 30, 2024 is as follows:

	May 1, 2023	Increases	Decreases	April 30, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,708,920	\$ - 0 -	\$ - 0 -	\$ 1,708,920
Total Capital Assets Not Being Depreciated	<u>\$ 1,708,920</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 1,708,920</u>
Capital Assets Subject to Depreciation				
Impact Fees	\$ 2,091,573	\$	\$	\$ 2,091,573
Fencing	671,944			671,944
Landscaping	2,356,863	584,123		2,940,986
Drainage System	3,404,319	740,223		4,144,542
Total Capital Assets Subject to Depreciation	<u>\$ 8,524,699</u>	<u>\$ 1,324,346</u>	<u>\$ - 0 -</u>	<u>\$ 9,849,045</u>
Accumulated Depreciation				
Impact Fees	\$ 463,167	\$ 52,433	\$	\$ 515,600
Fencing	140,220	26,951		167,171
Landscaping	1,064,745	264,569		1,329,314
Drainage System	395,218	82,348		477,566
Total Accumulated Depreciation	<u>\$ 2,063,350</u>	<u>\$ 426,301</u>	<u>\$ - 0 -</u>	<u>\$ 2,489,651</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,461,349</u>	<u>\$ 898,045</u>	<u>\$ - 0 -</u>	<u>\$ 7,359,394</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,170,269</u>	<u>\$ 898,045</u>	<u>\$ - 0 -</u>	<u>\$ 9,068,314</u>

In accordance with the Utility Agreement with the City of Fulshear (the “City”) dated August 19, 2008, and as amended effective July 16, 2019, the water, wastewater and certain storm water (with the exception of detention ponds and drainage channels) capital assets constructed by the District with funds advanced to or on behalf of the District, for which the District has recorded a liability in the Statement of Net Position, have been conveyed to the City for ownership, operation and maintenance. As a result of the conveyance of these assets, the City can agree to provide water and wastewater services to the District, contingent upon customer payment for those services, which becomes an intangible asset of the District.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024**

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS (Continued)

As of April 30, 2024, the District has the following intangible assets:

	May 1, 2023	Increases	Decreases	April 30, 2024
Intangible Assets Subject to Amortization				
Right to receive service	\$ 48,919,690	\$ 7,120,396	\$ - 0 -	\$ 56,040,086
Accumulated Amortization				
Right to receive service	\$ 8,930,400	\$ 2,386,006	\$ - 0 -	\$ 11,316,406
Total Intangible Assets, Net of Accumulated Amortization	<u>\$ 39,989,290</u>	<u>\$ 4,734,390</u>	<u>\$ - 0 -</u>	<u>\$ 44,723,680</u>

NOTE 7. MAINTENANCE TAX

On May 10, 2008, the voters of the District approved the levy and collection of a maintenance tax of not more than \$1.50 per \$100 of assessed valuation of taxable property within the District. During the fiscal year ended April 30, 2024, the District levied an ad valorem maintenance tax rate of \$0.08 per \$100 of assessed valuation, which resulted in a tax levy of \$403,343 on the adjusted taxable valuation of \$504,177,729 for the 2023 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District pursuant to Chapter 49.107, Texas Water Code.

On May 10, 2008, the voters of the District approved the levy and collection of a park and recreational facilities maintenance tax of not more than \$0.10 per \$100 of assessed valuation of taxable property within the District. During the current fiscal year, the District did not levy a park and recreational facilities maintenance tax.

NOTE 8. UNREIMBURSED COSTS

In accordance with the terms of the development financing agreements, developers within the District have made expenditures on behalf of the District for various projects for which the District has not sold bonds. As of the balance sheet date, the District has recorded \$14,576,410 as due to developer for projects that have been completed. In addition, \$20,000 has been recorded as due to developer for operating advances received as of April 30, 2024. Any reimbursement will come from proceeds of future bond sales or other legally available funds of the District.

NOTE 9. RISK MANAGEMENT

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

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024**

NOTE 10. UTILITY AGREEMENT

On August 19, 2008, the District entered into a Utility Agreement with the City (the “Agreement”). The District is responsible for the design and construction of the water, sanitary sewer and drainage systems (the “Facilities”) to serve the land within the District. All final plans must be approved by the City before construction. As the Facilities are constructed and inspected by the City, the District shall transfer the same to the City (excluding detention ponds or drainage channels, which are owned and operated by the District) for ownership and operation. In addition, the District constructs roadways serving the District, which facilities have been accepted by the City for operation and maintenance. The City is responsible for, without limitation, providing adequate maintenance and operation of the Facilities, providing water and wastewater treatment capacity resulting from the water and wastewater connection fees, providing reasonable and timely review and approval as required under the utility agreement, maintaining the water distribution and wastewater collection line capacity as constructed by the District, and timely making taps or connections to the Facilities.

The District purchases capacity in the City’s water and wastewater plants. The District pays the City a fee of \$2,560 per equivalent single-family connection. The District also pays a fee for non-single-family lot development and commercial development. In consideration of the District constructing water, sewer, drainage, road, park and recreational facilities necessary to develop the District, the City annually rebates to the District all of the City’s ad valorem tax revenue collected from the property within the District in excess of \$0.10 per \$100 of assessed value according to the following formula:

$$\text{Tax Rebate} = \frac{\text{City Tax Rate minus } \$0.10}{\text{per } \$100 \text{ assessed value}} \times \text{District Taxable Assessed Valuation}$$

The Agreement provides that the tax rebate will be used by the District to pay for the design and construction of certain facilities or to pay debt service on outstanding bonds issued by the District and will continue for the life of the District’s bonds. The term of the Agreement is 40 years unless otherwise previously terminated pursuant to the terms of the Agreement.

Effective July 16, 2019, the District entered into the First Amendment to the Utility Agreement with the City (the “First Amendment”). The First Amendment outlines changes to the percentages of how future tax rebates are to be calculated, requires the tax rebate to be deposited into the District’s Debt Service Fund and used for payment of only District debt service, and extends the annual tax rebate payments through February 28, 2048. The First Amendment states that prior to Build-Out, as defined in the First Amendment, the City may not use the District’s capacity in the system to serve land outside the District. Further, the City is responsible for electricity and property insurance costs for any wastewater lift station facilities constructed by the District after July 16, 2019. During the current fiscal year, in accordance with the First Amendment, the District received a tax rebate in the amount \$221,271, which is included in the Debt Service Fund and restricted to pay debt service.

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

NOTE 10. UTILITY AGREEMENT (Continued)

Under existing Texas law, since the District lies wholly within the corporate limits of the City of Fulshear (the "City"), the District may be dissolved by the City without the District's consent, subject to compliance by the City with Chapter 45 of the Texas Local Government Code, as amended. The Utility Agreement between the City and the District also places certain restrictions on the City's right to dissolve the District. If the District is dissolved, the City will assume the District's assets and obligations (including the District's outstanding bonds). Dissolution of the District by the City is a policy matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that dissolution will or will not occur and makes no representation of the City's financial capability to pay debt service on the outstanding bonds if such dissolution were to occur.

NOTE 11. INTERLOCAL AGREEMENT CITY OF FULSHEAR

On March 19, 2024, the District entered into an Interlocal Agreement with the City for the design and construction of a 12-inch water line extension along the east side of James Lane from FM 1093 to Meadow Woods Drive (the "James Lane Water Line Extension"). The District is responsible for the design and construction of the James Lane Water Line Extension, and upon completion, the City will accept the James Lane Water Line Extension for ownership and maintenance. In consideration of the design and construction of the James Lane Water Line Extension by the District, the City agrees to locate the City's future water plant site outside of the boundaries of the District and to execute a written acknowledgement that the District's developers have fulfilled their obligation under Section 3.04(e) of the Development Agreement and no longer will be required to convey one acre of land within the boundaries of the District to the City for a City water plant site.

The Interlocal Agreement provides that the City will pay for 100% of the engineering costs and will contribute funds in the amount of \$14,500 toward the construction costs. In lieu of an additional cash contribution toward the construction costs, the City shall credit the District for all water and wastewater capital recovery fees that otherwise would be payable for Fulbrook on Fulshear Creek, Section 11 (the "Section 11 Fees"). The District will contribute funds in the amount of \$170,430 toward the construction costs. The District also will contribute an amount equal to the Section 11 Fees, currently estimated at \$54,000, toward the construction costs. This is based on estimated construction costs of \$737,500 for the water, sewer, and drainage facilities to serve Fulbrook on Fulshear Creek, Section 11 and \$524,000 for the roads to serve Fulbrook on Fulshear Creek, Section 11.

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

NOTE 12. BOND SALE

On October 26, 2023, the District issued its \$9,535,000 Unlimited Tax Road Bonds, Series 2023. Proceeds of the Bonds were used to reimburse a developer within the District for land acquisition costs, paving facilities to serve Fulshear Creek Crossing, Sections 1 and 2, and Fulbrook on Fulshear Creek, Sections 7, 17, 18 and 19. In addition, a portion of the proceeds were used to pay engineering costs on the above listed projects, developer interest and bond issuance costs.

NOTE 13. PENDING BOND SALE

On August 28, 2024, subsequent to year end, the District sold its \$12,000,000 Series 2024 Unlimited Tax Bonds and anticipates closing by the 4th quarter of 2024. The District intends to use the proceeds from the sale to reimburse the District's developers for costs related to water, wastewater, and drainage facilities serving Fulbrook on Fulshear Creek, Sections 6, 7, 18, and 19; land costs; water and wastewater capacity fees; and related engineering. The District also intends to use proceeds to pay certain bond issuance costs and to fund twelve months of capitalized interest.

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**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS**

REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2024

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2024**

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 470,400	\$ 379,540	\$ 400,738	\$ 21,198
Investment Revenues	1,500	1,500	54,673	53,173
Miscellaneous Revenues			<u>327,614</u>	<u>327,614</u>
TOTAL REVENUES	<u>\$ 471,900</u>	<u>\$ 381,040</u>	<u>\$ 783,025</u>	<u>\$ 401,985</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 149,000	\$ 149,000	\$ 310,269	\$ (161,269)
Contracted Services	19,800	19,800	19,875	(75)
Utilities	35,000	35,000	23,325	11,675
Repairs and Maintenance	245,000	305,000	149,300	155,700
Other	29,000	29,000	36,181	(7,181)
Capital Outlay			<u>87,863</u>	<u>(87,863)</u>
TOTAL EXPENDITURES	<u>\$ 477,800</u>	<u>\$ 537,800</u>	<u>\$ 626,813</u>	<u>\$ (89,013)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (5,900)</u>	<u>\$ (156,760)</u>	<u>\$ 156,212</u>	<u>\$ 312,972</u>
OTHER FINANCING SOURCES(USES)				
Transfers In	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,612</u>	<u>\$ 2,612</u>
NET CHANGE IN FUND BALANCE	\$ (5,900)	\$ (156,760)	\$ 158,824	\$ 315,584
FUND BALANCE - MAY 1, 2023	<u>1,047,855</u>	<u>1,047,855</u>	<u>1,047,855</u>	
FUND BALANCE - APRIL 30, 2024	<u>\$ 1,041,955</u>	<u>\$ 891,095</u>	<u>\$ 1,206,679</u>	<u>\$ 315,584</u>

See accompanying independent auditor's report.

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**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

APRIL 30, 2024

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2024**

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

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

Pursuant to a Utility Agreement dated August 19, 2008, between the District and the City of Fulshear (the “City”), and as amended effective July 16, 2019, water, wastewater and certain drainage facilities (excluding drainage channels and detention ponds) constructed by the District will be conveyed to the City. By agreement, the City will maintain the facilities and operate the facilities for the benefit of the residents of the District. Therefore, the District will not be responsible for operation of the water and wastewater utilities within its boundaries. The District remains responsible for the maintenance of certain drainage and detention facilities.

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 3/4” 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 Use</u>	<u>Usage Levels</u>
WATER:	N/A				
WASTEWATER:	N/A				
SURCHARGE:	N/A				

See accompanying independent auditor’s report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2024**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: N/A

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

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: N/A

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2024**

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 in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely Partly Not at all

City in which District is located:

City of Fulshear, Texas.

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2024**

PROFESSIONAL FEES:	
Auditing	\$ 14,250
Engineering	88,208
Legal	<u>207,811</u>
TOTAL PROFESSIONAL FEES	<u>\$ 310,269</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 19,875</u>
UTILITIES:	
Irrigation-Water	<u>\$ 23,325</u>
REPAIRS AND MAINTENANCE	<u>\$ 149,300</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 10,048
Dues	750
Insurance	4,878
Office Supplies and Postage	1,767
Payroll Taxes	668
Travel and Meetings	1,643
Other	<u>16,427</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 36,181</u>
CAPITAL OUTLAY:	
Capital Assets	<u>\$ 87,863</u>
TOTAL EXPENDITURES	<u>\$ 626,813</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
INVESTMENTS
APRIL 30, 2024**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexSTAR	XXXX2220	Varies	Daily	\$ 1,218,258	\$
<u>DEBT SERVICE FUND</u>					
TexSTAR	XXXX3330	Varies	Daily	\$ 1,322,757	\$
TexSTAR	XXXX5550	Varies	Daily	2,551,073	\$
TOTAL DEBT SERVICE FUND				\$ 3,873,830	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX6660	Varies	Daily	\$ 171,622	\$
TOTAL - ALL FUNDS				\$ 5,263,710	\$ - 0 -

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2024**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
MAY 1, 2023	\$	5,353		\$ 34,641
Adjustments to Beginning				
Balance		<u>(1,879)</u>	\$ 3,474	<u>(4,440)</u> \$ 30,201
Original 2023 Tax Levy	\$	381,554		\$ 3,672,460
Adjustment to 2023 Tax Levy		<u>21,789</u>	<u>403,343</u>	<u>209,708</u> <u>3,882,168</u>
TOTAL TO BE				
ACCOUNTED FOR			\$ 406,817	\$ 3,912,369
TAX COLLECTIONS:				
Prior Years	\$	3,474		\$ 30,201
Current Year		<u>397,264</u>	<u>400,738</u>	<u>3,823,645</u> <u>3,853,846</u>
TAXES RECEIVABLE -				
APRIL 30, 2024			<u>\$ 6,079</u>	<u>\$ 58,523</u>
TAXES RECEIVABLE BY				
YEAR:				
2023			<u>\$ 6,079</u>	<u>\$ 58,523</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 126,532,107	\$ 101,036,473	\$ 86,906,033	\$ 79,430,071
Improvements	438,049,113	312,262,476	180,227,176	138,248,950
Personal Property	1,820,583	1,063,253	960,340	775,410
Exemptions	<u>(62,224,074)</u>	<u>(46,559,460)</u>	<u>(6,810,228)</u>	<u>(5,523,989)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 504,177,729</u>	<u>\$ 367,802,742</u>	<u>\$ 261,283,321</u>	<u>\$ 212,930,442</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.77	\$ 0.80	\$ 0.90	\$ 0.90
Maintenance	<u>0.08</u>	<u>0.12</u>	<u>0.10</u>	<u>0.19</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.85</u>	<u>\$ 0.92</u>	<u>\$ 1.00</u>	<u>\$ 1.09</u>
ADJUSTED TAX LEVY*	<u>\$ 4,285,511</u>	<u>\$ 3,383,785</u>	<u>\$ 2,612,833</u>	<u>\$ 2,320,942</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.49 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

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

** Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on May 10, 2008.

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2024**

SERIES - 2015 WATER,
SEWER, AND DRAINAGE BONDS

Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 185,000	\$ 119,556	\$ 304,556
2026	185,000	113,775	298,775
2027	185,000	107,531	292,531
2028	185,000	100,941	285,941
2029	185,000	94,119	279,119
2030	185,000	87,181	272,181
2031	185,000	80,012	265,012
2032	185,000	72,613	257,613
2033	185,000	65,212	250,212
2034	185,000	57,812	242,812
2035	185,000	50,413	235,413
2036	185,000	42,897	227,897
2037	185,000	35,265	220,265
2038	185,000	27,519	212,519
2039	185,000	19,655	204,655
2040	185,000	11,794	196,794
2041	185,000	3,931	188,931
2042			
2043			
2044			
2045			
2046			
2047			
2048			
	<u>\$ 3,145,000</u>	<u>\$ 1,090,226</u>	<u>\$ 4,235,226</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2024**

SERIES - 2016 WATER,
SEWER, AND DRAINAGE BONDS

Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 115,000	\$ 102,913	\$ 217,913
2026	120,000	100,412	220,412
2027	125,000	97,656	222,656
2028	130,000	94,300	224,300
2029	140,000	90,250	230,250
2030	145,000	85,975	230,975
2031	155,000	81,475	236,475
2032	160,000	76,750	236,750
2033	170,000	71,800	241,800
2034	175,000	66,625	241,625
2035	185,000	61,225	246,225
2036	195,000	55,525	250,525
2037	205,000	49,525	254,525
2038	215,000	43,091	258,091
2039	225,000	36,216	261,216
2040	240,000	28,950	268,950
2041	250,000	21,294	271,294
2042	260,000	13,163	273,163
2043	275,000	4,469	279,469
2044			
2045			
2046			
2047			
2048			
	<u>\$ 3,485,000</u>	<u>\$ 1,181,614</u>	<u>\$ 4,666,614</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2024**

SERIES - 2017 REFUNDING
ROAD BONDS

Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1 / March 1	Total
2025	\$ 225,000	\$ 97,712	\$ 322,712
2026	230,000	92,307	322,307
2027	235,000	85,906	320,906
2028	240,000	78,782	318,782
2029	255,000	71,357	326,357
2030	260,000	63,469	323,469
2031	270,000	55,187	325,187
2032	275,000	46,500	321,500
2033	285,000	37,400	322,400
2034	300,000	27,518	327,518
2035	310,000	16,843	326,843
2036	315,000	5,709	320,709
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
	<u>\$ 3,200,000</u>	<u>\$ 678,690</u>	<u>\$ 3,878,690</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2024**

SERIES - 2017 WATER,
SEWER, AND DRAINAGE BONDS

Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1 / March 1	Total
2025	\$ 160,000	\$ 136,894	\$ 296,894
2026	165,000	132,644	297,644
2027	175,000	129,025	304,025
2028	180,000	124,919	304,919
2029	185,000	120,353	305,353
2030	195,000	115,243	310,243
2031	205,000	109,487	314,487
2032	210,000	103,263	313,263
2033	220,000	96,812	316,812
2034	230,000	90,063	320,063
2035	240,000	82,862	322,862
2036	250,000	75,206	325,206
2037	260,000	67,075	327,075
2038	270,000	58,462	328,462
2039	285,000	49,088	334,088
2040	295,000	38,937	333,937
2041	310,000	28,350	338,350
2042	320,000	17,325	337,325
2043	335,000	5,864	340,864
2044			
2045			
2046			
2047			
2048			
	<u>\$ 4,490,000</u>	<u>\$ 1,581,872</u>	<u>\$ 6,071,872</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2024**

SERIES - 2018 ROAD BONDS

Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 120,000	\$ 87,750	\$ 207,750
2026	120,000	83,100	203,100
2027	120,000	79,650	199,650
2028	120,000	76,050	196,050
2029	120,000	72,300	192,300
2030	120,000	68,250	188,250
2031	120,000	63,975	183,975
2032	120,000	59,550	179,550
2033	120,000	55,050	175,050
2034	120,000	50,400	170,400
2035	120,000	45,600	165,600
2036	120,000	40,800	160,800
2037	120,000	36,000	156,000
2038	120,000	31,200	151,200
2039	120,000	26,400	146,400
2040	120,000	21,600	141,600
2041	120,000	16,800	136,800
2042	120,000	12,000	132,000
2043	120,000	7,200	127,200
2044	120,000	2,400	122,400
2045			
2046			
2047			
2048			
	<u>\$ 2,400,000</u>	<u>\$ 936,075</u>	<u>\$ 3,336,075</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2024**

SERIES - 2019 ROAD BONDS

Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 170,000	\$ 87,975	\$ 257,975
2026	170,000	84,575	254,575
2027	170,000	81,175	251,175
2028	170,000	77,775	247,775
2029	170,000	74,162	244,162
2030	170,000	70,338	240,338
2031	170,000	66,512	236,512
2032	170,000	62,475	232,475
2033	170,000	58,225	228,225
2034	170,000	53,975	223,975
2035	170,000	49,725	219,725
2036	170,000	45,369	215,369
2037	170,000	40,907	210,907
2038	170,000	36,443	206,443
2039	170,000	31,981	201,981
2040	170,000	27,413	197,413
2041	170,000	22,738	192,738
2042	170,000	17,850	187,850
2043	170,000	12,750	182,750
2044	170,000	7,650	177,650
2045	170,000	2,550	172,550
2046			
2047			
2048			
	<u>\$ 3,570,000</u>	<u>\$ 1,012,563</u>	<u>\$ 4,582,563</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2024**

SERIES - 2020 WATER,
SEWER, AND DRAINAGE BONDS

Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 195,000	\$ 91,957	\$ 286,957
2026	195,000	84,156	279,156
2027	195,000	78,307	273,307
2028	195,000	74,406	269,406
2029	195,000	70,507	265,507
2030	195,000	66,606	261,606
2031	195,000	62,706	257,706
2032	195,000	58,806	253,806
2033	195,000	54,906	249,906
2034	195,000	51,006	246,006
2035	195,000	47,106	242,106
2036	195,000	43,206	238,206
2037	195,000	39,306	234,306
2038	195,000	35,406	230,406
2039	195,000	31,506	226,506
2040	195,000	27,484	222,484
2041	190,000	23,393	213,393
2042	190,000	19,238	209,238
2043	190,000	14,962	204,962
2044	190,000	10,688	200,688
2045	190,000	6,412	196,412
2046	190,000	2,138	192,138
2047			
2048			
	<u>\$ 4,260,000</u>	<u>\$ 994,208</u>	<u>\$ 5,254,208</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2024**

SERIES - 2021 WATER,
SEWER, AND DRAINAGE BONDS

Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2025	\$ 240,000	\$ 127,800	\$ 367,800
2026	240,000	118,200	358,200
2027	240,000	108,600	348,600
2028	240,000	99,000	339,000
2029	240,000	94,200	334,200
2030	240,000	89,400	329,400
2031	240,000	84,600	324,600
2032	240,000	79,800	319,800
2033	240,000	75,000	315,000
2034	240,000	70,200	310,200
2035	240,000	65,400	305,400
2036	240,000	60,600	300,600
2037	240,000	55,500	295,500
2038	240,000	50,400	290,400
2039	240,000	45,000	285,000
2040	240,000	39,600	279,600
2041	240,000	34,200	274,200
2042	240,000	28,500	268,500
2043	240,000	22,800	262,800
2044	240,000	17,100	257,100
2045	240,000	11,400	251,400
2046	240,000	5,700	245,700
2047			
2048			
	<u>\$ 5,280,000</u>	<u>\$ 1,383,000</u>	<u>\$ 6,663,000</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2024**

SERIES - 2022 ROAD BONDS

Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2025	\$ 210,000	\$ 137,400	\$ 347,400
2026	210,000	131,100	341,100
2027	210,000	124,800	334,800
2028	210,000	118,500	328,500
2029	210,000	112,200	322,200
2030	210,000	105,900	315,900
2031	210,000	99,600	309,600
2032	210,000	93,300	303,300
2033	210,000	87,000	297,000
2034	210,000	80,700	290,700
2035	210,000	74,400	284,400
2036	210,000	68,100	278,100
2037	210,000	61,800	271,800
2038	210,000	55,500	265,500
2039	205,000	49,200	254,200
2040	205,000	43,050	248,050
2041	205,000	36,900	241,900
2042	205,000	30,750	235,750
2043	205,000	24,600	229,600
2044	205,000	18,450	223,450
2045	205,000	12,300	217,300
2046	205,000	6,150	211,150
2047			
2048			
	<u>\$ 4,580,000</u>	<u>\$ 1,571,700</u>	<u>\$ 6,151,700</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2024**

S E R I E S - 2 0 2 2 A R O A D B O N D S

Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2025	\$ 270,000	\$ 611,768	\$ 881,768
2026	285,000	592,194	877,194
2027	300,000	571,532	871,532
2028	310,000	549,782	859,782
2029	330,000	527,306	857,306
2030	345,000	503,382	848,382
2031	360,000	486,994	846,994
2032	380,000	469,893	849,893
2033	395,000	451,844	846,844
2034	415,000	433,081	848,081
2035	435,000	413,368	848,368
2036	455,000	392,706	847,706
2037	480,000	371,094	851,094
2038	500,000	348,294	848,294
2039	525,000	324,544	849,544
2040	550,000	298,950	848,950
2041	580,000	272,138	852,138
2042	605,000	243,863	848,863
2043	635,000	214,368	849,368
2044	670,000	183,412	853,412
2045	700,000	150,750	850,750
2046	735,000	115,750	850,750
2047	770,000	79,000	849,000
2048	810,000	40,500	850,500
	<u>\$ 11,840,000</u>	<u>\$ 8,646,513</u>	<u>\$ 20,486,513</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2024**

SERIES - 2023 ROAD BONDS

Due During Fiscal Years Ending April 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2025	\$ 220,000	\$ 457,875	\$ 677,875
2026	230,000	446,875	676,875
2027	240,000	435,375	675,375
2028	250,000	423,375	673,375
2029	265,000	410,875	675,875
2030	275,000	397,625	672,625
2031	290,000	386,281	676,281
2032	305,000	374,319	679,319
2033	320,000	361,356	681,356
2034	335,000	347,356	682,356
2035	350,000	332,700	682,700
2036	370,000	316,950	686,950
2037	385,000	300,300	685,300
2038	405,000	282,975	687,975
2039	425,000	264,750	689,750
2040	445,000	243,500	688,500
2041	465,000	221,250	686,250
2042	490,000	198,000	688,000
2043	510,000	173,500	683,500
2044	535,000	148,000	683,000
2045	565,000	121,250	686,250
2046	590,000	93,000	683,000
2047	620,000	63,500	683,500
2048	650,000	32,500	682,500
	<u>\$ 9,535,000</u>	<u>\$ 6,833,487</u>	<u>\$ 16,368,487</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
LONG-TERM DEBT SERVICE REQUIREMENTS
APRIL 30, 2024**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending April 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 2,110,000	\$ 2,059,600	\$ 4,169,600
2026	2,150,000	1,979,338	4,129,338
2027	2,195,000	1,899,557	4,094,557
2028	2,230,000	1,817,830	4,047,830
2029	2,295,000	1,737,629	4,032,629
2030	2,340,000	1,653,369	3,993,369
2031	2,400,000	1,576,829	3,976,829
2032	2,450,000	1,497,269	3,947,269
2033	2,510,000	1,414,605	3,924,605
2034	2,575,000	1,328,736	3,903,736
2035	2,640,000	1,239,642	3,879,642
2036	2,705,000	1,147,068	3,852,068
2037	2,450,000	1,056,772	3,506,772
2038	2,510,000	969,290	3,479,290
2039	2,575,000	878,340	3,453,340
2040	2,645,000	781,278	3,426,278
2041	2,715,000	680,994	3,395,994
2042	2,600,000	580,689	3,180,689
2043	2,680,000	480,513	3,160,513
2044	2,130,000	387,700	2,517,700
2045	2,070,000	304,662	2,374,662
2046	1,960,000	222,738	2,182,738
2047	1,390,000	142,500	1,532,500
2048	1,460,000	73,000	1,533,000
	<u>\$ 55,785,000</u>	<u>\$ 25,909,948</u>	<u>\$ 81,694,948</u>

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
CHANGES IN LONG-TERM DEBT BOND DEBT
APRIL 30, 2024**

Description	Original Bonds Issued	Bonds Outstanding May 1, 2023
Fulshear Municipal Utility District No. 1 of Fort Bend County Unlimited Tax Water, Sewer and Drainage Bonds - Series 2015	\$ 4,660,000	\$ 3,335,000
Fulshear Municipal Utility District No. 1 of Fort Bend County Unlimited Tax Water, Sewer and Drainage Bonds - Series 2016	4,200,000	3,595,000
Fulshear Municipal Utility District No. 1 of Fort Bend County Unlimited Tax Road Refunding Bonds - Series 2017	3,905,000	3,420,000
Fulshear Municipal Utility District No. 1 of Fort Bend County Unlimited Tax Water, Sewer and Drainage Bonds - Series 2017	5,350,000	4,640,000
Fulshear Municipal Utility District No. 1 of Fort Bend County Unlimited Tax Road Bonds - Series 2018	3,000,000	2,520,000
Fulshear Municipal Utility District No. 1 of Fort Bend County Unlimited Tax Road Bonds - Series 2019	4,095,000	3,745,000
Fulshear Municipal Utility District No. 1 of Fort Bend County Unlimited Tax Water Sewer and Drainage Bonds - Series 2020	4,650,000	4,455,000
Fulshear Municipal Utility District No. 1 of Fort Bend County Unlimited Tax Water Sewer and Drainage Bonds - Series 2021	6,000,000	5,520,000
Fulshear Municipal Utility District No. 1 of Fort Bend County Unlimited Tax Road Bonds - Series 2022	5,000,000	4,790,000
Fulshear Municipal Utility District No. 1 of Fort Bend County Unlimited Tax Road Bonds - Series 2022A	12,100,000	12,100,000
Fulshear Municipal Utility District No. 1 of Fort Bend County Unlimited Tax Road Bonds - Series 2023	9,535,000	
TOTAL	\$ 62,495,000	\$ 48,120,000

See accompanying independent auditor's report.

Current Year Transactions					
Bonds Sold	Retirements		Bonds Outstanding April 30, 2024	Paying Agent	
	Principal	Interest			
\$ - 0 -	\$ 190,000	\$ 125,181	\$ 3,145,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	110,000	105,163	3,485,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	220,000	102,719	3,200,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	150,000	142,869	4,490,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	120,000	93,900	2,400,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	175,000	91,425	3,570,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	195,000	99,756	4,260,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	240,000	137,400	5,280,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	210,000	143,700	4,580,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	260,000	630,619	11,840,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
<u>9,535,000</u>		<u>158,984</u>	<u>9,535,000</u>		
<u>\$ 9,535,000</u>	<u>\$ 1,870,000</u>	<u>\$ 1,831,716</u>	<u>\$ 55,785,000</u>		

See accompanying independent auditor's report.

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**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
CHANGES IN LONG-TERM DEBT BOND DEBT
APRIL 30, 2024**

Bond Authority:	<u>Water, Sewer and Drainage Bonds</u>	<u>Road Bonds</u>	<u>Parks and Recreational Bonds</u>
Amount Authorized by Voters	\$ 132,000,000	\$ 85,000,000	\$ 43,000,000
Amount Issued	<u>24,860,000</u>	<u>38,230,000</u>	<u> </u>
Remaining to be Issued	<u>\$ 107,140,000</u>	<u>\$ 46,770,000</u>	<u>\$ 43,000,000</u>
Debt Service Fund cash balance as of April 30, 2024			<u>\$ 3,973,022</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 3,403,956</u>

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

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

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 400,738	\$ 437,657	\$ 261,601
Grant Revenues			
Investment Revenues	54,673	28,845	800
Miscellaneous Revenues	<u>327,614</u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u>\$ 783,025</u>	<u>\$ 466,502</u>	<u>\$ 262,401</u>
EXPENDITURES			
Professional Fees	\$ 310,269	\$ 327,749	\$ 190,983
Contracted Services	19,875	19,425	17,588
Repairs and Maintenance	149,300	241,616	119,400
Other	59,506	52,968	34,640
Capital Outlay	<u>87,863</u>	<u> </u>	<u>81,607</u>
TOTAL EXPENDITURES	<u>\$ 626,813</u>	<u>\$ 641,758</u>	<u>\$ 444,218</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 156,212</u>	<u>\$ (175,256)</u>	<u>\$ (181,817)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$ 2,612	\$ 13,255	\$ 14,955
Contributed by Other Governmental Unit	<u> </u>	<u> </u>	<u>355,220</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 2,612</u>	<u>\$ 13,255</u>	<u>\$ 370,175</u>
NET CHANGE IN FUND BALANCE	\$ 158,824	\$ (162,001)	\$ 188,358
BEGINNING FUND BALANCE	<u>1,047,855</u>	<u>1,209,856</u>	<u>1,021,498</u>
ENDING FUND BALANCE	<u>\$ 1,206,679</u>	<u>\$ 1,047,855</u>	<u>\$ 1,209,856</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 402,264	\$ 687,775	51.2 %	93.8 %	99.7 %	98.9 %	97.1 %
2,862	10,270				0.7	1.5
1,475	10,130	7.0	6.2	0.3	0.4	1.4
		41.8				
<u>\$ 406,601</u>	<u>\$ 708,175</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 140,511	\$ 156,117	39.6 %	70.3 %	72.8 %	34.6 %	22.0 %
17,350	16,331	2.5	4.2	6.7	4.3	2.3
144,396	100,695	19.1	51.8	45.5	35.5	14.2
49,226	40,880	7.6	11.4	13.2	12.1	5.8
<u>266,450</u>	<u>46,599</u>	<u>11.2</u>		<u>31.1</u>	<u>65.5</u>	<u>6.6</u>
<u>\$ 617,933</u>	<u>\$ 360,622</u>	<u>80.0 %</u>	<u>137.7 %</u>	<u>169.3 %</u>	<u>152.0 %</u>	<u>50.9 %</u>
\$ (211,332)	\$ 347,553	20.0 %	(37.7) %	(69.3) %	(52.0) %	49.1 %
\$ (165,400)	\$ (3,600)					
<u>\$ (165,400)</u>	<u>\$ (3,600)</u>					
\$ (376,732)	\$ 343,953					
<u>1,398,230</u>	<u>1,054,277</u>					
<u>\$ 1,021,498</u>	<u>\$ 1,398,230</u>					

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 3,853,846	\$ 2,922,869	\$ 2,348,162
Property Tax Rebate	221,271	199,658	139,897
Penalty and Interest	16,225	9,885	7,448
Miscellaneous Revenues	140,030	67,756	1,244
TOTAL REVENUES	\$ 4,231,372	\$ 3,200,168	\$ 2,496,751
EXPENDITURES			
Tax Collection Expenditures	\$ 54,023	\$ 49,402	\$ 49,622
Debt Service Principal	1,870,000	1,590,000	1,010,000
Debt Service Interest and Fees	1,839,291	1,272,044	889,518
Bond Issuance Costs	2,500		
TOTAL EXPENDITURES	\$ 3,765,814	\$ 2,911,446	\$ 1,949,140
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 465,558	\$ 288,722	\$ 547,611
OTHER FINANCING SOURCES (USES)			
Transfers In	\$	\$	\$
Long-Term Debt Issued	452,913	287,375	
TOTAL OTHER FINANCING SOURCES (USES)	\$ 452,913	\$ 287,375	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 918,471	\$ 576,097	\$ 547,611
BEGINNING FUND BALANCE	3,199,566	2,623,469	2,075,858
ENDING FUND BALANCE	\$ 4,118,037	\$ 3,199,566	\$ 2,623,469
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2021	2020	2024	2023	2022	2021	2020
\$ 1,905,150	\$ 1,287,176	91.1 %	91.4 %	94.1 %	94.4 %	91.7 %
109,785	94,775	5.2	6.2	5.6	5.4	6.7
1,868	6,308	0.4	0.3	0.3	0.1	0.4
1,955	17,446	3.3	2.1		0.1	1.2
<u>\$ 2,018,758</u>	<u>\$ 1,405,705</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 34,266	\$ 26,076	1.3 %	1.5 %	2.0 %	1.7 %	1.9 %
890,000	715,000	44.2	49.7	40.5	44.1	50.9
797,163	715,303	43.5	39.7	35.6	39.5	50.9
		0.1				
<u>\$ 1,721,429</u>	<u>\$ 1,456,379</u>	<u>89.1 %</u>	<u>90.9 %</u>	<u>78.1 %</u>	<u>85.3 %</u>	<u>103.7 %</u>
<u>\$ 297,329</u>	<u>\$ (50,674)</u>	<u>10.9 %</u>	<u>9.1 %</u>	<u>21.9 %</u>	<u>14.7 %</u>	<u>(3.7) %</u>
\$ 155,083	\$					
<u>\$ 155,083</u>	<u>\$ - 0 -</u>					
\$ 452,412	\$ (50,674)					
1,623,446	1,674,120					
<u>\$ 2,075,858</u>	<u>\$ 1,623,446</u>					
<u>N/A</u>	<u>N/A</u>					
<u>N/A</u>	<u>N/A</u>					

See accompanying independent auditor's report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2024**

District Mailing Address - Fulshear Municipal Utility District No. 1 of Fort Bend County
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 April 30, 2024	Expense Reimbursements for the year ended April 30, 2024	Title
Brooks Tueting	05/21 – 05/25 (Elected)	\$ 2,068	\$ -0-	President
John Verburg	05/23 – 05/27 (Elected)	\$ 1,476	\$ -0-	Vice President
Ronald Catchings	05/21 – 05/25 (Elected)	\$ 2,739	\$ 728	Secretary
William “Kevin” White	05/23 – 05/27 (Elected)	\$ 2,068	\$ -0-	Assistant Vice President/ Assistant Secretary
Todd Gnospelius	05/21 – 05/25 (Elected)	\$ 1,697	\$ -0-	Assistant Vice President/ Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District’s developers or with any of the District’s consultants. The submission date of the most recent District Registration Form was May 25, 2023. The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on July 26, 2023. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

**FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 1
OF FORT BEND COUNTY, TEXAS
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2024**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended April 30, 2024</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	04/26/12	\$ 182,762 \$ 240,452	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/14/10	\$ 14,250 \$ 12,000	Auditor Bond related
Myrtle Cruz, Inc.	03/07/08	\$ 24,242	Bookkeeper
Pape-Dawson Engineers, Inc.	05/31/12	\$ 91,700	Engineer
Masterson Advisors LLC	04/25/18	\$ 186,244	Financial Advisor
Mary Jarmon	05/15/08	\$ -0-	Investment Officer
Bob Leared Interests	03/07/08	\$ 23,429	Tax Assessor/ Collector
Sweitzer and Associates	02/26/13	\$ -0-	Landscape Architect
Perdue, Brandon, Fielder, Collins & Mott, LLP	09/05/12	\$ 1,983	Delinquent Tax Attorney

See accompanying independent auditor's report.

