

*ANNUAL FINANCIAL REPORT*

of the

**FORT BEND COUNTY  
MUNICIPAL UTILITY  
DISTRICT No. 25**

For the Year Ended  
September 30, 2020

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# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

## TABLE OF CONTENTS

September 30, 2020

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis (Required Supplementary Information)</b>	5
 <b><u>BASIC FINANCIAL STATEMENTS</u></b>	
Statement of Net Position and Governmental Funds Balance Sheet	12
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	14
 Notes to Financial Statements	 17
 <b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Budgetary Comparison Schedule – General Fund	33
 <b><u>TEXAS SUPPLEMENTARY INFORMATION</u></b>	
	<b><u>Schedules</u></b>
Services and Rates	TSI-1 36
General Fund Expenditures	TSI-2 38
Cash and Temporary Investments	TSI-3 39
Analysis of Taxes Levied and Receivable	TSI-4 41
Long-Term Debt Service Requirements by Years	TSI-5 42
Change in Long-Term Bonded Debt	TSI-6 50
Comparative Schedule of Revenues and Expenditures – General and Debt Service Funds	TSI-7 54
Board of Directors, Key Personnel, and Consultants	TSI-8 56

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## ***INDEPENDENT AUDITORS' REPORT***

To the Board of Directors of  
Fort Bend County Municipal Utility District No. 25:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 25 (the "District") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

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 September 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information (TSI) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The TSI has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
December 11, 2020

***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

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**FORT BEND COUNTY**  
**MUNICIPAL UTILITY DISTRICT No. 25**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended September 30, 2020

The Statement of Activities presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities present the District using one class of activity:

1. Governmental Activities – The District's water distribution, wastewater collection/treatment, control and diversion of storm water, and interest payments are reported within this class.

The government-wide financial statements can be found after the MD&A.

### **FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is the District. They are usually segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The District's operations are reported using governmental funds.

#### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. These statements are prepared using the *modified accrual basis of accounting*. Unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, which are considered to be major funds for reporting purposes.

The District adopts an annual unappropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

#### **Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

**FORT BEND COUNTY**  
**MUNICIPAL UTILITY DISTRICT No. 25**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended September 30, 2020

**Other Information**

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund. RSI can be found after the notes to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's liabilities exceeded assets and deferred outflows of resources by \$7,115,633 as of year end.

A portion of the District's net position reflects its investments in capital assets (e.g., land, water and sewer system, and infrastructure) less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities. The District's debt used to acquire assets exceeds the investments in capital assets by \$15,692,039.

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Current and other assets	\$ 27,678,565	\$ 27,185,285
Capital assets, net	66,942,804	65,924,795
<b>Total Assets</b>	<b>94,621,369</b>	<b>93,110,080</b>
Deferred charge on refunding	476,193	773,729
<b>Total Deferred Outflows of Resources</b>	<b>476,193</b>	<b>773,729</b>
Long-term liabilities	100,656,800	100,514,898
Other liabilities	1,556,395	648,374
<b>Total Liabilities</b>	<b>102,213,195</b>	<b>101,163,272</b>
<b>Net Position:</b>		
Net investment in capital assets	(15,692,039)	(15,640,001)
Restricted	4,276,680	4,535,248
Unrestricted	4,299,726	3,825,290
<b>Total Net Position</b>	<b>\$ (7,115,633)</b>	<b>\$ (7,279,463)</b>

A portion of the District's net position represents resources that are subject to external restriction on how they may be used, which is \$4,276,680 for debt service. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligation to citizens and creditors. At year end, the District reported long-term debt in excess of total assets that results in negative net position. Current and other assets and long term liabilities increased for prior year due to the issuance of the Series 2020A bonds. Capital assets and other liabilities increased from prior year due to the addition of capital assets and accounts payable for some large

**FORT BEND COUNTY**  
**MUNICIPAL UTILITY DISTRICT No. 25**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended September 30, 2020

construction invoices at year end. The financial condition of the District increased by \$163,830 during the fiscal year.

**Statement of Activities**

The following table provides a summary of the District's changes in net position:

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 3,316,329	\$ 3,035,143
General revenues:		
Property taxes	9,521,660	9,369,422
Other	305,625	385,667
<b>Total Revenues</b>	<u>13,143,614</u>	<u>12,790,232</u>
<b>Expenses</b>		
Services	7,101,997	5,400,664
Bond issuance costs	466,319	807,056
Depreciation	1,978,760	2,224,458
Interest paid on long-term debt	3,432,708	3,262,066
<b>Total Expenses</b>	<u>12,979,784</u>	<u>11,694,244</u>
<b>Change in Net Position</b>	163,830	1,095,988
Beginning net position	<u>(7,279,463)</u>	<u>(8,375,451)</u>
<b>Ending Net Position</b>	<u>\$ (7,115,633)</u>	<u>\$ (7,279,463)</u>

Total revenues from governmental activities increased by \$353,382 in comparison to the prior year. This overall increase in revenue is due to an increase in property tax revenue from an increase in the assessed values of properties within the District combined with an increase in charges for services. Charges for services increased primarily due to an increase in customer consumption. Total expenses for the District increased \$1,285,540 in comparison to the prior year primarily due to an increase in personnel costs, contracted services, repairs and maintenance, and interest costs. The District recorded an overall increase in net position of \$163,830.

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

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

The District's governmental funds reflect a combined fund balance of \$25,955,667. Of this, \$17,545,764 is restricted for capital projects, \$4,276,680 is restricted for debt service, \$133,952 is nonspendable for inventory, \$338,688 is assigned in a reserve fund, and \$3,660,583 is unassigned in the general fund.

**FORT BEND COUNTY**  
**MUNICIPAL UTILITY DISTRICT No. 25**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*  
For the Year Ended September 30, 2020

The general fund reported an increase in fund balance of \$463,847. Compared to the prior year, revenues increased \$310,429 largely due to an increase charges for services and property tax revenues. Overall expenditures increased \$540,728 compared to the prior year. Personnel, contracted services, utilities, and repairs and maintenance expenditures increased, while professional fees, and capital outlay decreased. The debt service fund reported a decrease in fund balance of \$258,568 primarily due to debt service payments in excess of property tax collections. The capital projects fund reported a decrease in fund balance of \$630,609, which was the result of capital outlay expenditures that were in excess of bond proceeds related to the Series 2020A bonds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues were greater than final budgeted revenues by \$423,980 during the year primarily due to charges for services, other revenues, and property tax revenue. Actual expenditures exceeded final budgeted expenditures by \$65,699 during the year primarily due to contracted services, utilities, and repairs and maintenance having negative variances, while personnel, professional fees, other, and capital outlay had positive variances. The District had unanticipated expenditures for repairs and maintenance.

**CAPITAL ASSETS**

At the end of the year, the District's governmental activities funds had invested \$66,942,804 in a variety of capital assets (net of accumulated depreciation). This represents a net increase of \$1,018,009.

More detailed information about the District's capital assets is presented in note 6 to the financial statements.

**LONG-TERM DEBT**

As of year end, the District reported \$99,450,000 in outstanding bonds.

More detailed information about the District's long-term liabilities is presented in note 7 to the financial statements.

**COVID-19**

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. While the pandemic caused changes to operations, the overall impact to the financial operations for the 2019-2020 fiscal year was nominal.

**ECONOMIC FACTORS**

For the fiscal year ending September 30, 2021, the District has budgeted revenues of \$5,982,722 and expenditures \$5,812,247, for an overall increase in fund balance of \$170,475. For the 2020 tax year, the District levied the same tax rate as tax year 2019, which was \$.084 per \$100 of assessed valuation, of which \$0.615 is allocated for debt service and \$0.225 is allocated for maintenance and operations.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the finances of the District. Questions concerning this report or requests for additional financial information should be directed to Leonela Ruvalcaba, Executive General Manager, 10347 Clodine Road, Richmond, Texas 77407; telephone (281) 277-0129.

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***BASIC FINANCIAL STATEMENTS***

# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

## STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

September 30, 2020

	Governmental Funds Balance Sheet			
	General	Debt Service	Capital Projects	Total Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 3,019,901	\$ 4,277,505	\$ 17,849,356	\$ 25,146,762
Restricted cash and cash equivalents	380,874	-	623,121	1,003,995
Investments	900,000	-	-	900,000
Receivables	365,001	128,855	-	493,856
Inventory	133,952	-	-	133,952
Capital assets:				
Land	-	-	-	-
Construction in progress	-	-	-	-
Net depreciable capital assets	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,799,728</b>	<b>\$ 4,406,360</b>	<b>\$ 18,472,477</b>	<b>\$ 27,678,565</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	-	-	-
<b>Liabilities</b>				
Accounts payable	\$ 193,480	\$ 825	\$ 926,713	\$ 1,121,018
Accrued liabilities	54,503	-	-	54,503
Customer deposits	380,874	-	-	380,874
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
<b>Total Liabilities</b>	<b>628,857</b>	<b>825</b>	<b>926,713</b>	<b>1,556,395</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	37,648	128,855	-	166,503
<b>Fund Balances/Net Position</b>				
Fund balances:				
Nonspendable				
Inventory	133,952	-	-	133,952
Restricted				
Debt service	-	4,276,680	-	4,276,680
Capital projects	-	-	17,545,764	17,545,764
Assigned				
Reserve fund	338,688	-	-	338,688
Unassigned	3,660,583	-	-	3,660,583
<b>Total Fund Balances</b>	<b>4,133,223</b>	<b>4,276,680</b>	<b>17,545,764</b>	<b>25,955,667</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,799,728</b>	<b>\$ 4,406,360</b>	<b>\$ 18,472,477</b>	<b>\$ 27,678,565</b>
<b>Net Position:</b>				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
<b>Total Net Position</b>				

See Notes to Financial Statements.



<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ -	\$ 25,146,762
-	1,003,995
-	900,000
-	493,856
-	133,952
11,113,183	11,113,183
3,512,179	3,512,179
<u>52,317,442</u>	<u>52,317,442</u>
<u>66,942,804</u>	<u>94,621,369</u>
<u>476,193</u>	<u>476,193</u>
-	1,121,018
-	54,503
-	380,874
4,120,000	4,120,000
<u>96,536,800</u>	<u>96,536,800</u>
<u>100,656,800</u>	<u>102,213,195</u>
<u>(166,503)</u>	<u>-</u>
(133,952)	-
(4,276,680)	-
(17,545,764)	-
(338,688)	-
<u>(3,660,583)</u>	<u>-</u>
<u>(25,955,667)</u>	<u>-</u>
(15,692,039)	(15,692,039)
4,276,680	4,276,680
4,299,726	4,299,726
<u>\$ (7,115,633)</u>	<u>\$ (7,115,633)</u>

**FORT BEND COUNTY**  
**MUNICIPAL UTILITY DISTRICT No. 25**  
*STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS*  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Year Ended September 30, 2020

	Statement of Revenues, Expenditures, and Changes in Fund Balances			
	General	Debt Service	Capital Projects	Total Funds
<b>Revenues</b>				
Charges for water service	\$ 1,686,004	\$ -	\$ -	\$ 1,686,004
Charges for sewer service	1,445,086	-	-	1,445,086
Tap connection and inspection fees	185,239	-	-	185,239
Property taxes	2,556,006	6,955,065	-	9,511,071
Investment earnings	43,801	91,986	133,838	269,625
Other	36,000	-	-	36,000
<b>Total Revenues</b>	<u>5,952,136</u>	<u>7,047,051</u>	<u>133,838</u>	<u>13,133,025</u>
<b>Expenditures/Expenses</b>				
<b>Service Operations:</b>				
Personnel	2,634,791	-	-	2,634,791
Professional fees	122,352	-	-	122,352
Contracted services	335,119	70,065	-	405,184
Utilities	462,516	-	-	462,516
Repairs and maintenance	1,291,967	-	1,234,997	2,526,964
Administrative	323,003	-	-	323,003
Other	436,504	-	-	436,504
<b>Capital Outlay</b>	50,583	-	3,136,869	3,187,452
<b>Depreciation</b>	-	-	-	-
<b>Debt Service:</b>				
Principal	-	3,860,000	-	3,860,000
Interest and fees	-	3,316,654	-	3,316,654
Payment to refunded bond escrow agent	-	8,466,616	-	8,466,616
Bond issuance costs	-	286,148	180,171	466,319
<b>Total Expenditures/Expenses</b>	<u>5,656,835</u>	<u>15,999,483</u>	<u>4,552,037</u>	<u>26,208,355</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	295,301	(8,952,432)	(4,418,199)	(13,075,330)
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	(16,136)	(152,410)	(168,546)
Transfers in	168,546	-	-	168,546
Bonds issued	-	8,710,000	3,940,000	12,650,000
<b>Total Other Financing Sources</b>	<u>168,546</u>	<u>8,693,864</u>	<u>3,787,590</u>	<u>12,650,000</u>
<b>Net Change in Fund Balances/Net Position</b>	463,847	(258,568)	(630,609)	(425,330)
Beginning fund balances/net position	3,669,376	4,535,248	18,176,373	26,380,997
<b>Ending Fund Balances/Net Position</b>	<u>\$ 4,133,223</u>	<u>\$ 4,276,680</u>	<u>\$ 17,545,764</u>	<u>\$ 25,955,667</u>

See Notes to Financial Statements.

<u>Adjustments</u>	<u>Statement of Activities</u>
\$ -	\$ 1,686,004
-	1,445,086
-	185,239
10,589	9,521,660
-	269,625
-	36,000
10,589	13,143,614
-	2,634,791
-	122,352
-	405,184
-	462,516
190,683	2,717,647
-	323,003
-	436,504
(3,187,452)	-
1,978,760	1,978,760
(3,860,000)	-
116,054	3,432,708
(8,466,616)	-
-	466,319
(13,228,571)	12,979,784
13,239,160	163,830
-	-
-	-
(12,650,000)	-
(12,650,000)	-
589,160	163,830
(33,660,460)	(7,279,463)
\$ (33,071,300)	\$ (7,115,633)

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# **FORT BEND COUNTY**

## **MUNICIPAL UTILITY DISTRICT No. 25**

### *NOTES TO FINANCIAL STATEMENTS*

For the Year Ended September 30, 2020

#### **NOTE 1 – CREATION OF DISTRICT**

Fort Bend County Municipal Utility District No. 25, of Fort Bend County, Texas (the “District”) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (TCEQ), effective July 18, 1978, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, treatment of wastewater; and to provide park and recreational facilities.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements and accounting policies of the District are prepared in conformity with generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

##### **A. Reporting Entity**

The District has adopted GASB Statements No. 14, *The Financial Reporting Entity*, and No. 39, *Determining Whether Certain the Organizations Are Component Units*. In accordance with these statements, a financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. There are no component units that are legally separate for which the District is considered financially accountable.

The District is governed by a board of directors consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. As required by generally accepted accounting principles, these financial statements present the activities of the District, which is considered to be the primary government, as well as the reporting entity. There are no other organizations which meet the criteria for inclusion herein as part of the financial reporting entity.

##### **B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government. Governmental activities are normally supported by taxes and intergovernmental revenues.

##### **C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

# FORT BEND COUNTY

## MUNICIPAL UTILITY DISTRICT No. 25

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### **D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the District's funds. Separate statements for the District's fund category, governmental, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following governmental funds:

The *general fund* is used to account for the operations of the District's water and sewer system and all other financial transactions not properly includable in other funds. The principal sources of revenue are related to water and sewer service operations. Expenditures include all costs associated with the daily operations of the District. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all long-term debt of the District. The primary source of revenue for debt service is property taxes pursuant to requirements of the District's bond resolutions. Expenditures include costs incurred in assessing and collecting these taxes. The debt service fund is considered a major fund for reporting purposes.

The *capital projects fund* is used to account for the financial resources to be used for the acquisition or construction of major capital facilities financed principally by proceeds of bond and certificate of obligation issues. The capital projects fund is considered a major fund for reporting purposes.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

# FORT BEND COUNTY

## MUNICIPAL UTILITY DISTRICT No. 25

### *NOTES TO FINANCIAL STATEMENTS (Continued)*

For the Year Ended September 30, 2020

#### **E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

#### **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

##### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

# **FORT BEND COUNTY**

## **MUNICIPAL UTILITY DISTRICT No. 25**

### *NOTES TO FINANCIAL STATEMENTS (Continued)*

For the Year Ended September 30, 2020

#### **2. Investments**

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificate of deposits, are reported at cost.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the District is authorized to invest in the following:

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

#### **3. Inventory**

Supplies inventory is valued based on average cost and is reported as an expenditure when consumed.

#### **4. Restricted Assets**

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

#### **5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water lines, sewer lines, and storm sewers), are reported in the applicable governmental activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.



# FORT BEND COUNTY

## MUNICIPAL UTILITY DISTRICT No. 25

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Water system	10 to 45 years
Sewer system	10 to 45 years
Drainage system	10 to 45 years
Buildings	40 years
Furniture and equipment	3 to 20 years

#### 6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The District reports a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

#### 7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

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

The property tax rate is allocated each year between the general fund and the debt service fund. An amount estimated to be required for debt service on general obligation debt is provided by the debt service tax along with interest earned in the debt service fund.

**FORT BEND COUNTY**  
**MUNICIPAL UTILITY DISTRICT No. 25**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2020

**8. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**9. Fund Balance Flow Assumptions**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**10. Fund Balances Policies**

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Directors (the "Board") is the highest level of decision-making authority for the District that can, by adoption of an order prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the order remains in place until a similar action is taken (the adoption of another order) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board also may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

### 11. Estimates

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

### NOTE 3 – CASH AND TEMPORARY INVESTMENTS

As of September 30, 2020, the District had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 900,000	1.22
Texas CLASS	177,083	0.06
Total	\$ 1,077,083	
Portfolio weighted average maturity		1.03

*Custodial credit risk – investments.* For an investment, this is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The District’s investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that the District’s deposits may not be returned in the event of a bank failure. The District’s investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2020, fair market values of pledged securities and FDIC coverage exceeded bank balances.

*Interest rate risk.* In accordance with its investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

# FORT BEND COUNTY

## MUNICIPAL UTILITY DISTRICT No. 25

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

#### Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust – Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the “Agreement”), among certain Texas governmental entities investing in CLASS (the “Participants”), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, NA as custodian. CLASS is not SEC registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the “Board”), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS’ website at [www.texasclass.com](http://www.texasclass.com).

#### NOTE 4 – RECEIVABLES

Amounts are aggregated into a single accounts receivable line for certain funds. Below is the detail of receivables for the general fund and the debt service fund:

	<b>General</b>	<b>Debt Service</b>
Accounts receivable	\$ 317,524	\$ -
Accrued interest receivable	9,829	-
Property taxes receivable	37,648	128,855
<b>Total</b>	<b>\$ 365,001</b>	<b>\$ 128,855</b>

#### NOTE 5 – PROPERTY TAXES

The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values are determined by the Fort Bend Central Appraisal District. A tax lien attaches to properties within the District on January 1 of each year when property valuations for the use in levying taxes are established. Taxes are generally levied on or about October 1 and are due upon receipt of the tax bill by the property owner. Penalties and interest are charged if taxes are not paid by the succeeding January 31. There is an additional 20 percent penalty charged on accounts delinquent after July 1 of each year, which generally is payable to the District’s delinquent tax attorney.

Property taxes are levied for debt service and operations based on rates adopted for the year of the levy. For the current year, the District levied property taxes of \$0.84 per \$100 of assessed valuation. The resulting adjusted tax levy was \$9,525,788 on the adjusted taxable valuation of \$1,134,022,400 for the 2019 tax year.

# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

Property taxes receivable at year end consisted of the following:

	Amounts
2020 (2019 levy)	\$ 55,995
2019 (2018 levy)	19,033
2018 (2017 levy)	14,944
2017 (2016 levy)	12,404
2016 (2015 levy and before)	64,127
<b>Total</b>	<b>\$ 166,503</b>

### NOTE 6 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year end is as follows:

	Beginning Balances	Additions	Retirements	Ending Balances
<b>Capital Assets</b>				
<b>Nondepreciable Assets</b>				
Land and improvements	\$ 10,126,748	\$ 986,435	\$ -	\$ 11,113,183
Construction in progress	2,460,657	3,121,241	(2,069,719)	3,512,179
<b>Total Nondepreciable Assets</b>	12,587,405	4,107,676	(2,069,719)	14,625,362
<b>Depreciable Assets</b>				
Water system	17,011,050	892,601	-	17,903,651
Sewer system	38,961,496	-	-	38,961,496
Drainage system	15,239,352	66,211	-	15,305,563
Buildings	4,321,509	-	-	4,321,509
Furniture and equipment	3,723,129	-	-	3,723,129
Accumulated depreciation	(25,919,146)	(1,978,760)	-	(27,897,906)
<b>Net Depreciable Assets</b>	53,337,390	(1,019,948)	-	52,317,442
<b>Governmental Activities Capital Assets, Net</b>	\$ 65,924,795	\$ 3,087,728	\$ (2,069,719)	\$ 66,942,804
			Add unspent bond proceeds	17,545,764
			Less associated debt	(100,180,607)
			<b>Net investment in capital assets</b>	<b>\$ (15,692,039)</b>

# FORT BEND COUNTY

## MUNICIPAL UTILITY DISTRICT No. 25

### NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2020

#### NOTE 7 – CHANGES IN LONG-TERM DEBT, DEBT SERVICE REQUIREMENTS, AND BOND RESOLUTION REQUIREMENTS

Long-term debt consists of bonds payable. Payments of principal and interest on the bonds are to be provided from tax levies on properties within the District. The bond resolutions require an amount equal to the average annual debt service requirements to be reserved by the District. This requirement has been met through the debt service fund.

#### Current Refunding

On July 16, 2020, the District issued \$8,710,000 of Unlimited Tax Refunding Bonds, Series 2020 to provide resources for debt service to fully refund the remaining \$2,470,000 outstanding portion of the Series 2013 Unlimited Tax Refunding Bonds and to partially refund \$5,940,000 of the Series 2013A Unlimited Tax Refunding Bonds (collectively, the “Refunded Bonds”). As a result, the Refunded Bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$48,962. This amount is being amortized over the life of the new debt issued. This 2020 current refunding was undertaken to reduce total debt service payments over the next 20 years by \$496,190 and resulted in an economic gain of \$418,866.

On September 22, 2020, the District issued its Unlimited Tax Bonds, Series 2020A (the “Bonds”), in the principal amount of \$3,940,000, with an interest rate ranging from 1.00% to 2.00% and a final maturity date of October 1, 2043. The proceeds from the Bonds will be used to pay construction costs and other items for betterments to the District’s water supply and wastewater treatment facilities and for expansion of the District’s inventory warehouse.

The following is a summary of changes in bonds payable for the year ended September 30, 2020:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amount Due In One Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 99,070,000	\$ 12,650,000	\$ (12,270,000)	\$ 99,450,000 *	\$ 4,120,000
Accreted interest payable	167,348	18,022	-	185,370 *	-
(Discounts)/premium	1,277,550	-	(256,120)	1,021,430 *	-
<b>Total Governmental Activities</b>	<b>\$ 100,514,898</b>	<b>\$ 12,668,022</b>	<b>\$ (12,526,120)</b>	<b>\$ 100,656,800</b>	<b>\$ 4,120,000</b>
				<b>\$ 96,536,800</b>	
				(476,193) *	
				<b>\$ 100,180,607</b>	

**FORT BEND COUNTY**  
**MUNICIPAL UTILITY DISTRICT No. 25**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
For the Year Ended September 30, 2020

Bonds payable at September 30, 2020 are comprised of the following issues:

	<b>Amounts</b>	<b>Interest</b>	<b>Principal</b>	<b>Callable</b>
	<b>Outstanding</b>	<b>Rates</b>	<b>Interest</b>	<b>Date</b>
			<b>Pmt. Dates</b>	
Refunding Series 2011A	\$ 355,000	2.00 to 3.75%	April 1, October 1	October 1, 2023
Refunding Series 2012	445,000	2.00 to 4.00%	April 1, October 1	October 1, 2029
Refunding Series 2013A	1,125,000	2.00 to 3.50%	April 1, October 1	October 1, 2032
Refunding Series 2014	3,820,000	3.05%	April 1, October 1	October 1, 2028
Series 2014A	3,755,000	2.00 to 3.75%	April 1, October 1	October 1, 2039
Series 2014B	2,320,000	2.00 to 3.75%	April 1, October 1	October 1, 2039
Refunding Series 2015	37,470,000	2.00 to 4.00%	April 1, October 1	October 1, 2038
Series 2015A	5,165,000	2.00 to 3.75%	April 1, October 1	October 1, 2040
Series 2017	5,210,000	2.00 to 3.00%	April 1, October 1	October 1, 2041
Series 2017A	1,785,000	2.00 to 3.00%	April 1, October 1	October 1, 2041
Series 2018	5,480,000	2.00 to 3.63%	April 1, October 1	October 1, 2042
Refunding Series 2019	15,995,000	3.00 to 4.00%	April 1, October 1	October 1, 2038
Series 2019A	3,875,000	2.00 to 3.00%	April 1, October 1	October 1, 2043
Refunding Series 2020	8,710,000	2.00 to 4.00%	April 1, October 1	October 1, 2031
Series 2020A	3,940,000	1.00 to 2.00%	April 1, October 1	October 1, 2043
<b>Total</b>	<b>\$ 99,450,000</b>			

As of September 30, 2020, the debt service requirements on bonds outstanding are as follows:

<b>Fiscal Year</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
<b>Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Sept. 30</b>	<b>Due</b>	<b>Due</b>	<b>Due</b>
2021	\$ 4,120,000	\$ 3,294,890	\$ 7,414,890
2022	4,225,000	3,171,679	7,396,679
2023	4,320,000	3,027,641	7,347,641
2024	4,440,000	2,875,691	7,315,691
2025	4,580,000	2,718,760	7,298,760
2026-2030	24,815,000	11,194,325	36,009,325
2031-2035	27,725,000	7,319,916	35,044,916
2036-2040	22,725,000	2,275,689	25,000,689
2041-2043	2,500,000	118,828	2,618,828
<b>Totals</b>	<b>\$ 99,450,000</b>	<b>\$ 35,997,419</b>	<b>\$ 135,447,419</b>

**Significant Bond Resolution and TCEQ Requirements**

- A. The bond resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the 2020 fiscal year, the District levied an ad valorem debt service tax at the rate of \$0.615 per \$100 of assessed valuation, which resulted in a tax levy of \$6,974,238 on the taxable valuation of \$1,134,022,400 for the 2019 tax year. The interest and principal requirements paid from the tax revenues were \$6,955,065.
- B. The TCEQ required the District to escrow funds from the Series 2010 Bonds. As of September 30, 2020, the escrowed amount was invested in a money market account.

**FORT BEND COUNTY**  
**MUNICIPAL UTILITY DISTRICT No. 25**

*NOTES TO FINANCIAL STATEMENTS (Continued)*

For the Year Ended September 30, 2020

**Federal Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the District could result. The District periodically engages an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

**NOTE 8 – MAINTENANCE TAXES**

At an election held on August 12, 1978, voters authorized a maintenance tax not to exceed \$0.25 per \$100 valuation on all property within the District subject to taxation. During the year, the District levied an ad valorem maintenance tax at the rate of \$0.225 per \$100 of assessed valuation, which resulted in a tax levy of \$2,551,551 on the taxable valuation of \$1,134,022,400 for the 2019 tax year. The maintenance tax proceeds are deposited in the general fund and used to pay expenditures of operating the District.

**NOTE 9 – INTERFUND TRANSFERS**

Interfund transfer balances at September 30, 2020 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amounts</u>
Capital Projects	General	\$ 152,410
Debt Service	General	16,136
		\$ 168,546

The capital projects transferred surplus funds and funds released from escrow to the general fund to reimburse for projects originally paid with operating funds. The debt service fund transferred proceeds from the Series 2020 refunding bonds to the general fund to pay for other issuance costs.

**NOTE 10 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three (3) fiscal years.



**FORT BEND COUNTY**  
**MUNICIPAL UTILITY DISTRICT No. 25**

*NOTES TO FINANCIAL STATEMENTS (Continued)*

For the Year Ended September 30, 2020

**NOTE 11 – RETIREMENT PROGRAM**

The District offers a deferred compensation plan (the “Plan”) in accordance with Internal Revenue Code Section 457 which allows employees to defer a portion of their salary until future years. In addition, the District provides alternate Federal Insurance Contributions Acts (FICA) to its employees in which the District contributes 6.2 percent of an employee’s pay in lieu of paying social security taxes. The alternate FICA contribution is transferred to the employee’s retirement account each pay period. The District’s contributions to the Plan are based on an employee’s length of service and ranges from 2 percent to 12 percent of an employee’s base pay. During the current year, the District contributed \$109,765 to the Plan.

**NOTE 12 – SUBSIDENCE AND CONVERSION TO SURFACE WATER SUPPLY**

The District is within the boundaries of the Fort Bend Subsidence District (the “Subsidence District”), which regulates groundwater withdrawal. The District’s authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations required for reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District’s jurisdiction, including the area within the District. The Subsidence District’s regulations require the District, individually or collectively with other water users, to: (i) prepare a groundwater reduction plan (GRP) and obtain certification of the GRP from the Subsidence District; (ii) limit groundwater withdrawals to no more than 70 percent of the total water demand of the water users within the GRP beginning January 2013; and (iii) limit groundwater withdrawals to no more than 40 percent of the total water demand of the water users within the GRP beginning January 2025.

**NOTE 13 – INFECTIOUS DISEASE OUTLOOK (COVID-19)**

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay-at-home orders going into effect. While the initial event occurred prior to year end, the District, subsequent to year end, was continuing to modify its operations to prevent the spread to protect staff and the community as a whole, while balancing the need to continue to provide essential services. The District is continuing to monitor exposure levels among staff and the community as a whole, but to date the overall exposure threat level has been sufficiently low with no significant disruption of services. The District does not anticipate adverse impact to its operations or financial condition related to COVID-19.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

## BUDGETARY COMPARISON SCHEDULE

### GENERAL FUND

For the Year Ended September 30, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 2,974,440	\$ 2,969,440	\$ 3,316,329	\$ 346,889
Property taxes	2,515,119	2,515,119	2,556,006	40,887
Investment earnings	37,556	37,556	43,801	6,245
Other	2,716	6,041	36,000	29,959
<b>Total Revenues</b>	<u>5,529,831</u>	<u>5,528,156</u>	<u>5,952,136</u>	<u>423,980</u>
<b>Expenditures</b>				
<b>Service Operations:</b>				
Personnel	2,653,950	2,653,950	2,634,791	19,159
Professional fees	277,680	277,680	122,352	155,328
Contracted services	227,706	299,706	335,119	(35,413)
Utilities	450,422	452,422	462,516	(10,094)
Administrative	314,223	316,923	323,003	(6,080)
Repairs and maintenance	963,208	1,024,208	1,291,967	(267,759)
Other	442,247	466,247	436,504	29,743
<b>Capital Outlay</b>	<u>100,000</u>	<u>100,000</u>	<u>50,583</u>	<u>49,417</u>
<b>Total Expenditures</b>	<u>5,429,436</u>	<u>5,591,136</u>	<u>5,656,835</u>	<u>(65,699)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	100,395	(62,980)	295,301	358,281
<b>Other Financing Sources</b>				
Transfers in	-	-	168,546	168,546
<b>Net Change in Fund Balance</b>	<u>\$ 100,395</u>	<u>\$ (62,980)</u>	463,847	<u>\$ 526,827</u>
Beginning fund balance			<u>3,669,376</u>	
<b>Ending Fund Balance</b>			<u>\$ 4,133,223</u>	

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***TEXAS SUPPLEMENTARY INFORMATION***

# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

*TSI-1 SERVICES AND RATES*  
For the Year Ended September 30, 2020

**1. Services provided by the District:**

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

**2. a. Retail rates based on 5/8" meter**

					Retail rates not applicable
The most prevalent type of meter (if not a 5/8"):					Not applicable
	<b>Minimum Charge</b>	<b>Minimum Usage</b>	<b>Flat Rate Y/N</b>	<b>Rate per 1,000 Gallons Over Minimum</b>	<b>Usage Levels</b>
Water	\$ 18.36	5,000	<u>  N  </u>	\$2.04	5,001 to 10,000
Waste	\$ 15.30	up to 15,000		\$2.55	10,001 to 15,000
Surcharge	\$ 21.42	15,001 to 25,000		\$3.83	15,001 to 25,000
	\$ 22.00	25,001 and up	<u>  Y  </u>	\$4.47	25,001 and up

District employs winter averaging for wastewater usage? Yes      No   X    
 Total water and sewer charges per 10,000 gallons usage (including surcharges) \$   43.86  

**b. Water and Wastewater Retail Connections:** Number of retail water and/or wastewater\* connections within the District as of the fiscal year end. Provide actual numbers and single family equivalents (ESFC) as noted:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
3/4" and 5/8"	3,423	3,412	x 1.0	3,412
1"	616	616	x 2.5	1,540
1.5"	17	16	x 5.0	80
2"	49	49	x 8.0	392
3"	2	2	x 15.0	30
4"	1	1	x 25.0	25
6"	4	4	x 50.0	200
8"	5	5	x 80.0	400
Total water	4,117	4,105		6,079
Total wastewater	4,010	3,995	x 1.0	3,995

\* Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

**3. Total Water Consumption (In Thousands) During the Fiscal Year:**

Gallons pumped into system:	569,919,314	
Gallons billed to customers:	463,944,800	Water Accountability Ratio: (Gallons billed/Gallons pumped)
		<u>  0.81  </u>



4. **Standby Fees:** Does the District assess standby fees? Yes \_\_\_ No X  
 For the most recent full fiscal year:

Debt Service:	Total levy	\$ 6,974,238
	Total collected	\$ 6,933,242
	Percentage collected	99.41%
Operation & Maintenance	Total levy	\$ 2,551,551
	Total collected	\$ 2,536,552
	Percentage collected	99.41%

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property? Yes X No \_\_\_

5. **Location of District:**

County in which District is located. Fort Bend County  
 Is the District located entirely within one county? Yes X No \_\_\_  
 Is the District located within a city? Entirely \_\_\_ Partly \_\_\_ Not at all X

City in which District is located. N/A  
 Is the District located within a city's extra territorial jurisdiction (ETJ)?  
 Entirely \_\_\_ Partly X Not at all \_\_\_  
 ETJ's in which District is located. City of Houston  
 Is the general membership of the Board appointed by an office outside the District?  
 Yes \_\_\_ No X  
 If yes, by whom? \_\_\_\_\_

# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

## TSI-2 GENERAL FUND EXPENDITURES

For the Year Ended September 30, 2020

	<b>2020</b>
<b><u>Current</u></b>	
<b>Personnel Services</b> (including benefits)	\$ 2,634,791
<b>Professional Fees:</b>	
Auditing	15,996
Legal	63,148
Financial advisor	12,015
Engineering	31,193
	122,352
<b>Contracted Services:</b>	
Security	8,167
Information technology	3,103
Sludge removal	321,399
Billing	2,450
	335,119
<b>Utilities</b>	462,516
<b>Repairs and Maintenance</b>	1,291,967
<b>Administrative:</b>	
Director's fees	7,500
Office supplies	15,079
Travel and per diem	5,811
Insurance	148,586
Postage	25,494
Regulatory charges	50,215
Other administrative	70,318
	323,003
<b>Capital Outlay</b>	50,583
<b>Other Expenditures:</b>	
Rental fees	44,369
Computer equipment	6,121
Uniforms	21,572
Safety fees	22,327
Permit fees	46,587
Chemicals and laboratory	295,528
	436,504
<b>Total Expenditures</b>	<b>\$ 5,656,835</b>

Number of employees employed by the District:

Full-time	33
Part-time	-

# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

## TSI-3 CASH AND TEMPORARY INVESTMENTS

For the Year Ended September 30, 2020

Funds	Identification or Certificate Number	Interest Rate (%)	Maturity Date	Balance	Accrued Interest
<b><u>General Fund</u></b>					
Checking	3528	Various	Demand	\$ 75,454	\$ -
Checking	3329	Various	Demand	65,340	-
Checking	3544	Various	Demand	1,193	-
Petty Cash	N/A	N/A	N/A	201	-
Checking	2156	Various	Demand	1,735	-
Checking	0021	Various	Demand	2,781	-
Checking	4572	Various	Demand	2,566,345	-
Checking	4718	Various	Demand	510,643	-
TexasCLASS	N/A	2.20%	N/A	177,083	-
Certificate of deposit	5987	2.10%	8/19/2021	300,000	4,020
Certificate of deposit	5990	1.52%	2/19/2022	600,000	5,809
<b>Total General Fund</b>				<u>4,300,775</u>	<u>9,829</u>
<b><u>Debt Service Fund</u></b>					
Checking	4696	Various	Demand	4,240,578	-
Tax Checking	N/A	N/A	N/A	36,927	-
<b>Total Debt Service Fund</b>				<u>4,277,505</u>	<u>-</u>
<b><u>Capital Projects Fund</u></b>					
Checking	9108	Various	Demand	20,028	-
Checking	9090	Various	Demand	623,121	-
Checking	9082	Various	Demand	17,829,328	-
<b>Total Capital Projects Fund</b>				<u>18,472,477</u>	<u>-</u>
<b>Total - All Funds</b>				<u><u>\$ 27,050,757</u></u>	<u><u>\$ 9,829</u></u>

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# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

## TSI-4 ANALYSIS OF TAXES LEVIED AND RECEIVABLE

For the Year Ended September 30, 2020

	General	Debt Service	Total Funds
<b>Taxes Receivable - Beginning of Year</b>	\$ 34,809	\$ 121,105	\$ 155,914
2019 adjusted tax roll	2,556,958	6,989,019	9,545,977
Other adjustments to prior tax rolls	1,887	(26,204)	(24,317)
Adjusted tax roll	2,558,845	6,962,815	9,521,660
<b>Total to be Accounted for</b>	<u>2,593,654</u>	<u>7,083,920</u>	<u>9,677,574</u>
Tax collections:			
Current year	2,536,552	6,933,242	9,469,794
Prior years	19,454	21,823	41,277
<b>Total Collections</b>	<u>2,556,006</u>	<u>6,955,065</u>	<u>9,511,071</u>
<b>Taxes Receivable - End of Year</b>	<u>\$ 37,648</u>	<u>\$ 128,855</u>	<u>\$ 166,503</u>
<b>Taxes Receivable - By Year</b>			
2019	\$ 14,999	\$ 40,996	\$ 55,995
2018	5,098	13,935	19,033
2017	3,737	11,207	14,944
2016	3,101	9,303	12,404
2015 and prior	10,713	53,414	64,127
<b>Taxes Receivable - End of Year</b>	<u>\$ 37,648</u>	<u>\$ 128,855</u>	<u>\$ 166,503</u>

	2019	2018	2017	2016	2015
<b>Assessed Property Valuations</b>	<u>\$ 1,134,022,400</u>	<u>\$ 1,115,970,239</u>	<u>\$ 1,084,751,113</u>	<u>\$ 1,018,339,571</u>	<u>\$ 923,345,481</u>
<b>Tax Rates (Per \$100 Valuation)</b>					
Debt service	\$ 0.61500	\$ 0.61500	\$ 0.63000	\$ 0.63000	\$ 0.66000
Maintenance	0.22500	0.22500	0.21000	0.21000	0.18500
<b>Total Tax Rate (per \$100 Valuation)</b>	<u>\$ 0.84000</u>	<u>\$ 0.84000</u>	<u>\$ 0.84000</u>	<u>\$ 0.84000</u>	<u>\$ 0.84500</u>
<b>Tax Rolls**</b>	<u>\$ 9,525,788</u>	<u>\$ 9,374,150</u>	<u>\$ 9,111,909</u>	<u>\$ 8,554,052</u>	<u>\$ 7,802,269</u>

**For the Year Ended September 30, 2020**

Percentage of current taxes collected to current taxes levied (as adjusted)

All Taxes  
99.41%

\*\* As adjusted

**FORT BEND COUNTY**  
**MUNICIPAL UTILITY DISTRICT No. 25**  
*TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS*  
For the Year Ended September 30, 2020

Due During Fiscal Year Ending September 30	Series 2011A - Refunding			Series 2012 - Refunding		
	Principal Due	Interest October 1, April 1	Total	Principal Due	Interest October 1, April 1	Total
	October 1	April 1		October 1	April 1	
2021	\$ 355,000	\$ 12,426	\$ 367,426	\$ 445,000	\$ 12,238	\$ 457,238
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
<b>Totals</b>	<u>\$ 355,000</u>	<u>\$ 12,426</u>	<u>\$ 367,426</u>	<u>\$ 445,000</u>	<u>\$ 12,238</u>	<u>\$ 457,238</u>



# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

*TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS, Continued*  
For the Year Ended September 30, 2020

Due During Fiscal Year Ending September 30	Series 2014A			Series 2014B		
	Principal	Interest	Total	Principal	Interest	Total
	Due	October 1,		Due	October 1,	
	October 1	April 1	October 1	April 1		
2021	\$ 200,000	\$ 124,313	\$ 324,313	\$ 125,000	\$ 76,875	\$ 201,875
2022	200,000	118,313	318,313	125,000	73,125	198,125
2023	200,000	112,313	312,313	125,000	69,375	194,375
2024	200,000	106,313	306,313	125,000	65,625	190,625
2025	200,000	100,313	300,313	125,000	61,875	186,875
2026	200,000	94,313	294,313	125,000	58,125	183,125
2027	200,000	88,313	288,313	125,000	54,375	179,375
2028	200,000	82,313	282,313	125,000	50,625	175,625
2029	200,000	76,313	276,313	125,000	46,875	171,875
2030	200,000	69,813	269,813	125,000	42,813	167,813
2031	200,000	63,313	263,313	110,000	38,750	148,750
2032	200,000	56,563	256,563	110,000	35,038	145,038
2033	200,000	49,813	249,813	110,000	31,325	141,325
2034	200,000	42,813	242,813	110,000	27,475	137,475
2035	200,000	35,813	235,813	110,000	23,625	133,625
2036	200,000	28,313	228,313	110,000	19,500	129,500
2037	200,000	20,813	220,813	110,000	15,375	125,375
2038	200,000	13,313	213,313	110,000	11,250	121,250
2039	155,000	5,813	160,813	190,000	7,125	197,125
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
<b>Totals</b>	<u>\$ 3,755,000</u>	<u>\$ 1,289,197</u>	<u>\$ 5,044,197</u>	<u>\$ 2,320,000</u>	<u>\$ 809,151</u>	<u>\$ 3,129,151</u>



<b>Series 2015 - Refunding</b>			<b>Series 2015A</b>		
<b>Principal Due</b>	<b>Interest</b>		<b>Principal Due</b>	<b>Interest</b>	
<b>October 1</b>	<b>October 1, April 1</b>	<b>Total</b>	<b>October 1</b>	<b>October 1, April 1</b>	<b>Total</b>
\$ 625,000	\$ 1,370,513	\$ 1,995,513	\$ 200,000	\$ 157,344	\$ 357,344
425,000	1,351,763	1,776,763	225,000	153,344	378,344
435,000	1,339,013	1,774,013	225,000	148,844	373,844
445,000	1,321,613	1,766,613	225,000	144,344	369,344
705,000	1,303,813	2,008,813	250,000	139,563	389,563
725,000	1,275,613	2,000,613	275,000	133,625	408,625
740,000	1,253,863	1,993,863	275,000	126,750	401,750
755,000	1,231,663	1,986,663	325,000	118,500	443,500
1,270,000	1,209,013	2,479,013	300,000	108,750	408,750
1,310,000	1,167,738	2,477,738	275,000	99,750	374,750
1,350,000	1,125,163	2,475,163	210,000	91,500	301,500
1,395,000	1,071,163	2,466,163	250,000	84,938	334,938
4,130,000	1,022,338	5,152,338	150,000	76,813	226,813
4,275,000	857,138	5,132,138	200,000	71,750	271,750
4,435,000	707,513	5,142,513	200,000	65,000	265,000
4,600,000	530,113	5,130,113	250,000	58,000	308,000
4,810,000	363,363	5,173,363	250,000	49,250	299,250
5,040,000	189,000	5,229,000	100,000	40,500	140,500
-	-	-	490,000	36,750	526,750
-	-	-	490,000	18,375	508,375
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 37,470,000</u>	<u>\$ 18,690,396</u>	<u>\$ 56,160,396</u>	<u>\$ 5,165,000</u>	<u>\$ 1,923,690</u>	<u>\$ 7,088,690</u>

**FORT BEND COUNTY**  
**MUNICIPAL UTILITY DISTRICT No. 25**  
*TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS, Continued*  
For the Year Ended September 30, 2020

Due During Fiscal Year Ending September 30	Series 2017			Series 2017A		
	Principal Due	Interest October 1, April 1	Total	Principal Due	Interest October 1, April 1	Total
	October 1	April 1		October 1	April 1	
2021	\$ 245,000	\$ 163,538	\$ 408,538	\$ 85,000	\$ 56,206	\$ 141,206
2022	245,000	158,638	403,638	85,000	54,506	139,506
2023	245,000	151,288	396,288	85,000	51,956	136,956
2024	245,000	143,938	388,938	85,000	49,406	134,406
2025	245,000	136,588	381,588	85,000	46,856	131,856
2026	245,000	129,238	374,238	85,000	44,306	129,306
2027	245,000	121,888	366,888	85,000	41,756	126,756
2028	245,000	114,538	359,538	85,000	39,206	124,206
2029	250,000	107,188	357,188	85,000	36,656	121,656
2030	250,000	99,688	349,688	85,000	34,106	119,106
2031	250,000	92,188	342,188	85,000	31,556	116,556
2032	250,000	84,688	334,688	85,000	29,006	114,006
2033	250,000	77,188	327,188	85,000	26,456	111,456
2034	250,000	69,688	319,688	85,000	23,906	108,906
2035	250,000	62,188	312,188	85,000	21,144	106,144
2036	250,000	54,063	304,063	85,000	18,381	103,381
2037	250,000	45,938	295,938	85,000	15,619	100,619
2038	250,000	36,875	286,875	85,000	12,538	97,538
2039	250,000	27,813	277,813	85,000	9,456	94,456
2040	250,000	18,750	268,750	85,000	6,375	91,375
2041	250,000	9,375	259,375	85,000	3,188	88,188
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
<b>Totals</b>	<u>\$ 5,210,000</u>	<u>\$ 1,905,284</u>	<u>\$ 7,115,284</u>	<u>\$ 1,785,000</u>	<u>\$ 652,585</u>	<u>\$ 2,437,585</u>

Series 2018			Series 2019 - Refunding		
Principal Due October 1	Interest October 1, April 1	Total	Principal Due October 1	Interest October 1, April 1	Total
\$ 225,000	\$ 176,494	\$ 401,494	\$ 210,000	\$ 622,876	\$ 832,876
225,000	169,744	394,744	1,085,000	616,574	1,701,574
225,000	162,994	387,994	1,490,000	573,176	2,063,176
225,000	156,244	381,244	2,140,000	513,574	2,653,574
225,000	149,494	374,494	2,090,000	427,976	2,517,976
225,000	142,744	367,744	2,165,000	344,374	2,509,374
225,000	135,994	360,994	2,240,000	257,774	2,497,774
225,000	129,244	354,244	910,000	168,176	1,078,176
225,000	122,494	347,494	2,165,000	131,774	2,296,774
225,000	115,744	340,744	190,000	45,176	235,176
225,000	108,994	333,994	185,000	39,474	224,474
225,000	102,244	327,244	180,000	33,926	213,926
225,000	95,213	320,213	175,000	28,524	203,524
225,000	88,181	313,181	165,000	23,276	188,276
225,000	80,869	305,869	160,000	18,326	178,326
225,000	73,556	298,556	155,000	13,524	168,524
225,000	65,963	290,963	150,000	8,877	158,877
325,000	58,369	383,369	140,000	4,374	144,374
325,000	46,994	371,994	-	-	-
325,000	35,619	360,619	-	-	-
325,000	24,244	349,244	-	-	-
355,000	12,869	367,869	-	-	-
-	-	-	-	-	-
<u>\$ 5,480,000</u>	<u>\$ 2,254,305</u>	<u>\$ 7,734,305</u>	<u>\$ 15,995,000</u>	<u>\$ 3,871,751</u>	<u>\$ 19,866,751</u>

# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

*TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS, Continued*  
For the Year Ended September 30, 2020

Due During Fiscal Year Ending September 30	Series 2019A			Series 2020 - Refunding		
	Principal	Interest	Total	Principal	Interest	Total
	Due	October 1,		Due	October 1,	
	October 1	April 1	October 1	April 1		
2021	\$ 125,000	\$ 93,594	\$ 218,594	\$ 15,000	\$ 212,950	\$ 227,950
2022	125,000	89,844	214,844	1,030,000	212,350	1,242,350
2023	125,000	86,094	211,094	695,000	171,150	866,150
2024	125,000	82,344	207,344	145,000	143,350	288,350
2025	125,000	78,594	203,594	35,000	137,550	172,550
2026	125,000	76,094	201,094	35,000	136,150	171,150
2027	125,000	73,594	198,594	40,000	135,100	175,100
2028	125,000	71,094	196,094	125,000	134,300	259,300
2029	125,000	68,594	193,594	175,000	131,800	306,800
2030	125,000	66,094	191,094	2,275,000	128,300	2,403,300
2031	125,000	63,594	188,594	1,680,000	82,800	1,762,800
2032	125,000	61,094	186,094	2,460,000	49,200	2,509,200
2033	125,000	58,438	183,438	-	-	-
2034	125,000	55,624	180,624	-	-	-
2035	125,000	52,812	177,812	-	-	-
2036	125,000	50,000	175,000	-	-	-
2037	125,000	46,876	171,876	-	-	-
2038	125,000	43,750	168,750	-	-	-
2039	325,000	40,626	365,626	-	-	-
2040	325,000	32,500	357,500	-	-	-
2041	325,000	24,376	349,376	-	-	-
2042	325,000	16,250	341,250	-	-	-
2043	325,000	8,126	333,126	-	-	-
<b>Totals</b>	<u>\$ 3,875,000</u>	<u>\$ 1,340,006</u>	<u>\$ 5,215,006</u>	<u>\$ 8,710,000</u>	<u>\$ 1,675,000</u>	<u>\$ 10,385,000</u>

**Series 2020A**

<b>Principal Due October 1</b>	<b>Interest October 1, April 1</b>	<b>Total</b>
\$ 175,000	\$ 74,263	\$ 249,263
175,000	65,050	240,050
175,000	61,550	236,550
175,000	58,050	233,050
175,000	54,550	229,550
175,000	51,050	226,050
170,000	49,300	219,300
170,000	47,600	217,600
170,000	45,900	215,900
170,000	43,775	213,775
170,000	41,650	211,650
170,000	39,100	209,100
170,000	36,550	206,550
170,000	33,575	203,575
170,000	30,600	200,600
170,000	27,200	197,200
170,000	23,800	193,800
170,000	20,400	190,400
170,000	17,000	187,000
170,000	13,600	183,600
170,000	10,200	180,200
170,000	6,800	176,800
170,000	3,400	173,400
<u>\$ 3,940,000</u>	<u>\$ 854,963</u>	<u>\$ 4,794,963</u>

# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

## TSI-6 CHANGE IN LONG-TERM BONDED DEBT

For the Year Ended September 30, 2020

	Bond Issues			
	Series 2011	Series 2011A	Series 2012	Series 2013
Interest rate	3.125-5.00%	2.00-3.75%	2.00-4.00%	2.00-3.50%
Dates interest payable	4/1 and 10/1	4/1 and 10/1	4/1 and 10/1	4/1 and 10/1
Final maturity date	10/1/2038	10/1/2023	10/1/2029	10/1/2030
Bonds outstanding at beginning of current year	\$ 175,000	\$ 690,000	\$ 880,000	\$ 2,470,000
Bonds sold or (refunded)	-	-	-	(2,470,000)
Principal retirements	(175,000)	(335,000)	(435,000)	-
<b>Bonds Outstanding at End of Current Year</b>	<u>\$ -</u>	<u>\$ 355,000</u>	<u>\$ 445,000</u>	<u>\$ -</u>
<b>Interest Retirements</b>	<u>\$ 5,688</u>	<u>\$ 23,312</u>	<u>\$ 23,112</u>	<u>\$ 37,050</u>

### Paying Agent/Registrar

Series 2011, 2011A, 2012, 2013, 2013A, 2014A, and 2014B      Wells Fargo Bank, N.A.  
Minneapolis, Minnesota

Series 2014      Trustmark National Bank  
Jackson, Mississippi

Series 2015, 2015A, 2017, 2017A, 2018, 2019, 2019A, 2020 and 2020A      Amegy Bank  
Houston, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Bonds</u>
Amount authorized by voters	\$ 202,715,000	\$ 33,000,000
Amount issued	\$ 128,675,000	\$ 23,893,337
Remaining	\$ 74,040,000	\$ 9,106,663
Debt service fund cash and temporary investment balances as of year end:		\$ 4,277,505
Average annual debt service payment (principal and interest for remaining term of all debt):		\$ 5,908,583

**Bond Issues**

<u>Series 2013A</u>	<u>Series 2014</u>	<u>Series 2014A</u>	<u>Series 2014B</u>	<u>Series 2015</u>	<u>Series 2015A</u>
2.00-3.50%	3.05%	2.00-3.75%	2.00-3.75%	2.00-4.00%	2.00-3.75%
4/1 and 10/1	4/1 and 10/1	4/1 and 10/1	4/1 and 10/1	4/1 and 10/1	4/1 and 10/1
10/1/2032	10/1/2028	10/1/2039	10/1/2039	10/1/2038	10/1/2040
\$ 7,870,000	\$ 4,085,000	\$ 3,955,000	\$ 2,445,000	\$ 38,075,000	\$ 5,365,000
(5,940,000)	-	-	-	-	-
<u>(805,000)</u>	<u>(265,000)</u>	<u>(200,000)</u>	<u>(125,000)</u>	<u>(605,000)</u>	<u>(200,000)</u>
<u>\$ 1,125,000</u>	<u>\$ 3,820,000</u>	<u>\$ 3,755,000</u>	<u>\$ 2,320,000</u>	<u>\$ 37,470,000</u>	<u>\$ 5,165,000</u>
<u>\$ 140,175</u>	<u>\$ 124,593</u>	<u>\$ 128,313</u>	<u>\$ 79,375</u>	<u>\$ 1,388,663</u>	<u>\$ 161,344</u>

# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

## *TSI-6 CHANGE IN LONG-TERM BONDED DEBT, Continued*

For the Year Ended September 30, 2020

	<b>Bond Issues</b>			
	<u>Series 2017</u>	<u>Series 2017A</u>	<u>Series 2018</u>	<u>Series 2019</u>
Interest rate	2.00-3.00%	2.00-3.00%	2.00-3.63%	3.00-4.00%
Dates interest payable	4/1 and 10/1	4/1 and 10/1	4/1 and 10/1	4/1 and 10/1
Maturity dates	10/1/2041	10/1/2041	10/1/2042	10/1/2038
Bonds outstanding at beginning of current year	\$ 5,455,000	\$ 1,870,000	\$ 5,705,000	\$ 16,030,000
Bonds sold or (refunded)	-	-	-	-
Principal retirements	<u>(245,000)</u>	<u>(85,000)</u>	<u>(225,000)</u>	<u>(35,000)</u>
<b>Bonds Outstanding at End of Current Year</b>	<u>\$ 5,210,000</u>	<u>\$ 1,785,000</u>	<u>\$ 5,480,000</u>	<u>\$ 15,995,000</u>
<b>Interest Retirements</b>	<u>\$ 168,438</u>	<u>\$ 57,906</u>	<u>\$ 180,994</u>	<u>\$ 623,924</u>



<b>Bond Issues</b>			
<u>Series 2019A</u>	<u>Series 2020</u>	<u>Series 2020A</u>	<u>Total</u>
2.00-3.00%	2.00-4.00%	1.00-2.00%	n/a
4/1 and 10/1	4/1 and 10/1	4/1 and 10/1	n/a
10/1/2043	10/1/2031	10/1/2043	n/a
\$ 4,000,000	\$ -	\$ -	\$ 99,070,000
-	8,710,000	3,940,000	4,240,000
<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>(3,860,000)</u>
<u>\$ 3,875,000</u>	<u>\$ 8,710,000</u>	<u>\$ 3,940,000</u>	<u>\$ 99,450,000</u>
<u>\$ 105,456</u>	<u>\$ 70,983</u>	<u>\$ -</u>	<u>\$ 3,319,326</u>

**FORT BEND COUNTY**  
**MUNICIPAL UTILITY DISTRICT No. 25**  
*TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES*  
**GENERAL AND DEBT SERVICE FUNDS**  
Last Five Years

	Amounts				
	2020	2019	2018	2017	2016
<b><u>General Fund Revenues</u></b>					
Charges for services	\$ 3,316,329	\$ 3,035,143	\$ 3,190,181	\$ 3,053,611	\$ 3,030,030
Property taxes	2,556,006	2,501,546	2,281,232	2,125,820	1,699,566
Interest on investments	43,801	44,894	35,784	42,452	5,014
Other	36,000	60,124	100,348	49,334	29,709
<b>Total Revenues</b>	<b>5,952,136</b>	<b>5,641,707</b>	<b>5,607,545</b>	<b>5,271,217</b>	<b>4,764,319</b>
<b><u>General Fund Expenditures</u></b>					
Current	5,656,835	5,116,107	5,177,027	4,854,250	4,485,970
<b>Total Expenditures</b>	<b>5,656,835</b>	<b>5,116,107</b>	<b>5,177,027</b>	<b>4,854,250</b>	<b>4,485,970</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ 295,301</b>	<b>\$ 525,600</b>	<b>\$ 430,518</b>	<b>\$ 416,967</b>	<b>\$ 278,349</b>
<b><u>Debt Service Fund Revenues</u></b>					
Property taxes	\$ 6,955,065	\$ 6,844,503	\$ 6,826,777	\$ 6,405,405	\$ 6,060,191
Interest on investments	91,986	118,437	92,831	73,929	9,341
<b>Total Revenues</b>	<b>7,047,051</b>	<b>6,962,940</b>	<b>6,919,608</b>	<b>6,479,334</b>	<b>6,069,532</b>
<b><u>Debt Service Fund Expenditures</u></b>					
Other	-	79,503	85,207	68,916	72,110
Debt service*	15,999,483	24,571,339	6,812,347	6,619,302	6,138,683
<b>Total Expenditures</b>	<b>15,999,483</b>	<b>24,650,842</b>	<b>6,897,554</b>	<b>6,688,218</b>	<b>6,210,793</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ (8,952,432)</b>	<b>\$ (17,687,902)</b>	<b>\$ 22,054</b>	<b>\$ (208,884)</b>	<b>\$ (141,261)</b>

\* Current refunding bonds issued. Related proceeds and premium recognized in other financing sources.

**Percentage of Total Fund Revenues**

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
55.7 %	53.8 %	56.9 %	57.9 %	63.6 %
42.9	44.3	40.7	40.3	35.7
0.7	0.8	0.6	0.9	0.1
0.6	1.1	1.8	0.9	0.6
99.9	100.0	100.0	100.0	100.0
95.0	90.7	92.3	92.1	94.2
95.0	90.7	92.3	92.1	94.2
4.9 %	9.3 %	7.7 %	7.9 %	5.8 %
98.7 %	98.3 %	98.7 %	98.9 %	99.8 %
1.3	1.7	1.3	1.1	0.2
100.0	100.0	100.0	100.0	100.0
0.0	1.1	1.2	1.1	1.2
227.0	352.9	98.4	102.2	101.1
227.0	354.0	99.6	103.3	102.3
(127.0) %	(254.0) %	0.4 %	(3.3) %	(2.3) %

**FORT BEND COUNTY**  
**MUNICIPAL UTILITY DISTRICT No. 25**  
*TSI-8 BOARD OF DIRECTORS, KEY PERSONNEL, AND CONSULTANTS*  
For the Year Ended September 30, 2020

District's Mailing Address: 10347 Clodine Road  
Richmond, TX 77407

District's Business Telephone Number: (281) 277-0129  
(281) 277-0028 (fax)

<u>Name and Address</u>	<u>Term</u>	<u>Fees</u>	<u>Expenses</u>	<u>Title</u>
<b><u>Board Members</u></b>				
Beth Murany (See District's Address)	05/18- 05/22	\$ 1,800	\$ -	Current President
Julio Acosta (See District's Address)	05/20- 05/24	\$ 1,800	\$ -	Current Vice- President/ Assistant Secretary
Escoto Thomas (See District's Address)	05/20- 05/24	\$ 1,500	\$ -	Current Secretary/ Investment Officer
Glenn Farley (See District's Address)	05/20- 05/24	\$ 1,650	\$ -	Current Assistant Vice- President
Brian Addicks (See District's Address)	08/20- 05/22	\$ 300	\$ -	Current Assistant Secretary
Richard M. Webb (See District's Address)	08/18- 04/20	\$ 750	\$ -	Former Assistant Vice- President/ Assistant Secretary

Note: No director has any business or family relations (as defined by the Texas Water Code) with major landowners in the District, with the District's developers, or with any of the District's consultants.

Submission date of the most recent District Registration Form during the fiscal year: October 17, 2019

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

<u>Name</u>	<u>Date Hired</u>	<u>Fees and Expenses</u>	<u>Title</u>
<b><u>Consultants</u></b>			
Sechrist - Duckers LLP	4/11/2008	\$ 205,364	Attorney
Belt Harris Pechacek, LLLP	7/31/2008	\$ 15,966	Auditor
Ardurra Group. LLC	3/22/2017	\$ 330,031	Engineer
Vinson & Elkins, LLP	4/16/2010	\$ 11,891	Attorney
Assessment of the Southwest	9/26/1978	\$ 54,207	Tax Assessor/Collector
Ogletree, Deakins, Nash, Smoak & Steart P.C.	11/1/2015	\$ 1,003	Labor Attorney
Masterson Advisors LLC	4/9/2018	\$ 172,833	Financial Advisor

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