

ANNUAL FINANCIAL REPORT

of the

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

**For the Year Ended
September 30, 2023**

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

TABLE OF CONTENTS

September 30, 2023

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	7
 <u>BASIC FINANCIAL STATEMENTS</u>	
Statement of Net Position and Governmental Funds Balance Sheet	14
Statements of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	16
Notes to Financial Statements	19
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Budgetary Comparison Schedule – General Fund	35
 <u>TEXAS SUPPLEMENTARY INFORMATION</u>	
	<u>Schedules</u>
Services and Rates	TSI-1 38
General Fund Expenditures	TSI-2 40
Cash and Temporary Investments	TSI-3 41
Analysis of Taxes Levied and Receivable	TSI-4 43
Long-Term Debt Service Requirements by Years	TSI-5 44
Change in Long-Term Bonded Debt	TSI-6 54
Comparative Schedule of Revenues and Expenditures – General and Debt Service Funds	TSI-7 58
Board of Directors, Key Personnel, and Consultants	TSI-8 60

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INDEPENDENT AUDITORS' REPORT

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

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2023, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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.

Responsibility of Management 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 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.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information, identified as Required Supplementary Information on the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
January 17, 2024

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

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FORT BEND COUNTY

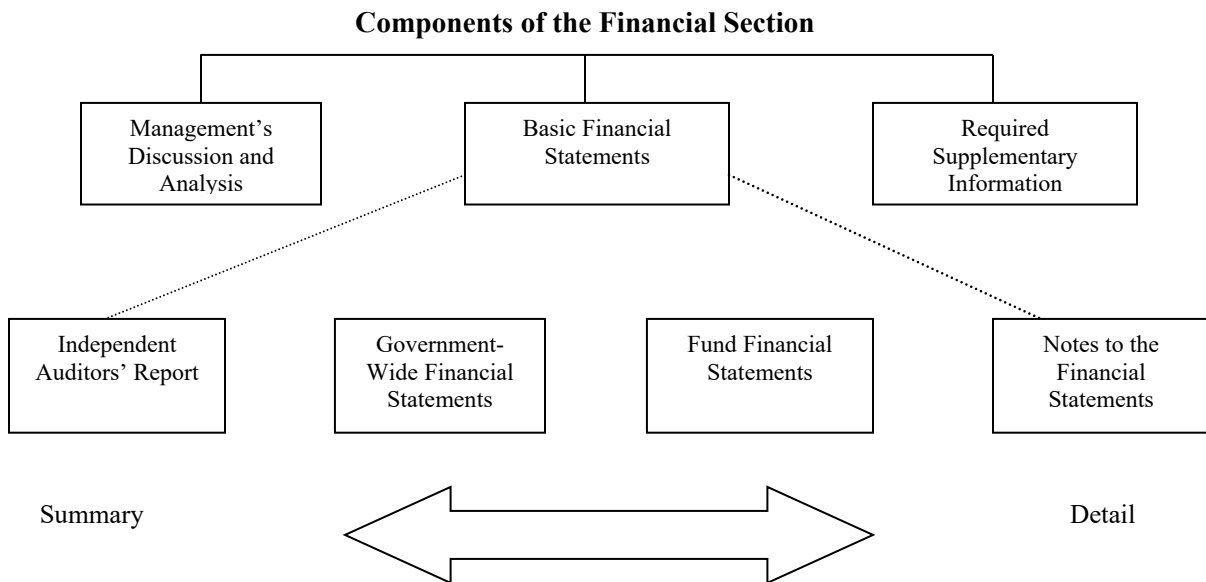
MUNICIPAL UTILITY DISTRICT No. 25

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2023

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Fort Bend County Municipal Utility District No. 25 (the "District") for the year ended September 30, 2023. The analysis is based on currently known facts, decisions, or economic conditions. It presents a short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The District's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statement themselves.

Government-Wide Statements

The government-wide statements report information for the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about the cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows 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 is improving or deteriorating. Other nonfinancial factors, such as the District's property tax base and the condition of the District's infrastructure, need to be considered to assess the overall health of the District.

FORT BEND COUNTY
MUNICIPAL UTILITY DISTRICT No. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

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 funds balance sheet and the governmental funds 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, 2023

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 \$520,982 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 \$10,771,972.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2023	2022
Current and other assets	\$ 37,678,140	\$ 31,370,594
Capital assets, net	69,987,961	67,884,473
Total Assets	107,666,101	99,255,067
Deferred charge on refunding	364,404	401,667
Total Deferred Outflows of Resources	364,404	401,667
Long-term liabilities	107,359,060	102,685,900
Other liabilities	1,192,427	1,274,176
Total Liabilities	108,551,487	103,960,076
Net Position:		
Net investment in capital assets	(10,771,972)	(13,287,870)
Restricted	4,150,099	3,694,415
Unrestricted	6,100,891	5,290,113
Total Net Position	\$ (520,982)	\$ (4,303,342)

A portion of the District's net position represents resources that are subject to external restriction on how they may be used, which is \$4,150,099 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 and other liabilities in excess of total assets that resulted in a deficit net position of \$520,982. Long-term liabilities increased from the prior year due to the issuance of the Series 2023 bonds. Other liabilities decreased due to an decrease in accounts payable, accrued liabilities, and customer deposits. Current and other assets increased primarily due to increases in cash and investment balances. Capital assets increased due to capital asset

FORT BEND COUNTY
MUNICIPAL UTILITY DISTRICT No. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

additions in excess of depreciation expense. The net result of the District's changes in total assets and liabilities caused the financial condition of the District to increase by \$3,782,360 during the fiscal year.

Statement of Activities

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

	Governmental Activities	
	2023	2022
Revenues		
Program revenues:		
Charges for services	\$ 3,681,904	\$ 3,506,807
General revenues:		
Property taxes	11,916,052	10,426,138
Other	580,445	296,020
Total Revenues	16,178,401	14,228,965
Expenses		
Services	6,042,003	6,673,253
Bond issuance costs	612,282	359,004
Depreciation	2,225,032	2,147,920
Interest paid on long-term debt	3,516,724	3,359,902
Total Expenses	12,396,041	12,540,079
Change in Net Position	3,782,360	1,688,886
Beginning net position	(4,303,342)	(5,992,228)
Ending Net Position	\$ (520,982)	\$ (4,303,342)

Total revenues from governmental activities increased by \$1,949,436 in comparison to the prior year. This overall increase in revenue is primarily due to increases in property tax revenue and charges for services. Property tax revenue increased due to higher assessed values of properties within the District. However, other revenues increased primarily due to increases in interest revenue as interest rates moved to a more favorable environment. Revenues from charges for services increased by \$175,097 due to an increase in customer consumption. Total expenses for the District decreased \$144,038 in comparison to the prior year, which was mainly due to decreases in the cost of service. The District recorded an overall increase in net position of \$3,782,360 as a result of the increase in revenue and decrease in expenses.

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 \$36,214,022. Of this, \$26,234,723 is restricted for capital projects, \$4,150,099 is restricted for debt service, \$171,060 is nonspendable for inventory, \$1,172,616 is assigned in a reserve fund, and \$4,485,524 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, 2023

The general fund reported an increase in fund balance of \$766,790. Compared to the prior year, revenues increased \$1,106,749 largely due to an increase in property tax revenue as valuations increased during the year. Personnel and capital outlay expenses increased from prior year, primarily related to overall salary and benefit increases in cost as well as expanded capital projects during the year, accounting for an overall increase of \$94,700 compared to the prior year. The debt service fund reported an increase in fund balance of \$455,684 primarily due to property tax collections and interest income in excess of debt service payments. The capital projects fund reported an increase in fund balance of \$5,122,833, which was the result of bond proceeds related to the Series 2023 bond in excess of capital outlay expenditures and bond issuance costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were greater than final budgeted revenues by \$780,319 during the year primarily due to charges for services and other revenue collections exceeding expectation. Actual expenditures exceeded final budgeted expenditures by \$85,851 during the year primarily due to capital outlay expenses charged to the general fund that were not originally budgeted for.

CAPITAL ASSETS

At the end of the year, the District's governmental activities funds had invested \$69,987,961 in a variety of capital assets (net of accumulated depreciation). This represents a net increase of \$2,103,488 due to additions in excess to retirements and accumulated depreciation.

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 \$106,265,000 in outstanding bonds. The District issued new Series 2023 bonds in fiscal year 2023.

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

ECONOMIC FACTORS

For the fiscal year ending September 30, 2024, the District has budgeted revenues of \$6,720,335 and expenditures \$6,619,249, for an overall increase in fund balance of \$101,086. For the 2023 tax year, the District approved a tax rate of \$0.870 per \$100 of assessed valuation, which is the same total tax rate as the 2022 tax year, of which \$0.645 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, 2023

	Governmental Funds Balance Sheet			
	General	Debt Service	Capital Projects	Total Funds
Assets				
Cash and cash equivalents	\$ 4,571,735	\$ 2,131,582	\$ 26,484,786	\$ 33,188,103
Restricted cash and cash equivalents	418,239	-	9	418,248
Investments	1,100,000	2,000,000	-	3,100,000
Receivables	576,614	224,115	-	800,729
Inventory	171,060	-	-	171,060
Capital assets:				
Land	-	-	-	-
Construction in progress	-	-	-	-
Net depreciable capital assets	-	-	-	-
Total Assets	\$ 6,837,648	\$ 4,355,697	\$ 26,484,795	\$ 37,678,140
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	-	-
Liabilities				
Accounts payable	\$ 443,466	\$ 825	\$ 250,072	\$ 694,363
Accrued liabilities	79,825	-	-	79,825
Customer deposits	418,239	-	-	418,239
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total Liabilities	941,530	825	250,072	1,192,427
Deferred Inflows of Resources				
Unavailable revenue - property taxes	66,918	204,773	-	271,691
Fund Balances/Net Position				
Fund balances:				
Nonspendable				
Inventory	171,060	-	-	171,060
Restricted				
Debt service	-	4,150,099	-	4,150,099
Capital projects	-	-	26,234,723	26,234,723
Assigned				
Reserve fund	1,172,616	-	-	1,172,616
Unassigned	4,485,524	-	-	4,485,524
Total Fund Balances	5,829,200	4,150,099	26,234,723	36,214,022
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,837,648	\$ 4,355,697	\$ 26,484,795	\$ 37,678,140
Net Position:				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See Notes to Financial Statements.

<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ -	\$ 33,188,103
-	418,248
-	3,100,000
-	800,729
-	171,060
11,198,585	11,198,585
4,652,647	4,652,647
<u>54,136,729</u>	<u>54,136,729</u>
<u>69,987,961</u>	<u>107,666,101</u>
<u>364,404</u>	<u>364,404</u>
-	694,363
-	79,825
-	418,239
5,340,000	5,340,000
<u>102,019,060</u>	<u>102,019,060</u>
<u>107,359,060</u>	<u>108,551,487</u>
<u>(271,691)</u>	<u>-</u>
(171,060)	-
(4,150,099)	-
(26,234,723)	-
(1,172,616)	-
<u>(4,485,524)</u>	<u>-</u>
<u>(36,214,022)</u>	<u>-</u>
(10,771,972)	(10,771,972)
4,150,099	4,150,099
6,100,891	6,100,891
<u>\$ (520,982)</u>	<u>\$ (520,982)</u>

FORT BEND COUNTY
MUNICIPAL UTILITY DISTRICT No. 25
STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2023

	Governmental Funds			
	Statement of Revenues, Expenditures, and Changes in Fund Balances			
	General	Debt Service	Capital Projects	Total Funds
Revenues				
Charges for water service	\$ 2,018,446	\$ -	\$ -	\$ 2,018,446
Charges for sewer service	1,376,360	-	-	1,376,360
Tap connection and inspection fees	287,098	-	-	287,098
Property taxes	3,074,000	8,798,064	-	11,872,064
Investment earnings	61,709	81,985	110,611	254,305
Other	323,565	-	-	323,565
Total Revenues	<u>7,141,178</u>	<u>8,880,049</u>	<u>110,611</u>	<u>16,131,838</u>
Expenditures/Expenses				
Service Operations:				
Personnel	3,056,600	-	-	3,056,600
Professional fees	196,470	-	-	196,470
Contracted services	197,318	88,064	-	285,382
Utilities	485,957	-	-	485,957
Repairs and maintenance	1,151,289	-	65,304	1,216,593
Administrative	410,500	-	-	410,500
Other	507,802	-	-	507,802
Capital Outlay	368,452	-	3,840,192	4,208,644
Depreciation	-	-	-	-
Debt Service:				
Principal	-	4,820,000	-	4,820,000
Interest and fees	-	3,516,301	-	3,516,301
Bond issuance costs	-	-	612,282	612,282
Total Expenditures/Expenses	<u>6,374,388</u>	<u>8,424,365</u>	<u>4,517,778</u>	<u>19,316,531</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	766,790	455,684	(4,407,167)	(3,184,693)
Other Financing Sources (Uses)				
Bonds issued	-	-	9,530,000	9,530,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>9,530,000</u>	<u>9,530,000</u>
Net Change in Fund Balances/Net Position	766,790	455,684	5,122,833	6,345,307
Beginning fund balances/net position	5,062,410	3,694,415	21,111,890	29,868,715
Ending Fund Balances/Net Position	<u>\$ 5,829,200</u>	<u>\$ 4,150,099</u>	<u>\$ 26,234,723</u>	<u>\$ 36,214,022</u>

See Notes to Financial Statements.

<u>Adjustments</u>	<u>Statement of Activities</u>
\$ -	\$ 2,018,446
-	1,376,360
-	287,098
43,988	11,916,052
-	254,305
2,575	326,140
46,563	16,178,401
-	3,056,600
-	196,470
-	285,382
-	485,957
(117,301)	1,099,292
-	410,500
-	507,802
(4,208,644)	-
2,225,032	2,225,032
(4,820,000)	-
423	3,516,724
-	612,282
(6,920,490)	12,396,041
6,967,053	3,782,360
(9,530,000)	-
(9,530,000)	-
(2,562,947)	3,782,360
(34,172,057)	(4,303,342)
\$ (36,735,004)	\$ (520,982)

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FORT BEND COUNTY

MUNICIPAL UTILITY DISTRICT No. 25

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

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 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, 2023

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, 2023

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 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, 2023

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 certificates of deposit, 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, 2023

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 net 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 net 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, 2023

8. Leases

The District is a lessee for noncancellable leases of equipment. The District would recognize a lease liability and an intangible, right-to-use lease asset (the “lease asset”) in the government-wide financial statements. The District’s leases to report are immaterial to the financial statements as a whole and are not recognized as a lease liability or a lease asset.

9. Subscription-Based Information Technology Arrangements

The District has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The District would recognize a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the government-wide financial statements. The District’s SBITAs are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

10. 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.

11. 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.

12. 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.

FORT BEND COUNTY

MUNICIPAL UTILITY DISTRICT No. 25

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2023

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 ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) 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.

13. 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.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest.

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

FORT BEND COUNTY
MUNICIPAL UTILITY DISTRICT No. 25
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

NOTE 3 – CASH AND TEMPORARY INVESTMENTS

As of September 30, 2023, the District had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 3,100,000	0.54
Texas CLASS	456,461	0.13
Total	\$ 3,556,461	
Portfolio weighted average maturity		0.49

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, 2023, 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, 2023

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 Investor Services 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.

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:

	General	Debt Service
Accounts receivable	\$ 494,372	\$ -
Accrued interest receivable	15,324	19,342
Property taxes receivable	66,918	204,773
Total	\$ 576,614	\$ 224,115

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 (tax year 2022), the District levied property taxes of \$0.87 per \$100 of assessed valuation. The resulting adjusted tax levy was \$11,678,416 on the adjusted taxable valuation of \$1,342,346,689 for the 2022 tax year.

FORT BEND COUNTY
MUNICIPAL UTILITY DISTRICT No. 25
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Property taxes receivable at year end consisted of the following:

	Amounts
2023 (2022 levy)	\$ 117,567
2022 (2021 levy)	37,916
2021 (2020 levy)	20,082
2020 (2019 levy)	16,099
2019 (2018 levy and before)	80,027
Total	\$ 271,691

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
<u>Capital Assets</u>				
Nondepreciable Assets				
Land and improvements	\$ 11,113,183	\$ 85,402	\$ -	\$ 11,198,585
Construction in progress	3,084,855	3,305,711	(1,737,919)	4,652,647
Total Nondepreciable Assets	14,198,038	3,391,113	(1,737,919)	15,851,232
Depreciable Assets				
Water system	18,277,595	64,858	-	18,342,453
Sewer system	44,086,012	2,467,847	51,500	46,605,359
Drainage system	15,331,576	-	-	15,331,576
Buildings	4,360,547	-	-	4,360,547
Furniture and equipment	3,844,812	88,546	-	3,933,358
Accumulated depreciation	(32,214,107)	(2,225,032)	2,575	(34,436,564)
Net Depreciable Assets	53,686,435	396,219	54,075	54,136,729
Governmental Activities Capital Assets, Net	\$ 67,884,473	\$ 3,787,332	\$ (1,683,844)	69,987,961
			Add unspent bond proceeds	26,234,723
			Less associated debt	(106,994,656)
			Net investment in capital assets	\$ (10,771,972)

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2023

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.

A. Bond Sale

On March 21, 2023, the District issued its Unlimited Tax Bonds, Series 2023 (the “Series 2023 Bonds”), in the principal amount of \$9,530,000, with an interest rate ranging from 3.00% to 4.25% and a final maturity date of October 1, 2045. The proceeds from the Series 2023 Bonds will be used for the purpose of satisfying the cost of various construction projects and their associated costs as determined by the District’s contracted engineer, Ardurra Group LLC.

The following is a summary of changes in bonds payable for the year ended September 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due In One Year
Governmental Activities					
General obligation bonds	\$ 101,555,000	\$ 9,530,000	\$ (4,820,000)	\$ 106,265,000	* \$ 5,340,000
Accreted interest payable	223,530	20,190	-	243,720	*
(Discounts)/premium	907,370	-	(57,030)	850,340	*
	\$ 102,685,900	\$ 9,550,190	\$ (4,877,030)	\$ 107,359,060	\$ 5,340,000
				Long-term liabilities due in more than one year	\$ 102,019,060
				Less deferred charge on refunding from associated debt	(364,404)
				*Debt associated with capital assets	\$ 106,994,656

FORT BEND COUNTY
MUNICIPAL UTILITY DISTRICT No. 25
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Bonds payable at September 30, 2023 are comprised of the following issues:

	Amounts <u>Outstanding</u>	Interest <u>Rates</u>	Principal Interest <u>Pmt. Dates</u>	Callable <u>Date</u>
Refunding Series 2013A	\$ 300,000	2.00 to 3.50%	April 1, October 1	October 1, 2032
Refunding Series 2014	2,980,000	3.05%	April 1, October 1	October 1, 2028
Series 2014A	3,155,000	2.00 to 3.75%	April 1, October 1	October 1, 2039
Series 2014B	1,945,000	2.00 to 3.75%	April 1, October 1	October 1, 2039
Refunding Series 2015	35,985,000	2.00 to 4.00%	April 1, October 1	October 1, 2038
Series 2015A	4,515,000	2.00 to 3.75%	April 1, October 1	October 1, 2040
Series 2017	4,475,000	2.00 to 3.00%	April 1, October 1	October 1, 2041
Series 2017A	1,530,000	2.00 to 3.00%	April 1, October 1	October 1, 2041
Series 2018	4,805,000	2.00 to 3.63%	April 1, October 1	October 1, 2042
Refunding Series 2019	13,210,000	3.00 to 4.00%	April 1, October 1	October 1, 2038
Series 2019A	3,500,000	2.00 to 3.00%	April 1, October 1	October 1, 2043
Refunding Series 2020	6,970,000	2.00 to 4.00%	April 1, October 1	October 1, 2031
Series 2020A	3,415,000	1.00 to 2.00%	April 1, October 1	October 1, 2043
Series 2021	5,505,000	2.00 to 2.13%	April 1, October 1	October 1, 2044
Series 2022	3,890,000	3.00%	April 1, October 1	October 1, 2027
Series 2022A	555,000	3.75 to 4.00%	April 1, October 1	October 1, 2027
Series 2023	9,530,000	3.00 to 4.25%	April 1, October 1	October 1, 2045
Total	\$ 106,265,000			

As of September 30, 2023, the debt service requirements on bonds outstanding are as follows:

Fiscal Year Ending <u>Sept. 30</u>	Total Principal <u>Due</u>	Total Interest <u>Due</u>	Total <u>Due</u>
2024	\$ 5,340,000	\$ 3,518,323	\$ 8,858,323
2025	5,475,000	3,332,629	8,807,629
2026	5,610,000	3,142,754	8,752,754
2027	5,715,000	2,957,036	8,672,036
2028	5,855,000	2,766,213	8,621,213
2029-2032	24,285,000	9,715,247	34,000,247
2033-2036	27,095,000	6,169,226	33,264,226
2037-2040	20,100,000	2,330,791	22,430,791
2041-2043	5,230,000	490,323	5,720,323
2044-2045	1,560,000	87,088	1,647,088
Totals	\$ 106,265,000	\$ 34,509,630	\$ 140,774,630

B. Bond Resolutions and TCEQ Requirements

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 2023 fiscal year, the District levied an ad valorem debt service tax at the rate of \$0.635 per \$100 of assessed valuation, which resulted in a tax levy of \$8,838,619 on the taxable valuation of \$1,342,346,689 for the 2022 tax year. The interest and principal requirements paid from the tax revenues were \$8,336,301.

FORT BEND COUNTY
MUNICIPAL UTILITY DISTRICT No. 25
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

C. 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 \$3,083,239 on the taxable valuation of \$1,342,346,689 for the 2022 tax year. The maintenance tax proceeds are deposited in the general fund and used to pay expenditures for operating the District.

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and 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 fiscal years.

NOTE 10 – 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 Act (FICA) contributions 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 range from 2 percent to 12 percent of an employee’s base pay. During the current year, the District contributed \$135,944 to the Plan.

FORT BEND COUNTY
MUNICIPAL UTILITY DISTRICT No. 25

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2023

NOTE 11 – 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.

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, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance Positive (Negative)
Revenues				
Charges for services	\$ 3,198,410	\$ 3,198,410	\$ 3,681,904	\$ 483,494
Property taxes	3,060,610	3,060,610	3,074,000	13,390
Investment earnings	33,078	33,078	61,709	28,631
Other	68,761	68,761	323,565	254,804
Total Revenues	<u>6,360,859</u>	<u>6,360,859</u>	<u>7,141,178</u>	<u>780,319</u>
Expenditures				
Service Operations:				
Personnel	3,083,100	3,083,100	3,056,600	26,500
Professional fees	173,800	173,800	196,470	(22,670)
Contracted services	159,784	159,784	197,318	(37,534)
Utilities	518,520	518,520	485,957	32,563
Administrative	418,280	418,280	410,500	7,780
Repairs and maintenance	1,419,833	1,419,833	1,151,289	268,544
Other	515,220	515,220	507,802	7,418
Capital Outlay	-	-	368,452	(368,452)
Total Expenditures	<u>6,288,537</u>	<u>6,288,537</u>	<u>6,374,388</u>	<u>(85,851)</u>
Net Change in Fund Balance	<u>\$ 72,322</u>	<u>\$ 72,322</u>	766,790	<u>\$ 694,468</u>
Beginning fund balance			<u>5,062,410</u>	
Ending Fund Balance			<u>\$ 5,829,200</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, 2023

1. Services provided by the District:

<input checked="" type="checkbox"/>	Retail Water	<input type="checkbox"/>	Wholesale Water	<input checked="" type="checkbox"/>	Drainage
<input checked="" type="checkbox"/>	Retail Sewer	<input type="checkbox"/>	Wholesale Sewer	<input type="checkbox"/>	Irrigation
<input type="checkbox"/>	Parks/Recreation	<input type="checkbox"/>	Fire Protection	<input type="checkbox"/>	Security
<input type="checkbox"/>	Solid Waste/Garbage	<input type="checkbox"/>	Flood Control	<input type="checkbox"/>	Roads
<input type="checkbox"/>	Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect)				
<input type="checkbox"/>	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	
	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons Over Minimum	Usage Levels
Water	\$ 20.20	5,000	N	\$0.00	0 to 5,000
Surcharge	\$ 2.24	5,001 to 10,000	N	\$2.24	5,001 to 10,000
Surcharge	\$ 2.81	10,001 to 15,000	N	\$2.81	10,001 to 15,000
Surcharge	\$ 4.21	15,001 to 25,000	N	\$4.21	15,001 to 25,000
Surcharge	\$ 5.00	over 25,000	N	\$4.92	over 25,000
Waste	\$ 16.83	up to 15,000	N	N/A	up to 15,000
Surcharge	\$ 23.56	15,001 to 25,000	N	N/A	15,001 to 25,000
Surcharge	\$ 24.68	over 25,000	N	N/A	over 25,000

District employs winter averaging for wastewater usage? Yes No

Total water and sewer charges per 10,000 gallons usage (including surcharges) \$ 48.23

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:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
3/4" and 5/8"	3,426	3,409	x 1.0	3,409
1"	637	632	x 2.5	1,580
1.5"	17	16	x 5.0	80
2"	47	46	x 8.0	368
3"	2	2	x 15.0	30
4"	2	2	x 25.0	50
6"	3	3	x 50.0	150
8"	5	5	x 80.0	400
Total water	4,139	4,115		6,067
Total wastewater	4,022	4,004	x 1.0	4,004

* 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:

		Water Accountability Ratio:
Gallons pumped into system:	593,100,986	(Gallons billed/Gallons pumped)
Gallons billed to customers:	487,075,900	<u>0.82</u>

4. Standby Fees: Does the District assess standby fees? Yes ___ No X

For the most recent full fiscal year:

Debt Service:	Total levy	<u>\$ 8,838,492</u>
	Total collected	<u>\$ 8,801,411</u>
	Percentage collected	<u>99.58%</u>
Operation & Maintenance	Total levy	<u>\$ 3,083,066</u>
	Total collected	<u>\$ 3,070,004</u>
	Percentage collected	<u>99.58%</u>

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? N/A

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

TSI-2 GENERAL FUND EXPENDITURES

For the Year Ended September 30, 2023

	2023
<u>Current</u>	
Personnel Services (including benefits)	\$ 3,056,600
Professional Fees:	
Auditing	27,092
Legal	51,420
Financial advisor	19,484
Engineering	98,474
	196,470
Contracted Services:	
Security	20,480
Information technology	5,279
Sludge removal	149,732
Billing	21,827
	197,318
Utilities	485,957
Repairs and Maintenance	1,151,289
Administrative:	
Director fees	7,397
Office supplies	11,711
Travel and per diem	7,644
Insurance	189,318
Postage	30,000
Regulatory charges	51,578
Other administrative	112,852
	410,500
Capital Outlay	368,452
Other Expenditures:	
Rental fees	58,181
Computer equipment	33,893
Uniforms	18,587
Safety fees	12,106
Permit fees	48,552
Chemicals and laboratory	336,483
	507,802
Total Expenditures	\$ 6,374,388

Number of employees employed by the District:

Full-time	31
Part-time	-

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

TSI-3 CASH AND TEMPORARY INVESTMENTS

For the Year Ended September 30, 2023

Funds	Identification or Certificate Number	Interest Rate (%)	Maturity Date	Balance	Accrued Interest
<u>General Fund</u>					
Checking	3528	Various	Demand	\$ 169,672	\$ -
Checking	3329	Various	Demand	15,572	-
Checking	3544	Various	Demand	2,286	-
Petty cash	N/A	N/A	N/A	182	-
Checking	2156	Various	Demand	64,952	-
Checking	0021	Various	Demand	2,712	-
Checking	4572	Various	Demand	3,561,983	-
Checking	4718	Various	Demand	716,154	-
TexasCLASS	N/A	1.86%	N/A	456,461	-
Certificate of deposit	0603	0.70%	12/13/2022	200,000	6,620
Certificate of deposit	1056	2.00%	6/27/2023	900,000	8,704
Total General Fund				<u>6,089,974</u>	<u>15,324</u>
<u>Debt Service Fund</u>					
Checking	4696	Various	Demand	2,076,670	-
Tax checking	N/A	N/A	N/A	54,912	-
Certificate of deposit	1055	2.00%	6/27/2023	2,000,000	19,342
Total Debt Service Fund				<u>4,131,582</u>	<u>19,342</u>
<u>Capital Projects Fund</u>					
Checking	9108	Various	Demand	59,956	-
Checking	9090	Various	Demand	9	-
Checking	9082	Various	Demand	26,424,830	-
Total Capital Projects Fund				<u>26,484,795</u>	<u>-</u>
Total - All Funds				<u><u>\$ 36,706,351</u></u>	<u><u>\$ 34,666</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, 2023

	General	Debt Service	Total Funds
Taxes Receivable - Beginning of Year	\$ 55,448	172,255	\$ 227,703
2022 adjusted tax roll	3,083,066	8,838,492	11,921,558
Other adjustments to prior tax rolls	(1,592)	(4,563)	(6,155)
Adjusted tax roll	3,081,474	8,833,929	11,915,403
Total to be Accounted for	<u>3,136,922</u>	<u>9,006,184</u>	<u>12,143,106</u>
Tax collections:			
Current year	3,052,756	8,751,235	11,803,991
Prior years	17,248	50,176	67,424
Total Collections	<u>3,070,004</u>	<u>8,801,411</u>	<u>11,871,415</u>
Taxes Receivable - End of Year	<u>\$ 66,918</u>	<u>\$ 204,773</u>	<u>\$ 271,691</u>

Taxes Receivable - By Year			
2022	\$ 30,310	\$ 87,257	\$ 117,567
2021	10,460	27,456	37,916
2020	5,379	14,703	20,082
2019	4,312	11,787	16,099
2018 and prior	16,284	63,442	79,726
Taxes Receivable - End of Year	<u>\$ 66,745</u>	<u>\$ 204,645</u>	<u>\$ 271,390</u>

	2022	2021	2020	2019	2018
Assessed					
Property Valuations	<u>\$ 1,342,346,689</u>	<u>\$ 1,201,078,467</u>	<u>\$ 1,178,197,477</u>	<u>\$ 1,134,022,400</u>	<u>\$ 1,115,970,239</u>
Tax Rates (Per \$100 Valuation)					
Debt service	\$ 0.645	\$ 0.630	\$ 0.615	\$ 0.615	\$ 0.615
Maintenance	0.225	0.240	0.225	0.225	0.225
Total Tax Rate (per \$100 Valuation)	<u>\$ 0.870</u>	<u>\$ 0.870</u>	<u>\$ 0.840</u>	<u>\$ 0.840</u>	<u>\$ 0.840</u>
Tax Rolls**	<u>\$ 11,678,416</u>	<u>\$ 10,449,383</u>	<u>\$ 9,896,859</u>	<u>\$ 9,525,788</u>	<u>\$ 9,374,150</u>

For the Year Ended September 30, 2023

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

All Taxes

101.08%

** 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, 2023

Due During Fiscal Year Ending September 30	Series 2013A - Refunding			Series 2014 - Refunding		
	Principal Due October 1	Interest October 1, April 1	Total	Principal Due October 1	Interest October 1, April 1	Total
2024	\$ -	\$ -	\$ -	\$ 305,000	\$ 90,890	\$ 395,890
2025	-	-	-	320,000	81,588	401,588
2026	-	-	-	335,000	71,828	406,828
2027	-	-	-	350,000	61,610	411,610
2028	-	-	-	1,670,000	50,935	1,720,935
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	300,000	450,000	750,000	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
2045	-	-	-	-	-	-
Totals	<u>\$ 300,000</u>	<u>\$ 450,000</u>	<u>\$ 750,000</u>	<u>\$ 2,980,000</u>	<u>\$ 356,851</u>	<u>\$ 3,336,851</u>

Series 2014A			Series 2014B		
Principal Due October 1	Interest October 1, April 1	Total	Principal Due October 1	Interest October 1, April 1	Total
\$ 200,000	\$ 106,313	\$ 306,313	\$ 125,000	\$ 65,625	\$ 190,625
200,000	100,313	300,313	125,000	61,875	186,875
200,000	94,313	294,313	125,000	58,125	183,125
200,000	88,313	288,313	125,000	54,375	179,375
200,000	82,313	282,313	125,000	50,625	175,625
200,000	76,313	276,313	125,000	46,875	171,875
200,000	69,813	269,813	125,000	42,813	167,813
200,000	63,313	263,313	110,000	38,750	148,750
200,000	56,563	256,563	110,000	35,038	145,038
200,000	49,813	249,813	110,000	31,325	141,325
200,000	42,813	242,813	110,000	27,475	137,475
200,000	35,813	235,813	110,000	23,625	133,625
200,000	28,313	228,313	110,000	19,500	129,500
200,000	20,813	220,813	110,000	15,375	125,375
200,000	13,313	213,313	110,000	11,250	121,250
155,000	5,813	160,813	190,000	7,125	197,125
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,155,000</u>	<u>\$ 934,258</u>	<u>\$ 4,089,258</u>	<u>\$ 1,945,000</u>	<u>\$ 589,776</u>	<u>\$ 2,534,776</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, 2023

Due During Fiscal Year Ending September 30	Series 2015 - Refunding			Series 2015A		
	Principal Due October 1	Interest October 1, April 1	Total	Principal Due October 1	Interest October 1, April 1	Total
2024	\$ 445,000	\$ 1,321,613	\$ 1,766,613	\$ 225,000	\$ 144,344	\$ 369,344
2025	705,000	1,303,813	2,008,813	250,000	139,563	389,563
2026	725,000	1,275,613	2,000,613	275,000	133,625	408,625
2027	740,000	1,253,863	1,993,863	275,000	126,750	401,750
2028	755,000	1,231,663	1,986,663	325,000	118,500	443,500
2029	1,270,000	1,209,013	2,479,013	300,000	108,750	408,750
2030	1,310,000	1,167,738	2,477,738	275,000	99,750	374,750
2031	1,350,000	1,125,163	2,475,163	210,000	91,500	301,500
2032	1,395,000	1,071,163	2,466,163	250,000	84,938	334,938
2033	4,130,000	1,022,338	5,152,338	150,000	76,813	226,813
2034	4,275,000	857,138	5,132,138	200,000	71,750	271,750
2035	4,435,000	707,513	5,142,513	200,000	65,000	265,000
2036	4,600,000	530,113	5,130,113	250,000	58,000	308,000
2037	4,810,000	363,363	5,173,363	250,000	49,250	299,250
2038	5,040,000	189,000	5,229,000	100,000	40,500	140,500
2039	-	-	-	490,000	36,750	526,750
2040	-	-	-	490,000	18,375	508,375
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
2045	-	-	-	-	-	-
Totals	<u>\$ 35,985,000</u>	<u>\$ 14,629,107</u>	<u>\$ 50,614,107</u>	<u>\$ 4,515,000</u>	<u>\$ 1,464,158</u>	<u>\$ 5,979,158</u>

Series 2017			Series 2017A		
Principal Due October 1	Interest October 1, April 1	Total	Principal Due October 1	Interest October 1, April 1	Total
\$ 245,000	\$ 143,938	\$ 388,938	\$ 85,000	\$ 49,406	\$ 134,406
245,000	136,588	381,588	85,000	46,856	131,856
245,000	129,238	374,238	85,000	44,306	129,306
245,000	121,888	366,888	85,000	41,756	126,756
245,000	114,538	359,538	85,000	39,206	124,206
250,000	107,188	357,188	85,000	36,656	121,656
250,000	99,688	349,688	85,000	34,106	119,106
250,000	92,188	342,188	85,000	31,556	116,556
250,000	84,688	334,688	85,000	29,006	114,006
250,000	77,188	327,188	85,000	26,456	111,456
250,000	69,688	319,688	85,000	23,906	108,906
250,000	62,188	312,188	85,000	21,144	106,144
250,000	54,063	304,063	85,000	18,381	103,381
250,000	45,938	295,938	85,000	15,619	100,619
250,000	36,875	286,875	85,000	12,538	97,538
250,000	27,813	277,813	85,000	9,456	94,456
250,000	18,750	268,750	85,000	6,375	91,375
250,000	9,375	259,375	85,000	3,188	88,188
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,475,000</u>	<u>\$ 1,431,820</u>	<u>\$ 5,906,820</u>	<u>\$ 1,530,000</u>	<u>\$ 489,917</u>	<u>\$ 2,019,917</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, 2023

Due During Fiscal Year Ending September 30	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
2024	\$ 225,000	\$ 156,244	\$ 381,244	\$ 2,140,000	\$ 513,574	\$ 2,653,574
2025	225,000	149,494	374,494	2,090,000	427,976	2,517,976
2026	225,000	142,744	367,744	2,165,000	344,374	2,509,374
2027	225,000	135,994	360,994	2,240,000	257,774	2,497,774
2028	225,000	129,244	354,244	910,000	168,176	1,078,176
2029	225,000	122,494	347,494	2,165,000	131,774	2,296,774
2030	225,000	115,744	340,744	190,000	45,176	235,176
2031	225,000	108,994	333,994	185,000	39,474	224,474
2032	225,000	102,244	327,244	180,000	33,926	213,926
2033	225,000	95,213	320,213	175,000	28,524	203,524
2034	225,000	88,181	313,181	165,000	23,276	188,276
2035	225,000	80,869	305,869	160,000	18,326	178,326
2036	225,000	73,556	298,556	155,000	13,524	168,524
2037	225,000	65,963	290,963	150,000	8,877	158,877
2038	325,000	58,369	383,369	140,000	4,374	144,374
2039	325,000	46,994	371,994	-	-	-
2040	325,000	35,619	360,619	-	-	-
2041	325,000	24,244	349,244	-	-	-
2042	355,000	12,869	367,869	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
2045	-	-	-	-	-	-
Totals	\$ 4,805,000	\$ 1,745,073	\$ 6,550,073	\$ 13,210,000	\$ 2,059,125	\$ 15,269,125

Series 2019A			Series 2020 - Refunding		
Principal Due October 1	Interest October 1, April 1	Total	Principal Due October 1	Interest October 1, April 1	Total
\$ 125,000	\$ 82,344	\$ 207,344	\$ 145,000	\$ 143,350	\$ 288,350
125,000	78,594	203,594	35,000	137,550	172,550
125,000	76,094	201,094	35,000	136,150	171,150
125,000	73,594	198,594	40,000	135,100	175,100
125,000	71,094	196,094	125,000	134,300	259,300
125,000	68,594	193,594	175,000	131,800	306,800
125,000	66,094	191,094	2,275,000	128,300	2,403,300
125,000	63,594	188,594	1,680,000	82,800	1,762,800
125,000	61,094	186,094	2,460,000	49,200	2,509,200
125,000	58,438	183,438	-	-	-
125,000	55,624	180,624	-	-	-
125,000	52,812	177,812	-	-	-
125,000	50,000	175,000	-	-	-
125,000	46,876	171,876	-	-	-
125,000	43,750	168,750	-	-	-
325,000	40,626	365,626	-	-	-
325,000	32,500	357,500	-	-	-
325,000	24,376	349,376	-	-	-
325,000	16,250	341,250	-	-	-
325,000	8,126	333,126	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,500,000</u>	<u>\$ 1,070,474</u>	<u>\$ 4,570,474</u>	<u>\$ 6,970,000</u>	<u>\$ 1,078,550</u>	<u>\$ 8,048,550</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, 2023

Due During Fiscal Year Ending September 30	Series 2020A			Series 2021		
	Principal Due October 1	Interest October 1, April 1	Total	Principal Due October 1	Interest October 1, April 1	Total
2024	\$ 175,000	\$ 58,050	\$ 233,050	\$ 265,000	\$ 111,075	\$ 376,075
2025	175,000	54,550	229,550	265,000	105,775	370,775
2026	175,000	51,050	226,050	265,000	100,475	365,475
2027	170,000	49,300	219,300	265,000	95,175	360,175
2028	170,000	47,600	217,600	265,000	89,875	354,875
2029	170,000	45,900	215,900	265,000	84,575	349,575
2030	170,000	43,775	213,775	265,000	79,275	344,275
2031	170,000	41,650	211,650	265,000	73,975	338,975
2032	170,000	39,100	209,100	265,000	68,675	333,675
2033	170,000	36,550	206,550	260,000	63,375	323,375
2034	170,000	33,575	203,575	260,000	58,175	318,175
2035	170,000	30,600	200,600	260,000	52,975	312,975
2036	170,000	27,200	197,200	260,000	47,775	307,775
2037	170,000	23,800	193,800	260,000	42,575	302,575
2038	170,000	20,400	190,400	260,000	37,375	297,375
2039	170,000	17,000	187,000	260,000	32,175	292,175
2040	170,000	13,600	183,600	260,000	26,975	286,975
2041	170,000	10,200	180,200	260,000	21,775	281,775
2042	170,000	6,800	176,800	260,000	16,575	276,575
2043	170,000	3,400	173,400	260,000	11,050	271,050
2044	-	-	-	260,000	5,525	265,525
2045	-	-	-	-	-	-
Totals	\$ 3,415,000	\$ 654,100	\$ 4,069,100	\$ 5,505,000	\$ 1,225,200	\$ 6,730,200

Series 2022			Series 2022A		
Principal Due October 1	Interest October 1, April 1	Total	Principal Due October 1	Interest October 1, April 1	Total
\$ 180,000	\$ 139,450	\$ 319,450	\$ 55,000	\$ 19,313	\$ 74,313
180,000	134,050	314,050	50,000	17,250	67,250
180,000	128,650	308,650	50,000	15,375	65,375
180,000	123,250	303,250	50,000	13,500	63,500
180,000	117,850	297,850	50,000	11,500	61,500
180,000	112,450	292,450	50,000	10,000	60,000
180,000	107,050	287,050	50,000	8,500	58,500
180,000	101,650	281,650	50,000	6,875	56,875
175,000	96,250	271,250	50,000	5,250	55,250
175,000	91,000	266,000	50,000	3,500	53,500
175,000	84,000	259,000	50,000	1,750	51,750
175,000	77,000	252,000	-	-	-
175,000	70,000	245,000	-	-	-
175,000	63,000	238,000	-	-	-
175,000	56,000	231,000	-	-	-
175,000	49,000	224,000	-	-	-
175,000	42,000	217,000	-	-	-
175,000	35,000	210,000	-	-	-
175,000	28,000	203,000	-	-	-
175,000	21,000	196,000	-	-	-
175,000	14,000	189,000	-	-	-
175,000	7,000	182,000	-	-	-
<u>\$ 3,890,000</u>	<u>\$ 1,697,650</u>	<u>\$ 5,587,650</u>	<u>\$ 555,000</u>	<u>\$ 112,813</u>	<u>\$ 667,813</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, 2023

Due During Fiscal Year Ending September 30	Series 2023		Total
	Principal Due October 1	Interest October 1, April 1	
2024	\$ 400,000	\$ 372,794	\$ 772,794
2025	400,000	356,794	756,794
2026	400,000	340,794	740,794
2027	400,000	324,794	724,794
2028	400,000	308,794	708,794
2029	400,000	292,794	692,794
2030	400,000	276,794	676,794
2031	425,000	264,794	689,794
2032	425,000	252,044	677,044
2033	425,000	238,763	663,763
2034	425,000	221,763	646,763
2035	425,000	204,763	629,763
2036	425,000	187,763	612,763
2037	425,000	170,763	595,763
2038	430,000	153,763	583,763
2039	475,000	136,563	611,563
2040	475,000	117,563	592,563
2041	475,000	98,563	573,563
2042	475,000	79,563	554,563
2043	475,000	59,969	534,969
2044	475,000	40,375	515,375
2045	475,000	20,188	495,188
Totals	\$ 9,530,000	\$ 4,520,758	\$ 14,050,758

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

TSI-6 CHANGE IN LONG-TERM BONDED DEBT

For the Year Ended September 30, 2023

	Bond Issues			
	Series 2013A	Series 2014	Series 2014A	Series 2014B
Interest rate	2.00-3.50%	3.05%	2.00-3.75%	2.00-3.75%
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	10/1/2032	10/1/2028	10/1/2039	10/1/2039
Bonds outstanding at beginning of current year	\$ 300,000	\$ 3,275,000	\$ 3,355,000	\$ 2,070,000
Bonds sold or (refunded)	-	-	-	-
Principal retirements	-	(295,000)	(200,000)	(125,000)
Bonds Outstanding at End of Current Year	<u>\$ 300,000</u>	<u>\$ 2,980,000</u>	<u>\$ 3,155,000</u>	<u>\$ 1,945,000</u>
Interest Retirements	<u>\$ -</u>	<u>\$ 99,888</u>	<u>\$ 112,313</u>	<u>\$ 69,375</u>

Paying Agent/Registrar

Series 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, 2020A, 2021,
2022, 2022A, and 2023

Zions Bank, NA dba Amegy Bank
Houston, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Refunding Bonds</u>
Amount authorized by voters	\$ 202,715,000	\$ 33,000,000
Amount issued	\$ 139,390,000	\$ 23,893,337
Remaining	\$ 63,325,000	\$ 9,106,663

Debt service fund cash and temporary investment balances as of year end: \$ 4,131,582

Average annual debt service payment (principal and interest for remaining term of all debt): \$ 6,120,636

Bond Issues

<u>Series 2015</u>	<u>Series 2015A</u>	<u>Series 2017</u>	<u>Series 2017A</u>	<u>Series 2018</u>	<u>Series 2019</u>
2.00-4.00%	2.00-3.75%	2.00-3.00%	2.00-3.00%	2.00-3.63%	3.00-4.00%
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
10/1/2038	10/1/2040	10/1/2041	10/1/2041	10/1/2042	10/1/2038
\$ 36,420,000	\$ 4,740,000	\$ 4,720,000	\$ 1,615,000	\$ 5,030,000	\$ 14,700,000
-	-	-	-	-	-
<u>(435,000)</u>	<u>(225,000)</u>	<u>(245,000)</u>	<u>(85,000)</u>	<u>(225,000)</u>	<u>(1,490,000)</u>
<u>\$ 35,985,000</u>	<u>\$ 4,515,000</u>	<u>\$ 4,475,000</u>	<u>\$ 1,530,000</u>	<u>\$ 4,805,000</u>	<u>\$ 13,210,000</u>
<u>\$ 1,339,013</u>	<u>\$ 148,844</u>	<u>\$ 151,288</u>	<u>\$ 51,956</u>	<u>\$ 162,994</u>	<u>\$ 573,176</u>

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 25

TSI-6 CHANGE IN LONG-TERM BONDED DEBT (Continued)

For the Year Ended September 30, 2023

	Bond Issues			
	<u>Series 2019A</u>	<u>Series 2020</u>	<u>Series 2020A</u>	<u>Series 2021</u>
Interest rate	2.00-3.00%	2.00-4.00%	1.00-2.00%	2.00-2.13%
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	10/1/2043	10/1/2031	10/1/2043	10/1/2044
Bonds outstanding at beginning of current year	\$ 3,625,000	\$ 7,665,000	\$ 3,590,000	\$ 5,770,000
Bonds sold or (refunded)	-	-	-	-
Principal retirements	<u>(125,000)</u>	<u>(695,000)</u>	<u>(175,000)</u>	<u>(265,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 3,500,000</u>	<u>\$ 6,970,000</u>	<u>\$ 3,415,000</u>	<u>\$ 5,505,000</u>
Interest Retirements	<u>\$ 86,094</u>	<u>\$ 171,150</u>	<u>\$ 61,550</u>	<u>\$ 116,375</u>

Bond Issues

<u>Series 2022</u>	<u>Series 2022A</u>	<u>Series 2023</u>	<u>Total</u>
3.00%	3.75-4.00%	3.00-4.25%	n/a
4/1 and 10/1	4/1 and 10/1	4/1 and 10/1	n/a
10/1/2045	10/1/2034	10/1/2045	n/a
\$ 4,070,000	\$ 610,000	\$ -	\$ 101,555,000
-	-	9,530,000	9,530,000
<u>(180,000)</u>	<u>(55,000)</u>	<u>-</u>	<u>(4,820,000)</u>
<u>\$ 3,890,000</u>	<u>\$ 555,000</u>	<u>\$ 9,530,000</u>	<u>\$ 106,265,000</u>
<u>\$ 144,850</u>	<u>\$ 21,375</u>	<u>\$ 206,483</u>	<u>\$ 3,516,724</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				
	2023	2022	2021	2020	2019
<u>General Fund Revenues</u>					
Charges for services	\$ 3,681,904	\$ 3,506,807	\$ 3,270,713	\$ 3,316,329	\$ 3,035,143
Property taxes	3,074,000	2,861,500	2,646,889	2,556,006	2,501,546
Interest on investments	61,709	26,919	32,616	43,801	44,894
Other	323,565	206,327	84,211	36,000	60,124
Total Revenues	<u>7,141,178</u>	<u>6,601,553</u>	<u>6,034,429</u>	<u>5,952,136</u>	<u>5,641,707</u>
<u>General Fund Expenditures</u>					
Current	6,374,388	6,279,688	5,646,334	5,656,835	5,116,107
Total Expenditures	<u>6,374,388</u>	<u>6,279,688</u>	<u>5,646,334</u>	<u>5,656,835</u>	<u>5,116,107</u>
Excess of Revenues Over Expenditures	<u>\$ 766,790</u>	<u>\$ 321,865</u>	<u>\$ 388,095</u>	<u>\$ 295,301</u>	<u>\$ 525,600</u>
<u>Debt Service Fund Revenues</u>					
Property taxes	\$ 8,798,064	\$ 7,521,249	\$ 7,229,877	\$ 6,955,065	\$ 6,844,503
Interest on investments	81,985	27,484	31,514	91,986	118,437
Total Revenues	<u>8,880,049</u>	<u>7,548,733</u>	<u>7,261,391</u>	<u>7,047,051</u>	<u>6,962,940</u>
<u>Debt Service Fund Expenditures</u>					
Other	-	-	-	-	79,503
Debt service*	8,424,365	7,918,493	7,534,734	15,999,483	24,571,339
Total Expenditures	<u>8,424,365</u>	<u>7,918,493</u>	<u>7,534,734</u>	<u>15,999,483</u>	<u>24,650,842</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 455,684</u>	<u>\$ (369,760)</u>	<u>\$ (273,343)</u>	<u>\$ (8,952,432)</u>	<u>\$ (17,687,902)</u>

* Current refunding bonds issued. Related proceeds and premiums are recognized in other financing sources.

Percentage of Total Fund Revenues

2023	2022	2021	2020	2019
51.6 %	53.1 %	54.2 %	55.7 %	53.8 %
43.0	43.4	43.9	42.9	44.3
0.9	0.4	0.5	0.7	0.8
4.5	3.1	1.4	0.6	1.1
<u>100.1</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
<u>89.3</u>	<u>95.1</u>	<u>93.6</u>	<u>95.0</u>	<u>90.7</u>
<u>89.3</u>	<u>95.1</u>	<u>93.6</u>	<u>95.0</u>	<u>90.7</u>
<u>10.8 %</u>	<u>4.9 %</u>	<u>6.4 %</u>	<u>5.0 %</u>	<u>9.3 %</u>
99.1 %	99.6 %	99.6 %	98.7 %	98.3 %
0.9	0.4	0.4	1.3	1.7
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.0	0.0	0.0	0.0	1.1
94.9	104.9	103.8	227.0	352.9
<u>94.9</u>	<u>104.9</u>	<u>103.8</u>	<u>227.0</u>	<u>354.0</u>
<u>5.1 %</u>	<u>(4.9) %</u>	<u>(3.8) %</u>	<u>(127.0) %</u>	<u>(254.0) %</u>

FORT BEND COUNTY
MUNICIPAL UTILITY DISTRICT No. 25
TSI-8 BOARD OF DIRECTORS, KEY PERSONNEL, AND CONSULTANTS
For the Year Ended September 30, 2023

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>
<u>Board Members</u>				
Glenn Farley (See District's Address)	05/20- 05/24	\$ 2,092	\$ -	Current President
Escoto Thomas (See District's Address)	05/20- 05/24	\$ 1,271	\$ -	Current Vice- President/
Brian Addicks (See District's Address)	05/22- 05/26	\$ 1,792	\$ -	Current Assistant Vice- President/ Investment Officer
Dan Turner (See District's Address)	11/21- 05/24	\$ 1,792	\$ -	Current Secretary
Jeffery Williams (See District's Address)	05/22- 05/26	\$ 1,721	\$ -	Current 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: September 15, 2023

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

Name	Date Hired	Fees and Expenses	Title
<u>Consultants</u>			
Sechrist - Duckers LLP	4/11/2008	\$ 41,921	Attorney
Belt Harris Pechacek, LLLP	7/31/2008	\$ 27,092	Auditor
Ardurra Group LLC	3/22/2017	\$ 834,121	Engineer
Freese and Nichols	10/18/2022	\$ 3,490	Engineer
Vinson & Elkins, LLP	4/16/2010	\$ 11,680	Attorney
Assessment of the Southwest	9/26/1978	\$ 54,709	Tax Assessor/Collector
Ogletree, Deakins, Nash, Smoak & Steart P.C.	11/1/2015	\$ -	Labor Attorney
Masterson Advisors LLC	4/9/2018	\$ 97,521	Financial Advisor

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