

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal
Utility District No. 41
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 41 (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.

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

December 7, 2020

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Management's discussion and analysis of Fort Bend County Municipal Utility District No. 41's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$8,573,294 as of September 30, 2020. A portion of the District's net position reflects its net investment in capital assets (land, water, wastewater and drainage systems, and recreational facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	\$ 3,470,244	\$ 2,969,085	\$ 501,159
Capital Assets (Net of Accumulated Depreciation)	5,837,575	5,924,063	(86,488)
Total Assets	\$ 9,307,819	\$ 8,893,148	\$ 414,671
Bonds Payable	\$ 455,000	\$ 690,000	\$ 235,000
Other Liabilities	279,525	296,699	17,174
Total Liabilities	\$ 734,525	\$ 986,699	\$ 252,174
Net Position:			
Net Investment in Capital Assets	\$ 5,382,575	\$ 5,234,063	\$ 148,512
Restricted	209,116	181,611	27,505
Unrestricted	2,981,603	2,490,775	490,828
Total Net Position	\$ 8,573,294	\$ 7,906,449	\$ 666,845

The following table provides a summary of the District's operations for the years ended September 30, 2020, and September 30, 2019.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,397,143	\$ 1,322,477	\$ 74,666
Charges for Services	1,155,224	1,078,406	76,818
Other Revenues	110,262	128,113	(17,851)
Total Revenues	\$ 2,662,629	\$ 2,528,996	\$ 133,633
Expenses for Services	1,995,784	2,026,459	30,675
Change in Net Position	\$ 666,845	\$ 502,537	\$ 164,308
Net Position, Beginning of Year	7,906,449	7,403,912	502,537
Net Position, End of Year	\$ 8,573,294	\$ 7,906,449	\$ 666,845

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2020, were \$3,160,567, an increase of \$516,620 from the prior year.

The General Fund fund balance increased by \$485,246, primarily due to operating revenues and property tax revenues exceeding operating costs and administrative costs.

The Debt Service Fund fund balance increased by \$31,374, due to the structure of the District's debt service requirements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year which was amended to increase the anticipated amount of maintenance costs as well as adjustments to other revenues and expenditures. Actual revenues were \$42,532 more than budgeted revenues and actual expenditures were \$142,414 less than budgeted expenditures which resulted in a positive variance of \$184,946. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of September 30, 2020, total \$5,837,575 (net of accumulated depreciation), and include land as well as the water, wastewater and drainage systems, and recreational facilities.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,132,772	\$ 1,132,772	\$
Construction in Progress		5,214	(5,214)
Capital Assets, Net of Accumulated Depreciation:			
Water System	745,621	609,294	136,327
Wastewater System	2,814,153	2,923,325	(109,172)
Drainage System	973,819	1,036,018	(62,199)
Recreational Facilities	171,210	217,440	(46,230)
Total Net Capital Assets	<u>\$ 5,837,575</u>	<u>\$ 5,924,063</u>	<u>\$ (86,488)</u>

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

LONG-TERM DEBT ACTIVITY

As of September 30, 2020, the District had total bond debt payable of \$455,000. The changes in the debt position of the District during the fiscal year ended September 30, 2020, are summarized as follows:

Bond Debt Payable, October 1, 2019	\$ 690,000
Less: Bond Principal Retired	<u>235,000</u>
Bond Debt Payable, September 30, 2020	<u>\$ 455,000</u>

The District's bonds carry an underlying rating of "A+" from Standard and Poor's. The above rating is as of September 30, 2020 and reflect all rating changes, if any, through the fiscal year end.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Municipal Utility District No. 41, c/o Schwartz, Page & Harding L.L.P., 1300 Post Oak Blvd., Suite 1400, Houston, TX 77056-3012.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 100,494	\$ 162,178
Investments	3,032,601	
Receivables:		
Property Taxes	20,659	7,630
Penalty and Interest on Delinquent Taxes		
Service Accounts	132,635	
Accrued Interest	6,865	
Other	1,875	1,999
Due from Other Funds		35,446
Land		
Capital Assets (Net of Accumulated Depreciation)	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 3,295,129</u>	<u>\$ 207,253</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 262,672	\$	\$ 262,672
3,032,601		3,032,601
28,289		28,289
	3,308	3,308
132,635		132,635
6,865		6,865
3,874		3,874
35,446	(35,446)	
	1,132,772	1,132,772
	<u>4,704,803</u>	<u>4,704,803</u>
<u>\$ 3,502,382</u>	<u>\$ 5,805,437</u>	<u>\$ 9,307,819</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 167,772	\$
Accrued Interest Payable		
Due to Other Funds	35,446	
Security Deposits	110,308	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 313,526	\$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 20,659	\$ 7,630
FUND BALANCES		
Restricted for Debt Service	\$	\$ 199,623
Unassigned	2,960,944	
TOTAL FUND BALANCES	\$ 2,960,944	\$ 199,623
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,295,129	\$ 207,253
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 167,772	\$	\$ 167,772
	1,445	1,445
35,446	(35,446)	
110,308		110,308
	230,000	230,000
	225,000	225,000
<u>313,526</u>	<u>420,999</u>	<u>734,525</u>
\$ 28,289	\$ (28,289)	\$ - 0 -
\$ 199,623	\$ (199,623)	\$
2,960,944	(2,960,944)	
<u>3,160,567</u>	<u>(3,160,567)</u>	<u>- 0 -</u>
<u>\$ 3,502,382</u>		
	\$ 5,382,575	\$ 5,382,575
	209,116	209,116
	<u>2,981,603</u>	<u>2,981,603</u>
	<u>\$ 8,573,294</u>	<u>\$ 8,573,294</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Total Fund Balances - Governmental Funds	\$	3,160,567
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		5,837,575
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District.		31,597
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (1,445)			
Bonds Payable	<u>(455,000)</u>		<u>(456,445)</u>	

Total Net Position - Governmental Activities	\$	<u>8,573,294</u>
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The accompanying notes to the financial statements are an integral part of this report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,106,661	\$ 286,476
Water Service	205,606	
Wastewater Service	220,246	
Garbage Service	239,504	
Water Authority Fees	489,868	
Penalty and Interest	24,666	6,602
Investment and Miscellaneous Revenues	79,331	2,666
TOTAL REVENUES	\$ 2,365,882	\$ 295,744
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 198,901	\$ 2,459
Contracted Services	355,646	759
Purchased Water	492,046	
Utilities	54,546	
Repairs and Maintenance	346,681	
Depreciation		
Other	238,002	289
Capital Outlay	194,814	
Debt Service:		
Bond Principal		235,000
Bond Interest		25,863
TOTAL EXPENDITURES/EXPENSES	\$ 1,880,636	\$ 264,370
NET CHANGE IN FUND BALANCES	\$ 485,246	\$ 31,374
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2019	2,475,698	168,249
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2020	\$ 2,960,944	\$ 199,623

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 1,393,137	\$ 4,006	\$ 1,397,143
205,606		205,606
220,246		220,246
239,504		239,504
489,868		489,868
31,268	(3,003)	28,265
81,997		81,997
<u>\$ 2,661,626</u>	<u>\$ 1,003</u>	<u>\$ 2,662,629</u>
\$ 201,360	\$	\$ 201,360
356,405		356,405
492,046		492,046
54,546		54,546
346,681		346,681
	281,302	281,302
238,291		238,291
194,814	(194,814)	
235,000	(235,000)	
25,863	(710)	25,153
<u>\$ 2,145,006</u>	<u>\$ (149,222)</u>	<u>\$ 1,995,784</u>
\$ 516,620	\$ (516,620)	\$
	666,845	666,845
<u>2,643,947</u>	<u>5,262,502</u>	<u>7,906,449</u>
<u>\$ 3,160,567</u>	<u>\$ 5,412,727</u>	<u>\$ 8,573,294</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Net Change in Fund Balances - Governmental Funds	\$	516,620
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		4,006
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenues are recorded when penalty and interest are assessed.		(3,003)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(281,302)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		194,814
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		235,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		710
Change in Net Position - Governmental Activities	\$	<u>666,845</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1. CREATION OF DISTRICT

Fort Bend County Municipal Utility District No. 41 (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective December 14, 1982, 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 Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2020, the General Fund owed the Debt Service Fund (Tax Account) \$35,446 for the over-transfer of maintenance tax collections.

Capital Assets

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
Recreational Facilities	10-45

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

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

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3. LONG-TERM DEBT

	<u>Refunding Series 2010</u>
Amounts Outstanding – September 30, 2020	\$455,000
Interest Rates	3.75% - 3.875%
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2022
Interest Payment Dates	March 1/ September 1
Callable Dates	September 1, 2019

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

	<u>October 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>September 30, 2020</u>
Bonds Payable	\$ 690,000	\$ -0-	\$ 235,000	\$ 455,000
			Amount Due Within One Year	\$ 230,000
			Amount Due After One Year	225,000
			Bonds Payable, Net	<u>\$ 455,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 230,000	\$ 17,344	\$ 247,344
2022	225,000	8,719	233,719
	<u>\$ 455,000</u>	<u>\$ 26,063</u>	<u>\$ 481,063</u>

As of September 30, 2020, the District had authorized but unissued bonds in the amount of \$7,055,000 for utility facilities and authorized but unissued bonds in the amount of \$12,310,000 for refunding purposes. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended September 30, 2020, the District levied an ad valorem debt service tax rate of \$0.10 per \$100 of assessed valuation, which resulted in a tax levy of \$285,452 on the adjusted taxable valuation of \$285,413,600 for the 2019 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 6 for the maintenance tax levy.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$2,532,672 and the bank balance was \$2,587,664. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2020, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 100,494	\$ 2,270,000	\$ 2,370,494
DEBT SERVICE FUND	162,178		162,178
TOTAL DEPOSITS	\$ 262,672	\$ 2,270,000	\$ 2,532,672

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. Wells Fargo Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

The District records its investments in certificates of deposit at acquisition cost.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
Texas CLASS	\$ 762,601	\$ 762,601
Certificates of Deposit	2,270,000	2,270,000
TOTAL INVESTMENTS	\$ 3,032,601	\$ 3,032,601

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2020, the District’s investment in Texas CLASS was rated AAAM by Standard and Poor’s. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance.

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

Restrictions

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

NOTE 6. MAINTENANCE TAX

On April 7, 1984, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation of taxable property within the District. During the year ended September 30, 2020, the District levied an ad valorem maintenance tax rate of \$0.39 per \$100 of assessed valuation, which resulted in a tax levy of \$1,113,265 on the adjusted taxable valuation of \$285,413,600 for the 2019 tax year. A maintenance tax is to be used by the General Fund to pay expenditures of operating the District.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 is as follows:

	October 1, 2019	Increases	Decreases	September 30, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,132,772	\$	\$	\$ 1,132,772
Construction in Progress	5,214	194,814	200,028	
Total Capital Assets Not Being Depreciated	<u>\$ 1,137,986</u>	<u>\$ 194,814</u>	<u>\$ 200,028</u>	<u>\$ 1,132,772</u>
Capital Assets Subject to Depreciation				
Water System	\$ 2,165,017	\$ 175,928	\$	\$ 2,340,945
Wastewater System	5,455,078	24,100		5,479,178
Drainage System	2,798,964			2,798,964
Recreational Facilities	710,033			710,033
Total Capital Assets Subject to Depreciation	<u>\$ 11,129,092</u>	<u>\$ 200,028</u>	<u>\$ - 0 -</u>	<u>\$ 11,329,120</u>
Accumulated Depreciation				
Water System	\$ 1,555,723	\$ 39,601	\$	\$ 1,595,324
Wastewater System	2,531,753	133,272		2,665,025
Drainage System	1,762,946	62,199		1,825,145
Recreational Facilities	492,593	46,230		538,823
Total Accumulated Depreciation	<u>\$ 6,343,015</u>	<u>\$ 281,302</u>	<u>\$ - 0 -</u>	<u>\$ 6,624,317</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,786,077</u>	<u>\$ (81,274)</u>	<u>\$ - 0 -</u>	<u>\$ 4,704,803</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,924,063</u>	<u>\$ 113,540</u>	<u>\$ 200,028</u>	<u>\$ 5,837,575</u>

NOTE 8. NORTH FORT BEND WATER AUTHORITY

The District is located within the boundaries of the North Fort Bend Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 3482 (the "Act"), as passed by the 79th Texas Legislature, in 2005. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The current pumpage fee is \$3.95 per 1,000 gallons of water pumped from each well and the current surface water rate is \$4.30 per 1,000 gallons of water delivered. The District recorded expenditures of \$492,046 for water authority fees in the current fiscal year.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years

NOTE 10. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

NOTE 11. EMERGENCY WATER SUPPLY CONTRACT

On November 4, 2009, the District entered into an Emergency Water Supply Contract with Fort Bend County Municipal Utility District No. 119 ("District No. 119"). The District designed and constructed the water lines and each district is responsible for maintaining its respective water line at its sole cost and expense. Each district owns its respective interconnect line. The cost of design and construction of the water lines was shared 20% for District No. 119 and 80% for the District. Each district is authorized to take water in an emergency; however, in the absence of an emergency, water can only be taken upon written consent from the supplying district. The term of the agreement is 40 years. The District purchased water from District No. 119 in the current fiscal year at a cost of \$68,128.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Original Budget</u>	<u>Amended and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 1,095,700	\$ 1,095,700	\$ 1,106,661	\$ 10,961
Water Service	201,100	201,100	205,606	4,506
Wastewater Service	228,000	228,000	220,246	(7,754)
Water Authority Fees	467,100	467,100	489,868	22,768
Garbage Service	236,300	236,300	239,504	3,204
Penalty and Interest	33,400	33,400	24,666	(8,734)
Investment and Miscellaneous Revenues	<u>76,750</u>	<u>61,750</u>	<u>79,331</u>	<u>17,581</u>
TOTAL REVENUES	<u>\$ 2,338,350</u>	<u>\$ 2,323,350</u>	<u>\$ 2,365,882</u>	<u>\$ 42,532</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 153,500	\$ 149,000	\$ 198,901	\$ (49,901)
Contracted Services	344,000	344,000	355,646	(11,646)
Purchased Water	467,100	467,100	492,046	(24,946)
Utilities	60,500	60,500	54,546	5,954
Repairs and Maintenance	300,400	344,700	346,681	(1,981)
Other	267,250	267,250	238,002	29,248
Capital Outlay	<u>389,000</u>	<u>390,500</u>	<u>194,814</u>	<u>195,686</u>
TOTAL EXPENDITURES	<u>\$ 1,981,750</u>	<u>\$ 2,023,050</u>	<u>\$ 1,880,636</u>	<u>\$ 142,414</u>
NET CHANGE IN FUND BALANCE	\$ 356,600	\$ 300,300	\$ 485,246	\$ 184,946
FUND BALANCE - OCTOBER 1, 2019	<u>2,475,698</u>	<u>2,475,698</u>	<u>2,475,698</u>	<u> </u>
FUND BALANCE - SEPTEMBER 30, 2020	<u>\$ 2,832,298</u>	<u>\$ 2,775,998</u>	<u>\$ 2,960,944</u>	<u>\$ 184,946</u>

See accompanying independent auditor's report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
SEPTEMBER 30, 2020

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved February 3, 2020

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$8.50	5,000	N	\$ 1.25 \$ 2.15 \$ 3.00 \$ 3.50	5,001 to 10,000 10,001 to 20,000 20,001 to 30,000 30,001 and up
WASTEWATER:	\$31.01 *		Y		
SURCHARGE:					
Water Authority Fees			N	\$4.73 per 1,000 gallons	
TCEQ Fees			N	0.5% of water and sewer fees	

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

Total monthly charges per 10,000 gallons usage: Water: \$14.75 Wastewater: \$31.01 Surcharge: \$47.43

*Includes garbage rate of \$17.75 per month

Above water rates in effect from May 1 through August 31 of each year. In other months, the rate is \$1.00 per 1,000 gallons for water used between 5,000 and 15,000 gallons, and \$1.50 per 1,000 gallons for water used in excess of 15,000 gallons.

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	1,063	1,054	x 1.0	1,054
1"	109	108	x 2.5	270
1½"	4	4	x 5.0	20
2"	13	13	x 8.0	104
3"			x 15.0	
4"	2	2	x 25.0	50
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water Connections	<u>1,192</u>	<u>1,182</u>		<u>1,578</u>
Total Wastewater Connections	<u>1,156</u>	<u>1,147</u>	x 1.0	<u>1,147</u>

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

Gallons pumped into system:	15,250,000	Water Accountability Ratio: 96% (Gallons billed + leaks and flushing/Gallons pumped and purchased)
Gallons billed to customers:	111,775,000	
Leaks and flushing:	840,000	
Gallons purchased:	85,912,000	From: North Fort Bend Water Authority
Gallons purchased:	15,843,000	From: Fort Bend County Municipal Utility District No. 119

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

PROFESSIONAL FEES:	
Auditing	\$ 14,000
Engineering	92,936
Legal	<u>91,965</u>
TOTAL PROFESSIONAL FEES	<u>\$ 198,901</u>
PURCHASED WATER	<u>\$ 492,046</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 26,505
Operations and Billing	74,486
Solid Waste Disposal	239,056
Tax Collection Costs	<u>15,599</u>
TOTAL CONTRACTED SERVICES	<u>\$ 355,646</u>
UTILITIES	<u>\$ 54,546</u>
REPAIRS AND MAINTENANCE	<u>\$ 346,681</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 18,570
Election Costs	13,278
Insurance	20,950
Office Supplies and Postage	35,246
Website	8,260
Travel and Meetings	8,059
Other	<u>16,283</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 120,646</u>
CAPITAL OUTLAY	<u>\$ 194,814</u>
OTHER EXPENDITURES:	
Chemicals	\$ 31,012
Laboratory Fees	38,706
Permit Fees	6,004
Inspection and Reconnection Fees	5,390
Sludge Hauling	<u>36,244</u>
TOTAL OTHER EXPENDITURES	<u>\$ 117,356</u>
TOTAL EXPENDITURES	<u>\$ 1,880,636</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
INVESTMENTS
SEPTEMBER 30, 2020

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Texas CLASS	XXXX0001	Varies	Daily	\$ 762,601	\$
Certificate of Deposit	XXXX9751	0.85%	04/15/21	240,000	939
Certificate of Deposit	XXXX3365	0.70%	04/08/21	240,000	805
Certificate of Deposit	XXXX2353	1.25%	05/21/21	240,000	1,085
Certificate of Deposit	XXXX6004	1.15%	03/21/21	240,000	1,459
Certificate of Deposit	XXXX0191	0.99%	05/10/21	200,000	776
Certificate of Deposit	XXXX0169	0.50%	06/26/21	240,000	315
Certificate of Deposit	XXXX0599	0.50%	08/06/21	240,000	182
Certificate of Deposit	XXXX6512	0.45%	08/26/21	150,000	65
Certificate of Deposit	XXXX3066	0.75%	06/25/21	240,000	478
Certificate of Deposit	XXXX3483	0.65%	04/05/21	240,000	761
TOTAL GENERAL FUND				\$ 3,032,601	\$ 6,865

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Maintenance Taxes		Debt Service Taxes		
TAXES RECEIVABLE -					
OCTOBER 1, 2019	\$	15,077	\$	9,206	
Adjustments to Beginning					
Balance		<u>(1,022)</u>		<u>(552)</u>	
	\$	14,055	\$	8,654	
Original 2019 Tax Levy	\$	1,116,198	\$	286,204	
Adjustment to 2019 Tax Levy		<u>(2,933)</u>		<u>(752)</u>	
		<u>1,113,265</u>		<u>285,452</u>	
TOTAL TO BE					
ACCOUNTED FOR		\$		\$	
		1,127,320		294,106	
TAX COLLECTIONS:					
Prior Years	\$	6,052	\$	4,269	
Current Year		<u>1,100,609</u>		<u>282,207</u>	
		<u>1,106,661</u>		<u>286,476</u>	
TAXES RECEIVABLE -					
SEPTEMBER 30, 2020		<u>\$</u>	20,659	<u>\$</u>	7,630
TAXES RECEIVABLE BY					
YEAR:					
2019	\$	12,656	\$	3,245	
2018		5,034		2,674	
2017		1,875		996	
2016		952		595	
2015		84		67	
2014		49		44	
2013		3		3	
2011		3		3	
2010		<u>3</u>		<u>3</u>	
TOTAL	\$	<u>20,659</u>	\$	<u>7,630</u>	

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
PROPERTY VALUATIONS:				
Land	\$ 44,049,100	\$ 44,013,790	\$ 43,981,160	\$ 43,986,980
Improvements	266,056,994	250,649,056	248,763,043	239,977,580
Personal Property	3,065,990	2,741,060	2,703,212	2,422,790
Exemptions	<u>(27,758,484)</u>	<u>(27,338,765)</u>	<u>(27,457,146)</u>	<u>(33,837,016)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 285,413,600</u>	<u>\$ 270,065,141</u>	<u>\$ 267,990,269</u>	<u>\$ 252,550,334</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.10	\$ 0.17	\$ 0.17	\$ 0.20
Maintenance	<u>0.39</u>	<u>0.32</u>	<u>0.32</u>	<u>0.32</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.49</u>	<u>\$ 0.49</u>	<u>\$ 0.49</u>	<u>\$ 0.52</u>
ADJUSTED TAX LEVY*	<u>\$ 1,398,717</u>	<u>\$ 1,323,400</u>	<u>\$ 1,215,268</u>	<u>\$ 1,358,479</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.86 %</u>	<u>99.42 %</u>	<u>99.76 %</u>	<u>99.89 %</u>

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

Maintenance Tax – Maximum tax rate of \$0.50 per \$100 of assessed valuation approved by voters on April 7, 1984

See accompanying independent auditor's report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

SERIES - 2010 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 230,000	\$ 17,344	\$ 247,344
2022	<u>225,000</u>	<u>8,719</u>	<u>233,719</u>
	<u>\$ 455,000</u>	<u>\$ 26,063</u>	<u>\$ 481,063</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Description	Original Bonds Issued	Bonds Outstanding October 1, 2019
Fort Bend County Municipal Utility District No. 41		
Unlimited Tax Refunding Bonds - Series 2010	<u>\$ 3,505,000</u>	<u>\$ 690,000</u>
Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	<u>\$ 20,000,000</u>	<u>\$ 13,000,000</u>
Amount Issued	<u>12,945,000</u>	<u>690,000</u>
Remaining Authorization	<u>\$ 7,055,000</u>	<u>\$ 12,310,000</u>

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				<u>Bonds Outstanding September 30, 2020</u>	<u>Paying Agent</u>
<u>Bonds Sold</u>	<u>Retirements</u>				
	<u>Principal</u>	<u>Interest</u>			
<u>\$ - 0 -</u>	<u>\$ 235,000</u>	<u>\$ 25,863</u>	<u>\$ 455,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
Debt Service Fund cash balances as of September 30, 2020:				<u>\$ 162,178</u>	
Average annual debt service payment (principal and interest) for remaining term of all debt:				<u>\$ 240,532</u>	

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

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 1,106,661	\$ 860,999	\$ 857,390
Water Service	205,606	196,044	207,501
Wastewater Service	220,246	220,683	219,851
Garbage Service	239,504	230,789	223,853
Water Authority Fees	489,868	430,890	433,058
Penalty and Interest	24,666	39,022	27,055
Investment and Miscellaneous Revenues	79,331	84,155	33,183
TOTAL REVENUES	\$ 2,365,882	\$ 2,062,582	\$ 2,001,891
EXPENDITURES			
Professional Fees	\$ 198,901	\$ 176,712	\$ 130,814
Contracted Services	355,646	336,310	314,221
Purchased Water	492,046	427,758	447,994
Utilities	54,546	60,637	62,619
Repairs and Maintenance	346,681	420,582	511,258
Other	238,002	234,406	135,950
Capital Outlay	194,814	5,214	
TOTAL EXPENDITURES	\$ 1,880,636	\$ 1,661,619	\$ 1,602,856
NET CHANGE IN FUND BALANCE	\$ 485,246	\$ 400,963	\$ 399,035
BEGINNING FUND BALANCE	2,475,698	2,074,735	1,675,700
ENDING FUND BALANCE	\$ 2,960,944	\$ 2,475,698	\$ 2,074,735

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 805,982	\$ 690,737	46.8 %	41.7 %	42.8 %	41.9 %	39.6 %
202,927	200,395	8.7	9.5	10.4	10.6	11.5
221,536	219,022	9.3	10.7	11.0	11.5	12.5
220,534	216,281	10.1	11.2	11.2	11.5	12.4
390,048	369,115	20.7	20.9	21.6	20.3	21.2
27,519	26,168	1.0	1.9	1.4	1.4	1.5
55,295	22,989	3.4	4.1	1.6	2.8	1.3
<u>\$ 1,923,841</u>	<u>\$ 1,744,707</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 132,065	\$ 154,574	8.4 %	8.6 %	6.5 %	6.9 %	8.9 %
310,778	311,580	15.1	16.4	15.7	16.2	17.8
393,899	374,661	20.8	20.7	22.4	20.4	21.5
57,405	61,368	2.3	2.9	3.1	2.9	3.5
457,378	347,113	14.8	20.5	25.6	23.8	19.9
120,390	100,817	10.1	11.4	6.8	6.3	5.8
	440,204	8.2	0.3			25.2
<u>\$ 1,471,915</u>	<u>\$ 1,790,317</u>	<u>79.7 %</u>	<u>80.8 %</u>	<u>80.1 %</u>	<u>76.5 %</u>	<u>102.6 %</u>
\$ 451,926	\$ (45,610)	20.3 %	19.2 %	19.9 %	23.5 %	(2.6) %
<u>1,223,774</u>	<u>1,269,384</u>					
<u>\$ 1,675,700</u>	<u>\$ 1,223,774</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 286,476	\$ 457,491	\$ 461,098
Penalty and Interest	6,602	5,654	17,466
Investment and Miscellaneous Revenues	2,666	1,241	3,275
TOTAL REVENUES	\$ 295,744	\$ 464,386	\$ 481,839
EXPENDITURES			
Debt Service Principal	\$ 235,000	\$ 470,000	\$ 475,000
Debt Service Interest, Fees, and Costs	29,370	48,106	65,546
TOTAL EXPENDITURES	\$ 264,370	\$ 518,106	\$ 540,546
NET CHANGE IN FUND BALANCE	\$ 31,374	\$ (53,720)	\$ (58,707)
BEGINNING FUND BALANCE	168,249	221,969	280,676
ENDING FUND BALANCE	\$ 199,623	\$ 168,249	\$ 221,969
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,182	1,183	1,182
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,147	1,148	1,147

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2017</u>	<u>2016</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 505,054	\$ 553,725	96.9 %	98.5 %	95.7 %	97.7 %	98.2 %
9,783	8,507	2.2	1.2	3.6	1.9	1.5
2,028	1,484	0.9	0.3	0.7	0.4	0.3
<u>\$ 516,865</u>	<u>\$ 563,716</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 480,000	\$ 410,000	79.5 %	101.2 %	98.6 %	92.9 %	72.7 %
82,280	96,207	9.9	10.4	13.6	15.9	17.1
<u>\$ 562,280</u>	<u>\$ 506,207</u>	<u>89.4 %</u>	<u>111.6 %</u>	<u>112.2 %</u>	<u>108.8 %</u>	<u>89.8 %</u>
\$ (45,415)	\$ 57,509	10.6 %	(11.6) %	(12.2) %	(8.8) %	10.2 %
<u>326,091</u>	<u>268,582</u>					
<u>\$ 280,676</u>	<u>\$ 326,091</u>					
<u>1,178</u>	<u>1,177</u>					
<u>1,143</u>	<u>1,142</u>					

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2020**

District Mailing Address - Fort Bend County Municipal Utility District No. 41
c/o Schwartz, Page & Harding L.L.P.
1300 Post Oak Blvd., Suite 1400
Houston, TX 77056-3012

District Telephone Number - (713) 623-4531

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2020	Expense Reimbursements for the year ended September 30, 2020	Title
Juan Villarreal	05/18 05/22 (Elected)	\$ 4,050	\$ 1,042	President
Chris Rush	05/18 05/22 (Elected)	\$ 3,750	\$ 1,490	Vice President
Daniel Wingerson	05/20 05/24 (Elected)	\$ 2,850	\$ 732	Secretary
Wayne Chandler	05/20 05/24 (Elected)	\$ 3,300	\$ 1,073	Assistant Secretary
Gary Cooper	11/19 05/22 (Appointed)	\$ 3,300	\$ 1,009	Assistant Secretary

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

Submission date of most recent District Registration Form: November 4, 2019

The limit on Fees of Office that a Director may receive during a fiscal year is the statutory limit of \$7,200. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2020

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2020</u>	<u>Title</u>
Schwartz, Page & Harding, L.L.P.	11/01/83	\$ 105,245	General Counsel
McCall Gibson Swedlund Barfoot PLLC	09/10/19	\$ 14,000 \$ 500	Auditor SB 625
Municipal Accounts & Consulting, L.P.	04/14/03	\$ 37,477	Bookkeeper
Jones & Carter, Inc.	07/12/04	\$ 108,305	Engineer
Masterson Advisors, LLC	05/07/18	\$ -0-	Financial Advisor
Mark Burton and Ghia Lewis	07/12/04	\$ -0-	Investment Officers
Municipal Operations & Consulting, Inc.	12/31/13	\$ 344,622	Operator

See accompanying independent auditor's report.

