

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2022

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, 2022

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McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 41 (the "District") as of and for the year ended September 30, 2022, 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

January 9, 2023

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Management’s discussion and analysis of the financial performance of Fort Bend County Municipal Utility District No. 41 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended September 30, 2022. 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, 2022**

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") and other supplementary information. 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 \$9,517,357 as of September 30, 2022. 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).

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 3,900,516	\$ 3,915,644	\$ (15,128)
Capital Assets (Net of Accumulated Depreciation)	6,180,147	5,853,139	327,008
Total Assets	\$ 10,080,663	\$ 9,768,783	\$ 311,880
Bonds Payable	\$	\$ 225,000	\$ 225,000
Other Liabilities	563,306	436,610	(126,696)
Total Liabilities	\$ 563,306	\$ 661,610	\$ 98,304
Net Position:			
Net Investment in Capital Assets	\$ 6,180,147	\$ 5,628,139	\$ 552,008
Restricted		141,341	(141,341)
Unrestricted	3,337,210	3,337,693	(483)
Total Net Position	\$ 9,517,357	\$ 9,107,173	\$ 410,184

The following table provides a summary of the District's operations for the years ended September 30, 2022, and September 30, 2021.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,445,645	\$ 1,431,033	\$ 14,612
Charges for Services	1,244,343	1,165,754	78,589
Other Revenues	89,954	94,987	(5,033)
Total Revenues	\$ 2,779,942	\$ 2,691,774	\$ 88,168
Expenses for Services	2,369,758	2,157,895	(211,863)
Change in Net Position	\$ 410,184	\$ 533,879	\$ (123,695)
Net Position, Beginning of Year	9,107,173	8,573,294	533,879
Net Position, End of Year	\$ 9,517,357	\$ 9,107,173	\$ 410,184

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2022, were \$3,304,991, a decrease of \$138,785 from the prior year.

The General Fund fund balance decreased by \$92,887, primarily due to operating costs, administrative costs and capital costs exceeding operating revenues and property tax revenues.

The Debt Service Fund fund balance decreased by \$45,898, 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. Actual revenues were \$24,728 less than budgeted revenues and actual expenditures were \$613,489 more than budgeted expenditures which resulted in a negative variance of \$638,217. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of September 30, 2022, total \$6,180,147 (net of accumulated depreciation), and include land, recreational facilities and the water, wastewater and drainage systems.

Capital Assets At Year-End			
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,132,772	\$ 1,132,772	\$
Construction in Progress		120,184	(120,184)
Capital Assets Subject to Depreciation:			
Water System	2,869,921	2,526,927	342,994
Wastewater System	5,880,428	5,479,178	401,250
Drainage System	2,798,964	2,798,964	
Recreational Facilities	710,033	710,033	
Less Accumulated Depreciation	(7,211,971)	(6,914,919)	(297,052)
Total Net Capital Assets	\$ 6,180,147	\$ 5,853,139	\$ 327,008

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

LONG-TERM DEBT ACTIVITY

As of September 30, 2022, the District retired all of its outstanding bonds. The changes in the debt position of the District during the fiscal year ended September 30, 2022, are summarized as follows:

Bond Debt Payable, October 1, 2021	\$ 225,000
Less: Bond Principal Retired	<u>225,000</u>
Bond Debt Payable, September 30, 2022	<u>\$ - 0 -</u>

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 2400, Houston, TX 77056-3012.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2022

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 194,436	\$ 16,232
Investments	3,507,855	22,600
Receivables:		
Property Taxes	22,521	4,331
Penalty and Interest on Delinquent Taxes		
Service Accounts	124,192	
Other	2,982	
Due from Other Funds		45,778
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 3,851,986	\$ 88,941

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>
\$ 210,668	\$	\$ 210,668
3,530,455		3,530,455
26,852		26,852
	5,367	5,367
124,192		124,192
2,982		2,982
45,778	(45,778)	
	1,132,772	1,132,772
	<u>5,047,375</u>	<u>5,047,375</u>
<u>\$ 3,940,927</u>	<u>\$ 6,139,736</u>	<u>\$ 10,080,663</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, 2022

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 451,216	\$
Due to Other Funds	45,778	
Security Deposits	112,090	
TOTAL LIABILITIES	\$ 609,084	\$ - 0 -
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 22,521	\$ 4,331
 FUND BALANCES		
Unassigned	\$ 3,220,381	\$ 84,610
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,851,986	\$ 88,941
 NET POSITION		
Net Investment in Capital Assets 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>
\$ 451,216	\$	\$ 451,216
45,778	(45,778)	
<u>112,090</u>	<u> </u>	<u>112,090</u>
\$ 609,084	\$ (45,778)	\$ 563,306
<u>26,852</u>	<u>(26,852)</u>	<u>- 0 -</u>
\$ 3,304,991	\$ (3,304,991)	\$ - 0 -
<u>3,940,927</u>		
	\$ 6,180,147	\$ 6,180,147
	<u>3,337,210</u>	<u>3,337,210</u>
	\$ 9,517,357	\$ 9,517,357

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, 2022**

Total Fund Balances - Governmental Funds	\$ 3,304,991
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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.	6,180,147
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District.	<u>32,219</u>
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Total Net Position - Governmental Activities	<u><u>\$ 9,517,357</u></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, 2022

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,259,076	\$ 189,885
Water Service	229,640	
Wastewater Service	219,821	
Garbage Service	269,755	
Water Authority Fees	525,127	
Penalty and Interest	25,129	1,634
Investment and Miscellaneous Revenues	62,324	1,317
	<u>\$ 2,590,872</u>	<u>\$ 192,836</u>
TOTAL REVENUES		
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 271,673	\$ 4,112
Contracted Services	411,165	
Purchased Water	591,919	
Utilities	46,152	
Repairs and Maintenance	467,565	
Depreciation		
Other	271,225	904
Capital Outlay	624,060	
Debt Service:		
Bond Principal		225,000
Bond Interest		8,718
	<u>\$ 2,683,759</u>	<u>\$ 238,734</u>
TOTAL EXPENDITURES/EXPENSES		
NET CHANGE IN FUND BALANCES	\$ (92,887)	\$ (45,898)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2021	<u>3,313,268</u>	<u>130,508</u>
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2022	<u>\$ 3,220,381</u>	<u>\$ 84,610</u>

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>
\$ 1,448,961	\$ (3,316)	\$ 1,445,645
229,640		229,640
219,821		219,821
269,755		269,755
525,127		525,127
26,763	(450)	26,313
63,641		63,641
<u>\$ 2,783,708</u>	<u>\$ (3,766)</u>	<u>\$ 2,779,942</u>
\$ 275,785	\$	\$ 275,785
411,165		411,165
591,919		591,919
46,152		46,152
467,565		467,565
	297,052	297,052
272,129		272,129
624,060	(624,060)	
225,000	(225,000)	
8,718	(727)	7,991
<u>\$ 2,922,493</u>	<u>\$ (552,735)</u>	<u>\$ 2,369,758</u>
\$ (138,785)	\$ 138,785	\$
	410,184	410,184
<u>3,443,776</u>	<u>5,663,397</u>	<u>9,107,173</u>
<u>\$ 3,304,991</u>	<u>\$ 6,212,366</u>	<u>\$ 9,517,357</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, 2022**

Net Change in Fund Balances - Governmental Funds	\$	(138,785)
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.		(3,316)
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.		(450)
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.		(297,052)
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.		624,060
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.		225,000
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.		<u>727</u>
Change in Net Position - Governmental Activities	\$	<u>410,184</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, 2022

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, 2022

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

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, 2022

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. The District's bonds were retired during the current fiscal year.

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, 2022, the General Fund owed the Debt Service Fund (Tax Account) \$45,778 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, 2022

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 not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted 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.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources.

Fund balances in governmental funds are classified using the following hierarchy:

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

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, 2022

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2022:

	October 1, 2021	Additions	Retirements	September 30, 2022
Bonds Payable	\$ 225,000	\$ -0-	\$ 225,000	\$ -0-

As of September 30, 2022, the District had authorized but unissued bonds in the amount of \$27,255,000 for utility facilities and authorized but unissued bonds in the amount of \$12,310,000 for refunding purposes.

During the year ended September 30, 2022, the District levied an ad valorem debt service tax rate of \$0.06 per \$100 of assessed valuation, which resulted in a tax levy of \$176,570 on the adjusted taxable valuation of \$294,270,765 for the 2021 tax year. The bond resolution requires the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 6 for the maintenance tax levy.

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

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 each five-year anniversary of the bonds.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 \$1,371,148 and the bank balance was \$1,370,477. 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, 2022, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 194,436	\$ 1,160,480	\$ 1,354,916
DEBT SERVICE FUND	16,232		16,232
TOTAL DEPOSITS	\$ 210,668	\$ 1,160,480	\$ 1,371,148

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.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

As of September 30, 2022, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 2,347,375	\$ 2,347,375
Certificates of Deposit	1,160,480	1,160,480
<u>DEBT SERVICE FUND</u>		
Texas CLASS	22,600	22,600
TOTAL INVESTMENTS	\$ 3,530,455	\$ 3,530,455

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. 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.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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. On November 2, 2021, a maintenance tax election was held within the District which approved the levy of an operation and maintenance tax not to exceed \$0.50 per \$100 of assessed valuation of taxable property within the District. Maintenance tax revenues levied for the 2021 tax levy and moving forward can be used for all statutorily authorized purposes. During the year ended September 30, 2022, the District levied an ad valorem maintenance tax rate of \$0.43 per \$100 of assessed valuation, which resulted in a tax levy of \$1,265,414 on the adjusted taxable valuation of \$294,270,765 for the 2021 tax year.

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, is summarized in the following table:

	October 1, 2021	Increases	Decreases	September 30, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,132,772	\$	\$	\$ 1,132,772
Construction in Progress	<u>120,184</u>	<u>624,060</u>	<u>744,244</u>	<u></u>
Total Capital Assets Not Being Depreciated	<u>\$ 1,252,956</u>	<u>\$ 624,060</u>	<u>\$ 744,244</u>	<u>\$ 1,132,772</u>
Capital Assets Subject to Depreciation				
Water System	\$ 2,526,927	\$ 342,994	\$	\$ 2,869,921
Wastewater System	5,479,178	401,250		5,880,428
Drainage System	2,798,964			2,798,964
Recreational Facilities	<u>710,033</u>	<u></u>	<u></u>	<u>710,033</u>
Total Capital Assets Subject to Depreciation	<u>\$ 11,515,102</u>	<u>\$ 744,244</u>	<u>\$ - 0 -</u>	<u>\$ 12,259,346</u>
Accumulated Depreciation				
Water System	\$ 1,644,224	\$ 51,356	\$	\$ 1,695,580
Wastewater System	2,798,297	137,266		2,935,563
Drainage System	1,887,344	62,199		1,949,543
Recreational Facilities	<u>585,054</u>	<u>46,231</u>	<u></u>	<u>631,285</u>
Total Accumulated Depreciation	<u>\$ 6,914,919</u>	<u>\$ 297,052</u>	<u>\$ - 0 -</u>	<u>\$ 7,211,971</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,600,183</u>	<u>\$ 447,192</u>	<u>\$ - 0 -</u>	<u>\$ 5,047,375</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,853,139</u>	<u>\$ 1,071,252</u>	<u>\$ 744,244</u>	<u>\$ 6,180,147</u>

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 rate is \$4.55 per 1,000 gallons of water pumped from each well and the current surface water rate is \$4.90 per 1,000 gallons of water delivered. The District recorded expenditures of \$374,987 for water authority costs in the current fiscal year.

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. 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 \$216,932.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 1,280,000	\$ 1,259,076	\$ (20,924)
Water Service	218,800	229,640	10,840
Wastewater Service	224,200	219,821	(4,379)
Water Authority Fees	554,700	525,127	(29,573)
Garbage Service	266,600	269,755	3,155
Penalty and Interest	25,000	25,129	129
Investment and Miscellaneous Revenues	<u>46,300</u>	<u>62,324</u>	<u>16,024</u>
TOTAL REVENUES	<u>\$ 2,615,600</u>	<u>\$ 2,590,872</u>	<u>\$ (24,728)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 162,500	\$ 271,673	\$ (109,173)
Contracted Services	391,700	411,165	(19,465)
Purchased Water	554,700	591,919	(37,219)
Utilities	56,200	46,152	10,048
Repairs and Maintenance	375,520	467,565	(92,045)
Other	280,150	271,225	8,925
Capital Outlay	<u>249,500</u>	<u>624,060</u>	<u>(374,560)</u>
TOTAL EXPENDITURES	<u>\$ 2,070,270</u>	<u>\$ 2,683,759</u>	<u>\$ (613,489)</u>
NET CHANGE IN FUND BALANCE	\$ 545,330	\$ (92,887)	\$ (638,217)
FUND BALANCE - OCTOBER 1, 2021	<u>3,313,268</u>	<u>3,313,268</u>	<u>_____</u>
FUND BALANCE - SEPTEMBER 30, 2022	<u>\$ 3,858,598</u>	<u>\$ 3,220,381</u>	<u>\$ (638,217)</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, 2022

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	_____	_____	x 1.0	_____
≤ ³ / ₄ "	<u>1,065</u>	<u>1,055</u>	x 1.0	<u>1,055</u>
1"	<u>107</u>	<u>106</u>	x 2.5	<u>265</u>
1½"	<u>4</u>	<u>3</u>	x 5.0	<u>15</u>
2"	<u>12</u>	<u>12</u>	x 8.0	<u>96</u>
3"	_____	_____	x 15.0	_____
4"	<u>2</u>	<u>2</u>	x 25.0	<u>50</u>
6"	_____	_____	x 50.0	_____
8"	<u>1</u>	<u>1</u>	x 80.0	<u>80</u>
10"	_____	_____	x 115.0	_____
Total Water Connections	<u><u>1,191</u></u>	<u><u>1,179</u></u>		<u><u>1,561</u></u>
Total Wastewater Connections	<u><u>1,155</u></u>	<u><u>1,145</u></u>	x 1.0	<u><u>1,145</u></u>

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

Gallons pumped into system:	3,299,000	Water Accountability Ratio: 97%
Gallons billed to customers:	114,961,000	
Leaks and flushing:	500,000	
Gallons purchased:	119,379,000	From: North Fort Bend Water Authority
Gallons purchased:	42,390,000	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, 2022

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, 2022

PROFESSIONAL FEES:	
Auditing	\$ 15,000
Engineering	168,640
Legal	<u>88,033</u>
TOTAL PROFESSIONAL FEES	<u>\$ 271,673</u>
PURCHASED WATER	<u>\$ 591,919</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 42,384
Operations and Billing	72,737
Solid Waste Disposal	274,568
Tax Collection Costs	<u>21,476</u>
TOTAL CONTRACTED SERVICES	<u>\$ 411,165</u>
UTILITIES	<u>\$ 46,152</u>
REPAIRS AND MAINTENANCE	<u>\$ 467,565</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 25,192
Election Costs	19,721
Insurance	21,833
Office Supplies and Postage	51,183
Website	11,622
Travel and Meetings	12,833
Other	<u>8,324</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 150,708</u>
CAPITAL OUTLAY	<u>\$ 624,060</u>
OTHER EXPENDITURES:	
Chemicals	\$ 29,124
Laboratory Fees	42,052
Permit Fees	6,014
Tap Connection, Inspection and Reconnection Fees	6,552
Sludge Hauling	<u>36,775</u>
TOTAL OTHER EXPENDITURES	<u>\$ 120,517</u>
TOTAL EXPENDITURES	<u><u>\$ 2,683,759</u></u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
INVESTMENTS
SEPTEMBER 30, 2022**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 2,347,375	\$
Certificate of Deposit	XXXX3483	0.29%	04/05/23	240,000	339
Certificate of Deposit	XXXX7111	0.30%	04/08/23	240,000	345
Certificate of Deposit	XXXX9751	0.35%	04/15/23	240,480	388
Certificate of Deposit	XXXX0191	0.29%	05/10/23	200,000	227
Certificate of Deposit	XXXX2353	0.50%	05/22/23	<u>240,000</u>	<u>434</u>
TOTAL GENERAL FUND				<u>\$ 3,507,855</u>	<u>\$ 1,733</u>
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0003	Varies	Daily	<u>\$ 22,600</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 3,530,455</u>	<u>\$ 1,733</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, 2022

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2021	\$	24,425	\$	5,743
Adjustments to Beginning				
Balance		<u>(8,242)</u>	\$	<u>17,646</u>
		\$	16,183	
			<u>11,903</u>	
Original 2021 Tax Levy	\$	1,306,197	\$	182,260
Adjustment to 2021 Tax Levy		<u>(40,783)</u>		<u>176,570</u>
		<u>1,265,414</u>		<u>(5,690)</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	1,281,597	\$
				194,216
 TAX COLLECTIONS:				
Prior Years	\$	4,391	\$	14,812
Current Year		<u>1,254,685</u>		<u>189,885</u>
		<u>1,259,076</u>		<u>175,073</u>
 TAXES RECEIVABLE -				
SEPTEMBER 30, 2022		<u>\$</u>	<u>22,521</u>	<u>\$</u>
				<u>4,331</u>
 TAXES RECEIVABLE BY				
YEAR:				
2021	\$	10,729	\$	1,497
2020		6,274		875
2019		3,732		957
2018		1,392		739
2017		73		39
2016		217		136
2015		51		41
2014		50		44
2012		<u>3</u>		<u>3</u>
TOTAL	\$	<u>22,521</u>	\$	<u>4,331</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, 2022**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PROPERTY VALUATIONS:				
Land	\$ 44,013,324	\$ 44,049,100	\$ 44,049,100	\$ 44,013,790
Improvements	277,836,255	274,848,349	266,056,994	250,649,056
Personal Property	3,558,400	3,261,340	3,065,990	2,741,060
Exemptions	<u>(31,137,214)</u>	<u>(29,725,392)</u>	<u>(27,758,484)</u>	<u>(27,338,765)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 294,270,765</u>	<u>\$ 292,433,397</u>	<u>\$ 285,413,600</u>	<u>\$ 270,065,141</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.06	\$ 0.06	\$ 0.10	\$ 0.17
Maintenance	<u>0.43</u>	<u>0.43</u>	<u>0.39</u>	<u>0.32</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.49</u>	<u>\$ 0.49</u>	<u>\$ 0.49</u>	<u>\$ 0.49</u>
ADJUSTED TAX LEVY*	<u>\$ 1,441,984</u>	<u>\$ 1,433,154</u>	<u>\$ 1,398,717</u>	<u>\$ 1,323,400</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.15 %</u>	<u>99.50 %</u>	<u>99.66 %</u>	<u>99.84 %</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 and November 2, 2021.

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, 2022**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2021
Fort Bend County Municipal Utility District No. 41		
Unlimited Tax Refunding Bonds - Series 2010	<u>\$ 3,505,000</u>	<u>\$ 225,000</u>
Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	<u>\$ 40,200,000</u>	<u>\$ 13,000,000</u>
Amount Issued	<u>12,945,000</u>	<u>690,000</u>
Remaining Authorization	<u>\$ 27,255,000</u>	<u>\$ 12,310,000</u>

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				<u>Bonds Outstanding September 30, 2022</u>	<u>Paying Agent</u>
<u>Bonds Sold</u>	<u>Retirements</u>				
	<u>Principal</u>	<u>Interest</u>			
\$ - 0 -	\$ 225,000	\$ 8,718	\$ - 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	

Debt Service Fund cash balance as of September 30, 2022: \$ 38,832

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ - 0 -

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		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 1,259,076	\$ 1,252,291	\$ 1,106,661
Water Service	229,640	199,362	205,606
Wastewater Service	219,821	220,225	220,246
Garbage Service	269,755	253,375	239,504
Water Authority Fees	525,127	492,792	489,868
Penalty and Interest	25,129	28,094	24,666
Investment and Miscellaneous Revenues	62,324	57,021	79,331
TOTAL REVENUES	\$ 2,590,872	\$ 2,503,160	\$ 2,365,882
EXPENDITURES			
Professional Fees	\$ 271,673	\$ 206,540	\$ 198,901
Contracted Services	411,165	377,800	355,646
Purchased Water	591,919	517,778	492,046
Utilities	46,152	54,644	54,546
Repairs and Maintenance	467,565	389,149	346,681
Other	271,225	298,759	238,002
Capital Outlay	624,060	306,166	194,814
TOTAL EXPENDITURES	\$ 2,683,759	\$ 2,150,836	\$ 1,880,636
NET CHANGE IN FUND BALANCE	\$ (92,887)	\$ 352,324	\$ 485,246
BEGINNING FUND BALANCE	3,313,268	2,960,944	2,475,698
ENDING FUND BALANCE	\$ 3,220,381	\$ 3,313,268	\$ 2,960,944

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
\$ 860,999	\$ 857,390	48.5 %	50.0 %	46.8 %	41.7 %	42.8 %
196,044	207,501	8.9	8.0	8.7	9.5	10.4
220,683	219,851	8.5	8.8	9.3	10.7	10.9
230,789	223,853	10.4	10.1	10.1	11.2	11.2
430,890	433,058	20.3	19.7	20.7	20.9	21.6
39,022	27,055	1.0	1.1	1.0	1.9	1.4
84,155	33,183	2.4	2.3	3.4	4.1	1.7
<u>\$ 2,062,582</u>	<u>\$ 2,001,891</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 176,712	\$ 130,814	10.5 %	8.3 %	8.4 %	8.6 %	6.5 %
336,310	314,221	16.0	15.2	15.1	16.4	15.7
427,758	447,994	22.8	20.7	20.8	20.7	22.4
60,637	62,619	1.8	2.2	2.3	2.9	3.1
420,582	511,258	18.1	15.6	14.8	20.5	25.6
234,406	135,950	10.5	11.9	10.1	11.4	6.8
5,214		24.1	12.2	8.2	0.3	
<u>\$ 1,661,619</u>	<u>\$ 1,602,856</u>	<u>103.8 %</u>	<u>86.1 %</u>	<u>79.7 %</u>	<u>80.8 %</u>	<u>80.1 %</u>
\$ 400,963	\$ 399,035	<u>(3.8) %</u>	<u>13.9 %</u>	<u>20.3 %</u>	<u>19.2 %</u>	<u>19.9 %</u>
<u>2,074,735</u>	<u>1,675,700</u>					
<u>\$ 2,475,698</u>	<u>\$ 2,074,735</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		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 189,885	\$ 176,863	\$ 286,476
Penalty and Interest	1,634	7,135	6,602
Investment and Miscellaneous Revenues	1,317	228	2,666
TOTAL REVENUES	\$ 192,836	\$ 184,226	\$ 295,744
EXPENDITURES			
Debt Service Principal	\$ 225,000	\$ 230,000	\$ 235,000
Debt Service Interest, Fees, and Costs	13,734	23,341	29,370
TOTAL EXPENDITURES	\$ 238,734	\$ 253,341	\$ 264,370
NET CHANGE IN FUND BALANCE	\$ (45,898)	\$ (69,115)	\$ 31,374
BEGINNING FUND BALANCE	130,508	199,623	168,249
ENDING FUND BALANCE	\$ 84,610	\$ 130,508	\$ 199,623
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,179	1,180	1,182
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,145	1,144	1,147

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2019</u>	<u>2018</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 457,491	\$ 461,098	98.5 %	96.0 %	96.9 %	98.5 %	95.7 %
5,654	17,466	0.8	3.9	2.2	1.2	3.6
1,241	3,275	0.7	0.1	0.9	0.3	0.7
<u>\$ 464,386</u>	<u>\$ 481,839</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 470,000	\$ 475,000	116.7 %	124.8 %	79.5 %	101.2 %	98.6 %
48,106	65,546	7.1	12.7	9.9	10.4	13.6
<u>\$ 518,106</u>	<u>\$ 540,546</u>	<u>123.8 %</u>	<u>137.5 %</u>	<u>89.4 %</u>	<u>111.6 %</u>	<u>112.2 %</u>
\$ (53,720)	\$ (58,707)	<u>(23.8) %</u>	<u>(37.5) %</u>	<u>10.6 %</u>	<u>(11.6) %</u>	<u>(12.2) %</u>
221,969	280,676					
<u>\$ 168,249</u>	<u>\$ 221,969</u>					
1,183	1,182					
<u>1,148</u>	<u>1,147</u>					

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 41
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2022**

District Mailing Address - Fort Bend County Municipal Utility District No. 41
c/o Schwartz, Page & Harding L.L.P.
1300 Post Oak Blvd., Suite 2400
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, 2022	Expense Reimbursements for the year ended September 30, 2022	Title
Juan Villarreal	05/22 05/26 (Elected)	\$ 3,750	\$ 2,406	President
Chris Rush	05/22 05/26 (Elected)	\$ 3,000	\$ 2,799	Vice President
Gary Cooper	05/22 05/26 (Elected)	\$ 3,150	\$ 1,017	Secretary
Royce Phillips	05/20 05/24 (Elected)	\$ 1,500	\$ 2,462	Assistant Secretary
Wayne Chandler	05/20 05/24 (Elected)	\$ 2,100	\$ -0-	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: June 6, 2022

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, 2022**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2022</u>	<u>Title</u>
Schwartz, Page & Harding, L.L.P.	11/01/83	\$ 112,039	General Counsel
McCall Gibson Swedlund Barfoot PLLC	09/10/19	\$ 15,000	Auditor
McLennan & Associates	12/13/21	\$ 34,273	Bookkeeper
Municipal Accounts & Consulting, L.P.	04/14/03	\$ 21,582	Prior Bookkeeper
Quiddity Engineering	07/12/04	\$ 221,807	Engineer
Masterson Advisors, LLC	05/07/18	\$ -0-	Financial Advisor
Jorge Diaz	12/31/21	\$ -0-	Investment Officer
Municipal Operations & Consulting, Inc.	12/31/13	\$ 467,896	Operator

See accompanying independent auditor's report.

