

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal
Utility District No. 119
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. 119 (the "District") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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. 119

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 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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

January 3, 2024

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Management’s discussion and analysis of Fort Bend County Municipal Utility District No. 119’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2023. 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. 119
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,658,991 as of September 30, 2023. A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 5,362,849	\$ 5,051,049	\$ 311,800
Capital Assets (Net of Accumulated Depreciation)	13,025,382	13,510,817	(485,435)
Total Assets	\$ 18,388,231	\$ 18,561,866	\$ (173,635)
Deferred Outflows of Resources	\$ 43,536	\$ 58,283	\$ (14,747)
Long-Term Liabilities	\$ 5,404,510	\$ 7,137,820	\$ 1,733,310
Other Liabilities	2,276,268	2,093,415	(182,853)
Total Liabilities	\$ 7,680,778	\$ 9,231,235	\$ 1,550,457
Deferred Inflows of Resources	\$ 91,998	\$ 108,157	\$ 16,159
Net Position:			
Net Investment in Capital Assets	\$ 5,857,410	\$ 4,648,123	\$ 1,209,287
Restricted	1,598,528	1,573,532	24,996
Unrestricted	3,203,053	3,059,102	143,951
Total Net Position	\$ 10,658,991	\$ 9,280,757	\$ 1,378,234

The following table provides a summary of the District's operations for the years ended September 30, 2023, and September 30, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,356,280	\$ 2,244,236	\$ 112,044
Sales Tax Receipts	128,697	160,710	(32,013)
Charges for Services	2,160,810	1,838,936	321,874
Other Revenues	258,180	53,349	204,831
Total Revenues	\$ 4,903,967	\$ 4,297,231	\$ 606,736
Expenses for Services	3,525,733	3,436,772	(88,961)
Change in Net Position	\$ 1,378,234	\$ 860,459	\$ 517,775
Net Position, Beginning of Year	9,280,757	8,420,298	860,459
Net Position, End of Year	\$ 10,658,991	\$ 9,280,757	\$ 1,378,234

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2023, were \$4,724,879, an increase of \$161,252 from the prior year.

The General Fund fund balance increased by \$143,065, primarily due to operating revenues and property tax revenues exceeding operating and capital costs.

The Debt Service Fund fund balance increased by \$18,187, due to the structure of the District's outstanding debt service requirements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$712,812 more than budgeted revenues. Actual expenditures were \$396,527 more than budgeted expenditures. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of September 30, 2023, total \$13,025,382 (net of accumulated depreciation), and include land as well as the water, wastewater and drainage systems. Significant capital asset activity during the current fiscal year included replacement of lift pump no. 1 and chain link gate and fence.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,545,780	\$ 1,545,780	\$
Capital Assets, Net of Accumulated Depreciation:			
Water System	2,128,280	2,256,026	(127,746)
Wastewater System	3,479,347	3,555,632	(76,285)
Drainage System	5,527,719	5,749,242	(221,523)
Investment in Wastewater Treatment Plant Capacity	344,256	404,137	(59,881)
Total Net Capital Assets	\$ 13,025,382	\$ 13,510,817	\$ (485,435)

Additional information on the District's capital assets can be found in Note 6 of this report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

LONG-TERM DEBT ACTIVITY

As of September 30, 2023, the District had total bond debt payable of \$7,015,000. The changes in the debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows:

Bond Debt Payable, October 1, 2022	\$ 8,690,000
Less: Bond Principal Retired	<u>1,675,000</u>
Bond Debt Payable, September 30, 2023	<u>\$ 7,015,000</u>

The District’s Series 2014 Refunding bonds carry an underlying rating of “A2” from Moody’s. The Series 2014 Refunding bonds carry an “AA” rating from Standard and Poor’s by virtue of bond insurance issued by Assured Guaranty Municipal. The Series 2015 Refunding, Series 2020 Refunding and Series 2021 Refunding bonds are not rated. The above ratings are as of September 30, 2023 and reflect all rating changes 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. 119, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 527,794	\$ 72,171
Investments	3,072,987	1,447,740
Receivables:		
Property Taxes	14,511	54,492
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Doubtful Accounts of \$400)	40,950	
Accrued Interest	28,804	23,638
Other	120	
Due from Other Funds	7,181	3,243
Prepaid Costs	22,919	
Due from Other Governmental Units	37,312	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 3,752,578	\$ 1,601,284
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,752,578	\$ 1,601,284

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>
\$ 599,965	\$	\$ 599,965
4,520,727		4,520,727
69,003		69,003
	16,459	16,459
40,950		40,950
52,442		52,442
120		120
10,424	(10,424)	
22,919	2,952	25,871
37,312		37,312
	1,545,780	1,545,780
	<u>11,479,602</u>	<u>11,479,602</u>
<u>\$ 5,353,862</u>	<u>\$ 13,034,369</u>	<u>\$ 18,388,231</u>
<u>\$ - 0 -</u>	<u>\$ 43,536</u>	<u>\$ 43,536</u>
<u>\$ 5,353,862</u>	<u>\$ 13,077,905</u>	<u>\$ 18,431,767</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 165,901	\$
Accrued Interest Payable		
Due to Other Governmental Units	224,517	
Due to Other Funds	3,243	7,181
Due to Taxpayers		322
Security Deposits	158,816	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 552,477	\$ 7,503
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 14,511	\$ 54,492
Deferred Revenues on Refunding Bonds		
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 14,511	\$ 54,492
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 22,919	\$
Restricted for Debt Service		1,539,289
Unassigned	3,162,671	
TOTAL FUND BALANCES	\$ 3,185,590	\$ 1,539,289
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,752,578	\$ 1,601,284
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>
\$ 165,901	\$	\$ 165,901
	11,712	11,712
224,517		224,517
10,424	(10,424)	
322		322
158,816		158,816
	1,715,000	1,715,000
	<u>5,404,510</u>	<u>5,404,510</u>
<u>\$ 559,980</u>	<u>\$ 7,120,798</u>	<u>\$ 7,680,778</u>
\$ 69,003	\$ (69,003)	\$
	91,998	91,998
<u>\$ 69,003</u>	<u>\$ 22,995</u>	<u>\$ 91,998</u>
\$ 22,919	\$ (22,919)	\$
1,539,289	(1,539,289)	
<u>3,162,671</u>	<u>(3,162,671)</u>	
<u>\$ 4,724,879</u>	<u>\$ (4,724,879)</u>	<u>\$ - 0 -</u>
<u>\$ 5,353,862</u>		
	\$ 5,857,410	\$ 5,857,410
	1,598,528	1,598,528
	<u>3,203,053</u>	<u>3,203,053</u>
	<u>\$ 10,658,991</u>	<u>\$ 10,658,991</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Total Fund Balances - Governmental Funds \$ 4,724,879

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

Prepaid bond insurance is amortized over the term of the refunding bonds. 2,952

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 13,025,382

Interest paid/received in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt, or the life of the new debt, whichever is shorter. (48,462)

Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenue on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District. 85,462

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	\$ (11,712)	
Bonds Payable Within One Year	(1,715,000)	
Bonds Payable After One Year	<u>(5,404,510)</u>	<u>(7,131,222)</u>

Total Net Position - Governmental Activities \$ 10,658,991

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. 119
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 546,140	\$ 1,805,127
Sales Tax Receipts	128,697	
Water Service	216,022	
Bulk Water Sales	216,932	
Wastewater Service	200,857	
Service Charge	382,796	
Regional Water Authority Fees	1,073,383	
Penalty and Interest	24,314	20,941
Tap Connection and Inspection Fees	24,723	
Investment Revenues	117,875	100,257
Miscellaneous Revenues	39,973	75
TOTAL REVENUES	\$ 2,971,712	\$ 1,926,400
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 129,088	\$ 6,656
Contracted Services	419,275	47,091
Purchased Water Service/Pumpage Fees	1,121,315	
Purchased Wastewater Service	338,238	
Utilities	72,284	
Repairs and Maintenance	524,419	
Depreciation		
Other	140,762	10,649
Capital Outlay	83,266	
Debt Service:		
Bond Principal		1,675,000
Bond Interest		168,817
TOTAL EXPENDITURES/EXPENSES	\$ 2,828,647	\$ 1,908,213
NET CHANGE IN FUND BALANCES	\$ 143,065	\$ 18,187
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2022	3,042,525	1,521,102
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2023	\$ 3,185,590	\$ 1,539,289

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>
\$ 2,351,267	\$ 5,013	\$ 2,356,280
128,697		128,697
216,022		216,022
216,932		216,932
200,857		200,857
382,796		382,796
1,073,383		1,073,383
45,255	842	46,097
24,723		24,723
218,132		218,132
40,048		40,048
<u>\$ 4,898,112</u>	<u>\$ 5,855</u>	<u>\$ 4,903,967</u>
\$ 135,744	\$	\$ 135,744
466,366		466,366
1,121,315		1,121,315
338,238		338,238
72,284		72,284
524,419		524,419
	568,701	568,701
151,411		151,411
83,266	(83,266)	
1,675,000	(1,675,000)	
168,817	(21,562)	147,255
<u>\$ 4,736,860</u>	<u>\$ (1,211,127)</u>	<u>\$ 3,525,733</u>
\$ 161,252	\$ (161,252)	\$
	1,378,234	1,378,234
<u>4,563,627</u>	<u>4,717,130</u>	<u>9,280,757</u>
<u>\$ 4,724,879</u>	<u>\$ 5,934,112</u>	<u>\$ 10,658,991</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
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, 2023**

Net Change in Fund Balances - Governmental Funds	\$ 161,252
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.	5,013
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.	842
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.	(568,701)
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.	83,266
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,675,000
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.	21,562
Change in Net Position - Governmental Activities	<u>\$ 1,378,234</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. CREATION OF DISTRICT

Fort Bend County Municipal Utility District No. 119 of Fort Bend County, Texas (the “District”), was created effective May 28, 1999, by an Order of the Texas Natural Resource Conservation Commission, currently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and, if approved by the District’s voters and the Commission, to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on June 16, 1999, and sold its first series of bonds on September 26, 2000.

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).

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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.
- * 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.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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 major governmental funds.

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

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

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.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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, 2023, the Debt Service Fund (Tax Account) owed the General Fund \$7,181 for maintenance tax collections and the General Fund owed the Debt Service Fund \$3,243 for remaining Series 2021 Refunding revenues.

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.

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
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service 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:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

NOTE 3. LONG-TERM DEBT

The District's bonds payable at September 30, 2023, consist of the following unlimited tax bonds:

	Refunding Series 2014	Refunding Series 2015	Refunding Series 2020
Amounts Outstanding – September 30, 2023	\$ 2,005,000	\$ 700,000	\$ 1,010,000
Interest Rates	3.00% - 4.00%	2.27%	1.22%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2029	September 1, 2024/2025	September 1, 2024/2026
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2022*	September 1, 2022*	September 1, 2025*

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Refunding Series 2021</u>
Amounts Outstanding – September 30, 2023	\$ 3,300,000
Interest Rates	1.11%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2028
Interest Payment Dates	March 1/ September 1
Callable Dates	**

- * The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed from redemption. The Refunding Series 2015 term bond maturing September 1, 2025, is scheduled for mandatory annual redemptions beginning September 1, 2016, as outlined in the debt service schedule on page 45. The Refunding Series 2020 term bond maturing September 1, 2026, is scheduled for mandatory annual redemptions beginning September 1, 2020, as outlined in the debt service schedule on page 46. The Refunding Series 2021 term bond maturing on September 1, 2028, is scheduled for mandatory redemptions beginning September 1, 2021, as outlined in debt service schedule on page 47. The Series 2015 Refunding, Series 2020 Refunding and Series 2021 Refunding Bonds were sold via private placement.
- ** The Bonds are subject to redemption prior to their scheduled maturities, in whole, but not in part, from time to time, at a price of par plus accrued interest.

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

	<u>October 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>September 30, 2023</u>
Bonds Payable	\$ 8,690,000	\$	\$ 1,675,000	\$ 7,015,000
Unamortized Premiums	122,820		18,310	104,510
Bonds Payable, Net	<u>\$ 8,812,820</u>	<u>\$ -0-</u>	<u>\$ 1,693,310</u>	<u>\$ 7,119,510</u>
		Amount Due Within One Year		\$ 1,715,000
		Amount Due After One Year		<u>5,404,510</u>
		Bonds Payable, Net		<u>\$ 7,119,510</u>

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3. LONG-TERM DEBT (Continued)

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

Fiscal Year	Principal	Interest	Total
2024	\$ 1,715,000	\$ 140,542	\$ 1,855,542
2025	1,760,000	111,566	1,871,566
2026	1,430,000	80,128	1,510,128
2027	1,125,000	54,488	1,179,488
2028	610,000	32,175	642,175
2029	375,000	15,000	390,000
	<u>\$ 7,015,000</u>	<u>\$ 433,899</u>	<u>\$ 7,448,899</u>

As of September 30, 2023, the District had authorized but unissued bonds in the amount of \$17,450,000 for utility facilities and authorized but unissued bonds in the amount of \$26,690,000 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, 2023, the District levied an ad valorem debt service tax rate of \$0.38 per \$100 of assessed valuation, which resulted in a tax levy of \$1,812,076 on the adjusted taxable valuation of \$476,863,348 for the 2022 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 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

- A. The Bond Resolutions state that any profits realized from or interest accruing on investments shall belong to the fund from which the monies for such investments were taken; provided, however, that at the discretion of the Board of Directors, the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS
(Continued)

B. For the Bonds sold, 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 \$2,720,295 and the bank balance was \$2,653,409. 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, 2023, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 527,794	\$ 1,288,200	\$ 1,815,994
DEBT SERVICE FUND	72,171	832,130	904,301
TOTAL DEPOSITS	\$ 599,965	\$ 2,120,330	\$ 2,720,295

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;

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investment in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool. Certificates of deposits are recorded at acquisition cost.

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

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
GENERAL FUND					
TexPool	\$ 1,784,787	\$ 1,784,787	\$	\$	\$
Certificates of Deposit	1,288,200	1,288,200			
DEBT SERVICE FUND					
TexPool	615,610	615,610			
Certificates of Deposit	832,130	832,130			
TOTAL INVESTMENTS	\$ 4,520,727	\$ 4,520,727	\$ - 0 -	\$ - 0 -	\$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, the District’s investment in TexPool was rated AAAM by Standard and Poor’s. The District also manages credit risk by investing in certificate 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 TexPool 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 certificate of deposit with maturities of less than one year.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023:

	October 1, 2022	Increases	Decreases	September 30, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,545,780	\$	\$	\$ 1,545,780
Construction in Progress		83,266	83,266	
Total Capital Assets Not Being Depreciated	<u>\$ 1,545,780</u>	<u>\$ 83,266</u>	<u>\$ 83,266</u>	<u>\$ 1,545,780</u>
Capital Assets Subject to Depreciation				
Water System	\$ 5,278,273	\$	\$	\$ 5,278,273
Wastewater System	6,937,583	83,266		7,020,849
Drainage System	9,981,603			9,981,603
Investment in Wastewater Treatment Plant Capacity	1,581,110			1,581,110
Total Capital Assets Subject to Depreciation	<u>\$ 23,778,569</u>	<u>\$ 83,266</u>	<u>\$ - 0 -</u>	<u>\$ 23,861,835</u>
Accumulated Depreciation				
Water System	\$ 3,022,247	\$ 127,746	\$	\$ 3,149,993
Wastewater System	3,381,951	159,551		3,541,502
Drainage System	4,232,361	221,523		4,453,884
Investment in Wastewater Treatment Plant Capacity	1,176,973	59,881		1,236,854
Total Accumulated Depreciation	<u>\$ 11,813,532</u>	<u>\$ 568,701</u>	<u>\$ - 0 -</u>	<u>\$ 12,382,233</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,965,037</u>	<u>\$ (485,435)</u>	<u>\$ - 0 -</u>	<u>\$ 11,479,602</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,510,817</u>	<u>\$ (402,169)</u>	<u>\$ 83,266</u>	<u>\$ 13,025,382</u>

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7. MAINTENANCE TAX

On August 14, 1999, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. During the year ended September 30, 2023, the District levied an ad valorem maintenance tax rate of \$0.115 per \$100 of assessed valuation, which resulted in a tax levy of \$548,391 on the adjusted taxable valuation of \$476,863,348 for the 2022 tax year. A maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

NOTE 8. PURCHASE OF WASTEWATER CONVEYANCE AND TREATMENT CAPACITY

On February 22, 1999, a developer within the District, Woodbridge Commercial Partners, Ltd. ("Woodbridge"), executed an agreement, which was later ratified by the District, with Fort Bend County Municipal Utility District No. 2 ("District No. 2") for the purchase of wastewater conveyance and treatment capacity. The term of the agreement is 30 years. The agreement was amended on December 1, 2001. The amended agreement provides that District No. 2 agreed to sell and assign to the District up to 486,550 gallons per day of wastewater capacity currently owned by District No. 2 in the City of Houston's (the "City") Plant. Upon execution of this Agreement, Woodbridge paid District No. 2 \$25,000 on behalf of the District. Thereafter, Woodbridge was obligated to pay District No. 2, at the time of conveyance, an amount equal to the greater of (a) \$2.22 per gallon of capacity or (b) the then-current price per gallon of capacity charged by the City for capacity in the City's plant. As of September 30, 2023, the District has purchased 486,550 gallons per day of capacity. In addition, the District, District No. 2 and the City entered into an agreement, effective September 19, 2005, whereby the District acquired an additional 36,225 gallons per day of wastewater capacity in the City's Plant via assignment by District No. 2.

District No. 2 also agreed to sell to the District 550,000 gallons per day of conveyance capacity currently owned by District No. 2 in the City's West Bellfort Gravity Trunk Main. In consideration of the conveyance, Woodbridge paid District No. 2 a total of \$213,178.

The District currently pays the City a monthly charge of \$1.90 per 1,000 gallons of flow. In addition, the District pays the City \$7.37 per 1,000 of flow above the maximum usage amount allocated to the District. Costs paid to the City during the fiscal year ending September 30, 2023, were \$338,238.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9. INTERIM WATER AND EMERGENCY WATER SUPPLY SERVICES

Fort Bend County Municipal Utility District No. 2

On February 22, 1999, a Developer within the District, Woodbridge Commercial Partners, Ltd. (“Woodbridge”), entered into an Agreement, which was later ratified by the District, with Fort Bend County Municipal Utility District No. 2 (“District No. 2”) for interim water and emergency water supply services. This agreement was amended on December 1, 2001. The interim water portion of the agreement was terminated in 2000 when the District’s water plant facilities were completed and became operational.

The emergency water supply portion of the agreement commenced upon written certification that the District’s water plant was complete and operational. Under this article, the consuming district pays for water at the rate of \$0.50 per 1,000 gallons of water supplied or in-kind repayment, with the consuming district selecting the method of payment.

On February 1, 2006, the District executed an Amended and Restated Emergency Water Supply Agreement with District No. 2. The purpose of this agreement was to replace the prior agreements with District No. 2. The District has previously constructed and is responsible for maintenance of the interconnect with each district responsible for 50 percent of the maintenance cost. Water is to be supplied on an emergency basis as defined in the agreement. On April 4, 2007, the District executed a First Amendment to Amended and Restated Emergency Water Supply Agreement with District No. 2 and on May 1, 2009, the District executed the Second Amendment to the same agreement. The Second Amendment replaces the first amendment and defines the terms for sharing maintenance, repairs and other construction costs as it relates to the interconnect and lines. The price to be paid under this agreement shall be calculated by multiplying the average daily usage by the number of days the receiving District was supplied with water, dividing the product by 1,000 and multiplied the resulting quotient by \$0.75. The agreement is for a term of 40 years from the effective date of the agreement.

Fort Bend County Municipal Utility District No. 41

On November 4, 2009, the District entered into an Emergency Water Supply Contract with Fort Bend County Municipal Utility District No. 41 (“District No. 41”). District No. 41 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 is shared 20 percent for the District and 80 percent for District No. 41. 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 agreement provides for calculating the amount of water taken and states the price of \$0.75 per thousand gallons of water or the rate paid by the provider, if higher. The term of the agreement is 40 years. During the current fiscal year, the District received \$216,932 from District No. 41 for five months of emergency interconnect usage.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10. JOINT FACILITIES AGREEMENT

On July 9, 2002, the District entered into a joint facilities agreement with Kingsbridge Municipal Utility District (“Kingsbridge”). The agreement outlines the drainage and detention facilities that the District has constructed or will have constructed for the benefit of both the District and Kingsbridge. The District and Kingsbridge shared the construction cost of these facilities based upon an 82 percent-18 percent split, with the District responsible for the 82 percent of the costs, except for two 140-foot sections of 8-foot by 7-foot box culvert that were the sole responsibility of Kingsbridge. The District holds legal title to all facilities, except the previously mentioned box culverts. During prior fiscal years, in accordance with the agreement, Kingsbridge reimbursed the District for a portion of these costs in the amount of \$736,000.

In addition to the original construction costs, the District and Kingsbridge share all maintenance costs associated with the facilities at the same 82 percent-18 percent split. During a prior year, the District completed a major rehabilitation project of outfall channels A and B serving the Woodbridge subdivision at a total cost of \$600,426. Kingsbridge reimbursed the District \$108,077 for its share of the rehabilitation project.

The District is responsible for the maintenance of the shared facilities. The District bills Kingsbridge monthly for its 18 percent share of such costs. Such invoicing began after December 31, 2002. The term of the agreement is 40 years.

During the current fiscal year, \$28,043 in maintenance costs were incurred for amounts billed to Kingsbridge. Of this amount, \$7,938 was recorded as a receivable as of September 30, 2023.

NOTE 11. 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 Authority is overseeing that its participants comply with subsidence district pumpage requirements. The District is required to convert its water supply to surface water over a period of time.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 11. NORTH FORT BEND WATER AUTHORITY (Continued)

The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee is \$4.55 per 1,000 gallons of water pumped from each well. In the current fiscal year, the District paid \$351,255 to the Authority for these pumpage fees. The District began purchasing surface water from the Authority in July 2011. The current rate for surface water is \$4.90 per 1,000 gallons of water delivered. The District recorded expenditures of \$770,060 for purchased water.

NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT

Effective April 3, 2007, the District entered into a Strategic Partnership Agreement (“Agreement”) with the City of Houston, Texas. The Agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City annexed a tract of land defined as the “Subject Tract” for the limited purposes of applying the City’s Planning, Zoning, Health, and Safety Ordinances within the Subject Tract within the boundaries of the District. The District will continue to develop, to own, and to operate and maintain a water and wastewater system in the District.

All taxable property within the District shall not be liable for any present or future debts of the City, and current and future taxes levied by the City shall not be levied on taxable property within the District. Upon the limited-purpose annexation of the Subject Tract and City’s municipal courts shall have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and State laws. Provisions of the Regulatory Plan adopted by the City will be applicable to the Subject Tract of land within the District. The District’s assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period preceding full-purpose annexation.

Since the Subject Tract was annexed for limited purposes by the City, the qualified voters of the Subject Tract may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the Subject Tract.

The City imposed a Sales and Use Tax within the boundaries of the Subject tract upon the limited-purpose annexation of the Subject Tract. The Sales and Use Tax is imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City agreed to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Subject Tract. The City agreed to deliver to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller’s office.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from the effective date of the agreement. During the current fiscal year, the District recorded \$128,697 of revenue related to this agreement. Of this amount, \$29,374 was receivable at September 30, 2023.

NOTE 13. 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.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES			
Property Taxes	\$ 530,000	\$ 546,140	\$ 16,140
Sales Tax Receipts	150,000	128,697	(21,303)
Water Service and Service Charge	600,000	598,818	(1,182)
Bulk Water Sales		216,932	216,932
Wastewater Service	150,000	200,857	50,857
Regional Water Authority Fees	775,000	1,073,383	298,383
Penalty and Interest	12,000	24,314	12,314
Tap Connection and Inspection Fees	15,000	24,723	9,723
Investment Revenues	8,500	117,875	109,375
Miscellaneous Revenues	18,400	39,973	21,573
TOTAL REVENUES	<u>\$ 2,258,900</u>	<u>\$ 2,971,712</u>	<u>\$ 712,812</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 118,500	\$ 129,088	\$ (10,588)
Contracted Services	425,400	419,275	6,125
Purchased Water Service/Pumpage Fees	950,000	1,121,315	(171,315)
Purchased Wastewater Service	200,000	338,238	(138,238)
Utilities	50,000	72,284	(22,284)
Repairs and Maintenance	500,500	524,419	(23,919)
Other	187,720	140,762	46,958
Capital Outlay		83,266	(83,266)
TOTAL EXPENDITURES	<u>\$ 2,432,120</u>	<u>\$ 2,828,647</u>	<u>\$ (396,527)</u>
NET CHANGE IN FUND BALANCE	\$ (173,220)	\$ 143,065	\$ 316,285
FUND BALANCE - OCTOBER 1, 2022	<u>3,042,525</u>	<u>3,042,525</u>	
FUND BALANCE - SEPTEMBER 30, 2023	<u>\$ 2,869,305</u>	<u>\$ 3,185,590</u>	<u>\$ 316,285</u>

See accompanying independent auditor's report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2023

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved July 5, 2023.

	<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:	\$ 14.00*	1,000	N	\$ 1.00	1,001 to 10,000
				\$ 1.50	10,001 to 20,000
				\$ 2.00	20,001 to 30,000
				\$ 2.50	30,001 and up
WASTEWATER:	\$ -0-	1,000	N	\$ 1.66	1,001 and up
SURCHARGE:					
Regional Water Authority Fees			N	\$5.39	0001 and up

District employs winter averaging for wastewater usage? X
Yes
No

Total monthly charges per 10,000 gallons usage: Water: \$23.00* Wastewater: \$14.94* Surcharge: \$53.90

* Minimum monthly charge per single-family residential user equivalent connection is for both water and wastewater service.

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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	<u> </u>	<u> </u>	x 1.0	<u> </u>
≤ ³ / ₄ "	<u> 735 </u>	<u> 735 </u>	x 1.0	<u> 735 </u>
1"	<u> 349 </u>	<u> 349 </u>	x 2.5	<u> 873 </u>
1½"	<u> 8 </u>	<u> 8 </u>	x 5.0	<u> 40 </u>
2"	<u> 50 </u>	<u> 50 </u>	x 8.0	<u> 400 </u>
3"	<u> 1 </u>	<u> 1 </u>	x 15.0	<u> 15 </u>
4"	<u> 2 </u>	<u> 2 </u>	x 25.0	<u> 50 </u>
6"	<u> </u>	<u> </u>	x 50.0	<u> </u>
8"	<u> </u>	<u> </u>	x 80.0	<u> </u>
10"	<u> </u>	<u> </u>	x 115.0	<u> </u>
Total Water Connections	<u> 1,145 </u>	<u> 1,145 </u>		<u> 2,113 </u>
Total Wastewater Connections	<u> 1,062 </u>	<u> 1,062 </u>	x 1.0	<u> 1,062 </u>

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

Gallons pumped into system:	77,000,000	Water Accountability Ratio: 88% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	206,624,000	
Gallons purchased:	156,598,000	From: <u>North Fort Bend Water Authority</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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. 119
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

PROFESSIONAL FEES:	
Auditing	\$ 17,000
Engineering	22,428
Legal	<u>89,660</u>
TOTAL PROFESSIONAL FEES	<u>\$ 129,088</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 770,060
Purchased Wastewater Service	<u>338,238</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,108,298</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 21,988
Operations and Billing	101,180
Solid Waste Disposal	196,198
Security	<u>99,909</u>
TOTAL CONTRACTED SERVICES	<u>\$ 419,275</u>
UTILITIES	<u>\$ 72,284</u>
REPAIRS AND MAINTENANCE	<u>\$ 524,419</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 15,370
Election Costs	136
Insurance	15,907
Office Supplies and Postage	27,914
Payroll Taxes	1,222
Travel and Meetings	8,712
Other	<u>7,788</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 77,049</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

CAPITAL OUTLAY:	<u>\$ 83,266</u>
TAP CONNECTIONS	<u>\$ 8,420</u>
OTHER EXPENDITURES:	
Chemicals	\$ 3,309
Laboratory Fees	20,867
Permit Fees	4,250
Inspection Fees	24,947
Regional Water Authority Assessment	351,255
Regulatory Assessment	<u>1,920</u>
TOTAL OTHER EXPENDITURES	<u>\$ 406,548</u>
TOTAL EXPENDITURES	<u><u>\$ 2,828,647</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
INVESTMENTS
SEPTEMBER 30, 2023

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 1,784,787	\$
Certificate of Deposit	XXXX8662	2.75%	11/04/23	246,176	6,121
Certificate of Deposit	XXXX6389	3.95%	11/08/23	240,000	8,467
Certificate of Deposit	XXXX3480	4.00%	12/18/23	107,024	3,354
Certificate of Deposit	XXXX4837	5.04%	05/13/24	230,000	4,446
Certificate of Deposit	XXXX1224	4.80%	05/07/24	230,000	4,416
Certificate of Deposit	XXXX7125	4.93%	07/29/24	<u>235,000</u>	<u>2,000</u>
TOTAL GENERAL FUND				<u>\$ 3,072,987</u>	<u>\$ 28,804</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 615,610	\$
Certificate of Deposit	XXXX1754	3.69%	10/14/23	241,080	8,554
Certificate of Deposit	XXXX9421	3.25%	10/26/23	200,000	6,037
Certificate of Deposit	XXXX7429	4.94%	04/10/24	161,050	3,771
Certificate of Deposit	XXXX5887	4.60%	04/01/24	<u>230,000</u>	<u>5,276</u>
TOTAL DEBT SERVICE FUND				<u>\$ 1,447,740</u>	<u>\$ 23,638</u>
TOTAL - ALL FUNDS				<u>\$ 4,520,727</u>	<u>\$ 52,442</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2022	\$	13,108	\$	50,881
Adjustments to Beginning				
Balance		<u>(848)</u>	<u>(3,338)</u>	\$ 47,543
Original 2022 Tax Levy	\$	542,034	\$	1,791,070
Adjustment to 2022 Tax Levy		<u>6,357</u>	<u>548,391</u>	<u>1,812,076</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 560,651		\$ 1,859,619
 TAX COLLECTIONS:				
Prior Years	\$	4,370	\$	14,929
Current Year		<u>541,770</u>	<u>546,140</u>	<u>1,805,127</u>
 TAXES RECEIVABLE -				
SEPTEMBER 30, 2023		<u>\$ 14,511</u>		<u>\$ 54,492</u>
 TAXES RECEIVABLE BY				
YEAR:				
2022	\$	6,621	\$	21,878
2021		2,382		8,137
2020		2,194		7,495
2019		1,057		6,210
2018		658		3,362
2017		533		2,506
2016		766		3,830
2015		<u>300</u>		<u>1,074</u>
TOTAL	\$	<u>14,511</u>	\$	<u>54,492</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY VALUATIONS:				
Land	\$ 78,064,710	\$ 70,152,440	\$ 67,815,450	\$ 67,869,280
Improvements	433,852,993	352,866,335	346,080,938	334,612,571
Personal Property	12,311,701	12,016,310	11,316,130	9,684,390
Exemptions	<u>(47,366,056)</u>	<u>(10,969,633)</u>	<u>(11,351,525)</u>	<u>(9,496,581)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 476,863,348</u>	<u>\$ 424,065,452</u>	<u>\$ 413,860,993</u>	<u>\$ 402,669,660</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.380	\$ 0.41	\$ 0.41	\$ 0.47
Maintenance	<u>0.115</u>	<u>0.12</u>	<u>0.12</u>	<u>0.08</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.495</u>	<u>\$ 0.53</u>	<u>\$ 0.53</u>	<u>\$ 0.55</u>
ADJUSTED TAX LEVY*	<u>\$ 2,360,467</u>	<u>\$ 2,247,541</u>	<u>\$ 2,193,458</u>	<u>\$ 2,214,680</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED				
	<u>98.79 %</u>	<u>99.53 %</u>	<u>99.56 %</u>	<u>99.67 %</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 \$1.50 per \$100 of assessed valuation approved by voters on August 14, 1999.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

SERIES - 2014 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 295,000	\$ 75,700	\$ 370,700
2025	310,000	66,850	376,850
2026	325,000	56,000	381,000
2027	340,000	43,000	383,000
2028	360,000	29,400	389,400
2029	375,000	15,000	390,000
	<u>\$ 2,005,000</u>	<u>\$ 285,950</u>	<u>\$ 2,290,950</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

SERIES - 2015 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 345,000	\$ 15,890	\$ 360,890
2025	355,000	8,059	363,059
2026			
2027			
2028			
2029			
	<u>\$ 700,000</u>	<u>\$ 23,949</u>	<u>\$ 723,949</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

SERIES - 2020 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 330,000	\$ 12,322	\$ 342,322
2025	340,000	8,296	348,296
2026	340,000	4,148	344,148
2027			
2028			
2029			
	<u>\$ 1,010,000</u>	<u>\$ 24,766</u>	<u>\$ 1,034,766</u>

See accompanying independent auditor’s report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

SERIES - 2021 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 745,000	\$ 36,630	\$ 781,630
2025	755,000	28,361	783,361
2026	765,000	19,980	784,980
2027	785,000	11,488	796,488
2028	250,000	2,775	252,775
2029			
	<u>\$ 3,300,000</u>	<u>\$ 99,234</u>	<u>\$ 3,399,234</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 1,715,000	\$ 140,542	\$ 1,855,542
2025	1,760,000	111,566	1,871,566
2026	1,430,000	80,128	1,510,128
2027	1,125,000	54,488	1,179,488
2028	610,000	32,175	642,175
2029	375,000	15,000	390,000
	<u>\$ 7,015,000</u>	<u>\$ 433,899</u>	<u>\$ 7,448,899</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2022
Fort Bend County Municipal Utility District No. 119 Unlimited Tax Refunding Bonds - Series 2014	\$ 4,225,000	\$ 2,290,000
Fort Bend County Municipal Utility District No. 119 Unlimited Tax Refunding Bonds - Series 2015	3,210,000	1,040,000
Fort Bend County Municipal Utility District No. 119 Unlimited Tax Refunding Bonds - Series 2020	2,005,000	1,330,000
Fort Bend County Municipal Utility District No. 119 Unlimited Tax Refunding Bonds - Series 2021	<u>4,845,000</u>	<u>4,030,000</u>
TOTAL	<u>\$ 14,285,000</u>	<u>\$ 8,690,000</u>

Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	<u>\$ 45,000,000</u>	<u>\$ 27,750,000</u>
Amount Issued	<u>27,550,000</u>	<u>1,060,000</u>
Remaining Authorization	<u>\$ 17,450,000</u>	<u>\$ 26,690,000</u>

See accompanying independent auditor's report.

<u>Current Year Transactions</u>					
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2023</u>		<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>			
\$	\$ 285,000	\$ 84,250	\$ 2,005,000		Amegy Bank, N.A. Houston, TX
	340,000	23,608	700,000		Amegy Bank, N.A. Houston, TX
	320,000	16,226	1,010,000		BOKF, NA dba Bank of Texas Dallas, TX
	<u>730,000</u>	<u>44,733</u>	<u>3,300,000</u>		The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 1,675,000</u>	<u>\$ 168,817</u>	<u>\$ 7,015,000</u>		

Debt Service Fund cash, investments and cash with paying agent balances as of
September 30, 2023:

\$ 1,519,911

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

\$ 1,241,483

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. 119
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 546,140	\$ 506,126	\$ 497,778
Sales Tax Receipts	128,697	160,710	95,615
Water Service	216,022	205,424	217,910
Bulk Water Sales	216,932		
Wastewater Service	200,857	193,752	182,141
Service Charge	382,796	385,021	373,440
Regional Water Authority Fees	1,073,383	992,641	806,028
Penalty and Interest	24,314	19,587	23,089
Tap Connection and Inspection Fees	24,723	22,240	50,081
Investment Revenues	117,875	16,121	7,222
Miscellaneous Revenues	39,973	22,669	27,795
TOTAL REVENUES	\$ 2,971,712	\$ 2,524,291	\$ 2,281,099
EXPENDITURES			
Professional Fees	\$ 129,088	\$ 120,596	\$ 123,283
Contracted Services	419,275	389,820	348,829
Purchased Water Service/Pumpage Fees	1,121,315	1,189,348	870,551
Purchased Wastewater Service	338,238	285,511	236,507
Utilities	72,284	60,462	43,671
Repairs and Maintenance	524,419	459,191	450,542
Other	140,762	117,140	126,866
Capital Outlay	83,266	68,319	39,701
Bond Issuance Costs			
TOTAL EXPENDITURES	\$ 2,828,647	\$ 2,690,387	\$ 2,239,950
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 143,065	\$ (166,096)	\$ 41,149
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$	\$	\$ 5,000
Reimbursement from Kingsbridge MUD			
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ - 0 -	\$ 5,000
NET CHANGE IN FUND BALANCE	\$ 143,065	\$ (166,096)	\$ 46,149
BEGINNING FUND BALANCE	3,042,525	3,208,621	3,162,472
ENDING FUND BALANCE	\$ 3,185,590	\$ 3,042,525	\$ 3,208,621

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 319,844	\$ 353,084	18.4 %	20.1 %	21.8 %	14.3 %	17.4 %
117,478	117,960	4.3	6.4	4.2	5.3	5.8
259,531	145,232	7.3	8.1	9.6	11.7	7.2
		7.3				
191,085	186,929	6.8	7.7	8.0	8.6	9.2
373,520	373,224	12.9	15.2	16.4	16.9	18.4
841,125	705,541	36.1	39.3	35.3	38.0	34.8
26,060	17,080	0.8	0.8	1.0	1.2	0.9
15,441	16,950	0.8	0.9	2.2	0.7	0.8
43,690	82,400	4.0	0.6	0.3	2.0	4.1
28,036	27,632	1.3	0.9	1.2	1.3	1.4
<u>\$ 2,215,810</u>	<u>\$ 2,026,032</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 122,936	\$ 151,496	4.4 %	4.8 %	5.4 %	5.5 %	7.5 %
313,362	314,446	14.1	15.4	15.3	14.1	15.5
947,619	780,939	37.7	47.1	38.2	42.8	38.6
243,210	214,811	11.4	11.3	10.4	11.0	10.6
43,122	38,901	2.4	2.4	1.9	1.9	1.9
424,337	664,416	17.7	18.2	19.7	19.2	32.8
103,912	101,566	4.7	4.6	5.6	4.7	5.0
594,986	397,325	2.8	2.7	1.7	26.9	19.6
5,144					0.2	
<u>\$ 2,798,628</u>	<u>\$ 2,663,900</u>	<u>95.2 %</u>	<u>106.5 %</u>	<u>98.2 %</u>	<u>126.3 %</u>	<u>131.5 %</u>
<u>\$ (582,818)</u>	<u>\$ (637,868)</u>	<u>4.8 %</u>	<u>(6.5) %</u>	<u>1.8 %</u>	<u>(26.3) %</u>	<u>(31.5) %</u>
\$	\$					
108,077						
<u>\$ 108,077</u>	<u>\$ - 0 -</u>					
\$ (474,741)	\$ (637,868)					
3,637,213	4,275,081					
<u>\$ 3,162,472</u>	<u>\$ 3,637,213</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 1,805,127	\$ 1,729,553	\$ 1,709,081
Penalty and Interest	20,941	18,486	35,345
Investment Revenues	100,257	14,559	6,029
Miscellaneous Revenues	<u>75</u>		
TOTAL REVENUES	<u>\$ 1,926,400</u>	<u>\$ 1,762,598</u>	<u>\$ 1,750,455</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 62,546	\$ 69,634	\$ 62,865
Debt Service Principal	1,675,000	1,645,000	1,605,000
Debt Service Interest and Fees	170,667	198,910	291,852
Bond Issuance Costs			<u>109,514</u>
TOTAL EXPENDITURES	<u>\$ 1,908,213</u>	<u>\$ 1,913,544</u>	<u>\$ 2,069,231</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 18,187</u>	<u>\$ (150,946)</u>	<u>\$ (318,776)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$	\$	\$ (5,000)
Long-Term Debt Issued			4,845,000
Payment to Refunded Bond Escrow Agent			<u>(4,732,244)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 107,756</u>
NET CHANGE IN FUND BALANCE	\$ 18,187	\$ (150,946)	\$ (211,020)
BEGINNING FUND BALANCE	<u>1,521,102</u>	<u>1,672,048</u>	<u>1,883,068</u>
ENDING FUND BALANCE	<u>\$ 1,539,289</u>	<u>\$ 1,521,102</u>	<u>\$ 1,672,048</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>1,145</u>	<u>1,142</u>	<u>1,140</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>1,062</u>	<u>1,060</u>	<u>1,057</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 1,877,153	\$ 1,805,043	93.7 %	98.2 %	97.7 %	97.4 %	96.3 %
22,438	18,765	1.1	1.0	2.0	1.2	1.0
27,107	50,433	5.2	0.8	0.3	1.4	2.7
	25					
<u>\$ 1,926,698</u>	<u>\$ 1,874,266</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 55,524	\$ 58,976	3.2 %	4.0 %	3.6 %	2.9 %	3.1 %
1,455,000	1,365,000	86.9	93.3	91.7	75.5	72.8
437,212	509,400	8.9	11.3	16.7	22.7	27.2
72,571				6.2	3.7	
<u>\$ 2,020,307</u>	<u>\$ 1,933,376</u>	<u>99.0 %</u>	<u>108.6 %</u>	<u>118.2 %</u>	<u>104.8 %</u>	<u>103.1 %</u>
\$ (93,609)	\$ (59,110)	<u>1.0 %</u>	<u>(8.6) %</u>	<u>(18.2) %</u>	<u>(4.8) %</u>	<u>(3.1) %</u>
\$ 2,005,000	\$					
(1,932,429)						
<u>\$ 72,571</u>	<u>\$ - 0 -</u>					
\$ (21,038)	\$ (59,110)					
1,904,106	1,963,216					
<u>\$ 1,883,068</u>	<u>\$ 1,904,106</u>					
<u>1,139</u>	<u>1,137</u>					
<u>1,058</u>	<u>1,056</u>					

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 119
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2023**

District Mailing Address - Fort Bend County Municipal Utility District No. 119
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2023	Expense Reimbursements for the year ended September 30, 2023	Title
Alan Shelby	05/20 05/24 (Elected)	\$ 1,642	\$ 194	President
Carol Richardson	05/22 05/26 (Elected)	\$ 150	\$ 19	Vice President
Brian K. Joseph	05/20 05/24 (Elected)	\$ 4,034	\$ 1,480	Assistant Vice President
Jeanette Spinks	05/22 05/26 (Elected)	\$ 6,189	\$ 2,496	Secretary
Michael Garza	05/22 05/26 (Elected)	\$ 3,655	\$ 326	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: July 21, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is to the statutory limit as set by Board Resolution on June 26, 2001. 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. 119
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2023

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2023</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/26/03	\$ 89,795 \$ -0-	General Counsel/ Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	07/26/00	\$ 17,000	Auditor
Myrtle Cruz, Inc.	07/01/99	\$ 23,869	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/07/01	\$ 6,656	Delinquent Tax Attorney
Benchmark Engineering Corporation	06/30/99	\$ 22,428	Engineer
RBC Capital Markets	08/06/03	\$ -0-	Financial Advisor
Mary Jarmon	11/06/13	\$ -0-	Investment Officer
Inframark Water & Infrastructure Services	06/30/99	\$ 664,825	Operator
Wheeler & Associates, Inc.	07/01/99	\$ 35,078	Tax Assessor/ Collector

See accompanying independent auditor's report.

