



Fort Bend County Municipal Utility District No. 122 Fort Bend County, Texas

**Independent Auditor's Report and
Financial Statements**

September 30, 2023



Fort Bend County Municipal Utility District No. 122
September 30, 2023

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Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 122
Fort Bend County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 122 (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 accompanying financial statements 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 thereof 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 (GAAS). 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 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 GAAS 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 GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

FORVIS,LLP

Houston, Texas
February 9, 2024

Fort Bend County Municipal Utility District No. 122

Management's Discussion and Analysis

September 30, 2023

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

Fort Bend County Municipal Utility District No. 122
Management's Discussion and Analysis (Continued)
September 30, 2023

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental Funds

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

Notes to Financial Statements

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

Fort Bend County Municipal Utility District No. 122
Management's Discussion and Analysis (Continued)
September 30, 2023

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	2023	2022
Current and other assets	\$ 13,206,758	\$ 9,293,079
Capital assets	20,090,253	17,506,963
Total assets	33,297,011	26,800,042
Deferred outflows of resources	483,849	535,552
Total assets and deferred outflows of resources	\$ 33,780,860	\$ 27,335,594
Long-term liabilities	\$ 21,235,042	\$ 17,274,821
Other liabilities	1,468,985	518,782
Total liabilities	22,704,027	17,793,603
Net position:		
Net investment in capital assets	3,621,093	4,066,959
Restricted	1,997,458	885,555
Unrestricted	5,458,282	4,589,477
Total net position	\$ 11,076,833	\$ 9,541,991

The total net position of the District increased by \$1,534,842, or about 16%. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is included in long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Fort Bend County Municipal Utility District No. 122
Management's Discussion and Analysis (Continued)
September 30, 2023

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues:		
Property taxes	\$ 2,929,893	\$ 2,541,610
Charges for services	2,600,582	2,452,023
Other revenues	<u>596,645</u>	<u>144,320</u>
Total revenues	<u>6,127,120</u>	<u>5,137,953</u>
Expenses:		
Services	3,173,632	2,865,954
Depreciation	490,433	488,721
Debt service	<u>928,213</u>	<u>776,684</u>
Total expenses	<u>4,592,278</u>	<u>4,131,359</u>
Change in net position	1,534,842	1,006,594
Net position, beginning of year	<u>9,541,991</u>	<u>8,535,397</u>
Net position, end of year	<u>\$ 11,076,833</u>	<u>\$ 9,541,991</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2023, were \$11,770,181, an increase of \$2,974,740 from the prior year.

The general fund's fund balance increased by \$867,618, primarily due to property tax and service revenues and investment income exceeding service operation expenditures.

The special revenue fund's fund balance remained the same as all expenditures were billed to participants.

The debt service fund's fund balance increased by \$81,025 because property tax revenues were greater than bond principal and interest expenditures.

The capital projects fund's fund balance increased by \$2,026,097 due to proceeds received from the sale of the Series 2023 and Series 2023A bonds exceeding capital outlay expenditures and debt issuance costs.

Fort Bend County Municipal Utility District No. 122
Management's Discussion and Analysis (Continued)
September 30, 2023

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes revenues, investment income and purchased services and repair and maintenance expenditures being higher than anticipated as well as regional water fee revenues and other expenditures being lower than anticipated. In addition, other income received and capital outlay expenditures incurred were not included in the current year budget. The fund balance as of September 30, 2023, was expected to be \$5,394,231 and the actual end-of-year fund balance was \$5,448,697.

Capital Assets and Related Debt

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below:

Capital Assets (Net of Accumulated Depreciation)

	2023	2022
Land and improvements	\$ 6,137,263	\$ 6,092,559
Construction in progress	3,382,119	370,211
Water distribution facilities	2,163,414	2,279,202
Wastewater facilities	4,444,579	4,660,803
Drainage facilities	3,962,878	4,104,188
Total capital assets	\$ 20,090,253	\$ 17,506,963

During the current year, additions to capital assets were as follows:

Construction in progress related to wastewater treatment plant conversion, Phase 9, water, sewer and drainage facilities to serve Lakemont Park, water plant expansion, Creekside Park at Lakemont and pond 8N expansion	\$ 3,011,908
Rehabilitation of Lakmont detention pond 7S	44,704
Booster pump and motor at storm water pump station	17,111
Total additions to capital assets	\$ 3,073,723

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2023, are summarized below.

Fort Bend County Municipal Utility District No. 122
Management's Discussion and Analysis (Continued)
September 30, 2023

Long-term debt payable, beginning of year	\$ 17,274,821
Increases in long-term debt	5,125,500
Decreases in long-term debt	<u>(1,165,279)</u>
 Long-term debt payable, end of year	 <u>\$ 21,235,042</u>

At September 30, 2023, the District had \$8,224,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's bonds carry an underlying rating of "BBB" from Standard & Poor's. The Series 2014 refunding, Series 2015 refunding and Series 2021 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2019, Series 2020 refunding, Series 2023 and Series 2023A bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Fort Bend County Municipal Utility District No. 122
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets							
Cash	\$ 380,774	\$ 133,760	\$ 137,430	\$ 14,225	\$ 666,189	\$ -	\$ 666,189
Certificates of deposit	-	-	102,656	-	102,656	-	102,656
Short-term investments	5,250,112	-	664,948	6,203,903	12,118,963	-	12,118,963
Receivables:							
Property taxes	9,585	-	15,129	-	24,714	-	24,714
Service accounts	165,620	-	-	-	165,620	-	165,620
Accrued interest	-	-	950	-	950	-	950
Interfund receivables	23,957	-	-	90	24,047	(24,047)	-
Due from participants	-	212,710	-	-	212,710	(94,185)	118,525
Prepaid expenditures	561	-	-	-	561	-	561
Due from others	8,580	-	-	-	8,580	-	8,580
Capital assets (net of accumulated depreciation):							
Land and improvements	-	-	-	-	-	6,137,263	6,137,263
Construction in progress	-	-	-	-	-	3,382,119	3,382,119
Infrastructure	-	-	-	-	-	10,570,871	10,570,871
Total assets	5,839,189	346,470	921,113	6,218,218	13,324,990	19,972,021	33,297,011
Deferred Outflows of Resources							
Deferred amount on debt refundings	0	0	0	0	0	483,849	483,849
Total assets and deferred outflows of resources	\$ 5,839,189	\$ 346,470	\$ 921,113	\$ 6,218,218	\$ 13,324,990	\$ 20,455,870	\$ 33,780,860

Fort Bend County Municipal Utility District No. 122
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities							
Accounts payable	\$ 256,827	\$ 196,470	\$ 657	\$ 599,013	\$ 1,052,967	\$ (94,185)	\$ 958,782
Retainage payable	-	-	-	254,091	254,091	-	254,091
Accrued interest payable	-	-	-	-	-	57,122	57,122
Customer deposits	123,990	-	-	-	123,990	-	123,990
Due to participants	-	75,000	-	-	75,000	-	75,000
Interfund payables	90	-	23,957	-	24,047	(24,047)	-
Long-term liabilities:							
Due within one year	-	-	-	-	-	1,190,000	1,190,000
Due after one year	-	-	-	-	-	20,045,042	20,045,042
Total liabilities	<u>380,907</u>	<u>271,470</u>	<u>24,614</u>	<u>853,104</u>	<u>1,530,095</u>	<u>21,173,932</u>	<u>22,704,027</u>
Deferred Inflows of Resources							
Deferred property tax revenues	<u>9,585</u>	<u>0</u>	<u>15,129</u>	<u>0</u>	<u>24,714</u>	<u>(24,714)</u>	<u>0</u>
Fund Balances/Net Position							
Fund balances:							
Nonspendable, prepaid expenditures	561	-	-	-	561	(561)	-
Restricted:							
Unlimited tax bonds	-	-	881,370	-	881,370	(881,370)	-
Water, sewer and drainage	-	-	-	2,948,423	2,948,423	(2,948,423)	-
Parks and recreation	-	-	-	2,416,691	2,416,691	(2,416,691)	-
Committed, joint facilities	-	75,000	-	-	75,000	(75,000)	-
Unassigned	<u>5,448,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,448,136</u>	<u>(5,448,136)</u>	<u>-</u>
Total fund balances	<u>5,448,697</u>	<u>75,000</u>	<u>881,370</u>	<u>5,365,114</u>	<u>11,770,181</u>	<u>(11,770,181)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,839,189</u>	<u>\$ 346,470</u>	<u>\$ 921,113</u>	<u>\$ 6,218,218</u>	<u>\$ 13,324,990</u>		
Net position:							
Net investment in capital assets						3,621,093	3,621,093
Restricted for plant operations						75,000	75,000
Restricted for debt service						839,377	839,377
Restricted for capital projects						1,083,081	1,083,081
Unrestricted						<u>5,458,282</u>	<u>5,458,282</u>
Total net position						<u>\$ 11,076,833</u>	<u>\$ 11,076,833</u>

Fort Bend County Municipal Utility District No. 122
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues							
Property taxes	\$ 1,131,447	\$ -	\$ 1,794,631	\$ -	\$ 2,926,078	\$ 3,815	\$ 2,929,893
Water service	347,638	-	-	-	347,638	-	347,638
Sewer service	519,272	-	-	-	519,272	-	519,272
Bulk water and sewer sales	-	2,137,926	-	-	2,137,926	(977,360)	1,160,566
Regional water fee	573,106	-	-	-	573,106	-	573,106
Penalty and interest	29,437	-	19,368	-	48,805	-	48,805
Tap connection and inspection fees	2,190	-	-	-	2,190	-	2,190
Investment income	220,612	220	65,262	190,762	476,856	-	476,856
Other income	27,740	-	-	-	27,740	41,054	68,794
Total revenues	2,851,442	2,138,146	1,879,261	190,762	7,059,611	(932,491)	6,127,120
Expenditures/Expenses							
Service operations:							
Purchased services	960,920	755,556	-	-	1,716,476	(960,920)	755,556
Regional water fee	-	546,382	-	-	546,382	-	546,382
Professional fees	120,468	8,934	5,709	-	135,111	480	135,591
Contracted services	412,951	68,726	40,213	-	521,890	-	521,890
Utilities	-	161,573	-	-	161,573	-	161,573
Repairs and maintenance	382,386	566,623	-	-	949,009	-	949,009
Other expenditures	62,395	37,855	2,844	537	103,631	-	103,631
Capital outlay	44,704	33,551	-	3,012,388	3,090,643	(3,090,643)	-
Depreciation	-	-	-	-	-	490,433	490,433
Debt service:							
Principal retirement	-	-	1,165,000	-	1,165,000	(1,165,000)	-
Interest and fees	-	-	584,470	-	584,470	66,503	650,973
Debt issuance costs	-	-	-	277,240	277,240	-	277,240
Total expenditures/expenses	1,983,824	2,179,200	1,798,236	3,290,165	9,251,425	(4,659,147)	4,592,278
Excess (Deficiency) of Revenues							
Over Expenditures	867,618	(41,054)	81,025	(3,099,403)	(2,191,814)	3,726,656	
Other Financing Sources (Uses)							
General obligation bonds issued	-	-	-	5,225,000	5,225,000	(5,225,000)	
Discount on debt issued	-	-	-	(99,500)	(99,500)	99,500	
Insurance recovery	-	41,054	-	-	41,054	(41,054)	
Total other financing sources	0	41,054	0	5,125,500	5,166,554	(5,166,554)	
Excess of Revenues and Other							
Financing Sources Over Expenditures							
and Other Financing Uses	867,618	-	81,025	2,026,097	2,974,740	(2,974,740)	
Change in Net Position							
						1,534,842	1,534,842
Fund Balances/Net Position							
Beginning of year	4,581,079	75,000	800,345	3,339,017	8,795,441	-	9,541,991
End of year	\$ 5,448,697	\$ 75,000	\$ 881,370	\$ 5,365,114	\$ 11,770,181	\$ 0	\$ 11,076,833

Fort Bend County Municipal Utility District No. 122

Notes to Financial Statements

September 30, 2023

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Fort Bend County Municipal Utility District No. 122 (the District) was created by an order of the Texas Natural Resource Conservation Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective November 21, 2000, 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.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

Fort Bend County Municipal Utility District No. 122

Notes to Financial Statements

September 30, 2023

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Special Revenue Fund – Accounts for revenues and expenditures involving specific revenue sources that are legally restricted to expenditures for specified purposes. The primary source of revenue is participant fees.

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

Fort Bend County Municipal Utility District No. 122

Notes to Financial Statements

September 30, 2023

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Fort Bend County Municipal Utility District No. 122

Notes to Financial Statements

September 30, 2023

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of 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 amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Investments and Investment Income

Investments in certificates of deposit, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal

Fort Bend County Municipal Utility District No. 122
Notes to Financial Statements
September 30, 2023

district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended September 30, 2023, include collections during the current period or within 60 days of year-end related to the 2022 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended September 30, 2023, the 2022 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Fort Bend County Municipal Utility District No. 122
Notes to Financial Statements
September 30, 2023

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

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

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

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

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 20,090,253
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	24,714
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	483,849

Fort Bend County Municipal Utility District No. 122
Notes to Financial Statements
September 30, 2023

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	\$ (57,122)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(21,235,042)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (693,348)</u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ 2,974,740
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense and noncapitalized costs in the current period.	2,583,290
Governmental funds report proceeds from the sales of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	(4,060,000)
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	99,500
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities.	3,815
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(66,503)</u>
Change in net position of governmental activities.	<u>\$ 1,534,842</u>

Fort Bend County Municipal Utility District No. 122
Notes to Financial Statements
September 30, 2023

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At September 30, 2023, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," bonds issued, assumed or guaranteed by the State of Israel, insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexSTAR, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Directors, made up of participants and representatives of the administrator and investment manager, has oversight of TexSTAR. The District's investments may be redeemed at any time.

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

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexSTAR	\$ 12,118,963	\$ 12,118,963	\$ 0	\$ 0	\$ 0

Fort Bend County Municipal Utility District No. 122
Notes to Financial Statements
September 30, 2023

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Credit Risk. 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 investments in TexSTAR, an external investment pool, were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at September 30, 2023, as follows:

Carrying value:		
Deposits	\$	768,845
Investments		12,118,963
Total	\$	12,887,808

Included in the following statement of net position captions:

Cash	\$	666,189
Certificates of deposit		102,656
Short-term investments		12,118,963
Total	\$	12,887,808

Investment Income

Investment income of \$476,856 for the year ended September 30, 2023, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended September 30, 2023, is presented below.

Fort Bend County Municipal Utility District No. 122
Notes to Financial Statements
September 30, 2023

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 6,092,559	\$ 44,704	\$ 6,137,263
Construction in progress	370,211	3,011,908	3,382,119
Total capital assets, non-depreciable	<u>6,462,770</u>	<u>3,056,612</u>	<u>9,519,382</u>
Capital assets, depreciable:			
Water production and distribution facilities	3,980,239	-	3,980,239
Wastewater collection and treatment facilities	7,197,674	-	7,197,674
Drainage facilities	6,951,447	17,111	6,968,558
Total capital assets, depreciable	<u>18,129,360</u>	<u>17,111</u>	<u>18,146,471</u>
Less accumulated depreciation:			
Water production and distribution facilities	(1,701,037)	(115,788)	(1,816,825)
Wastewater collection and treatment facilities	(2,536,871)	(216,224)	(2,753,095)
Drainage facilities	(2,847,259)	(158,421)	(3,005,680)
Total accumulated depreciation	<u>(7,085,167)</u>	<u>(490,433)</u>	<u>(7,575,600)</u>
Total governmental activities, net	<u>\$ 17,506,963</u>	<u>\$ 2,583,290</u>	<u>\$ 20,090,253</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2023, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 17,350,000	\$ 5,225,000	\$ 1,165,000	\$ 21,410,000	\$ 1,190,000
Add premiums on bonds	93,448	-	7,449	85,999	-
Less discounts on bonds	168,627	99,500	7,170	260,957	-
Total governmental activities long-term liabilities	<u>\$ 17,274,821</u>	<u>\$ 5,125,500</u>	<u>\$ 1,165,279</u>	<u>\$ 21,235,042</u>	<u>\$ 1,190,000</u>

Fort Bend County Municipal Utility District No. 122
Notes to Financial Statements
September 30, 2023

General Obligation Bonds

	Refunding Series 2014	Refunding Series 2015
Amounts outstanding, September 30, 2023	\$1,770,000	\$5,370,000
Interest rates	2.000% to 3.375%	2.00% to 3.25%
Maturity dates, serially beginning/ending	September 1, 2024/2029	September 1, 2024/2032
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2022	September 1, 2023
	Series 2019	Refunding Series 2020
Amounts outstanding, September 30, 2023	\$2,220,000	\$3,195,000
Interest rates	3.00% to 4.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	March 1, 2024/2044	September 1, 2024/2033
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	March 1, 2023	September 1, 2025
	Series 2021	Series 2023
Amounts outstanding, September 30, 2023	\$3,630,000	\$2,225,000
Interest rates	2.25% to 4.50%	4.00%
Maturity dates, serially beginning/ending	March 1, 2024/2046	March 1, 2031/2037
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	March 1, 2026	March 1, 2028

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Fort Bend County Municipal Utility District No. 122
Notes to Financial Statements
September 30, 2023

	Park Series 2023A
Amount outstanding, September 30, 2023	\$3,000,000
Interest rates	4.00% to 4.25%
Maturity dates, serially beginning/ending	March 1, 2038/2046
Interest payment dates	March 1/ September 1
Callable date*	March 1, 2028

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2023:

Year	Principal	Interest	Total
2024	\$ 1,190,000	\$ 683,906	\$ 1,873,906
2025	1,225,000	650,731	1,875,731
2026	1,280,000	612,606	1,892,606
2027	1,320,000	573,269	1,893,269
2028	1,350,000	533,294	1,883,294
2029-2033	6,195,000	2,032,255	8,227,255
2034-2038	3,255,000	1,261,329	4,516,329
2039-2043	3,485,000	690,883	4,175,883
2044-2046	2,110,000	109,122	2,219,122
Total	\$ 21,410,000	\$ 7,147,395	\$ 28,557,395

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Bonds voted	\$ 39,069,000
Bonds sold	30,845,000
Refunding bonds voted	26,000,000
Refunding bond authorization used	1,202,906
Park bonds voted	3,000,000
Park bonds sold	3,000,000
Park refunding bonds voted	3,000,000

Fort Bend County Municipal Utility District No. 122
Notes to Financial Statements
September 30, 2023

Note 5: Significant Bond Resolution and Commission Requirements

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2023, the District levied an ad valorem debt service tax at the rate of \$0.5950 per \$100 of assessed valuation, which resulted in a tax levy of \$1,797,503 on the taxable valuation of \$302,101,356 for the 2022 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$1,756,963.

Note 6: Maintenance Taxes

At an election held January 20, 2001, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended September 30, 2023, the District levied an ad valorem maintenance tax at the rate of \$0.3750 per \$100 of assessed valuation, which resulted in a tax levy of \$1,132,880 on the taxable valuation of \$302,101,356 for the 2022 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Joint Facilities

On February 2, 2004, the District and Fort Bend County Municipal Utility District No. 123 (District No. 123) entered into a joint use and cost sharing agreement of a water plant, a wastewater treatment plant, other water distribution and sanitary sewer collection facilities, and detention and drainage facilities and recreational facilities that serve areas within both districts. The agreement was amended on February 15, 2006, March 21, 2007, March 19, 2008, April 15, 2009, February 15, 2012, and May 12, 2020. Under the terms of the 40-year agreement, operating costs (except for recreational facilities costs) are shared based upon the number of active connections served by each district. The District's pro rata share of construction costs is 48% and District No. 123's share is 52%. The District's share of recreational facilities costs is 40%. The District manages and operates the facilities for the benefit of the participants. The District's share of operating costs in the current year was \$960,920.

Transactions for the current year are as summarized as follows:

	The District	District No. 123	Total
Receivable, beginning of year	\$ 81,985	\$ 87,789	\$ 169,774
Billings to participants	960,920	1,177,006	2,137,926
Payments by participants	<u>(948,720)</u>	<u>(1,146,270)</u>	<u>(2,094,990)</u>
Receivable, end of year	<u>\$ 94,185</u>	<u>\$ 118,525</u>	<u>\$ 212,710</u>

Fort Bend County Municipal Utility District No. 122
Notes to Financial Statements
September 30, 2023

During a prior year, the districts each funded a \$75,000 operating reserve. There has been no change to the operating reserve in the current year.

Note 8: Regional Water Authority

The District is within the boundaries of the North Fort Bend Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Fort Bend Subsidence District, which regulates groundwater withdrawal. As of September 30, 2023, the Authority was billing the District \$4.55 per 1,000 gallons of water pumped from its wells and \$4.90 for surface water. These amounts are subject to future increases.

Note 9: Risk Management

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

Required Supplementary Information

Fort Bend County Municipal Utility District No. 122
Budgetary Comparison Schedule – General Fund
Year Ended September 30, 2023

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,131,447	\$ 31,447
Water service	326,000	326,000	347,638	21,638
Sewer service	515,000	515,000	519,272	4,272
Regional water fee	600,000	600,000	573,106	(26,894)
Penalty and interest	10,800	10,800	29,437	18,637
Tap connection and inspection fees	1,700	1,700	2,190	490
Investment income	15,000	15,000	220,612	205,612
Other income	-	-	27,740	27,740
	<u>2,568,500</u>	<u>2,568,500</u>	<u>2,851,442</u>	<u>282,942</u>
Expenditures				
Service operations:				
Purchased services	873,948	873,948	960,920	(86,972)
Professional fees	145,500	145,500	120,468	25,032
Contracted services	401,250	401,250	412,951	(11,701)
Repairs and maintenance	218,000	218,000	382,386	(164,386)
Other expenditures	96,650	116,650	62,395	54,255
Capital outlay	2,100,000	-	44,704	(44,704)
	<u>3,835,348</u>	<u>1,755,348</u>	<u>1,983,824</u>	<u>(228,476)</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,266,848)	813,152	867,618	54,466
Fund Balance, Beginning of Year	<u>4,581,079</u>	<u>4,581,079</u>	<u>4,581,079</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,314,231</u>	<u>\$ 5,394,231</u>	<u>\$ 5,448,697</u>	<u>\$ 54,466</u>

Fort Bend County Municipal Utility District No. 122
Budgetary Comparison Schedule – Special Revenue Fund
Year Ended September 30, 2023

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Bulk water and sewer sales	\$ 2,160,500	\$ 2,137,926	\$ (22,574)
Investment income	-	220	220
	<u>2,160,500</u>	<u>2,138,146</u>	<u>(22,354)</u>
Total revenues	<u>2,160,500</u>	<u>2,138,146</u>	<u>(22,354)</u>
Expenditures			
Service operations:			
Purchased services	-	755,556	(755,556)
Regional water fee	1,200,000	546,382	653,618
Professional fees	8,000	8,934	(934)
Contracted services	63,000	68,726	(5,726)
Utilities	185,000	161,573	23,427
Repairs and maintenance	607,000	566,623	40,377
Other expenditures	47,500	37,855	9,645
Capital outlay	50,000	33,551	16,449
	<u>2,160,500</u>	<u>2,179,200</u>	<u>(18,700)</u>
Total expenditures	<u>2,160,500</u>	<u>2,179,200</u>	<u>(18,700)</u>
Deficiency of Revenues Over Expenditures	-	(41,054)	(41,054)
Other Financing Sources			
Insurance recovery	-	41,054	41,054
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	-	-
Fund Balance, Beginning of Year	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 0</u>

Fort Bend County Municipal Utility District No. 122
Notes to Required Supplementary Information
September 30, 2023

Budgets and Budgetary Accounting

Annual operating budgets are prepared for the general and special revenue funds by the District's consultants. The budgets reflect resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budgets prior to the start of its fiscal year. The budgets are not a spending limitation (a legally restricted appropriation). The original budget of the general fund was amended and the original budget of the special revenue fund was not amended during fiscal year 2023.

The District prepares its annual operating budgets on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedules - General Fund and Special Revenue Fund present the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Supplementary Information

Fort Bend County Municipal Utility District No. 122
Other Schedules Included Within This Report
September 30, 2023

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 13-26
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Fort Bend County Municipal Utility District No. 122

Schedule of Services and Rates

Year Ended September 30, 2023

1. Services provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input checked="" type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input checked="" type="checkbox"/> Security
<input checked="" type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other _____		

2. Retail service providers

a. Retail rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 17.25	5,000	N	\$ 2.70	5,001 to 10,000
				\$ 3.00	10,001 to 20,000
				\$ 3.15	20,001 to 50,000
				\$ 3.30	50,001 to 75,000
				\$ 3.60	75,001 to No Limit
Wastewater:	\$ 37.74	5,000	N	\$ 4.60	5,001 to No Limit
Regional water fee:	\$ 5.39	1	N	\$ 5.39	1,001 to No Limit

Does the District employ winter averaging for wastewater usage?

Yes No

Total charges per 10,000 gallons usage (including fees):

Water \$ 84.65 Wastewater \$ 60.74

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	728	727	x1.0	727
1"	170	170	x2.5	425
1 1/2"	2	2	x5.0	10
2"	17	17	x8.0	136
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	2	2	x80.0	160
10"	-	-	x115.0	-
Total water	920	919		1,473
Total wastewater	904	903	x1.0	903

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	253,005
Gallons billed to customers:	236,727
Water accountability ratio (gallons billed/gallons pumped):	93.57%

*"ESFC" means equivalent single-family connections

Fort Bend County Municipal Utility District No. 122
Schedule of General Fund Expenditures
Year Ended September 30, 2023

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 21,800	
Legal	78,178	
Engineering	19,290	
Financial advisor	<u>1,200</u>	120,468
Purchased Services for Resale		
Bulk water and wastewater service purchases		960,920
Regional Water Fee		-
Contracted Services		
Bookkeeping	22,300	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	58,428	
Other contracted services	<u>102,110</u>	182,838
Utilities		-
Repairs and Maintenance		382,386
Administrative Expenditures		
Directors' fees	24,970	
Office supplies	15,081	
Insurance	3,530	
Other administrative expenditures	<u>18,814</u>	62,395
Capital Outlay		
Capitalized assets	44,704	
Expenditures not capitalized	<u>-</u>	44,704
Tap Connection Expenditures		-
Solid Waste Disposal		230,113
Lease Payments		-
Parks and Recreation		-
Other Expenditures		<u>-</u>
Total expenditures		<u><u>\$ 1,983,824</u></u>

Fort Bend County Municipal Utility District No. 122
Schedule of Temporary Investments
September 30, 2023

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexSTAR	5.33%	Demand	\$ 5,250,112	\$ 0
Debt Service Fund				
Certificate of Deposit No. 626818	5.12%	03/04/24	102,656	950
TexSTAR	5.33%	Demand	664,948	-
			<u>767,604</u>	<u>950</u>
Capital Projects Fund				
TexSTAR	5.33%	Demand	3,787,212	-
TexSTAR	5.33%	Demand	2,416,691	-
			<u>6,203,903</u>	<u>0</u>
Totals			<u>\$ 12,221,619</u>	<u>\$ 950</u>

Fort Bend County Municipal Utility District No. 122
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2023

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 8,398	\$ 12,501
Additions and corrections to prior years' taxes	(246)	(244)
Adjusted receivable, beginning of year	8,152	12,257
 2022 Original Tax Levy	 1,127,972	 1,789,716
Additions and corrections	4,908	7,787
Adjusted tax levy	1,132,880	1,797,503
Total to be accounted for	1,141,032	1,809,760
Tax collections: Current year	(1,124,165)	(1,783,675)
Prior years	(7,282)	(10,956)
Receivable, end of year	\$ 9,585	\$ 15,129
 Receivable, by Years		
2022	\$ 8,715	\$ 13,828
2021	435	650
2020	435	651
Receivable, end of year	\$ 9,585	\$ 15,129

Fort Bend County Municipal Utility District No. 122
Analysis of Taxes Levied and Receivable (Continued)
Year Ended September 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Property Valuations				
Land	\$ 53,330,180	\$ 52,951,290	\$ 52,951,290	\$ 54,040,110
Improvements	264,075,961	224,799,601	219,615,845	212,548,813
Personal property	3,254,770	2,971,700	2,651,400	2,521,400
Exemptions	<u>(18,559,555)</u>	<u>(18,142,194)</u>	<u>(17,699,542)</u>	<u>(16,979,851)</u>
Total property valuations	<u>\$ 302,101,356</u>	<u>\$ 262,580,397</u>	<u>\$ 257,518,993</u>	<u>\$ 252,130,472</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.5950	\$ 0.5800	\$ 0.5800	\$ 0.5900
Maintenance tax rates*	<u>0.3750</u>	<u>0.3900</u>	<u>0.3900</u>	<u>0.3850</u>
Total tax rates per \$100 valuation	<u>\$ 0.9700</u>	<u>\$ 0.9700</u>	<u>\$ 0.9700</u>	<u>\$ 0.9750</u>
Tax Levy	<u>\$ 2,930,383</u>	<u>\$ 2,547,029</u>	<u>\$ 2,497,934</u>	<u>\$ 2,458,272</u>
Percent of Taxes Collected to Taxes Levied**				
	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>100%</u>

*Maximum tax rate approved by voters: \$1.50 on January 20, 2001

**Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

Fort Bend County Municipal Utility District No. 122
Schedule of Long-term Debt Service Requirements by Years
September 30, 2023

Refunding Series 2014			
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 265,000	\$ 55,088	\$ 320,088
2025	275,000	47,138	322,138
2026	290,000	38,888	328,888
2027	305,000	30,188	335,188
2028	315,000	21,038	336,038
2029	320,000	10,800	330,800
Totals	\$ 1,770,000	\$ 203,140	\$ 1,973,140

Fort Bend County Municipal Utility District No. 122
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Refunding Series 2015		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 510,000	\$ 165,525	\$ 675,525
2025	525,000	150,225	675,225
2026	535,000	134,475	669,475
2027	555,000	118,425	673,425
2028	560,000	101,775	661,775
2029	870,000	84,975	954,975
2030	960,000	57,788	1,017,788
2031	580,000	27,788	607,788
2032	275,000	8,938	283,938
Totals	<u>\$ 5,370,000</u>	<u>\$ 849,914</u>	<u>\$ 6,219,914</u>

Fort Bend County Municipal Utility District No. 122
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2019		
	Principal Due March 1	Interest Due March 1, September 1	Total
2024	\$ 50,000	\$ 77,781	\$ 127,781
2025	50,000	75,781	125,781
2026	75,000	73,281	148,281
2027	75,000	70,281	145,281
2028	75,000	67,656	142,656
2029	75,000	65,406	140,406
2030	75,000	63,109	138,109
2031	100,000	60,375	160,375
2032	100,000	57,188	157,188
2033	100,000	53,938	153,938
2034	100,000	50,625	150,625
2035	100,000	47,188	147,188
2036	125,000	43,250	168,250
2037	125,000	38,875	163,875
2038	125,000	34,500	159,500
2039	125,000	30,047	155,047
2040	125,000	25,516	150,516
2041	150,000	20,438	170,438
2042	150,000	14,813	164,813
2043	150,000	9,188	159,188
2044	170,000	3,187	173,187
Totals	\$ 2,220,000	\$ 982,423	\$ 3,202,423

Fort Bend County Municipal Utility District No. 122
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Refunding Series 2020		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 340,000	\$ 78,300	\$ 418,300
2025	350,000	71,500	421,500
2026	355,000	61,000	416,000
2027	360,000	50,350	410,350
2028	375,000	39,550	414,550
2029	45,000	28,300	73,300
2030	330,000	27,400	357,400
2031	320,000	20,800	340,800
2032	365,000	14,400	379,400
2033	355,000	7,100	362,100
Totals	<u>\$ 3,195,000</u>	<u>\$ 398,700</u>	<u>\$ 3,593,700</u>

Fort Bend County Municipal Utility District No. 122
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2021		
	Principal Due March 1	Interest Due March 1, September 1	Total
2024	\$ 25,000	\$ 94,181	\$ 119,181
2025	25,000	93,056	118,056
2026	25,000	91,931	116,931
2027	25,000	90,994	115,994
2028	25,000	90,244	115,244
2029	25,000	89,494	114,494
2030	25,000	88,744	113,744
2031	25,000	87,994	112,994
2032	185,000	84,844	269,844
2033	190,000	79,219	269,219
2034	200,000	74,119	274,119
2035	205,000	69,561	274,561
2036	210,000	64,631	274,631
2037	215,000	59,319	274,319
2038	220,000	53,881	273,881
2039	225,000	48,319	273,319
2040	235,000	42,569	277,569
2041	240,000	36,631	276,631
2042	245,000	30,569	275,569
2043	255,000	24,319	279,319
2044	260,000	17,719	277,719
2045	270,000	10,762	280,762
2046	275,000	3,609	278,609
Totals	\$ 3,630,000	\$ 1,426,709	\$ 5,056,709

Fort Bend County Municipal Utility District No. 122
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2023		
	Principal Due March 1	Interest Due March 1, September 1	Total
2024	\$ -	\$ 89,000	\$ 89,000
2025	-	89,000	89,000
2026	-	89,000	89,000
2027	-	89,000	89,000
2028	-	89,000	89,000
2029	-	89,000	89,000
2030	-	89,000	89,000
2031	280,000	83,400	363,400
2032	290,000	72,000	362,000
2033	305,000	60,100	365,100
2034	315,000	47,700	362,700
2035	330,000	34,800	364,800
2036	345,000	21,300	366,300
2037	360,000	7,200	367,200
Totals	\$ 2,225,000	\$ 949,500	\$ 3,174,500

Fort Bend County Municipal Utility District No. 122
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Park Series 2023A		
	Principal Due March 1	Interest Due March 1, September 1	Total
2024	\$ -	\$ 124,031	\$ 124,031
2025	-	124,031	124,031
2026	-	124,031	124,031
2027	-	124,031	124,031
2028	-	124,031	124,031
2029	-	124,031	124,031
2030	-	124,031	124,031
2031	-	124,031	124,031
2032	-	124,031	124,031
2033	-	124,031	124,031
2034	-	124,031	124,031
2035	-	124,031	124,031
2036	-	124,031	124,031
2037	-	124,031	124,031
2038	280,000	118,256	398,256
2039	290,000	106,681	396,681
2040	305,000	94,782	399,782
2041	315,000	82,382	397,382
2042	330,000	69,276	399,276
2043	345,000	55,353	400,353
2044	360,000	40,588	400,588
2045	380,000	24,863	404,863
2046	395,000	8,394	403,394
Totals	<u>\$ 3,000,000</u>	<u>\$ 2,337,009</u>	<u>\$ 5,337,009</u>

Fort Bend County Municipal Utility District No. 122
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 1,190,000	\$ 683,906	\$ 1,873,906
2025	1,225,000	650,731	1,875,731
2026	1,280,000	612,606	1,892,606
2027	1,320,000	573,269	1,893,269
2028	1,350,000	533,294	1,883,294
2029	1,335,000	492,006	1,827,006
2030	1,390,000	450,072	1,840,072
2031	1,305,000	404,388	1,709,388
2032	1,215,000	361,401	1,576,401
2033	950,000	324,388	1,274,388
2034	615,000	296,475	911,475
2035	635,000	275,580	910,580
2036	680,000	253,212	933,212
2037	700,000	229,425	929,425
2038	625,000	206,637	831,637
2039	640,000	185,047	825,047
2040	665,000	162,867	827,867
2041	705,000	139,451	844,451
2042	725,000	114,658	839,658
2043	750,000	88,860	838,860
2044	790,000	61,494	851,494
2045	650,000	35,625	685,625
2046	670,000	12,003	682,003
Totals	<u>\$ 21,410,000</u>	<u>\$ 7,147,395</u>	<u>\$ 28,557,395</u>

Fort Bend County Municipal Utility District No. 122
Changes in Long-term Bonded Debt
Year Ended September 30, 2023

	Bond		
	Refunding Series 2014	Refunding Series 2015	Series 2019
Interest rates	2.000% to 3.375%	2.00% to 3.25%	3.00% to 4.00%
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity dates	September 1, 2024/2029	September 1, 2024/2032	March 1, 2024/2044
Bonds outstanding, beginning of current year	\$ 2,235,000	\$ 5,670,000	\$ 2,270,000
Bonds sold during current year	-	-	-
Retirements, principal	465,000	300,000	50,000
Bonds outstanding, end of current year	\$ 1,770,000	\$ 5,370,000	\$ 2,220,000
Interest paid during current year	\$ 69,038	\$ 174,525	\$ 79,531

Paying agent's name and address:

Series 2014	- Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2015	- Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2019	- Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2020	- Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2021	- Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2023	- Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2023A	- Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	Tax Bonds	Park Bonds	Tax Refunding Bonds
Amount authorized by voters	\$ 39,069,000	\$ 3,000,000	\$ 29,000,000
Amount issued	\$ 30,845,000	\$ 3,000,000	\$ 1,202,906
Remaining to be issued	\$ 8,224,000	\$ -	\$ 27,797,094
Debt service fund cash and temporary investment balances as of September 30, 2023:			\$ 905,034
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 1,241,626

Issues

Refunding Series 2020	Series 2021	Series 2023	Park Series 2023A	Totals
2.00% to 3.00%	2.25% to 4.50%	4.00%	4.00% to 4.25%	
March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
September 1, 2024/2033	March 1, 2024/2046	March 1, 2031/2037	March 1, 2038/2046	
\$ 3,520,000	\$ 3,655,000	\$ -	\$ -	\$ 17,350,000
-	-	2,225,000	3,000,000	5,225,000
325,000	25,000	-	-	1,165,000
<u>\$ 3,195,000</u>	<u>\$ 3,630,000</u>	<u>\$ 2,225,000</u>	<u>\$ 3,000,000</u>	<u>\$ 21,410,000</u>
<u>\$ 84,800</u>	<u>\$ 95,306</u>	<u>\$ 37,083</u>	<u>\$ 51,680</u>	<u>\$ 591,963</u>

Fort Bend County Municipal Utility District No. 122
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
General Fund					
Revenues					
Property taxes	\$ 1,131,447	\$ 1,020,727	\$ 1,004,101	\$ 968,812	\$ 911,426
Water service	347,638	345,128	312,172	323,821	312,679
Sewer service	519,272	469,673	469,286	444,942	402,591
Regional water fee	573,106	568,962	454,771	459,223	393,036
Penalty and interest	29,437	21,523	16,973	16,133	22,363
Tap connection and inspection fees	2,190	1,800	27,775	1,230	940
Investment income	220,612	28,916	2,042	28,542	58,090
Other income	27,740	48,495	17,913	15,531	1,160
Total revenues	<u>2,851,442</u>	<u>2,505,224</u>	<u>2,305,033</u>	<u>2,258,234</u>	<u>2,102,285</u>
Expenditures					
Service operations:					
Purchased services	960,920	935,410	862,320	851,769	736,788
Professional fees	120,468	170,535	139,298	136,403	133,938
Contracted services	412,951	367,633	370,338	325,963	340,845
Repairs and maintenance	382,386	193,756	209,346	179,617	206,149
Other expenditures	62,395	78,634	81,557	53,031	68,341
Tap connections	-	-	10,500	-	-
Capital outlay	44,704	-	150,686	661,223	671,408
Debt service, debt issuance costs	-	2,500	38,584	-	7,664
Total expenditures	<u>1,983,824</u>	<u>1,748,468</u>	<u>1,862,629</u>	<u>2,208,006</u>	<u>2,165,133</u>
Excess (Deficiency) of Revenues					
Over Expenditures	867,618	756,756	442,404	50,228	(62,848)
Other Financing Sources					
Interfund transfers in	-	182,368	-	-	604,408
Excess of Revenues and Transfers In					
Over Expenditures and Transfers					
Out	867,618	939,124	442,404	50,228	541,560
Fund Balance, Beginning of Year	<u>4,581,079</u>	<u>3,641,955</u>	<u>3,199,551</u>	<u>3,149,323</u>	<u>2,607,763</u>
Fund Balance, End of Year	<u>\$ 5,448,697</u>	<u>\$ 4,581,079</u>	<u>\$ 3,641,955</u>	<u>\$ 3,199,551</u>	<u>\$ 3,149,323</u>
Total Active Retail Water Connections	<u>919</u>	<u>911</u>	<u>917</u>	<u>915</u>	<u>912</u>
Total Active Retail Wastewater Connections	<u>903</u>	<u>895</u>	<u>899</u>	<u>899</u>	<u>896</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
39.7 %	40.7 %	43.6 %	42.9 %	43.3 %
12.2	13.8	13.5	14.3	14.9
18.2	18.7	20.4	19.7	19.1
20.1	22.7	19.7	20.3	18.7
1.0	0.9	0.7	0.7	1.1
0.1	0.1	1.2	0.1	0.0
7.7	1.2	0.1	1.3	2.8
1.0	1.9	0.8	0.7	0.1
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
33.7	37.4	37.4	37.7	35.0
4.2	6.8	6.0	6.0	6.4
14.5	14.7	16.1	14.4	16.2
13.4	7.7	9.1	8.0	9.8
2.2	3.1	3.5	2.4	3.2
-	-	0.5	-	-
1.6	-	6.5	29.3	31.9
-	0.1	1.7	-	0.4
<u>69.6</u>	<u>69.8</u>	<u>80.8</u>	<u>97.8</u>	<u>102.9</u>
<u><u>30.4 %</u></u>	<u><u>30.2 %</u></u>	<u><u>19.2 %</u></u>	<u><u>2.2 %</u></u>	<u><u>(2.9) %</u></u>

Fort Bend County Municipal Utility District No. 122
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
Debt Service Fund					
Revenues					
Property taxes	\$ 1,794,631	\$ 1,518,247	\$ 1,493,505	\$ 1,485,017	\$ 1,458,390
Penalty and interest	19,368	17,743	13,028	12,938	3,463
Investment income	65,262	9,690	2,460	11,152	24,812
Total revenues	<u>1,879,261</u>	<u>1,545,680</u>	<u>1,508,993</u>	<u>1,509,107</u>	<u>1,486,665</u>
Expenditures					
Current:					
Professional fees	5,709	5,021	3,767	3,628	793
Contracted services	40,213	41,390	29,219	34,081	32,257
Other expenditures	2,844	3,686	9,109	11,664	7,876
Debt service:					
Principal retirement	1,165,000	1,115,000	1,095,000	995,000	975,000
Interest and fees	584,470	513,676	479,060	466,616	519,286
Bond issuance costs	-	-	-	173,926	-
Debt defeasance	-	-	-	53,000	-
Total expenditures	<u>1,798,236</u>	<u>1,678,773</u>	<u>1,616,155</u>	<u>1,737,915</u>	<u>1,535,212</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>81,025</u>	<u>(133,093)</u>	<u>(107,162)</u>	<u>(228,808)</u>	<u>(48,547)</u>
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	-	3,885,000	-
Premium on debt issued	-	-	-	107,549	-
Deposit with escrow agent	-	-	-	(3,819,833)	-
Total other financing sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>172,716</u>	<u>0</u>
Excess (Deficiency) of Revenues and					
Other Financing Sources Over					
Expenditures and Other Financing					
Uses	81,025	(133,093)	(107,162)	(56,092)	(48,547)
Fund Balance, Beginning of Year	<u>800,345</u>	<u>933,438</u>	<u>1,040,600</u>	<u>1,096,692</u>	<u>1,145,239</u>
Fund Balance, End of Year	<u>\$ 881,370</u>	<u>\$ 800,345</u>	<u>\$ 933,438</u>	<u>\$ 1,040,600</u>	<u>\$ 1,096,692</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
95.5 %	98.2 %	99.0 %	98.4 %	98.1 %
1.0	1.2	0.9	0.9	0.2
<u>3.5</u>	<u>0.6</u>	<u>0.1</u>	<u>0.7</u>	<u>1.7</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.3	0.3	0.3	0.3	0.1
2.1	2.7	1.9	2.3	2.2
0.2	0.2	0.6	0.8	0.5
62.0	72.2	72.6	65.9	65.6
31.1	33.2	31.7	30.9	34.9
-	-	-	11.5	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>3.5</u>	<u>-</u>
<u>95.7</u>	<u>108.6</u>	<u>107.1</u>	<u>115.2</u>	<u>103.3</u>
<u><u>4.3 %</u></u>	<u><u>(8.6) %</u></u>	<u><u>(7.1) %</u></u>	<u><u>(15.2) %</u></u>	<u><u>(3.3) %</u></u>

Fort Bend County Municipal Utility District No. 122
Board Members, Key Personnel and Consultants
Year Ended September 30, 2023

Complete District mailing address:	Fort Bend County Municipal Utility District No. 122 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027	
District business telephone number:	713.860.6400	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	August 18, 2022	August 18, 2022
Limit on fees of office that a director may receive during a fiscal year:	\$	7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Diane Perkins	Elected 05/22- 05/26	\$ 7,200	\$ 285	President
Barbara Nelson	Elected 05/22- 05/26	7,200	2,315	Vice President
Melissa Colihan	Elected 05/20- 05/24	3,639	2,188	Secretary
Shariq Ghani	Elected 05/20- 05/24	2,976	2,409	Assistant Vice President
Julia Mercer	Appointed 08/22- 05/24	3,955	311	Assistant Secretary

*Fees are the amounts actually paid to a director during the District's fiscal year.

Fort Bend County Municipal Utility District No. 122
Board Members, Key Personnel and Consultants (Continued)
Year Ended September 30, 2023

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	08/20/03	\$ 78,660 135,906	General Counsel Bond Counsel
Fort Bend Central Appraisal District	Legislative Action	23,544	Appraiser
FORVIS, LLP	09/24/03	26,800	Auditor
The GMS Group, L.L.C.	05/16/18	82,075	Financial Advisor
LJA Engineering, Inc.	09/24/03	252,026	Engineer
Municipal District Services, L.L.C.	05/01/12	822,673	Operator
Myrtle Cruz, Inc.	01/23/01	45,392	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/06/02	5,709	Delinquent Tax Attorney
Tax Tech Incorporated	01/23/01	21,913	Tax Assessor/ Collector
Investment Officer			
Mary Jarmon	01/23/01	N/A	Bookkeeper