



Fort Bend County Municipal Utility District No. 123 Fort Bend County, Texas

Independent Auditor's Report and Financial Statements

September 30, 2023



Fort Bend County Municipal Utility District No. 123
September 30, 2023

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Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 123
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. 123 (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 schedule, 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
March 4, 2024

Fort Bend County Municipal Utility District No. 123

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. 123
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. 123
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	\$ 19,017,971	\$ 14,171,476
Capital assets	30,350,192	27,923,052
Total assets	49,368,163	42,094,528
Deferred outflows of resources	962,049	1,027,021
Total assets and deferred outflows of resources	\$ 50,330,212	\$ 43,121,549
Long-term liabilities	\$ 35,751,368	\$ 31,625,859
Other liabilities	1,385,130	423,528
Total liabilities	37,136,498	32,049,387
Net position:		
Net investment in capital assets	371,088	1,122,715
Restricted	3,314,033	1,774,835
Unrestricted	9,508,593	8,174,612
Total net position	\$ 13,193,714	\$ 11,072,162

The total net position of the District increased by \$2,121,552 or 19%. 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 shown as 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. 123
Management's Discussion and Analysis (Continued)
September 30, 2023

Summary of Changes in Net Position

	2023	2022
Revenues:		
Property taxes	\$ 4,240,953	\$ 3,854,436
Charges for services	1,850,978	1,769,674
Other revenues	842,659	203,468
Total revenues	6,934,590	5,827,578
Expenses:		
Services	2,726,151	2,180,635
Depreciation	654,246	655,183
Debt service	1,432,641	1,240,650
Total expenses	4,813,038	4,076,468
Change in net position	2,121,552	1,751,110
Net position, beginning of year	11,072,162	9,321,052
Net position, end of year	\$ 13,193,714	\$ 11,072,162

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 \$17,713,863, an increase of \$3,902,592 from the prior year.

The general fund's fund balance increased by \$1,334,904, primarily due to property taxes, service revenues, investment income and an interfund transfer from the capital projects fund exceeding service operations expenditures.

The debt service fund's fund balance increased by \$432,705, primarily due to property tax revenues being greater than bond principal and interest requirements.

The capital projects fund's fund balance increased by \$2,134,983, primarily due to proceeds received from the sale of the Series 2023 and Series 2023A bonds exceeding capital outlay expenditures, debt issuance costs and an interfund transfer to the general fund.

Fort Bend County Municipal Utility District No. 123
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 investment income and repairs and maintenance expenditures being greater than anticipated and professional fees expenditures being less than anticipated. In addition, interfund transfers received were not included in the current year budget. The fund balance as of September 30, 2023, was expected to be \$9,092,487 and the actual end-of-year fund balance was \$9,504,066.

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	\$ 11,500,976	\$ 11,500,976
Construction in progress	3,563,353	481,967
Water facilities	3,226,218	3,390,584
Wastewater facilities	6,861,963	7,169,745
Drainage facilities	5,197,682	5,379,780
Total capital assets	\$ 30,350,192	\$ 27,923,052

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

Construction in progress related to drainage facilities and Pond 8N expansion to Lakemont Park, water plant expansion, wastewater treatment plant conversion, Phase 9 and landscape development for Creekside Park at Lakemont	\$ 3,081,386
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Debt

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

Fort Bend County Municipal Utility District No. 123
Management's Discussion and Analysis (Continued)
September 30, 2023

Long-term debt payable, beginning of year	\$	31,625,859
Increases in long-term debt		5,525,974
Decreases in long-term debt		<u>(1,400,465)</u>
 Long-term debt payable, end of year	 \$	 <u>35,751,368</u>

At September 30, 2023, the District had \$11,155,000 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 "A3" from Moody's Investors Service or "BBB" from Standard & Poor's. The Series 2014, 2015, 2016 refunding, 2019A refunding, 2021 refunding, 2021A, 2023 and 2023A bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2017 refunding and 2020 refunding bonds carry a "AA" rating from Standard & Poor's and an "A1" rating from Moody's Investors Service by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2019 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

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. 123
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 465,758	\$ 23,908	\$ 45,129	\$ 534,795	\$ -	\$ 534,795
Certificates of deposit	102,656	240,000	-	342,656	-	342,656
Short-term investments	9,007,251	1,915,547	6,889,703	17,812,501	-	17,812,501
Receivables:						
Property taxes	4,527	8,326	-	12,853	-	12,853
Service accounts	230,042	-	-	230,042	-	230,042
Accrued interest	374	8,274	-	8,648	-	8,648
Interfund receivables	2,574	-	-	2,574	(2,574)	-
Prepaid expenditures	1,476	-	-	1,476	-	1,476
Operating reserve	75,000	-	-	75,000	-	75,000
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	11,500,976	11,500,976
Construction in progress	-	-	-	-	3,563,353	3,563,353
Infrastructure	-	-	-	-	15,285,863	15,285,863
Total assets	<u>9,889,658</u>	<u>2,196,055</u>	<u>6,934,832</u>	<u>19,020,545</u>	<u>30,347,618</u>	<u>49,368,163</u>
Deferred Outflows of Resources						
Deferred amount on debt refundings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>962,049</u>	<u>962,049</u>
Total assets and deferred outflows of resources	<u>\$ 9,889,658</u>	<u>\$ 2,196,055</u>	<u>\$ 6,934,832</u>	<u>\$ 19,020,545</u>	<u>\$ 31,309,667</u>	<u>\$ 50,330,212</u>

Fort Bend County Municipal Utility District No. 123
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 112,240	\$ 1,147	\$ 638,443	\$ 751,830	\$ -	\$ 751,830
Accrued interest payable	-	-	-	-	93,875	93,875
Due to others	122,725	-	-	122,725	-	122,725
Customer deposits	146,100	-	-	146,100	-	146,100
Interfund payables	-	2,574	-	2,574	(2,574)	-
Retainage payable	-	-	270,600	270,600	-	270,600
Long-term liabilities:						
Due within one year	-	-	-	-	1,610,000	1,610,000
Due after one year	-	-	-	-	34,141,368	34,141,368
Total liabilities	<u>381,065</u>	<u>3,721</u>	<u>909,043</u>	<u>1,293,829</u>	<u>35,842,669</u>	<u>37,136,498</u>
Deferred Inflows of Resources						
Deferred property tax revenues	4,527	8,326	0	12,853	(12,853)	0
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	1,476	-	-	1,476	(1,476)	-
Restricted:						
Unlimited tax bonds	-	2,184,008	-	2,184,008	(2,184,008)	-
Water, sewer and drainage	-	-	3,715,376	3,715,376	(3,715,376)	-
Park	-	-	2,310,413	2,310,413	(2,310,413)	-
Assigned, operating reserve	75,000	-	-	75,000	(75,000)	-
Unassigned	9,427,590	-	-	9,427,590	(9,427,590)	-
Total fund balances	<u>9,504,066</u>	<u>2,184,008</u>	<u>6,025,789</u>	<u>17,713,863</u>	<u>(17,713,863)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,889,658</u>	<u>\$ 2,196,055</u>	<u>\$ 6,934,832</u>	<u>\$ 19,020,545</u>		
Net position:						
Net investment in capital assets					371,088	371,088
Restricted for debt service					2,098,459	2,098,459
Restricted for capital projects					1,215,574	1,215,574
Unrestricted					9,508,593	9,508,593
Total net position					<u>\$ 13,193,714</u>	<u>\$ 13,193,714</u>

Fort Bend County Municipal Utility District No. 123
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,490,443	\$ 2,751,936	\$ -	\$ 4,242,379	\$ (1,426)	\$ 4,240,953
Water service	469,431	-	-	469,431	-	469,431
Sewer service	684,761	-	-	684,761	-	684,761
Regional water fee	696,786	-	-	696,786	-	696,786
Penalty and interest	64,302	19,920	-	84,222	-	84,222
Tap connection and inspection fees	6,950	-	-	6,950	-	6,950
Investment income	387,440	136,243	214,761	738,444	-	738,444
Other income	13,043	-	-	13,043	-	13,043
Total revenues	3,813,156	2,908,099	214,761	6,936,016	(1,426)	6,934,590
Expenditures/Expenses						
Service operations:						
Purchased services	1,178,271	-	-	1,178,271	-	1,178,271
Professional fees	124,233	4,159	-	128,392	-	128,392
Contracted services	560,928	64,077	-	625,005	-	625,005
Utilities	11,985	-	-	11,985	-	11,985
Repairs and maintenance	695,802	-	-	695,802	200	696,002
Other expenditures	73,572	8,884	535	82,991	-	82,991
Tap connections	3,505	-	-	3,505	-	3,505
Capital outlay	-	-	3,081,586	3,081,586	(3,081,586)	-
Depreciation	-	-	-	-	654,246	654,246
Debt service:						
Principal retirement	-	1,375,000	-	1,375,000	(1,375,000)	-
Interest and fees	-	1,023,274	-	1,023,274	55,780	1,079,054
Debt issuance costs	-	-	353,587	353,587	-	353,587
Total expenditures/expenses	2,648,296	2,475,394	3,435,708	8,559,398	(3,746,360)	4,813,038
Excess (Deficiency) of Revenues Over Expenditures	1,164,860	432,705	(3,220,947)	(1,623,382)	3,744,934	

Fort Bend County Municipal Utility District No. 123
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances (Continued)
Year Ended September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
Interfund transfers in (out)	\$ 170,044	\$ -	\$ (170,044)	\$ -	\$ -	
General obligation bonds issued	-	-	5,560,000	5,560,000	(5,560,000)	
Discount on debt issued	-	-	(34,026)	(34,026)	34,026	
	<u>170,044</u>	<u>0</u>	<u>5,355,930</u>	<u>5,525,974</u>	<u>(5,525,974)</u>	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,334,904	432,705	2,134,983	3,902,592	(3,902,592)	
Change in Net Position					2,121,552	\$ 2,121,552
Fund Balances/Net Position						
Beginning of year	<u>8,169,162</u>	<u>1,751,303</u>	<u>3,890,806</u>	<u>13,811,271</u>	<u>-</u>	<u>11,072,162</u>
End of year	<u>\$ 9,504,066</u>	<u>\$ 2,184,008</u>	<u>\$ 6,025,789</u>	<u>\$ 17,713,863</u>	<u>\$ 0</u>	<u>\$ 13,193,714</u>

Fort Bend County Municipal Utility District No. 123

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. 123 (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. 123

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.

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.

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.

Fort Bend County Municipal Utility District No. 123
Notes to Financial Statements
September 30, 2023

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.

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.

Fort Bend County Municipal Utility District No. 123

Notes to Financial Statements

September 30, 2023

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 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.

Fort Bend County Municipal Utility District No. 123
Notes to Financial Statements
September 30, 2023

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.

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.

Fort Bend County Municipal Utility District No. 123
Notes to Financial Statements
September 30, 2023

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.	\$ 30,350,192
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	12,853
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	962,049
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(93,875)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(35,751,368)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (4,520,149)</u>

Fort Bend County Municipal Utility District No. 123
Notes to Financial Statements
September 30, 2023

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.	\$ 3,902,592
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.	2,427,140
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.	34,026
Governmental funds report proceeds from the sale 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.	(4,185,000)
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(1,426)
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>(55,780)</u>
Change in net position of governmental activities.	<u><u>\$ 2,121,552</u></u>

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.

Fort Bend County Municipal Utility District No. 123
Notes to Financial Statements
September 30, 2023

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 of financial institutions domiciled in Texas, 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	<u>\$ 17,812,501</u>	<u>\$ 17,812,501</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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.

Fort Bend County Municipal Utility District No. 123
Notes to Financial Statements
September 30, 2023

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 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	\$	877,451
Investments		<u>17,812,501</u>
Total	\$	<u><u>18,689,952</u></u>

Included in the following statement of net position captions:

Cash	\$	534,795
Certificates of deposit		342,656
Short-term investments		<u>17,812,501</u>
Total	\$	<u><u>18,689,952</u></u>

Investment Income

Investment income of \$738,444 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:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 11,500,976	\$ -	\$ 11,500,976
Construction in progress	<u>481,967</u>	<u>3,081,386</u>	<u>3,563,353</u>
Total capital assets, non-depreciable	<u>11,982,943</u>	<u>3,081,386</u>	<u>15,064,329</u>
Capital assets, depreciable:			
Water production and distribution facilities	5,652,853	-	5,652,853
Wastewater collection and treatment facilities	10,354,784	-	10,354,784
Drainage facilities	<u>8,001,566</u>	<u>-</u>	<u>8,001,566</u>
Total capital assets, depreciable	<u>24,009,203</u>	<u>0</u>	<u>24,009,203</u>

Fort Bend County Municipal Utility District No. 123
Notes to Financial Statements
September 30, 2023

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Balances, End of Year
Less accumulated depreciation:			
Water production and distribution facilities	\$ (2,262,269)	\$ (164,366)	\$ (2,426,635)
Wastewater collection and treatment facilities	(3,185,039)	(307,782)	(3,492,821)
Drainage facilities	(2,621,786)	(182,098)	(2,803,884)
Total accumulated depreciation	<u>(8,069,094)</u>	<u>(654,246)</u>	<u>(8,723,340)</u>
Total governmental activities, net	<u>\$ 27,923,052</u>	<u>\$ 2,427,140</u>	<u>\$ 30,350,192</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	\$ 31,335,000	\$ 5,560,000	\$ 1,375,000	\$ 35,520,000	\$ 1,610,000
Add premiums on bonds	593,203	-	39,394	553,809	-
Less discounts on bonds	<u>302,344</u>	<u>34,026</u>	<u>13,929</u>	<u>322,441</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 31,625,859</u>	<u>\$ 5,525,974</u>	<u>\$ 1,400,465</u>	<u>\$ 35,751,368</u>	<u>\$ 1,610,000</u>

General Obligation Bonds

	Series 2014	Series 2015
Amounts outstanding, September 30, 2023	\$3,990,000	\$1,300,000
Interest rates	2.00% to 3.50%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2024/2039	September 1, 2024/2039
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2022	September 1, 2023

Fort Bend County Municipal Utility District No. 123
Notes to Financial Statements
September 30, 2023

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

	Refunding Series 2016	Refunding Series 2017
Amounts outstanding, September 30, 2023	\$7,710,000	\$3,140,000
Interest rates	3.00% to 4.00%	2.000% to 3.125%
Maturity dates, serially beginning/ending	September 1, 2024/2034	September 1, 2024/2035
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2023	September 1, 2024
	Refunding Series 2019	Refunding Series 2019A
Amounts outstanding, September 30, 2023	\$2,210,000	\$1,690,000
Interest rates	3.00% to 3.55%	3.00% to 3.50%
Maturity dates, serially beginning/ending	September 1, 2024/2040	September 1, 2024/2036
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2024	September 1, 2024
	Refunding Series 2020	Refunding Series 2021
Amounts outstanding, September 30, 2023	\$2,550,000	\$3,570,000
Interest rates	2.00% to 4.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2024/2037	September 1, 2024/2039
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2026	September 1, 2026

Fort Bend County Municipal Utility District No. 123
Notes to Financial Statements
September 30, 2023

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

	Series 2021A	Series 2023
Amounts outstanding, September 30, 2023	\$3,800,000	\$2,560,000
Interest rates	2.00% to 4.50%	4.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2024/2041	September 1, 2024/2046
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2027	September 1, 2029
		Series 2023A
Amount outstanding, September 30, 2023		\$3,000,000
Interest rates		4.00% to 5.00%
Maturity dates, serially beginning/ending		September 1, 2024/2046
Interest payment dates		March 1/ September 1
Callable date*		September 1, 2029

*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	1,610,000	1,126,504	\$ 2,736,504
2025	1,650,000	1,070,404	2,720,404
2026	1,695,000	1,013,367	2,708,367
2027	1,740,000	953,904	2,693,904
2028	1,790,000	893,065	2,683,065

Fort Bend County Municipal Utility District No. 123
Notes to Financial Statements
September 30, 2023

Year	Principal	Interest	Total
2029-2033	9,645,000	3,519,871	\$ 13,164,871
2034-2038	10,695,000	1,950,081	12,645,081
2039-2043	5,730,000	571,070	6,301,070
2044-2046	965,000	77,600	1,042,600
Total	<u>\$ 35,520,000</u>	<u>\$ 11,175,866</u>	<u>\$ 46,695,866</u>

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	\$ 55,000,000
Bonds sold	43,845,000
Refunding bonds voted	35,000,000
Refunding bonds authorization used	938,397
Park bonds voted	3,000,000
Park bonds sold	3,000,000
Park refunding bonds voted	3,000,000

Note 5: Significant Bond Resolution and Commission Requirements

- A. 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 \$0.6650 per \$100 of assessed valuation, which resulted in a tax levy of \$2,751,958 on the taxable valuation of \$413,828,345 for the 2022 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$2,391,526.
- B. During the current year, the District transferred \$170,044 from the capital projects fund to the general fund. The transfer was in accordance with the rules of the Commission.

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 \$0.3600 per \$100 of assessed valuation, which resulted in a tax levy of \$1,489,782 on the taxable valuation of \$413,828,345 for the 2022 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Fort Bend County Municipal Utility District No. 123
Notes to Financial Statements
September 30, 2023

Note 7: Joint Facilities

As of February 2, 2004, and as amended February 15, 2006, March 21, 2007, March 19, 2008, April 15, 2009, February 15, 2012 and May 12, 2020, the District and Fort Bend County Municipal Utility District No. 122 (District No. 122) 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. 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 and capital costs are shared based on the capacity owned by each district. The District's share of capital costs is 52%. The District's share of recreational facilities costs is 60%. District No. 122 manages and operates the facilities for the benefit of the participants. During the current year, the District incurred expenditures under the agreement of \$1,178,271.

The following table represents condensed audited financial information of the joint facilities as of and for the year ended September 30, 2023:

Total assets	<u>\$</u>	<u>346,470</u>
Total liabilities	\$	196,470
Total fund balance		<u>150,000</u>
Total liabilities and fund balance	<u>\$</u>	<u>346,470</u>
Total revenues	\$	2,138,146
Total expenditures		<u>2,179,200</u>
Excess revenues (expenditures)	<u>\$</u>	<u>(41,054)</u>

The District has funded \$75,000 for its share of an operating reserve. There was no change to the operating reserve in the current year.

Note 8: 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.

Fort Bend County Municipal Utility District No. 123

Notes to Financial Statements

September 30, 2023

Note 9: 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. At September 30, 2023, the Authority was billing District No. 122 \$4.55 per 1,000 gallons of water pumped from its wells and \$4.90 for surface water. District No. 122 in turn bills the District for its proportionate share of these fees. These amounts are subject to future increases.

Required Supplementary Information

Fort Bend County Municipal Utility District No. 123
Budgetary Comparison Schedule – General Fund
Year Ended September 30, 2023

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 1,450,000	\$ 1,450,000	\$ 1,490,443	\$ 40,443
Water service	480,000	480,000	469,431	(10,569)
Sewer service	615,000	640,000	684,761	44,761
Regional water fee	650,000	650,000	696,786	46,786
Penalty and interest	20,000	20,000	64,302	44,302
Tap connection and inspection fees	750	750	6,950	6,200
Investment income	20,000	20,000	387,440	367,440
Other income	-	-	13,043	13,043
	<u>3,235,750</u>	<u>3,260,750</u>	<u>3,813,156</u>	<u>552,406</u>
Expenditures				
Service operations:				
Purchased services	1,150,160	1,150,160	1,178,271	(28,111)
Professional fees	182,500	182,500	124,233	58,267
Contracted services	528,000	553,000	560,928	(7,928)
Utilities	12,500	12,500	11,985	515
Repairs and maintenance	346,000	346,000	695,802	(349,802)
Other expenditures	93,265	93,265	73,572	19,693
Tap connections	-	-	3,505	(3,505)
	<u>2,312,425</u>	<u>2,337,425</u>	<u>2,648,296</u>	<u>(310,871)</u>
Excess of Revenues Over Expenditures	923,325	923,325	1,164,860	241,535
Other Financing Sources				
Interfund transfers in	-	-	170,044	170,044
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	923,325	923,325	1,334,904	411,579
Fund Balance, Beginning of Year	8,169,162	8,169,162	8,169,162	-
Fund Balance, End of Year	<u>\$ 9,092,487</u>	<u>\$ 9,092,487</u>	<u>\$ 9,504,066</u>	<u>\$ 411,579</u>

Fort Bend County Municipal Utility District No. 123
Notes to Required Supplementary Information
September 30, 2023

Budgets and Budgetary Accounting

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

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule – General Fund presents 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. 123
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 14-28
- [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. 123

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):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
Water:	\$ 20.25	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 \$ 87.65 Wastewater \$ 60.74

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	1,135	1,129	x1.0	1,129
1"	257	253	x2.5	633
1 1/2"	-	-	x5.0	-
2"	10	10	x8.0	80
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	1,402	1,392		1,842
Total wastewater	1,384	1,377	x1.0	1,377

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

Gallons pumped into the system:	130,649
Gallons billed to customers:	130,649
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

Fort Bend County Municipal Utility District No. 123
Schedule of General Fund Expenditures
Year Ended September 30, 2023

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 22,400	
Legal	72,147	
Engineering	29,686	
Financial advisor	-	124,233
Purchased Services for Resale		
Bulk water and wastewater service purchases		1,178,271
Regional Water Fee		-
Contracted Services		
Bookkeeping	22,250	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	62,828	
Other contracted services	120,670	205,748
Utilities		11,985
Repairs and Maintenance		695,802
Administrative Expenditures		
Directors' fees	19,080	
Office supplies	20,955	
Insurance	9,238	
Other administrative expenditures	24,299	73,572
Capital Outlay		
Capitalized assets	-	
Expenditures not capitalized	-	-
Debt Service		
Debt issuance costs		-
Tap Connection Expenditures		3,505
Solid Waste Disposal		355,180
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		\$ 2,648,296

Fort Bend County Municipal Utility District No. 123
Schedule of Temporary Investments
September 30, 2023

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificate of Deposit				
No. 626819	5.12%	03/04/24	\$ 102,656	\$ 374
TexSTAR	5.33%	Demand	<u>9,007,251</u>	<u>-</u>
			<u>9,109,907</u>	<u>374</u>
Debt Service Fund				
Certificate of Deposit				
No. 9009004988	3.69%	10/24/23	240,000	8,274
TexSTAR	5.33%	Demand	<u>1,915,547</u>	<u>-</u>
			<u>2,155,547</u>	<u>8,274</u>
Capital Projects Fund				
TexSTAR	5.33%	Demand	4,422,669	-
TexSTAR	5.33%	Demand	<u>2,467,034</u>	<u>-</u>
			<u>6,889,703</u>	<u>0</u>
Totals			<u><u>\$ 18,155,157</u></u>	<u><u>\$ 8,648</u></u>

Fort Bend County Municipal Utility District No. 123
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2023

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 5,450	\$ 8,829
Additions and corrections to prior year's taxes	(262)	(525)
Adjusted receivable, beginning of year	5,188	8,304
 2022 Original Tax Levy	 1,485,850	 2,744,695
Additions and corrections	3,932	7,263
Adjusted tax levy	1,489,782	2,751,958
Total to be accounted for	1,494,970	2,760,262
Tax collections: Current year	(1,485,409)	(2,743,881)
Prior years	(5,034)	(8,055)
Receivable, end of year	\$ 4,527	\$ 8,326
 Receivable, by Years		
2022	\$ 4,373	\$ 8,077
2021	60	98
2020	70	112
2019	24	39
Receivable, end of year	\$ 4,527	\$ 8,326

Fort Bend County Municipal Utility District No. 123
Analysis of Taxes Levied and Receivable (Continued)
Year Ended September 30, 2023

	2022	2021	2020	2019
Property Valuations				
Land	\$ 62,259,170	\$ 61,863,040	\$ 61,863,040	\$ 62,171,800
Improvements	357,940,120	302,537,140	290,663,880	281,831,785
Personal property	1,986,675	2,122,770	1,769,180	1,764,260
Exemptions	(8,357,620)	(7,902,124)	(7,437,443)	(5,745,564)
Total property valuations	\$ 413,828,345	\$ 358,620,826	\$ 346,858,657	\$ 340,022,281
 Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.6650	\$ 0.6650	\$ 0.6650	\$ 0.6650
Maintenance tax rates*	0.3600	0.4100	0.4150	0.4150
Total tax rates per \$100 valuation	\$ 1.0250	\$ 1.0750	\$ 1.0800	\$ 1.0800
 Tax Levy				
	\$ 4,241,740	\$ 3,855,174	\$ 3,746,073	\$ 3,672,240
 Percent of Taxes Collected to Taxes Levied**				
	99%	99%	99%	99%

*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. 123
Schedule of Long-term Debt Service Requirements by Years
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2014		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 170,000	\$ 127,787	\$ 297,787
2025	180,000	122,688	302,688
2026	190,000	117,287	307,287
2027	200,000	111,588	311,588
2028	210,000	105,587	315,587
2029	220,000	99,288	319,288
2030	230,000	92,687	322,687
2031	240,000	85,788	325,788
2032	250,000	78,587	328,587
2033	260,000	70,775	330,775
2034	260,000	62,650	322,650
2035	280,000	54,200	334,200
2036	300,000	44,750	344,750
2037	300,000	34,625	334,625
2038	350,000	24,500	374,500
2039	350,000	12,250	362,250
Totals	\$ 3,990,000	\$ 1,245,037	\$ 5,235,037

Fort Bend County Municipal Utility District No. 123
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2015		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 75,000	\$ 45,813	\$ 120,813
2025	75,000	43,562	118,562
2026	75,000	41,125	116,125
2027	75,000	38,687	113,687
2028	75,000	36,250	111,250
2029	75,000	33,812	108,812
2030	75,000	31,375	106,375
2031	75,000	28,938	103,938
2032	75,000	26,312	101,312
2033	75,000	23,688	98,688
2034	75,000	21,063	96,063
2035	75,000	18,344	93,344
2036	100,000	15,625	115,625
2037	100,000	12,000	112,000
2038	100,000	8,000	108,000
2039	100,000	4,000	104,000
Totals	\$ 1,300,000	\$ 428,594	\$ 1,728,594

Fort Bend County Municipal Utility District No. 123
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Refunding Series 2016		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 530,000	\$ 290,050	\$ 820,050
2025	555,000	268,850	823,850
2026	585,000	246,650	831,650
2027	605,000	223,250	828,250
2028	630,000	199,050	829,050
2029	655,000	173,850	828,850
2030	675,000	147,650	822,650
2031	880,000	120,650	1,000,650
2032	905,000	85,450	990,450
2033	930,000	58,300	988,300
2034	760,000	30,400	790,400
Totals	\$ 7,710,000	\$ 1,844,150	\$ 9,554,150

Fort Bend County Municipal Utility District No. 123
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Refunding Series 2017		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 285,000	\$ 84,438	\$ 369,438
2025	280,000	78,738	358,738
2026	280,000	73,138	353,138
2027	290,000	66,838	356,838
2028	305,000	59,587	364,587
2029	310,000	51,962	361,962
2030	320,000	42,662	362,662
2031	150,000	33,062	183,062
2032	150,000	28,562	178,562
2033	160,000	24,062	184,062
2034	285,000	19,062	304,062
2035	325,000	10,156	335,156
Totals	\$ 3,140,000	\$ 572,267	\$ 3,712,267

Fort Bend County Municipal Utility District No. 123
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2019		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 50,000	\$ 74,485	\$ 124,485
2025	50,000	72,985	122,985
2026	50,000	71,485	121,485
2027	50,000	69,985	119,985
2028	50,000	68,485	118,485
2029	50,000	66,985	116,985
2030	50,000	65,485	115,485
2031	50,000	63,985	113,985
2032	70,000	62,485	132,485
2033	70,000	60,140	130,140
2034	70,000	57,795	127,795
2035	20,000	55,450	75,450
2036	100,000	54,780	154,780
2037	370,000	51,430	421,430
2038	370,000	38,850	408,850
2039	370,000	26,085	396,085
2040	370,000	13,135	383,135
Totals	\$ 2,210,000	\$ 974,030	\$ 3,184,030

Fort Bend County Municipal Utility District No. 123
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Refunding Series 2019A		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 110,000	\$ 52,275	\$ 162,275
2025	110,000	48,975	158,975
2026	110,000	45,675	155,675
2027	105,000	42,375	147,375
2028	105,000	39,225	144,225
2029	105,000	35,550	140,550
2030	105,000	31,875	136,875
2031	105,000	28,200	133,200
2032	100,000	25,050	125,050
2033	100,000	22,050	122,050
2034	100,000	19,050	119,050
2035	270,000	16,050	286,050
2036	265,000	7,950	272,950
Totals	\$ 1,690,000	\$ 414,300	\$ 2,104,300

Fort Bend County Municipal Utility District No. 123
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	\$ 75,000	\$ 54,200	\$ 129,200
2025	85,000	51,200	136,200
2026	85,000	48,650	133,650
2027	90,000	46,100	136,100
2028	95,000	44,300	139,300
2029	95,000	42,400	137,400
2030	105,000	40,500	145,500
2031	105,000	38,400	143,400
2032	110,000	36,300	146,300
2033	115,000	34,100	149,100
2034	120,000	31,800	151,800
2035	500,000	29,400	529,400
2036	490,000	19,400	509,400
2037	480,000	9,600	489,600
Totals	<u>\$ 2,550,000</u>	<u>\$ 526,350</u>	<u>\$ 3,076,350</u>

Fort Bend County Municipal Utility District No. 123
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Refunding Series 2021		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 75,000	\$ 74,400	\$ 149,400
2025	75,000	72,150	147,150
2026	75,000	69,900	144,900
2027	75,000	67,650	142,650
2028	70,000	65,400	135,400
2029	70,000	64,000	134,000
2030	70,000	62,600	132,600
2031	70,000	61,200	131,200
2032	70,000	59,800	129,800
2033	70,000	58,400	128,400
2034	165,000	57,000	222,000
2035	410,000	53,700	463,700
2036	595,000	45,500	640,500
2037	575,000	33,600	608,600
2038	560,000	22,100	582,100
2039	545,000	10,900	555,900
Totals	\$ 3,570,000	\$ 878,300	\$ 4,448,300

Fort Bend County Municipal Utility District No. 123
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2021A		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 40,000	\$ 88,656	\$ 128,656
2025	40,000	86,856	126,856
2026	45,000	85,057	130,057
2027	50,000	83,031	133,031
2028	50,000	80,781	130,781
2029	50,000	79,782	129,782
2030	50,000	78,781	128,781
2031	50,000	77,781	127,781
2032	50,000	76,781	126,781
2033	50,000	75,781	125,781
2034	50,000	74,781	124,781
2035	50,000	73,782	123,782
2036	100,000	72,781	172,781
2037	125,000	70,782	195,782
2038	500,000	68,125	568,125
2039	500,000	57,500	557,500
2040	1,000,000	46,250	1,046,250
2041	1,000,000	23,750	1,023,750
Totals	\$ 3,800,000	\$ 1,301,038	\$ 5,101,038

Fort Bend County Municipal Utility District No. 123
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2023		
	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 100,000	\$ 108,400	\$ 208,400
2025	100,000	103,400	203,400
2026	100,000	98,400	198,400
2027	100,000	93,400	193,400
2028	100,000	88,400	188,400
2029	100,000	83,400	183,400
2030	100,000	78,400	178,400
2031	100,000	74,400	174,400
2032	100,000	70,400	170,400
2033	100,000	66,400	166,400
2034	100,000	62,400	162,400
2035	100,000	58,400	158,400
2036	100,000	54,400	154,400
2037	100,000	50,400	150,400
2038	100,000	46,400	146,400
2039	100,000	42,400	142,400
2040	100,000	38,400	138,400
2041	140,000	34,400	174,400
2042	140,000	28,800	168,800
2043	140,000	23,200	163,200
2044	140,000	17,600	157,600
2045	150,000	12,000	162,000
2046	150,000	6,000	156,000
Totals	\$ 2,560,000	\$ 1,339,800	\$ 3,899,800

Fort Bend County Municipal Utility District No. 123
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Series 2023A			
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2024	\$ 100,000	\$ 126,000	\$ 226,000
2025	100,000	121,000	221,000
2026	100,000	116,000	216,000
2027	100,000	111,000	211,000
2028	100,000	106,000	206,000
2029	100,000	101,000	201,000
2030	100,000	96,000	196,000
2031	100,000	92,000	192,000
2032	100,000	88,000	188,000
2033	100,000	84,000	184,000
2034	100,000	80,000	180,000
2035	100,000	76,000	176,000
2036	100,000	72,000	172,000
2037	125,000	68,000	193,000
2038	175,000	63,000	238,000
2039	175,000	56,000	231,000
2040	175,000	49,000	224,000
2041	175,000	42,000	217,000
2042	175,000	35,000	210,000
2043	175,000	28,000	203,000
2044	175,000	21,000	196,000
2045	175,000	14,000	189,000
2046	175,000	7,000	182,000
Totals	<u>\$ 3,000,000</u>	<u>\$ 1,652,000</u>	<u>\$ 4,652,000</u>

Fort Bend County Municipal Utility District No. 123
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	\$ 1,610,000	\$ 1,126,504	\$ 2,736,504
2025	1,650,000	1,070,404	2,720,404
2026	1,695,000	1,013,367	2,708,367
2027	1,740,000	953,904	2,693,904
2028	1,790,000	893,065	2,683,065
2029	1,830,000	832,029	2,662,029
2030	1,880,000	768,015	2,648,015
2031	1,925,000	704,404	2,629,404
2032	1,980,000	637,727	2,617,727
2033	2,030,000	577,696	2,607,696
2034	2,085,000	516,001	2,601,001
2035	2,130,000	445,482	2,575,482
2036	2,150,000	387,186	2,537,186
2037	2,175,000	330,437	2,505,437
2038	2,155,000	270,975	2,425,975
2039	2,140,000	209,135	2,349,135
2040	1,645,000	146,785	1,791,785
2041	1,315,000	100,150	1,415,150
2042	315,000	63,800	378,800
2043	315,000	51,200	366,200
2044	315,000	38,600	353,600
2045	325,000	26,000	351,000
2046	325,000	13,000	338,000
Totals	<u>\$ 35,520,000</u>	<u>\$ 11,175,866</u>	<u>\$ 46,695,866</u>

Fort Bend County Municipal Utility District No. 123

Changes in Long-term Bonded Debt

Year Ended September 30, 2023

	Bond				
	Series 2014	Series 2015	Refunding Series 2016	Refunding Series 2017	Series 2019
Interest rates	2.00% to 3.50%	2.00% to 4.00%	3.00% to 4.00%	2.000% to 3.125%	3.00% to 3.55%
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity dates	September 1, 2024/2039	September 1, 2024/2039	September 1, 2024/2034	September 1, 2024/2035	September 1, 2024/2040
Bonds outstanding, beginning of current year	\$ 4,150,000	\$ 1,375,000	\$ 8,220,000	\$ 3,420,000	\$ 2,260,000
Bonds sold during current year	-	-	-	-	-
Retirements, principal	160,000	75,000	510,000	280,000	50,000
Bonds outstanding, end of current year	\$ 3,990,000	\$ 1,300,000	\$ 7,710,000	\$ 3,140,000	\$ 2,210,000
Interest paid during current year	\$ 132,588	\$ 48,063	\$ 305,350	\$ 90,038	\$ 75,985

Paying agent's name and address:

Series 2014 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2015 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2016 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2019 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2019A - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2020 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2021 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2021A - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2023 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2023A - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	Tax Bonds	Park Bonds	Tax Refunding Bonds
Amount authorized by voters	\$ 55,000,000	\$ 3,000,000	\$ 38,000,000
Amount of authorization issued	\$ 43,845,000	\$ 3,000,000	\$ 938,397
Remaining authorization to be issued	\$ 11,155,000	\$ 0	\$ 37,061,603
Debt service fund cash and temporary investment balances as of September 30, 2023:			\$ 2,179,455
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 2,030,255

Issues

Refunding Series 2019A	Refunding Series 2020	Refunding Series 2021	Series 2021A	Series 2023	Series 2023A	Total
3.00% to 3.50%	2.00% to 4.00%	2.00% to 3.00%	2.00% to 4.50%	4.00% to 5.00%	4.00% to 5.00%	
March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
September 1, 2024/2036	September 1, 2024/2037	September 1, 2024/2039	September 1, 2024/2041	September 1, 2024/2046	September 1, 2024/2046	
\$ 1,800,000	\$ 2,620,000	\$ 3,645,000	\$ 3,845,000	\$ -	\$ -	\$ 31,335,000
-	-	-	-	2,560,000	3,000,000	5,560,000
110,000	70,000	75,000	45,000	-	-	1,375,000
<u>\$ 1,690,000</u>	<u>\$ 2,550,000</u>	<u>\$ 3,570,000</u>	<u>\$ 3,800,000</u>	<u>\$ 2,560,000</u>	<u>\$ 3,000,000</u>	<u>\$ 35,520,000</u>
<u>\$ 55,575</u>	<u>\$ 56,300</u>	<u>\$ 76,650</u>	<u>\$ 90,681</u>	<u>\$ 39,446</u>	<u>\$ 45,850</u>	<u>\$ 1,016,526</u>

Fort Bend County Municipal Utility District No. 123
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
General Fund					
Revenues					
Property taxes	\$ 1,490,443	\$ 1,468,829	\$ 1,438,570	\$ 1,410,159	\$ 1,349,529
Water service	469,431	481,999	456,913	470,146	458,124
Sewer service	684,761	632,069	649,159	632,732	604,473
Regional water fee	696,786	655,606	540,921	554,332	476,746
Penalty and interest	64,302	61,870	17,508	20,440	27,493
Tap connection and inspection fees	6,950	1,100	1,150	940	720
Investment income	387,440	52,014	4,127	56,628	133,236
Other income	13,043	34,342	19,897	5,657	849
	<u>3,813,156</u>	<u>3,387,829</u>	<u>3,128,245</u>	<u>3,151,034</u>	<u>3,051,170</u>
Expenditures					
Service operations:					
Purchased services	1,178,271	1,068,963	1,021,499	990,564	907,729
Professional fees	124,233	166,581	148,488	134,191	145,785
Contracted services	560,928	495,346	475,728	446,030	423,298
Utilities	11,985	11,359	9,029	12,771	10,617
Repairs and maintenance	695,802	295,048	318,033	201,518	238,894
Other expenditures	73,572	71,054	89,100	63,544	54,099
Tap connections	3,505	-	-	-	-
Capital outlay	-	181,924	253,893	1,358,194	1,853,465
Debt service, debt issuance costs	-	24,631	38,385	-	15,667
	<u>2,648,296</u>	<u>2,314,906</u>	<u>2,354,155</u>	<u>3,206,812</u>	<u>3,649,554</u>
Excess (Deficiency) of Revenues Over Expenditures	1,164,860	1,072,923	774,090	(55,778)	(598,384)
Other Financing Sources (Uses)					
Interfund transfers in (out)	170,044	191,443	-	(7,800)	709,251
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,334,904	1,264,366	774,090	(63,578)	110,867
Fund Balance, Beginning of Year	8,169,162	6,904,796	6,130,706	6,194,284	6,083,417
Fund Balance, End of Year	<u>\$ 9,504,066</u>	<u>\$ 8,169,162</u>	<u>\$ 6,904,796</u>	<u>\$ 6,130,706</u>	<u>\$ 6,194,284</u>
Total Active Retail Water Connections	<u>1,392</u>	<u>1,395</u>	<u>1,395</u>	<u>1,396</u>	<u>1,395</u>
Total Active Retail Wastewater Connections	<u>1,377</u>	<u>1,379</u>	<u>1,379</u>	<u>1,380</u>	<u>1,379</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
39.1 %	43.4 %	46.0 %	44.7 %	44.2 %
12.3	14.2	14.6	14.9	15.0
17.9	18.7	20.8	20.1	19.8
18.3	19.4	17.3	17.6	15.6
1.7	1.8	0.6	0.7	0.9
0.2	0.0	0.0	0.0	0.0
10.2	1.5	0.1	1.8	4.4
0.3	1.0	0.6	0.2	0.1
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
30.9	31.6	32.6	31.4	29.7
3.3	4.9	4.8	4.3	4.8
14.7	14.6	15.2	14.2	13.9
0.3	0.3	0.3	0.4	0.3
18.3	8.7	10.2	6.4	7.8
1.9	2.1	2.9	2.0	1.8
0.1	-	-	-	-
-	5.4	8.1	43.1	60.8
-	0.7	1.2	-	0.5
<u>69.5</u>	<u>68.3</u>	<u>75.3</u>	<u>101.8</u>	<u>119.6</u>
<u><u>30.5 %</u></u>	<u><u>31.7 %</u></u>	<u><u>24.7 %</u></u>	<u><u>(1.8) %</u></u>	<u><u>(19.6) %</u></u>

Fort Bend County Municipal Utility District No. 123
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	\$ 2,751,936	\$ 2,382,316	\$ 2,305,197	\$ 2,260,407	\$ 2,293,922
Penalty and interest	19,920	16,630	15,873	15,808	22,247
Investment income	136,243	18,020	2,573	14,542	45,428
Total revenues	<u>2,908,099</u>	<u>2,416,966</u>	<u>2,323,643</u>	<u>2,290,757</u>	<u>2,361,597</u>
Expenditures					
Current:					
Professional fees	4,159	2,946	5,023	3,157	7,227
Contracted services	64,077	56,434	41,585	51,685	49,484
Other expenditures	8,884	11,600	9,982	29,890	5,990
Debt service:					
Principal retirement	1,375,000	1,335,000	1,235,000	1,190,000	1,090,000
Interest and fees	1,023,274	960,414	937,984	1,038,433	1,051,085
Debt issuance costs	-	-	155,734	132,883	119,538
Debt defeasance	-	-	45,000	43,000	41,000
Total expenditures	<u>2,475,394</u>	<u>2,366,394</u>	<u>2,430,308</u>	<u>2,489,048</u>	<u>2,364,324</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>432,705</u>	<u>50,572</u>	<u>(106,665)</u>	<u>(198,291)</u>	<u>(2,727)</u>
Other Financing Sources (Uses)					
Interfund transfers out	-	-	-	-	(10,399)
General obligation bonds issued	-	-	3,720,000	2,755,000	2,425,000
Deposit with escrow agent	-	-	(3,588,938)	(2,665,963)	(2,342,194)
Premium on debt issued	-	-	28,008	50,785	47,131
Total other financing sources	<u>0</u>	<u>0</u>	<u>159,070</u>	<u>139,822</u>	<u>119,538</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>432,705</u>	<u>50,572</u>	<u>52,405</u>	<u>(58,469)</u>	<u>116,811</u>
Fund Balance, Beginning of Year	<u>1,751,303</u>	<u>1,700,731</u>	<u>1,648,326</u>	<u>1,706,795</u>	<u>1,589,984</u>
Fund Balance, End of Year	<u>\$ 2,184,008</u>	<u>\$ 1,751,303</u>	<u>\$ 1,700,731</u>	<u>\$ 1,648,326</u>	<u>\$ 1,706,795</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
94.6 %	98.6 %	99.2 %	98.7 %	97.1 %
0.7	0.7	0.7	0.7	1.0
4.7	0.7	0.1	0.6	1.9
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.1	0.1	0.2	0.1	0.3
2.2	2.3	1.8	2.3	2.1
0.3	0.5	0.4	1.3	0.2
47.3	55.2	53.2	52.0	46.2
35.2	39.8	40.4	45.3	44.5
-	-	6.7	5.8	5.1
-	-	1.9	1.9	1.7
<u>85.1</u>	<u>97.9</u>	<u>104.6</u>	<u>108.7</u>	<u>100.1</u>
<u>14.9 %</u>	<u>2.1 %</u>	<u>(4.6) %</u>	<u>(8.7) %</u>	<u>(0.1) %</u>

Fort Bend County Municipal Utility District No. 123
Board Members, Key Personnel and Consultants
Year Ended September 30, 2023

Complete District mailing address:	Fort Bend County Municipal Utility District No. 123 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):	May 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
Larry Perkins	Elected 05/22- 05/26	\$ 5,147	\$ 311	President
Joseph Caballero	Elected 05/20- 05/24	1,642	285	Vice President
Jeffrey Joseph	Elected 05/22- 05/26	5,889	2,715	Secretary
Dustin Nelson	Elected 05/20- 05/24	2,526	1,383	Assistant Vice President
Mirna Bonilla-Odums	Elected 05/20- 05/24	3,876	1,305	Assistant Secretary

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

Fort Bend County Municipal Utility District No. 123
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	01/21/04	\$ 72,147 145,413	General Counsel Bond Counsel
Fort Bend Central Appraisal District	Legislative Action	35,622	Appraiser
FORVIS, LLP	08/17/05	24,600	Auditor
LJA Engineering, Inc.	11/19/03	184,217	Engineer
Masterson Advisors, LLC	06/20/18	101,373	Financial Advisor
Municipal District Services, L.L.C.	05/01/12	528,407	Operator
Myrtle Cruz, Inc.	01/24/01	32,895	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/18/07	4,159	Delinquent Tax Attorney
Tax Tech, Incorporated	01/24/01	34,769	Tax Assessor/ Collector
Investment Officer			
Mary Jarmon	01/24/01	N/A	Bookkeeper