

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**

Independent Auditor's Report and Financial Statements

September 30, 2021



**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas
September 30, 2021**

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Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas (the District), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2021, 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.

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of 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.

BKD, LLP

Houston, Texas
February 11, 2022

Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas

Management's Discussion and Analysis

September 30, 2021

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 other information required 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. 35, of Fort Bend County, Texas

Management's Discussion and Analysis (Continued)

September 30, 2021

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. 35,
of Fort Bend County, Texas**

Management's Discussion and Analysis (Continued)

September 30, 2021

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

	2021	2020
Current and other assets	\$ 11,829,108	\$ 12,022,885
Capital assets	30,762,935	31,516,875
Total assets	42,592,043	43,539,760
Deferred outflows of resources	1,995,357	2,192,909
Total assets and deferred outflows of resources	\$ 44,587,400	\$ 45,732,669
Long-term liabilities	\$ 27,044,084	\$ 28,959,502
Other liabilities	886,320	1,056,013
Total liabilities	27,930,404	30,015,515
Net position:		
Net investment in capital assets	5,714,208	4,750,282
Restricted	2,194,920	2,286,603
Unrestricted	8,747,868	8,680,269
Total net position	\$ 16,656,996	\$ 15,717,154

The total net position of the District increased by \$939,842, or about 6 percent. 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. 35,
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**Management's Discussion and Analysis (Continued)
September 30, 2021**

Summary of Changes in Net Position

	2021	2020
Revenues:		
Property taxes	\$ 3,596,253	\$ 3,576,607
City of Houston rebates	258,014	241,785
Charges for services	2,969,688	3,081,688
Other revenues	147,956	287,806
Total revenues	6,971,911	7,187,886
Expenses:		
Services	3,813,290	3,709,181
Depreciation	1,082,266	1,071,053
Debt service	1,136,513	1,077,712
Total expenses	6,032,069	5,857,946
Change in net position	939,842	1,329,940
Net position, beginning of year	15,717,154	14,387,214
Net position, end of year	\$ 16,656,996	\$ 15,717,154

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2021, were \$10,948,404, a decrease of \$43,786 from the prior year.

The general fund's fund balance increased by \$51,534, primarily due to property tax and service revenues exceeding service operation expenditures.

The debt service fund's fund balance decreased by \$95,320 because of funds utilized in the defeasance of a portion of the District's outstanding bonds as well as bond principal and interest requirements exceeding property tax revenues.

Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas

Management's Discussion and Analysis (Continued)

September 30, 2021

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 repairs and maintenance expenditures being higher than anticipated as well as regional water fee revenues and purchased services and capital outlay expenditures being lower than anticipated. The fund balance as of September 30, 2021, was expected to be \$8,401,079 and the actual end-of-year fund balance was \$8,704,786.

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)

	2021	2020
Land and improvements	\$ 5,294,650	\$ 5,294,650
Construction in progress	388,133	313,241
Water facilities	5,525,115	5,584,782
Wastewater facilities	8,464,863	8,810,487
Drainage facilities	10,230,512	10,592,015
Parks and recreation	859,662	921,700
Total capital assets	\$ 30,762,935	\$ 31,516,875

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

Construction in progress including slope repair and outfall replacement and fence replacement at joint water and wastewater facilities	\$ 284,119
Water plant rehabilitation	12,894
Lift pump No. 1 at lift station No. 2	31,313
Total additions to capital assets	\$ 328,326

**Fort Bend County Municipal Utility District No. 35,
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Management's Discussion and Analysis (Continued)
September 30, 2021

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2021, are summarized as follows:

Long-term debt payable, beginning of year	\$	28,959,502
Increases in long-term debt		3,088,818
Decreases in long-term debt		<u>(5,004,236)</u>
 Long-term debt payable, end of year	 \$	 <u>27,044,084</u>

At September 30, 2021, the District had \$2,840,000 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.

During the current year, the District issued \$2,945,000 in unlimited tax refunding bonds, Series 2021, to refund \$2,935,000 of outstanding Series 2013 refunding bonds. The District refunded the bonds to reduce total debt service payments over future years by \$291,608 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$263,737.

The District's bonds carry an underlying rating of "A-" from Standard & Poor's. The District's Series 2015 refunding, 2016 refunding bonds and 2021 refunding 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, except as follows:

Strategic Partnership Agreement

Effective March 30, 2005, and as amended and restated May 8, 2012, the District entered into a Strategic Partnership Agreement (the Agreement) with the City, which annexed certain portions of the District into the City for "limited purposes," as described therein. Under the terms of the Agreement, the City has agreed it will not annex the District as a whole for full purposes for 30 years, at which time the City has the option to annex the District if it chooses to do so.

**Fort Bend County Municipal Utility District No. 35,
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Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2021

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets					
Cash	\$ 342,752	\$ 51,420	\$ 394,172	\$ -	\$ 394,172
Certificates of deposit	3,425,000	1,960,000	5,385,000	-	5,385,000
Short-term investments	4,939,198	243,723	5,182,921	-	5,182,921
Receivables:					
Property taxes	4,174	14,113	18,287	-	18,287
Service accounts	320,687	-	320,687	-	320,687
Sales tax rebates	43,927	-	43,927	38,908	82,835
Accrued penalty and interest	-	-	-	6,589	6,589
Accrued interest	9,373	1,116	10,489	-	10,489
Interfund receivable	12,580	-	12,580	(12,580)	-
Deposit with other district	428,128	-	428,128	-	428,128
Capital assets (net of accumulated depreciation):					
Land and improvements	-	-	-	5,294,650	5,294,650
Construction in progress	-	-	-	388,133	388,133
Infrastructure	-	-	-	24,220,490	24,220,490
Parks and recreation	-	-	-	859,662	859,662
Total assets	9,525,819	2,270,372	11,796,191	30,795,852	42,592,043
Deferred Outflows of Resources					
Deferred amount on debt refundings	0	0	0	1,995,357	1,995,357
Total assets and deferred outflows of resources	\$ 9,525,819	\$ 2,270,372	\$ 11,796,191	\$ 32,791,209	\$ 44,587,400

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
September 30, 2021

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Liabilities					
Accounts payable	\$ 648,329	\$ 61	\$ 648,390	\$ -	\$ 648,390
Accrued interest payable	-	-	-	69,400	69,400
Customer deposits	168,530	-	168,530	-	168,530
Interfund payable	-	12,580	12,580	(12,580)	-
Long-term liabilities:					
Due within one year	-	-	-	1,970,000	1,970,000
Due after one year	-	-	-	25,074,084	25,074,084
	<u>816,859</u>	<u>12,641</u>	<u>829,500</u>	<u>27,100,904</u>	<u>27,930,404</u>
Deferred Inflows of Resources					
Deferred property tax revenues	<u>4,174</u>	<u>14,113</u>	<u>18,287</u>	<u>(18,287)</u>	<u>0</u>
Fund Balances/Net Position					
Fund balances:					
Restricted, unlimited tax bonds	-	2,243,618	2,243,618	(2,243,618)	-
Assigned:					
Future expenditures	385,360	-	385,360	(385,360)	-
Operating reserve	428,128	-	428,128	(428,128)	-
Unassigned	<u>7,891,298</u>	<u>-</u>	<u>7,891,298</u>	<u>(7,891,298)</u>	<u>-</u>
	<u>8,704,786</u>	<u>2,243,618</u>	<u>10,948,404</u>	<u>(10,948,404)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances					
	<u>\$ 9,525,819</u>	<u>\$ 2,270,372</u>	<u>\$ 11,796,191</u>		
Net position:					
Net investment in capital assets				5,714,208	5,714,208
Restricted for debt service				2,194,920	2,194,920
Unrestricted				<u>8,747,868</u>	<u>8,747,868</u>
				<u>\$ 16,656,996</u>	<u>\$ 16,656,996</u>

Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 2021

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues					
Property taxes	\$ 805,307	\$ 2,797,255	\$ 3,602,562	\$ (6,309)	\$ 3,596,253
City of Houston rebates	240,513	-	240,513	17,501	258,014
Water service	705,192	-	705,192	-	705,192
Sewer service	882,683	-	882,683	-	882,683
Regional water fee	1,381,813	-	1,381,813	-	1,381,813
Penalty and interest	46,971	23,278	70,249	(91)	70,158
Tap connection and inspection fees	10,638	-	10,638	-	10,638
Investment income	28,469	13,021	41,490	-	41,490
Other income	25,670	-	25,670	-	25,670
	<u>4,127,256</u>	<u>2,833,554</u>	<u>6,960,810</u>	<u>11,101</u>	<u>6,971,911</u>
Total revenues					
Expenditures/Expenses					
Service operations:					
Purchased services	2,007,091	-	2,007,091	-	2,007,091
Professional fees	134,178	4,195	138,373	-	138,373
Contracted services	776,355	56,340	832,695	-	832,695
Utilities	144,377	-	144,377	-	144,377
Repairs and maintenance	529,037	-	529,037	66,260	595,297
Other expenditures	87,804	5,359	93,163	-	93,163
Tap connections	2,294	-	2,294	-	2,294
Capital outlay	394,586	-	394,586	(394,586)	-
Depreciation	-	-	-	1,082,266	1,082,266
Debt service:					
Principal retirement	-	1,935,000	1,935,000	(1,935,000)	-
Interest and fees	-	895,768	895,768	113,346	1,009,114
Debt issuance costs	-	127,399	127,399	-	127,399
Debt defeasance	-	36,000	36,000	(36,000)	-
	<u>4,075,722</u>	<u>3,060,061</u>	<u>7,135,783</u>	<u>(1,103,714)</u>	<u>6,032,069</u>
Total expenditures/expenses					
Excess (Deficiency) of Revenues Over Expenditures					
	<u>51,534</u>	<u>(226,507)</u>	<u>(174,973)</u>	<u>1,114,815</u>	

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**

**Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances (Continued)**

Year Ended September 30, 2021

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)					
General obligation bonds issued	\$ -	\$ 2,945,000	\$ 2,945,000	\$ (2,945,000)	
Deposit with escrow agent	-	(2,957,631)	(2,957,631)	2,957,631	
Premium on debt issued	-	143,818	143,818	(143,818)	
	<u>0</u>	<u>131,187</u>	<u>131,187</u>	<u>(131,187)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses					
	51,534	(95,320)	(43,786)	43,786	
Change in Net Position					
				939,842	\$ 939,842
Fund Balances/Net Position					
Beginning of year	<u>8,653,252</u>	<u>2,338,938</u>	<u>10,992,190</u>	<u>-</u>	<u>15,717,154</u>
End of year	<u>\$ 8,704,786</u>	<u>\$ 2,243,618</u>	<u>\$ 10,948,404</u>	<u>\$ 0</u>	<u>\$ 16,656,996</u>

Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas

Notes to Financial Statements

September 30, 2021

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

Fort Bend County Municipal Utility District No. 35 of Fort Bend County, Texas (the District), was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective September 2, 1981, 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. 35, of Fort Bend County, Texas

Notes to Financial Statements

September 30, 2021

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.

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. 35, of Fort Bend County, Texas

Notes to Financial Statements

September 30, 2021

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. 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. 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.

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. 35, of Fort Bend County, Texas

Notes to Financial Statements

September 30, 2021

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. Operating 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, mutual funds, 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. If the District mails tax statements after January 10, such taxes become delinquent on the first of the next month that is at least 21 days after mailing.

Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas

Notes to Financial Statements

September 30, 2021

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, 2021, include collections during the current period or within 60 days of year-end related to the 2020 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, 2021, the 2020 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:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Parks and recreation	10-30

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. 35, of Fort Bend County, Texas

Notes to Financial Statements

September 30, 2021

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.	\$ 30,762,935
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	18,287
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	6,589
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	1,995,357

Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas

Notes to Financial Statements

September 30, 2021

Amounts due from the City of Houston (the City) are not receivable in the current period and are not reported in the funds.	\$ 38,908
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(69,400)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(27,044,084)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ 5,708,592</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.	\$ (43,786)
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 depreciation and noncapitalized costs exceeded capital outlay expenditures in the current period.	(753,940)
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.	1,983,631
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.	(143,818)
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.	11,101
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>(113,346)</u>
Change in net position of governmental activities.	<u>\$ 939,842</u>

Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas

Notes to Financial Statements

September 30, 2021

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, 2021, 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," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District has adopted a written investment policy that is more restrictive than state law as to categories of permissible investments in which the District may place its funds.

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas

Notes to Financial Statements

September 30, 2021

At September 30, 2021, the District had the following investments and maturities:

Type	Maturities in Years				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Texas CLASS	\$ 5,182,921	\$ 5,182,921	\$ 0	\$ 0	\$ 0

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, 2021, the District's investments in Texas CLASS 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, 2021, as follows:

Carrying value:	
Deposits	\$ 5,779,172
Investments	5,182,921
Total	\$ 10,962,093

Included in the following statement of net position captions:

Cash	\$ 394,172
Certificates of deposit	5,385,000
Short-term investments	5,182,921
Total	\$ 10,962,093

Investment Income

Investment income of \$41,490 for the year ended September 30, 2021, consisted of interest income.

Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas

Notes to Financial Statements

September 30, 2021

Fair Value Measurements

The District has the following recurring fair value measurements as of September 30, 2021:

- Pooled investments of \$5,182,921 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended September 30, 2021, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Reclassi- fications	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	\$ 5,294,650	\$ -	\$ -	\$ 5,294,650
Construction in progress	313,241	284,119	(209,227)	388,133
Total capital assets, non-depreciable	5,607,891	284,119	(209,227)	5,682,783
Capital assets, depreciable:				
Water production and distribution facilities	9,346,900	12,894	209,227	9,569,021
Wastewater collection and treatment facilities	13,826,489	31,313	-	13,857,802
Drainage facilities	16,011,673	-	-	16,011,673
Parks and recreation	1,240,779	-	-	1,240,779
Total capital assets, depreciable	40,425,841	44,207	209,227	40,679,275
Less accumulated depreciation:				
Water production and distribution facilities	(3,762,118)	(281,788)	-	(4,043,906)
Wastewater collection and treatment facilities	(5,016,002)	(376,937)	-	(5,392,939)
Drainage facilities	(5,419,658)	(361,503)	-	(5,781,161)
Parks and recreation	(319,079)	(62,038)	-	(381,117)
Total accumulated depreciation	(14,516,857)	(1,082,266)	0	(15,599,123)
Total governmental activities, net	\$ 31,516,875	\$ (753,940)	\$ 0	\$ 30,762,935

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2021, were as follows.

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**

Notes to Financial Statements

September 30, 2021

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 28,150,000	\$ 2,945,000	\$ 4,870,000	\$ 26,225,000	\$ 1,970,000
Add premiums on bonds	809,502	143,818	134,236	819,084	-
Total governmental activities long-term liabilities	<u>\$ 28,959,502</u>	<u>\$ 3,088,818</u>	<u>\$ 5,004,236</u>	<u>\$ 27,044,084</u>	<u>\$ 1,970,000</u>

General Obligation Bonds

	Refunding Series 2015	Refunding Series 2016
Amounts outstanding, September 30, 2021	\$12,275,000	\$11,005,000
Interest rates	3.00% to 4.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2022/2032	September 1, 2022/2034
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2023	September 1, 2023
		Refunding Series 2021
Amount outstanding, September 30, 2021		\$2,945,000
Interest rates		1.00% to 3.00%
Maturity dates, serially beginning/ending		September 1, 2022/2030
Interest payment dates		March 1/ September 1
Callable date*		September 1, 2026

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

Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas

Notes to Financial Statements

September 30, 2021

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, 2021:

Year	Principal	Interest	Total
2022	\$ 1,970,000	\$ 832,807	\$ 2,802,807
2023	2,030,000	773,706	2,803,706
2024	2,100,000	702,406	2,802,406
2025	2,155,000	646,556	2,801,556
2026	2,220,000	587,306	2,807,306
2027-2031	11,945,000	1,939,974	13,884,974
2032-2034	<u>3,805,000</u>	<u>289,450</u>	<u>4,094,450</u>
Total	<u>\$ 26,225,000</u>	<u>\$ 5,772,205</u>	<u>\$ 31,997,205</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	\$ 50,000,000
Bonds sold	47,160,000
Refunding bonds voted	50,000,000
Refunding bonds authorization utilized	2,892,311

Note 5: Significant Bond Order and Commission Requirements

The Bond Orders 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, 2021, the District levied an ad valorem debt service tax at the rate of \$0.330 per \$100 of assessed valuation, which resulted in a tax levy of \$2,794,146 on the taxable valuation of \$846,711,036 for the 2020 tax year. The interest and principal requirements paid from the tax revenues and other available debt service fund resources were \$2,829,975.

Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas

Notes to Financial Statements

September 30, 2021

Note 6: Maintenance Taxes

At an election held November 7, 2000, 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, 2021, the District levied an ad valorem maintenance tax at the rate of \$0.095 per \$100 of assessed valuation, which resulted in a tax levy of \$804,376 on the taxable valuation of \$846,711,036 for the 2020 tax year. Maintenance tax revenue is being used by the general fund to pay expenditures of operating the District.

Note 7: Regional Water Authority

The District is within the boundaries of 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. During a prior fiscal year, the District and Fort Bend County Municipal Utility District No. 34 (District No. 34) began receiving surface water from the Authority to satisfy the bulk of their water demand. As of September 30, 2021, the Authority was billing District No. 34 \$4.25 per 1,000 gallons of water pumped from its wells and \$4.60 per 1,000 gallons of surface water purchased, which is allocated to each participant in the joint water plant facilities. These amounts are subject to future increases.

Note 8: Contracts With Other Districts

Waste Disposal

On April 27, 1999, the District and District No. 34 entered into a waste disposal agreement. Under the terms of the agreement, 100 percent of the capacity in a 100,000 gallons-per-day (gpd) interim wastewater treatment plant (the plant) would be allocated to District No. 34. The facility was subsequently enlarged to 350,000 gpd. Effective February 24, 2003, the agreement was amended and District No. 34 allocated 126,000 gpd of capacity to the District. Effective February 7, 2007, the agreement was amended to address the Phases III and IV expansions to the plant. The Phase III expansion was completed in 2007 and Phase IV was completed in 2008. Under the terms of the agreement, which was last amended May 1, 2019, District No. 34 owns 297,000 gpd of capacity in the facility and the District owns 703,000 gpd of capacity in the facility. Operations and maintenance costs are shared by the District and District No. 34 based on active connections served by the plant. In the current year, the District's share of operating costs was \$379,366.

Condensed audited financial information for the plant for the year ended September 30, 2021, is as follows.

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**

Notes to Financial Statements

September 30, 2021

	Plant General Fund
Total assets	\$ 221,125
Total liabilities	\$ 58,803
Total fund balance	162,322
Total liabilities and fund balance	\$ 221,125
Total revenues	\$ 839,276
Total expenditures	839,276
Excess revenues	\$ 0

The District has deposited \$98,550 with District No. 34 as a plant operating reserve.

Water Supply

On April 27, 1999, the District and District No. 34 entered into a water supply agreement. The agreement was last amended May 1, 2019. Under the agreement, 2,154 equivalent single-family connections (ESFC) are reserved for District No. 34 and 2,383 ESFCs are reserved for the District.

Operation and maintenance costs are to be shared by the District and District No. 34 based on each district's pro rata share of the ESFC actually served by the plant. In the current year, the District's share of operating costs was \$1,627,725.

Condensed financial information for the plant for the year ended September 30, 2021, is as follows:

	Plant General Fund
Total assets	\$ 788,816
Total liabilities	\$ 277,085
Total fund balance	511,731
Total liabilities and fund balance	\$ 788,816
Total revenues	\$ 2,622,644
Total expenditures	2,622,644
Excess revenues	\$ 0

Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas

Notes to Financial Statements

September 30, 2021

The District has deposited \$329,578 with District No. 34 as a plant operating reserve.

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.

Note 10: Strategic Partnership Agreement

Effective March 30, 2005, and as amended and restated May 8, 2012, the District and the City entered into a Strategic Partnership Agreement (the Agreement), under which the City annexed a tract of land within the boundaries of the District for limited purposes. The District continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all sales and use tax revenues generated within the boundaries of the tract of land. As consideration for the sales tax payments by the City, the District agrees to continue to provide and develop water, sewer and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 30 years. During the current fiscal year, the District recorded revenues of \$258,014 under the Agreement.

Note 11: Uncertainties

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position and results of operations of the District. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 12: Refunding Bonds

During the current year, the District issued \$2,945,000 in unlimited tax refunding bonds, Series 2021, to refund \$2,935,000 of outstanding Series 2013 refunding bonds. The District refunded the bonds to reduce total debt service payments over future years by \$291,608 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$263,737.

Required Supplementary Information

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**

**Budgetary Comparison Schedule – General Fund
Year Ended September 30, 2021**

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 790,000	\$ 805,307	\$ 15,307
City of Houston rebates	245,000	240,513	(4,487)
Water service	742,600	705,192	(37,408)
Sewer service	901,620	882,683	(18,937)
Regional water fee	1,671,495	1,381,813	(289,682)
Penalty and interest	54,500	46,971	(7,529)
Tap connection and inspection fees	7,200	10,638	3,438
Investment income	56,400	28,469	(27,931)
Other income	36,000	25,670	(10,330)
	<u>4,504,815</u>	<u>4,127,256</u>	<u>(377,559)</u>
Expenditures			
Service operations:			
Purchased services	2,142,495	2,007,091	135,404
Professional fees	135,500	134,178	1,322
Contracted services	770,700	776,355	(5,655)
Utilities	143,800	144,377	(577)
Repairs and maintenance	409,200	529,037	(119,837)
Other expenditures	113,000	87,804	25,196
Tap connections	-	2,294	(2,294)
Capital outlay	1,042,293	394,586	647,707
	<u>4,756,988</u>	<u>4,075,722</u>	<u>681,266</u>
Excess (Deficiency) of Revenues Over Expenditures	(252,173)	51,534	303,707
Fund Balance, Beginning of Year	<u>8,653,252</u>	<u>8,653,252</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 8,401,079</u>	<u>\$ 8,704,786</u>	<u>\$ 303,707</u>

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**

**Notes to Required Supplementary Information
September 30, 2021**

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's Board and its 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 not amended during fiscal 2021.

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.

Other Information

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**
Other Schedules Included Within This Report
September 30, 2021

(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 13-27
- [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. 35,
of Fort Bend County, Texas
Schedule of Services and Rates
Year Ended September 30, 2021**

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:	\$ 20.60	10,000	N	\$ 1.25	10,001 to 15,000
				\$ 1.75	15,001 to 20,000
				\$ 2.25	20,001 to 30,000
				\$ 2.75	30,001 to 40,000
				\$ 3.25	40,001 to No Limit
Wastewater:	\$ 34.32	1	Y		
Regional water fee:	\$ 4.60	1	N	\$ 4.60	1,001 to No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 66.60	Wastewater \$ 34.32

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"	1,927	1,919	x1.0	1,919
1"	221	220	x2.5	550
1 1/2"	5	5	x5.0	25
2"	63	63	x8.0	504
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	2,217	2,208		3,013
Total wastewater	2,098	2,089	x1.0	2,089

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

Gallons pumped into the system:	309,038
Gallons billed to customers:	309,038
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**
Schedule of General Fund Expenditures
Year Ended September 30, 2021

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$ 20,600		
Legal	88,429		
Engineering	25,149		
Financial advisor	-		134,178
Purchased Services for Resale			
Bulk water and wastewater service purchases			2,007,091
Regional Water Fee			-
Contracted Services			
Bookkeeping	30,583		
General manager	-		
Appraisal district	-		
Tax collector	-		
Security	114,230		
Other contracted services	162,794		307,607
Utilities			144,377
Repairs and Maintenance			529,037
Administrative Expenditures			
Directors' fees	16,950		
Office supplies	2,613		
Insurance	11,916		
Other administrative expenditures	56,325		87,804
Capital Outlay			
Capitalized assets	328,326		
Expenditures not capitalized	66,260		394,586
Tap Connection Expenditures			2,294
Solid Waste Disposal			468,748
Fire Fighting			-
Parks and Recreation			-
Debt Service			-
Total expenditures		\$	<u><u>4,075,722</u></u>

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**
Schedule of Temporary Investments
September 30, 2021

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 91300011933708	0.70%	10/07/21	\$ 245,000	\$ 1,677
No. 11787	0.50%	02/26/22	245,000	725
No. 440005092	0.35%	01/27/22	245,000	578
No. 102290	0.53%	12/02/21	245,000	1,074
No. 603	0.90%	11/17/21	245,000	1,909
No. 304733	0.39%	11/15/21	245,000	840
No. 4191204	0.25%	06/22/22	245,000	168
No. 2000000145	0.25%	03/11/22	245,000	340
No. 12632	0.25%	04/14/22	240,000	278
No. 3216000477	0.20%	09/13/22	245,000	23
No. 30029235	0.35%	05/17/22	245,000	320
No. 600018132	0.75%	02/10/22	245,000	1,168
No. 3300041692	0.30%	08/20/22	245,000	81
No. 6550110122	0.20%	05/10/22	245,000	192
Texas CLASS	0.04%	Demand	4,939,198	-
			<u>8,364,198</u>	<u>9,373</u>
Debt Service Fund				
Certificates of Deposit				
No. 91300011961221	0.28%	02/12/22	245,000	81
No. 2112402	0.40%	02/14/22	245,000	118
No. 4191256	0.20%	02/10/22	245,000	64
No. 36001833	0.20%	02/04/22	245,000	71
No. 3216000509	0.20%	02/06/22	245,000	70
No. 30028302	0.20%	02/09/22	245,000	70
No. 323584	0.35%	02/09/22	245,000	547
No. 6000022746	0.30%	02/10/22	245,000	95
Texas CLASS	0.04%	Demand	243,723	-
			<u>2,203,723</u>	<u>1,116</u>
Totals			<u>\$ 10,567,921</u>	<u>\$ 10,489</u>

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**

**Analysis of Taxes Levied and Receivable
Year Ended September 30, 2021**

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 5,610	\$ 18,986
Additions and corrections to prior years' taxes	(505)	(1,764)
Adjusted receivable, beginning of year	5,105	17,222
 2020 Original Tax Levy	 796,463	 2,766,660
Additions and corrections	7,913	27,486
Adjusted tax levy	804,376	2,794,146
Total to be accounted for	809,481	2,811,368
Tax collections: Current year	(803,350)	(2,790,581)
Prior years	(1,957)	(6,674)
Receivable, end of year	\$ 4,174	\$ 14,113
 Receivable, by Years		
2020	\$ 1,026	\$ 3,565
2019	1,198	4,163
2018	1,191	3,872
2017	479	1,581
2016	280	932
Receivable, end of year	\$ 4,174	\$ 14,113

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**

**Analysis of Taxes Levied and Receivable (Continued)
Year Ended September 30, 2021**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Property Valuations				
Land	\$ 204,023,570	\$ 204,023,570	\$ 202,847,860	\$ 175,284,960
Improvements	634,953,226	627,612,932	652,111,305	674,557,919
Personal property	16,857,180	17,492,901	14,785,090	14,869,490
Exemptions	<u>(9,122,940)</u>	<u>(8,026,115)</u>	<u>(7,834,690)</u>	<u>(4,612,046)</u>
Total property valuations	<u>\$ 846,711,036</u>	<u>\$ 841,103,288</u>	<u>\$ 861,909,565</u>	<u>\$ 860,100,323</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.3300	\$ 0.3300	\$ 0.3250	\$ 0.3300
Maintenance tax rates*	<u>0.0950</u>	<u>0.0950</u>	<u>0.1000</u>	<u>0.1000</u>
Total tax rates per \$100 valuation	<u>\$ 0.4250</u>	<u>\$ 0.4250</u>	<u>\$ 0.4250</u>	<u>\$ 0.4300</u>
Tax Levy	<u>\$ 3,598,522</u>	<u>\$ 3,574,688</u>	<u>\$ 3,663,115</u>	<u>\$ 3,698,431</u>
Percent of Taxes Collected to Taxes Levied**	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$1.50 on November 7, 2000

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

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**

**Schedule of Long-term Debt Service Requirements by Years
September 30, 2021**

Due During Fiscal Years Ending September 30	Refunding Series 2015		
	Principal Due September 1	Interest Due March 1, September 1	Total
2022	\$ 1,000,000	\$ 385,432	\$ 1,385,432
2023	1,040,000	355,431	1,395,431
2024	1,085,000	313,831	1,398,831
2025	1,120,000	281,281	1,401,281
2026	1,130,000	247,681	1,377,681
2027	1,160,000	213,781	1,373,781
2028	1,195,000	178,981	1,373,981
2029	1,220,000	143,131	1,363,131
2030	1,225,000	106,531	1,331,531
2031	1,600,000	68,250	1,668,250
2032	500,000	16,250	516,250
Totals	\$ 12,275,000	\$ 2,310,580	\$ 14,585,580

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2021

Due During Fiscal Years Ending September 30	Refunding Series 2016		
	Principal Due September 1	Interest Due March 1, September 1	Total
2022	\$ 685,000	\$ 376,725	\$ 1,061,725
2023	700,000	356,175	1,056,175
2024	715,000	335,175	1,050,175
2025	720,000	320,875	1,040,875
2026	755,000	304,675	1,059,675
2027	760,000	285,800	1,045,800
2028	765,000	266,800	1,031,800
2029	785,000	236,200	1,021,200
2030	850,000	204,800	1,054,800
2031	965,000	170,800	1,135,800
2032	950,000	132,200	1,082,200
2033	1,185,000	94,200	1,279,200
2034	1,170,000	46,800	1,216,800
Totals	<u>\$ 11,005,000</u>	<u>\$ 3,131,225</u>	<u>\$ 14,136,225</u>

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2021

Due During Fiscal Years Ending September 30	Refunding Series 2021		
	Principal Due September 1	Interest Due March 1, September 1	Total
2022	\$ 285,000	\$ 70,650	\$ 355,650
2023	290,000	62,100	352,100
2024	300,000	53,400	353,400
2025	315,000	44,400	359,400
2026	335,000	34,950	369,950
2027	340,000	24,900	364,900
2028	350,000	18,100	368,100
2029	365,000	14,600	379,600
2030	365,000	7,300	372,300
Totals	<u>\$ 2,945,000</u>	<u>\$ 330,400</u>	<u>\$ 3,275,400</u>

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2021

Due During Fiscal Years Ending September 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 1,970,000	\$ 832,807	\$ 2,802,807
2023	2,030,000	773,706	2,803,706
2024	2,100,000	702,406	2,802,406
2025	2,155,000	646,556	2,801,556
2026	2,220,000	587,306	2,807,306
2027	2,260,000	524,481	2,784,481
2028	2,310,000	463,881	2,773,881
2029	2,370,000	393,931	2,763,931
2030	2,440,000	318,631	2,758,631
2031	2,565,000	239,050	2,804,050
2032	1,450,000	148,450	1,598,450
2033	1,185,000	94,200	1,279,200
2034	1,170,000	46,800	1,216,800
Totals	<u>\$ 26,225,000</u>	<u>\$ 5,772,205</u>	<u>\$ 31,997,205</u>

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas
Changes in Long-term Bonded Debt
Year Ended September 30, 2021**

	Bond Issues				Totals
	Refunding Series 2013	Refunding Series 2015	Refunding Series 2016	Refunding Series 2021	
Interest rates	2.375%	3.00% to 4.00%	2.00% to 4.00%	1.00% to 3.00%	
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity dates		September 1, 2022/2032	September 1, 2022/2034	September 1, 2022/2030	
Bonds outstanding, beginning of current year	\$ 3,190,000	\$ 13,260,000	\$ 11,700,000	\$ -	\$ 28,150,000
Bonds sold during current year	-	-	-	2,945,000	2,945,000
Bonds refunded during current year	2,935,000	-	-	-	2,935,000
Retirements, principal	255,000	985,000	695,000	-	1,935,000
Bonds outstanding, end of current year	<u>\$ 0</u>	<u>\$ 12,275,000</u>	<u>\$ 11,005,000</u>	<u>\$ 2,945,000</u>	<u>\$ 26,225,000</u>
Interest paid during current year	<u>\$ 64,756</u>	<u>\$ 414,981</u>	<u>\$ 397,575</u>	<u>\$ 17,663</u>	<u>\$ 894,975</u>

Paying agent's name and address:

Series 2013 - Wells Fargo Bank, N.A., Minneapolis, Minnesota
Series 2015 - Regions Bank, Houston, Texas
Series 2016 - Regions Bank, Houston, Texas
Series 2021 - Regions Bank, Houston, Texas

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 50,000,000	0	\$ 50,000,000
Amount of authorization issued	\$ 47,160,000	0	\$ 2,892,311
Remaining authorization to be issued	<u>\$ 2,840,000</u>	<u>0</u>	<u>\$ 47,107,689</u>

Debt service fund cash and temporary investment balances as of September 30, 2021:

\$ 2,255,143

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

\$ 2,461,323

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,

	Amounts				
	2021	2020	2019	2018	2017
General Fund					
Revenues					
Property taxes	\$ 805,307	\$ 800,647	\$ 860,376	\$ 860,251	\$ 854,695
City of Houston rebates	240,513	236,949	242,523	254,228	261,828
Water service	705,192	734,825	722,614	754,678	767,336
Sewer service	882,683	880,411	879,384	882,504	881,468
Regional water fee	1,381,813	1,466,452	1,287,671	1,306,691	1,223,315
Penalty and interest	46,971	28,445	58,698	47,688	43,909
Tap connection and inspection fees	10,638	8,141	9,097	8,113	17,765
Investment income	28,469	129,134	174,031	85,544	39,693
Other income	25,670	46,045	33,090	33,206	5,774
Total revenues	<u>4,127,256</u>	<u>4,331,049</u>	<u>4,267,484</u>	<u>4,232,903</u>	<u>4,095,783</u>
Expenditures					
Service operations:					
Purchased services	2,007,091	1,996,333	1,812,108	1,907,662	1,974,375
Professional fees	134,178	120,691	122,681	128,841	173,751
Contracted services	776,355	724,829	721,852	681,649	697,512
Utilities	144,377	165,393	185,048	196,516	174,435
Repairs and maintenance	529,037	364,523	344,953	357,745	373,230
Other expenditures	87,804	111,882	93,874	102,010	97,430
Tap connections	2,294	-	-	-	4,145
Capital outlay	394,586	540,901	242,828	329,511	436,222
Total expenditures	<u>4,075,722</u>	<u>4,024,552</u>	<u>3,523,344</u>	<u>3,703,934</u>	<u>3,931,100</u>
Excess of Revenues Over Expenditures	51,534	306,497	744,140	528,969	164,683
Other Financing Sources					
Insurance proceeds	-	-	2,063	22,903	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	51,534	306,497	746,203	551,872	164,683
Fund Balance, Beginning of Year	<u>8,653,252</u>	<u>8,346,755</u>	<u>7,600,552</u>	<u>7,048,680</u>	<u>6,883,997</u>
Fund Balance, End of Year	<u>\$ 8,704,786</u>	<u>\$ 8,653,252</u>	<u>\$ 8,346,755</u>	<u>\$ 7,600,552</u>	<u>\$ 7,048,680</u>
Total Active Retail Water Connections	<u>2,208</u>	<u>2,210</u>	<u>2,212</u>	<u>2,201</u>	<u>2,206</u>
Total Active Retail Wastewater Connections	<u>2,089</u>	<u>2,092</u>	<u>2,094</u>	<u>2,083</u>	<u>2,088</u>

Percent of Fund Total Revenues

2021	2020	2019	2018	2017
19.5 %	18.5 %	20.1 %	20.3 %	20.9 %
5.8	5.5	5.7	6.0	6.4
17.1	17.0	16.9	17.8	18.7
21.4	20.3	20.6	20.9	21.5
33.5	33.8	30.2	30.9	29.9
1.1	0.6	1.4	1.1	1.1
0.3	0.2	0.2	0.2	0.4
0.7	3.0	4.1	2.0	1.0
0.6	1.1	0.8	0.8	0.1
100.0	100.0	100.0	100.0	100.0
48.6	46.1	42.5	45.1	48.2
3.3	2.8	2.9	3.0	4.2
18.8	16.7	16.9	16.1	17.0
3.5	3.8	4.3	4.6	4.3
12.8	8.4	8.1	8.5	9.1
2.1	2.6	2.2	2.4	2.4
0.1	-	-	-	0.1
9.6	12.5	5.7	7.8	10.7
98.8	92.9	82.6	87.5	96.0
1.2 %	7.1 %	17.4 %	12.5 %	4.0 %

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas**
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended September 30,

	Amounts				
	2021	2020	2019	2018	2017
Debt Service Fund					
Revenues					
Property taxes	\$ 2,797,255	\$ 2,780,093	\$ 2,796,319	\$ 2,838,074	\$ 2,905,318
Penalty and interest	23,278	19,365	17,261	24,359	15,800
Investment income	13,021	60,036	87,435	53,126	26,642
Total revenues	<u>2,833,554</u>	<u>2,859,494</u>	<u>2,901,015</u>	<u>2,915,559</u>	<u>2,947,760</u>
Expenditures					
Current:					
Professional fees	4,195	4,906	4,199	1,658	2,852
Contracted services	56,340	66,962	60,938	64,040	59,117
Other expenditures	5,359	5,153	5,138	5,325	4,704
Debt service:					
Principal retirement	1,935,000	1,890,000	1,845,000	1,800,000	1,775,000
Interest and fees	895,768	992,932	1,045,882	1,093,832	1,152,894
Debt defeasance	127,399	-	-	-	-
Debt issuance costs	36,000	-	-	-	-
Total expenditures	<u>3,060,061</u>	<u>2,959,953</u>	<u>2,961,157</u>	<u>2,964,855</u>	<u>2,994,567</u>
Deficiency of Revenues Over Expenditures	<u>(226,507)</u>	<u>(100,459)</u>	<u>(60,142)</u>	<u>(49,296)</u>	<u>(46,807)</u>
Other Financing Sources (Uses)					
General obligation bonds issued	2,945,000	-	-	-	-
Deposit with escrow agent	(2,957,631)	-	-	-	-
Premium on bonds	143,818	-	-	-	-
Total other financing sources	<u>131,187</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(95,320)</u>	<u>(100,459)</u>	<u>(60,142)</u>	<u>(49,296)</u>	<u>(46,807)</u>
Fund Balance, Beginning of Year	<u>2,338,938</u>	<u>2,439,397</u>	<u>2,499,539</u>	<u>2,548,835</u>	<u>2,595,642</u>
Fund Balance, End of Year	<u>\$ 2,243,618</u>	<u>\$ 2,338,938</u>	<u>\$ 2,439,397</u>	<u>\$ 2,499,539</u>	<u>\$ 2,548,835</u>

Percent of Fund Total Revenues

2021	2020	2019	2018	2017
98.7 %	97.2 %	96.4 %	97.4 %	98.6 %
0.8	0.7	0.6	0.8	0.5
0.5	2.1	3.0	1.8	0.9
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.1	0.2	0.1	0.1	0.1
2.0	2.3	2.1	2.2	2.0
0.2	0.2	0.2	0.2	0.2
68.3	66.1	63.6	61.7	60.2
31.6	34.7	36.1	37.5	39.1
4.5	-	-	-	-
1.3	-	-	-	-
<u>108.0</u>	<u>103.5</u>	<u>102.1</u>	<u>101.7</u>	<u>101.6</u>
<u>(8.0) %</u>	<u>(3.5) %</u>	<u>(2.1) %</u>	<u>(1.7) %</u>	<u>(1.6) %</u>

Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas

Board Members, Key Personnel and Consultants Year Ended September 30, 2021

Complete District mailing address:	Fort Bend County Municipal Utility District No. 35, of Fort Bend County, Texas c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 2400 Houston, Texas 77056	
District business telephone number:	713.623.4531	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		December 2, 2020
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
Piero Battistini	Elected 05/18- 05/22	\$ 1,650	\$ 0	President
Sergio Handal	Elected 05/18- 05/22	4,050	1,394	Vice President
Steven Olsen	Elected 11/20-** 05/24	3,000	1,300	Secretary
Tony Feng	Elected 11/20-** 05/24	1,350	31	Assistant Secretary
Susan Ruske	Elected 05/18- 05/22	6,000	495	Assistant Secretary
Trevor Eynon	Appointed 12/16- 11/20**	900	0	Term Expired

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

**The May 2020 director election was postponed until November 2020.

**Fort Bend County Municipal Utility District No. 35,
of Fort Bend County, Texas
Board Members, Key Personnel and Consultants (Continued)
Year Ended September 30, 2021**

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BGE, Inc.	09/04/13	\$ 25,149	Engineer
BKD, LLP	09/01/04	23,100	Auditor
Fort Bend Central Appraisal District	Legislative Action	19,120	Appraiser
Inframark, LLC	01/02/04	720,765	Operator
Masterson Advisors LLC	06/06/18	32,245	Financial Advisor
Municipal Accounts & Consulting, L.P.	07/02/03	34,107	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	2004	4,195	Delinquent Tax Attorney
Schwartz, Page & Harding, L.L.P.	02/29/84	94,556 30,004	General Counsel Bond Counsel
Tax Tech, Incorporated	12/02/02	39,706	Tax Assessor/ Collector
Investment Officers			
Mark M. Burton and Ghia Lewis	2004	N/A	Bookkeepers