

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**

**FORT BEND COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2020**

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Fort Bend County Municipal  
Utility District No. 116  
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. 116 (the "District"), as of and for the year ended December 31, 2020, 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 District'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.

Board of Directors  
Fort Bend County Municipal  
Utility District No. 116

## 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 December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, 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.

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

*McCall Gibson Swedlund Barfoot PLLC*

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

April 6, 2021

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Management's discussion and analysis of Fort Bend County Municipal Utility District No. 116's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the District's financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**FUND FINANCIAL STATEMENTS (Continued)**

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO THE FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,544,014 as of December 31, 2020.

A portion of the District's net position reflects its net investment in capital assets (e.g. land and land improvements, construction in progress, buildings and other assets, and water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	\$ 17,207,118	\$ 16,115,584	\$ 1,091,534
Capital Assets (Net of Accumulated Depreciation)	23,693,688	24,437,505	(743,817)
Total Assets	\$ 40,900,806	\$ 40,553,089	\$ 347,717
Deferred Outflows of Resources	\$ 370,672	\$ 414,988	\$ (44,316)
Due to Developer	\$	\$ 1,384,054	\$ 1,384,054
Long-Term Liabilities	22,983,794	23,691,698	707,904
Other Liabilities	617,365	648,378	31,013
Total Liabilities	\$ 23,601,159	\$ 25,724,130	\$ 2,122,971
Deferred Inflows of Resources	\$ 5,126,305	\$ 4,979,759	\$ (146,546)
Net Position:			
Net Investment in Capital Assets	\$ 1,800,193	\$ 428,930	\$ 1,371,263
Restricted	1,597,660	1,730,405	(132,745)
Unrestricted	9,146,161	8,104,853	1,041,308
Total Net Position	\$ 12,544,014	\$ 10,264,188	\$ 2,279,826

The following table provides a summary of the District's operations for the years ended December 31, 2020, and December 31, 2019. The District's net position increased by \$2,279,826.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,976,095	\$ 4,802,416	\$ 173,679
Charges for Services	2,014,243	1,867,357	146,886
Other Revenues	423,390	560,637	(137,247)
Total Revenues	\$ 7,413,728	\$ 7,230,410	\$ 183,318
Expenses for Services	5,133,902	5,176,162	42,260
Change in Net Position	\$ 2,279,826	\$ 2,054,248	\$ 225,578
Net Position, Beginning of Year	10,264,188	8,209,940	2,054,248
Net Position, End of Year	\$ 12,544,014	\$ 10,264,188	\$ 2,279,826



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of the fiscal year ended December 31, 2020, were \$11,499,993, an increase of \$919,487 from the prior year.

The General Fund fund balance increased by \$1,043,753, primarily due to property tax and service revenues exceeding operating expenditures and capital outlay.

The Debt Service Fund fund balance decreased by \$191,704, due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$67,438, primarily due to surplus funds remaining from the issuance of \$1,750,000 of Series 2020 bonds used to reimburse developer funded capital projects.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors annually adopts an unappropriated budget for the General Fund. The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$17,840 more than budgeted revenues. Actual expenditures were \$715,099 more than budgeted expenditures primarily due to higher than anticipated costs expensed for the Fort Bend County Levee Improvement District No. 11 levee raising and sluice gate improvements and the pump station expansion project. Overall, General Fund fund balance decreased \$631,847 compared to budget.

**CAPITAL ASSETS**

The District's capital assets as of December 31, 2020, total \$23,693,688 (net of accumulated depreciation) and include land and land improvements, construction in progress, buildings and equipment as well as the water, wastewater and drainage systems. Additional information on the District's capital assets can be found in Note 6 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,608,565	\$ 1,608,565	\$
Construction in Progress	41,245		41,245
Capital Assets, Net of Accumulated Depreciation:			
Buildings	2,394	2,719	(325)
Water System	3,834,659	3,859,016	(24,357)
Wastewater System	8,966,226	9,416,353	(450,127)
Drainage System	9,240,599	9,550,852	(310,253)
Total Net Capital Assets	<u>\$ 23,693,688</u>	<u>\$ 24,437,505</u>	<u>\$ (743,817)</u>

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**LONG-TERM DEBT ACTIVITY**

At the end of the current fiscal year, the District had total bond debt payable of \$22,110,000. The changes in the debt position of the District during the fiscal year ended December 31, 2020, are summarized as follows:

Bond Debt Payable, January 1, 2020	\$ 22,740,000
Add: Bond Sale - Series 2020 Bonds	1,750,000
Less: Bond Principal Paid	<u>2,380,000</u>
Bond Debt Payable, December 31, 2020	<u>\$ 22,110,000</u>

The District’s Series 2011 Refunding Bonds carry an underlying rating of “BBB+” from Standard & Poor’s and an insured rating by Standard & Poor’s of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal. The Series 2013 Refunding and Series 2013A Refunding Bonds carry an underlying rating of “BBB+” from Standard & Poor’s and an insured rating by Standard & Poor’s of “AA” by virtue of bond insurance issued by Build America Mutual. The Series 2016, Series 2016A Refunding, Series 2017, Series 2019 Refunding and Series 2020 Bonds carry an underlying rating of “A2” from Moody’s and an insured rating by Standard & Poor’s of “AA” by virtue of bond insurance issued by Build America Mutual. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The above ratings are as of December 31, 2020 and reflect all rating changes of the bond insurers through the fiscal year end.

**CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS**

The adopted budget for fiscal year 2021 projects no change in General Fund fund balance.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Municipal Utility District No. 116, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2020**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 358,455	\$ 1,372,687
Investments	7,618,229	1,758,907
Receivables:		
Property Taxes	1,574,692	2,159,098
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Uncollectible Accounts of \$5,000)	175,376	
Accrued Interest	14,859	12,352
Other	52,564	
Due from Other Funds	549,520	
Prepaid Costs	1,286,455	
Capital Assets (Net of Accumulated Depreciation):		
Land and Land Improvements		
Construction in Progress		
Water, Wastewater, and Drainage Systems and Other Depreciable Assets		
<b>TOTAL ASSETS</b>	<b>\$ 11,630,150</b>	<b>\$ 5,303,044</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 11,630,150</b>	<b>\$ 5,303,044</b>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 100	\$ 1,731,242	\$	\$ 1,731,242
729,735	10,106,871		10,106,871
	3,733,790		3,733,790
		35,623	35,623
	175,376		175,376
	27,211		27,211
	52,564		52,564
14,520	564,040	(564,040)	
	1,286,455	57,986	1,344,441
		1,608,565	1,608,565
		41,245	41,245
		22,043,878	22,043,878
<u>\$ 744,355</u>	<u>\$ 17,677,549</u>	<u>\$ 23,223,257</u>	<u>\$ 40,900,806</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 370,672</u>	<u>\$ 370,672</u>
<u>\$ 744,355</u>	<u>\$ 17,677,549</u>	<u>\$ 23,593,929</u>	<u>\$ 41,271,478</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2020**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 272,570	\$
Accrued Interest Payable		
Due to Other Funds	14,520	549,520
Due to Taxpayers		2,369
Security Deposits	80,089	
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 367,179</b>	<b>\$ 551,889</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 2,211,043	\$ 3,022,717
<b>FUND BALANCES</b>		
Nonspendable -		
Prepaid Costs	\$ 1,286,455	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,728,438
Unassigned	7,765,473	
<b>TOTAL FUND BALANCES</b>	<b>\$ 9,051,928</b>	<b>\$ 1,728,438</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,630,150</b>	<b>\$ 5,303,044</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 24,728	\$ 297,298	\$	\$ 297,298
	564,040	237,609	237,609
	2,369	(564,040)	2,369
	80,089		80,089
		2,430,000	2,430,000
		20,553,794	20,553,794
<u>\$ 24,728</u>	<u>\$ 943,796</u>	<u>\$ 22,657,363</u>	<u>\$ 23,601,159</u>
<u>\$ -0-</u>	<u>\$ 5,233,760</u>	<u>\$ (107,455)</u>	<u>\$ 5,126,305</u>
\$ 719,627	\$ 1,286,455	\$ (1,286,455)	\$
	719,627	(719,627)	
	1,728,438	(1,728,438)	
	7,765,473	(7,765,473)	
<u>\$ 719,627</u>	<u>\$ 11,499,993</u>	<u>\$ (11,499,993)</u>	<u>\$ - 0 -</u>
<u>\$ 744,355</u>	<u>\$ 17,677,549</u>		
		\$ 1,800,193	\$ 1,800,193
		1,597,660	1,597,660
		9,146,161	9,146,161
		<u>\$ 12,544,014</u>	<u>\$ 12,544,014</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

Total Fund Balances - Governmental Funds		\$ 11,499,993
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Prepaid bond insurance in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.</p>		57,986
<p>Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.</p>		370,672
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.</p>		23,693,688
<p>Deferred inflows of resources related to property tax revenues and uncollected penalty and interest on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District.</p>		143,078
<p>Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:</p>		
Accrued Interest Payable	\$ (237,609)	
Bonds Payable Within One Year	(2,430,000)	
Bonds Payable After One Year	<u>(20,553,794)</u>	<u>(23,221,403)</u>
Total Net Position - Governmental Activities		<u>\$ 12,544,014</u>

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

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**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 1,949,825	\$ 2,973,479
Water Service	500,241	
Wastewater Service	475,275	
GRP Revenues	532,018	
Penalty and Interest	33,359	25,347
Tap Connection and Inspection Fees	99,156	
Investment Revenues	90,929	44,190
Fire Contract Revenues	335,856	
City of Richmond-SPA Revenues	260,984	
Miscellaneous Revenues	5,547	16,485
<b>TOTAL REVENUES</b>	<b>\$ 4,283,190</b>	<b>\$ 3,059,501</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 336,428	\$ 10,297
Contracted Services	329,955	75,517
Purchased Wastewater Service	188,435	
Utilities	70,327	
GRP Assessment	574,414	
Repairs and Maintenance	1,134,989	
Fire Contract Costs	274,052	
Developer Interest		
Depreciation		
Other	237,262	10,229
Capital Outlay	158,987	
Debt Service:		
Bond Issuance Costs		
Bond Principal		2,380,000
Bond Interest		775,162
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 3,304,849</b>	<b>\$ 3,251,205</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</b> <b>EXPENDITURES/EXPENSES</b>	<b>\$ 978,341</b>	<b>\$ (191,704)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In (Out)	\$ 65,412	\$
Proceeds from Sale of Bonds		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 65,412</b>	<b>\$ -0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 1,043,753</b>	<b>\$ (191,704)</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JANUARY 1, 2020</b>	<b>8,008,175</b>	<b>1,920,142</b>
<b>FUND BALANCES/NET POSITION - DECEMBER 31, 2020</b>	<b>\$ 9,051,928</b>	<b>\$ 1,728,438</b>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 4,923,304	\$ 52,791	\$ 4,976,095
	500,241		500,241
	475,275		475,275
	532,018		532,018
	58,706	12,991	71,697
	99,156		99,156
5,255	140,374		140,374
	335,856		335,856
	260,984		260,984
	22,032		22,032
<u>\$ 5,255</u>	<u>\$ 7,347,946</u>	<u>\$ 65,782</u>	<u>\$ 7,413,728</u>
\$ 4,067	\$ 350,792	\$	\$ 350,792
425	405,897		405,897
	188,435		188,435
	70,327		70,327
	574,414		574,414
	1,134,989		1,134,989
	274,052		274,052
50,595	50,595		50,595
		930,412	930,412
15	247,506		247,506
1,411,662	1,570,649	(1,570,649)	
155,641	155,641		155,641
	2,380,000	(2,380,000)	
	775,162	(24,320)	750,842
<u>\$ 1,622,405</u>	<u>\$ 8,178,459</u>	<u>\$ (3,044,557)</u>	<u>\$ 5,133,902</u>
\$ (1,617,150)	\$ (830,513)	\$ 3,110,339	\$ 2,279,826
\$ (65,412)	\$	\$	\$
1,750,000	1,750,000	(1,750,000)	
<u>\$ 1,684,588</u>	<u>\$ 1,750,000</u>	<u>\$ (1,750,000)</u>	<u>\$ -0-</u>
\$ 67,438	\$ 919,487	\$ (919,487)	\$
		2,279,826	2,279,826
652,189	10,580,506	(316,318)	10,264,188
<u>\$ 719,627</u>	<u>\$ 11,499,993</u>	<u>\$ 1,044,021</u>	<u>\$ 12,544,014</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds	\$	919,487
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		52,791
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		12,991
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(930,412)
Governmental funds report capital expenditures, net of reclassifications, as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		1,570,649
Governmental funds report bond insurance costs as expenditures and deferred charges on refunding bonds, bond premiums and bond discounts as other financing sources in the year paid and received. However, in the Statement of Net Position, bond insurance costs, deferred charges on refunding bonds, bond premiums and bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		10,236
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		2,380,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		14,084
Governmental funds report bond proceeds, net of bond premiums and discounts, as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		<u>(1,750,000)</u>
Change in Net Position - Governmental Activities	\$	<u><u>2,279,826</u></u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1. CREATION OF DISTRICT**

Fort Bend County Municipal Utility District No. 116 of Fort Bend County, Texas (the “District”) was created effective March 18, 1998 by an Order of the Texas Commission on Environmental Quality (the “Commission”). The formation of the District was confirmed by an election held August 8, 1998. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on March 18, 1998, and sold its first bonds on June 27, 2000.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (the “GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. The GASB has established criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

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

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

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectible within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include 2019 taxes collected during the period October 1, 2019, to December 31, 2020. In addition, taxes collected from January 1, 2020, to December 31, 2020, for the 2018 and prior tax levies are included in revenue. The 2020 tax levy has been fully deferred to meet the obligations of the District in the 2021 fiscal year.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of December 31, 2020, the District’s Debt Service Fund owed the General Fund \$549,520 for maintenance tax collections. The District’s General Fund owed the Capital Projects Fund \$14,520 for bond issue costs. During the year ended December 31, 2020, the Capital Projects Fund transferred \$65,412 to the General Fund to reimburse the General Fund for bond issue costs previously funded by the General Fund.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

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

Budgeting

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

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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

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

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

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

*Unassigned*: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 3. LONG-TERM DEBT**

The following is a summary of transactions regarding long-term liabilities for the year ended December 31, 2020:

	January 1, 2020	Additions	Retirements	December 31, 2020
Bonds Payable	\$ 22,740,000	\$ 1,750,000	\$ (2,380,000)	\$ 22,110,000
Unamortized Discounts	(19,592)		14,749	(4,843)
Unamortized Premiums	971,290		(92,653)	878,637
Bonds Payable, Net	<u>\$ 23,691,698</u>	<u>\$ 1,750,000</u>	<u>\$ (2,457,904)</u>	<u>\$ 22,983,794</u>
			Amount Due Within One Year	\$ 2,430,000
			Amount Due After One Year	<u>20,553,794</u>
			Bonds Payable, Net	<u>\$ 22,983,794</u>

On January 10, 2020, the District issued \$1,750,000 of Series 2020 Unlimited Tax Bonds with interest rates ranging from 2.00% to 2.25%. The net proceeds of \$1,718,318 (after payment of the underwriting fees, insurance and other issuance costs) were used as follows: \$1,421,011 was paid to the Developer to reimburse the construction of water, wastewater and drainage facilities that serve the District, and the remaining portion was deposited in the District's investment accounts to finance (i) additional costs of the acquisition or construction of water, wastewater and drainage facilities that serve the District and (ii) pay costs related to the issuance of the bonds.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3. LONG-TERM DEBT (Continued)**

The District's bonds payable at December 31, 2020, consists of the following unlimited tax bonds:

	Series 2011 Refunding	Series 2013 Refunding	Series 2013A Refunding
Amount Outstanding – December 31, 2020	\$ 455,000	\$ 240,000	\$ 1,210,000
Interest Rates	3.625%	3.00%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2021	September 1, 2021	September 1, 2021/2024
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2019*	September 1, 2019*	September 1, 2020*
	Series 2016	Series 2016A Refunding	Series 2017
Amount Outstanding – December 31, 2020	\$ 1,775,000	\$ 6,385,000	\$ 2,305,000
Interest Rates	1.65% - 3.25%	3.00% - 4.00%	2.00% - 3.25%
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2034	September 1, 2021/2034	September 1, 2021/2034
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2023*	September 1, 2024*	September 1, 2024*

\* Or any date thereafter, at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2016 term bonds maturing September 1, 2030, September 1, 2032, and September 1, 2034 are subject to mandatory redemption beginning September 1, 2029, September 1, 2031, and September 1, 2033, respectively. Series 2017 term bonds maturing September 1, 2030, September 1, 2032, and September 1, 2034 are subject to mandatory redemption beginning September 1, 2029, September 1, 2031, and September 1, 2033, respectively.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3. LONG-TERM DEBT (Continued)**

	Series 2019 Refunding	Series 2020
Amount Outstanding – December 31, 2020	\$ 8,090,000	\$ 1,650,000
Interest Rates	3.00% - 4.00%	2.00% - 2.25%
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2030	September 1, 2021/2034
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2024**	September 1, 2025**

\*\* Or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2020 term bonds maturing September 1, 2030, September 1, 2032, and September 1, 2034 are subject to mandatory redemption beginning September 1, 2029, September 1, 2031, and September 1, 2033, respectively.

As of December 31, 2020, the debt service requirements on the bond outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 2,430,000	\$ 709,280	3,139,280
2022	2,475,000	637,535	3,112,535
2023	2,525,000	567,238	3,092,238
2024	2,580,000	489,755	3,069,755
2025	1,775,000	393,650	2,168,650
2026-2030	7,185,000	1,172,126	8,357,126
2031-2034	3,140,000	241,678	3,381,678
	<u>\$ 22,110,000</u>	<u>\$ 4,211,262</u>	<u>\$ 26,321,262</u>

As of December 31, 2020, the District has \$1,940,000 in tax bonds and \$24,485,000 in refunding bonds authorized by voters but remaining to be issued. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3. LONG-TERM DEBT (Continued)**

During the year ended December 31, 2020, the District levied an ad valorem debt service tax rate of \$0.57 per \$100 of assessed valuation, which resulted in a tax levy of \$2,951,509 on the adjusted taxable valuation of \$517,809,341 for the 2020 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 8 for the maintenance tax levy.

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

**NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**

The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

For the bond issues, the District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

The bond resolutions state that so long as any of the bonds are outstanding, the District covenants to maintain insurance on such parts of the system as are usually insured by municipal corporations and political subdivisions in Texas operating like properties in similar locations under the same circumstances with a responsible insurance company or companies against risk, accidents or casualties against which and to the extent insurance is usually carried by such municipal corporations and political subdivisions; provided, however, that at any time while any contractor engaged in construction work shall be fully responsible therefore, the District shall not be required to carry such insurance.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$6,051,242 and the bank balance was \$5,966,636. Of the bank balance, \$4,820,000 was covered by federal depository insurance and the remaining balance was covered by collateral pledged in the name of the District and held in a third party depository.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2020, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 358,455	\$ 2,640,000	\$ 2,998,455
DEBT SERVICE FUND	1,372,687	1,680,000	3,052,687
CAPITAL PROJECTS FUND	100		100
TOTAL DEPOSITS	\$ 1,731,242	\$ 4,320,000	\$ 6,051,242

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

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

The District invests in TexasCLASS, an external investment pool that is not SEC-registered. TexasCLASS invests only in securities allowed by the Public Funds Investment Act and is governed by a board of trustees, elected annually by its participants. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor and Wells Fargo Bank, N.A. serves as custodian for the pool. TexasCLASS measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexasCLASS at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexasCLASS.

The District records its investment in certificates of deposit at acquisition cost.

As of December 31, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexasCLASS	\$ 4,978,229	\$ 4,978,229	\$	\$	\$
Certificates of Deposit	2,640,000	2,640,000			
<u>DEBT SERVICE FUND</u>					
TexasCLASS	78,907	78,907			
Certificates of Deposit	1,680,000	1,680,000			
<u>CAPITAL PROJECTS FUND</u>					
TexasCLASS	729,735	729,735			
<b>TOTAL INVESTMENTS</b>	<u>\$ 10,106,871</u>	<u>\$ 10,106,871</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2020, the District's investments in TexasCLASS were rated AAAM by Standard and Poor's Rating Agency. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers its investments in TexasCLASS to have maturities of less than one year due to the fact that the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020:

	January 1, 2020	Increases	Decreases	December 31, 2020
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 1,608,565	\$	\$	\$ 1,608,565
Construction in Progress		41,245		41,245
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 1,608,565</u>	<u>\$ 41,245</u>	<u>\$ - 0 -</u>	<u>\$ 1,649,810</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings	\$ 8,094	\$	\$	\$ 8,094
Water System	6,153,103	132,121		6,285,224
Wastewater System	14,382,695	13,229		14,395,924
Drainage System	13,945,577			13,945,577
Other	50,000			50,000
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 34,539,469</u>	<u>\$ 145,350</u>	<u>\$ - 0 -</u>	<u>\$ 34,684,819</u>
<b>Less Accumulated Depreciation</b>				
Buildings	\$ 5,375	\$ 325	\$	\$ 5,700
Water System	2,294,087	156,478		2,450,565
Wastewater System	4,966,342	463,356		5,429,698
Drainage System	4,394,725	310,253		4,704,978
Other	50,000			50,000
<b>Total Accumulated Depreciation</b>	<u>\$ 11,710,529</u>	<u>\$ 930,412</u>	<u>\$ - 0 -</u>	<u>\$ 12,640,941</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 22,828,940</u>	<u>\$ (785,062)</u>	<u>\$ - 0 -</u>	<u>\$ 22,043,878</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 24,437,505</u>	<u>\$ (743,817)</u>	<u>\$ - 0 -</u>	<u>\$ 23,693,688</u>

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7. DEFERRED OUTFLOWS OF RESOURCES**

The following is a summary of changes in the deferred outflows of resources for the year ended December 31, 2020:

	January 1, 2020	Additions	Retirements	December 31, 2020
Deferred charges on refunding bonds	\$ 414,988	\$ -0-	\$ 44,316	\$ 370,672

**NOTE 8. MAINTENANCE TAX**

On August 8, 1998, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the year ended December 31, 2020, the District levied an ad valorem maintenance tax rate of \$0.42 per \$100 of assessed valuation, which resulted in a tax levy of \$2,174,796 on the taxable valuation of \$517,809,341 for the 2020 tax year.

**NOTE 9. UNREIMBURSED COSTS**

The District has entered into development financing agreements with Developers within the District. The agreements call for the Developers to fund costs associated with water and sewer facilities and utilities construction. Such costs may be reimbursable to the Developers by the District from proceeds of future District bond issues, subject to approval by the Commission, or from operations. As of December 31, 2020, the District had authorized but unissued bonds in the amount of \$1,940,000 for utility facilities, the proceeds of which may be used to reimburse the Developer and purchase additional infrastructure. As of December 31, 2020, the District has no liability recorded in the Statement of Net Position for amounts due to the Developer.

The following is a summary of transactions regarding the changes in developer advances for the year ended December 31, 2020:

Due to Developer, beginning of year	\$ 1,384,054
Current Year Additions	-
Current Year Reimbursements	(1,384,054)
Due to Developer, end of year	\$ -



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 10. 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 from which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE 11. EMERGENCY WATER SUPPLY CONTRACTS**

On October 22, 2007, the District entered into an Emergency Water Supply Contract with the City of Richmond, Texas (the "City"). The District will design and construct, at its sole cost, two water lines to be connected to the City's water line. The Williams Way interconnect has been constructed and conveyed to the City and the City will be responsible for its operation and maintenance. A second interconnect may be constructed in the future, and if so, will be operated and maintained by the District. Each party is authorized to take water in an emergency only after providing notice to the supplying party, except for when the emergency is a fire. If the emergency is a fire, notice must be given to the supplying party at the earliest practicable time. The rate billed for water used in an emergency is calculated at the then current per 1,000 gallons rate charged by the City to schools in its ordinance, plus any fees (including any penalty fee) related to compliance with a groundwater reduction plan or surface water contract. The term of this agreement is for a period of 40 years from November 1, 2007, the effective date of the agreement, and shall automatically renew for consecutive one-year terms unless terminated as provided in the agreement; however, upon the annexation of the District, this contract shall automatically terminate.

Effective September 17, 2019, the District entered into an Emergency Water Supply Contract with the City of Sugar Land, Texas ("Sugar Land"). Sugar Land owns and maintains an interconnect waterline from the District's system to Sugar Land's system. Each party is authorized to take water in an emergency only after providing verbal notice to the supplying party, except for when the emergency is a fire. If the emergency is a fire, notice must be given to the supplying party at the earliest practicable time. The rate billed for water used in an emergency is calculated at the then lowest retail water service rate per 1,000 gallons charged by Sugar Land to its residential customers in its ordinance, plus any fees related to compliance with a groundwater reduction plan or surface water contract. The term of this agreement is for a period of 20 years from the effective date of the agreement and shall automatically renew for successive ten-year periods unless terminated as provided in the agreement.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 12. FIRE PROTECTION AGREEMENT**

On June 11, 2001, the District entered into a Fire Protection Agreement with the City which provides that the City will provide fire protection to persons, buildings and property located within the District within the City's extraterritorial jurisdiction. This agreement became effective on March 1, 2002, after the Board had declared the favorable results of the voter election to approve the fire plan on February 5, 2002.

Under the terms of the agreement, the District was required to make monthly payments of (1) \$9.62 for each residential unit in the District that is connected to the public water supply system; and (2) \$9.62 per 2,000 square feet or part thereof of building floor area for every improved non-residential property. The monthly charges became effective in August 2003. These monthly charges remained in effect until October 1, 2008, and thereafter were adjusted annually for 100% of the increase or decrease, if any, between the most recently published Consumer Price Index (CPI) and the CPI for the preceding calendar year. Effective October 1, 2013, the First Amendment to Fire Protection Agreement was approved setting the fee to \$13.95 through October 1, 2018. The agreement was automatically renewed and remained in effect at December 31, 2020. Effective October 2020, the City adjusted the monthly fee charged to \$14.27.

The District was required to pay the City a \$100,000 cash contribution toward the capital cost of the new fire station. During a prior fiscal year, a Developer within the District made a \$50,000 non-reimbursable cash contribution toward the District's required \$100,000 cash contribution.

During April 2004, the City opened a substation no. 2 to serve the District's fire protection needs. At that time, the City ceased applying \$3.62 of each \$9.62 monthly fee toward the required cash contribution. To date, the City has collected \$74,215 of the required cash contribution, including the \$50,000 funded by the Developer. The City, in the future, will receive bids to build a new permanent fire station. At that point in time, the City may invoice the District for any remaining amount that may be due in accordance with the agreement.

The term of the agreement is 15 years and is automatically renewed for successive one-year terms. The agreement terminates upon the date the District is dissolved by reason of annexation by the City.

Under the District's rate order, in effect as of December 31, 2020, each equivalent residential connection was charged \$14.27 per month and each commercial connection was billed \$14.27 per 2,000 square feet or part thereof of building floor area. During the current fiscal year, the District recorded fire protection service expenditures of \$274,052.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT**

Effective October 22, 2007, the District entered into a Strategic Partnership Agreement with the City. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a commercial tract of land defined as the “Limited-Purpose Tract” for limited purposes and a commercial tract of land defined as the “Full-Purpose Tract” for full purposes. The City has annexed the Full-Purpose Tract and the Limited-Purpose Tract. In accordance with the agreement, the District is authorized to exercise all powers and functions of a municipal utility district provided by law, including, without limiting the foregoing, the power to incur additional debts, liabilities, or obligations, to construct additional utility facilities, or to contract with others for the provision and operation thereof, or sell or otherwise transfer property without prior approval of the City.

The District shall not be liable for any present or future debts of the City, and current and future ad valorem taxes levied by the City will not be levied on taxable property within the District, other than within the Full-Purpose Tract.

The City shall impose a Sales and Use Tax within the boundaries of both the Full-Purpose Tract and the Limited-Purpose Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate provided within the City. The City agrees to pay the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Full-Purpose Tract and the Limited-Purpose Tract. The City agrees to deliver to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller’s office.

The term of this agreement is 50 years from the effective date, unless terminated on an earlier date pursuant to other provisions or by express written agreement executed by the City and the District. Upon expiration of the initial term, the agreement will automatically be extended for successive one-year periods, unless either the City or the District gives notice to the other of its intent to terminate prior to any extension. The District recorded revenues of \$260,984 in relation to this agreement during the current fiscal year.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 14. REGIONAL WASTEWATER TREATMENT PLANT AGREEMENT**

On September 4, 2007, the District entered into a Regional Wastewater Treatment Plant Agreement with the City. On April 20, 2009, the District entered into the Amended Regional Wastewater Treatment Plant Agreement with the City. The District and the City have determined to construct and operate a regional wastewater treatment plant (the “plant”) with ultimate capacity to treat approximately 5 million gallons per day, on a site owned by the City. The plant is expected to be constructed in three phases. Phases 1, 2 and 3 will be constructed with capacities of 0.95 mgd, 2.05 mgd and 2.0 mgd, respectively. The first phase was completed during a prior fiscal year, and the second phase was completed during the current fiscal year. The third phase is expected to be operational by January 2030. It is anticipated that the District will only participate in the cost of Phase I and it will not acquire additional capacity in Phases 2 or 3.

The City will be legal owner of the plant; however, the parties have beneficial ownership according to their ownership shares.

The District agrees to reimburse the City for the acquisition cost of the site on which the plant will be located. The District will reimburse the City its pro rata share of these costs based upon its pro rata share of the ultimate number of equivalent single family residential connections (“ESFRC”) to be served by the plant, as follows:

ULTIMATE PLANT CAPACITY		
	ESFRCs	%
District	2,800	17.6%
City	13,071	82.4
TOTAL	15,871	100.0%

The allocation of construction costs for each phase of the plant will be allocated between the parties based upon each party’s pro rata share of the projected number of ESFRC’s to be served by the phase of the plant under construction. These are projected as follows:

	PHASE 1		PHASE 2		FINAL PHASE		ULTIMATE CAPACITY	
	ESFRCs	%	ESFRCs	%	ESFRCs	%	ESFRCs	%
District	2,800	100.0%	-0-	0%	-0-	0%	2,800	17.6%
City	-0-	0.0	6,722	100	6,349	100	13,071	82.4
TOTAL	2,800	100.0%	6,722	100%	6,349	100%	15,871	100.0%

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 14. REGIONAL WASTEWATER TREATMENT PLANT AGREEMENT**  
(Continued)

The City will operate the plant for the benefit of all parties. Each month, the City will allocate the operating costs between the parties based upon each party's ownership shares in the particular phase of the plant then in operation. The estimated ownership shares are as follows:

	PHASE 1		PHASE 1 + PHASE 2		PHASE 1 + PHASE 2 + FINAL PHASE	
	ESFRCs	%	ESFRCs	%	ESFRCs	%
District	2,800	100.0%	2,800	29.4%	2,800	17.6%
City	<u>-0-</u>	<u>0.0</u>	<u>6,722</u>	<u>70.6</u>	<u>13,071</u>	<u>82.4</u>
<b>TOTAL</b>	<u><u>2,800</u></u>	<u><u>100.0%</u></u>	<u><u>9,522</u></u>	<u><u>100.0%</u></u>	<u><u>15,871</u></u>	<u><u>100.0%</u></u>

The agreement will continue until the District is dissolved and annexed for full purposes by the City, unless terminated on an earlier date by express written agreement executed by the City and the District. During the current fiscal year, the District recorded expenditures of \$188,435 in relation to this agreement.

**NOTE 15. COST SHARING AGREEMENT – LEVEE AND PUMP STATION**

On November 4, 2008 the District executed a Cost Sharing Agreement for Levee and Pump Station Costs (the "Agreement") with Fort Bend County Levee Improvement District No. 11 ("District No. 11"). District No. 11 owns a continuous levee system to provide flood protection and a storm water pumping facility. Previously, the District had been paying a pro-rata share of the operating costs of the levee and pump station pursuant to a drainage agreement entered into by the developers of the District dated December 15, 1987. Under the terms of the Agreement, District No. 11 owns and operates the levee system, but the parties agree to share the costs of operating, maintaining, and repairing the levee and pump station according to their respective properties protected by the levee. The District agrees to pay 22% of the costs and District No. 11 agrees to pay 78% of the costs. During the year ended December 31, 2020, the District recorded expenditures of \$559,942 related to this agreement, which included \$54,270 to fund general operating and maintenance costs, \$68,559 related to the expansion of the pump station, \$334,857 related to the raising the levee and \$102,256 related to sluice gate improvements. In addition, at December 31, 2020, the District has recognized prepaid expenditures of \$1,286,455 pertaining to the expansion of the pump station.

The term of the Agreement is 40 years through 2048, unless sooner terminated pursuant to the terms of the Agreement. At the end of the term in 2048, the agreement will renew year-to-year, unless sooner terminated pursuant to the terms of the Agreement.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 16. GROUNDWATER REDUCTION PLAN WITH THE CITY OF RICHMOND**

On June 15, 2009, the District entered into a Groundwater Reduction Plan Participation Agreement with the City. The agreement was amended effective October 1, 2009. To comply with Fort Bend Subsidence District (“Subsidence District”) requirements, the District has contracted with the City to participate in the City’s Groundwater Reduction Plan (“GRP”). The City has developed a GRP that was filed with the Subsidence District in September 2010. The City has included the District in the GRP and included the pumpage from permitted wells owned by the District in the City’s request for the Subsidence District’s certification of the GRP. The City has also entered into similar agreements with other entities for participation in the City’s GRP.

To ensure compliance with the regulatory plan the City will determine if and when the District must convert to the use of a non-groundwater supply in whole or in part. If the District is required to convert to a non-groundwater supply, the City will contract for or acquire the non-groundwater supply to meet the District’s conversion amount and pay all costs related to same. The City will pay all costs required to secure any necessary real property interests, and to acquire, design, and construct all facilities and improvements necessary to bring in the non-groundwater supply line source to the District’s point of delivery. The City will own, operate and maintain the non-groundwater infrastructure and measuring equipment.

If the District voluntarily converts to a non-groundwater supply, the District may not reduce the amount of surface water that the District is obligated to take or pay from the City. The District will construct and maintain all facilities and pay all costs incurred in a voluntary conversion project.

Whether the conversion is voluntary or mandatory the City will receive any Subsidence District credits generated by the conversion and will apply the credits for the benefit of all GRP participants.

The City may adopt a surcharge in an amount determined necessary to achieve the groundwater reduction requirements of the Subsidence District or to encourage the use of surface water to be purchased from the City. The City may adopt and require participants to pay a reasonable surcharge if the participant pumps or uses more water than its planned water use.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 16. GROUNDWATER REDUCTION PLAN WITH THE CITY OF RICHMOND (Continued)**

The participants shall pay an annual surface water charge, in an amount to be determined by the City. The surface water charge consists of two components: the raw water reservation component and the treated water component. The raw water component shall equal the total amount that the City is required to pay the Brazos River Authority (“BRA”). The treated water component shall equal the City’s cost to plan, design, construct, operate and repair the facilities required to receive, treat, store and deliver raw water made available by the BRA to the City and for the City to treat the raw water and deliver the treated water to the participant’s point of delivery. On January 1, 2015, the City began billing the District on a monthly basis for groundwater pumped from the District’s wells in lieu of the annual surface water charge. At December 31, 2020, the pumpage fee was \$2.42 per 1,000 gallons pumped from the District’s wells. During the current year, the District paid the City \$574,414 in groundwater reduction fees.

**NOTE 17. USE OF SURPLUS FUNDS**

On February 4, 2020, in accordance with Rule 30 T.A.C. 293.83(c)(3) of the Commission, the District approved the use of \$13,637 in surplus water and sewer revenue monies to reimburse the Developer for land acquisition costs of a drainage channel tract serving the Estates at Lakes of Williams Ranch.

**NOTE 18. UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which may have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2020**



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,932,700	\$ 1,949,825	\$ 17,125
Water Service	482,000	500,241	18,241
Wastewater Service	480,000	475,275	(4,725)
GRP Revenues	501,000	532,018	31,018
Penalty and Interest	80,000	33,359	(46,641)
Tap Connection and Inspection Fees	35,000	99,156	64,156
Investment Revenues	180,350	90,929	(89,421)
Fire Contract Revenues	330,000	335,856	5,856
City of Richmond-SPA Revenues	233,500	260,984	27,484
Miscellaneous Revenues	10,800	5,547	(5,253)
<b>TOTAL REVENUES</b>	<u>\$ 4,265,350</u>	<u>\$ 4,283,190</u>	<u>\$ 17,840</u>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 284,000	\$ 336,428	\$ (52,428)
Contracted Services	323,000	329,955	(6,955)
Purchased Wastewater Service	300,000	188,435	111,565
Utilities	62,200	70,327	(8,127)
GRP Assessment	550,000	574,414	(24,414)
Repairs and Maintenance	610,000	1,134,989	(524,989)
Fire Contract Costs	247,000	274,052	(27,052)
Other	213,550	237,262	(23,712)
Capital Outlay		158,987	(158,987)
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,589,750</u>	<u>\$ 3,304,849</u>	<u>\$ (715,099)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 1,675,600</u>	<u>\$ 978,341</u>	<u>\$ (697,259)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>\$ -0-</u>	<u>\$ 65,412</u>	<u>65,412</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1,675,600</u>	<u>\$ 1,043,753</u>	<u>\$ (631,847)</u>
<b>FUND BALANCE - JANUARY 1, 2020</b>	<u>8,008,175</u>	<u>8,008,175</u>	
<b>FUND BALANCE - DECEMBER 31, 2020</b>	<u>\$ 9,683,775</u>	<u>\$ 9,051,928</u>	<u>\$ (631,847)</u>

See accompanying independent auditor's report.

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**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**SUPPLEMENTARY INFORMATION REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**DECEMBER 31, 2020**

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
SERVICES AND RATES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

**2. RETAIL SERVICE PROVIDERS**

**a. RETAIL RATES FOR A 3/4" METER (OR EQUIVALENT):**

Based on the rate order approved September 1, 2020 and effective October 1, 2020.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 10.00	5,000	N	\$ 2.00 \$ 2.50 \$ 3.00 \$ 3.50	5,001 to 10,000 10,001 to 15,000 15,001 to 20,000 20,001 and up
WASTEWATER:	\$ 22.35		Y		
SURCHARGE:					
Solid Waste/Garbage Commission	Included in fees above				
Regulatory Assessments	Included in fees above				
Groundwater Reduction Fees	110% of \$2.42 per 1,000 gallons billed				
Other Fire Protection Services	\$ 14.27				

District employs winter averaging for wastewater usage? \_\_\_\_\_   X    
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$20.00 Wastewater: \$22.35 Surcharge: \$40.87

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
SERVICES AND RATES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	1,285	1,273	x 1.0	1,273
1"	86	84	x 2.5	210
1½"	13	13	x 5.0	65
2"	43	43	x 8.0	344
3"	2	2	x 15.0	30
4"	1	1	x 25.0	25
6"	1	1	x 50.0	50
8"	4	4	x 80.0	320
10"			x 115.0	
Total Water Connections	<u>1,435</u>	<u>1,421</u>		<u>2,317</u>
Total Wastewater Connections	<u>1,381</u>	<u>1,368</u>	x 1.0	<u>1,368</u>

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

Gallons pumped into system:	236,933,000	Water Accountability Ratio: 85.26% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	202,001,000	

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
SERVICES AND RATES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**4. STANDBY FEES** (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes \_\_\_ No X

Does the District have Operation and Maintenance standby fees? Yes \_\_\_ No X

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes X No \_\_\_\_\_

County or Counties in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely \_\_\_\_\_ Partly X Not at all \_\_\_\_\_

City or Cities in which the District is located:

City of Sugar Land, Texas and City of Richmond, Texas

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely \_\_\_\_\_ Partly X Not at all \_\_\_\_\_

ETJ's in which District is located:

City of Richmond, Texas.

Are Board Members appointed by an office outside the District?

Yes \_\_\_\_\_ No X

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**SCHEDULE OF GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

PROFESSIONAL FEES:	
Arbitrage	\$ 7,500
Auditing	17,300
Engineering	160,555
Legal	<u>151,073</u>
TOTAL PROFESSIONAL FEES	<u>\$ 336,428</u>
PURCHASED SERVICES FOR RESALE -	
Purchased Wastewater Service	<u>\$ 188,435</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 29,482
Operations and Billing	<u>66,794</u>
TOTAL CONTRACTED SERVICES	<u>\$ 96,276</u>
UTILITIES:	
Electricity	\$ 61,819
Telephone	<u>8,508</u>
TOTAL UTILITIES	<u>\$ 70,327</u>
REPAIRS AND MAINTENANCE	<u>\$ 1,134,989</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 16,950
Dues	2,612
Insurance	13,877
Election Costs	2,509
Office Supplies and Postage	12,985
Payroll Administration	3,081
Travel and Meetings	304
GRP Assessment	574,414
Other	<u>37,988</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 664,720</u>
CAPITAL OUTLAY -	
Capitalized Assets	<u>\$ 158,987</u>
TAP CONNECTIONS	<u>\$ 12,044</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**SCHEDULE OF GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

SOLID WASTE DISPOSAL	\$ <u>233,679</u>
FIRE FIGHTING	\$ <u>274,052</u>
OTHER EXPENDITURES:	
Chemicals	\$ 2,939
HOA Contribution	100,000
Laboratory Fees	2,703
Permit Fees	4,008
Inspection Fees	20,464
Regulatory Assessment	<u>4,798</u>
TOTAL OTHER EXPENDITURES	\$ <u>134,912</u>
TOTAL EXPENDITURES	\$ <u><u>3,304,849</u></u>

See accompanying independent auditor's report.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**INVESTMENTS**  
**DECEMBER 31, 2020**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexasCLASS	XXXX0002	Varies	Daily	\$ 4,978,229	\$ -0-
Certificate of Deposit	XXXX0576	1.20%	06/05/21	240,000	1,649
Certificate of Deposit	XXXX2031	0.50%	10/26/21	240,000	217
Certificate of Deposit	XXXX0289	1.65%	02/17/21	240,000	3,439
Certificate of Deposit	XXXX2084	1.14%	03/25/21	240,000	2,106
Certificate of Deposit	XXXX0125	1.75%	02/18/21	240,000	3,648
Certificate of Deposit	XXXX0672	0.50%	09/02/21	240,000	394
Certificate of Deposit	XXXX7734	0.35%	12/08/21	240,000	53
Certificate of Deposit	XXXX2462	0.60%	03/25/21	240,000	1,105
Certificate of Deposit	XXXX7348	0.75%	08/05/21	240,000	730
Certificate of Deposit	XXXX4302	0.75%	04/16/21	240,000	1,272
Certificate of Deposit	XXXX9442	0.45%	10/09/21	240,000	246
TOTAL GENERAL FUND				<u>\$ 7,618,229</u>	<u>\$ 14,859</u>
<u>DEBT SERVICE FUND</u>					
TexasCLASS	XXXX0004	Varies	Daily	\$ 78,907	\$ -0-
Certificate of Deposit	XXXX0153	0.70%	08/18/21	240,000	621
Certificate of Deposit	XXXX2664	0.40%	08/05/21	240,000	61
Certificate of Deposit	XXXX5448	1.65%	02/18/21	240,000	3,428
Certificate of Deposit	XXXX1022	1.68%	02/17/21	240,000	3,491
Certificate of Deposit	XXXX0192	0.50%	08/17/21	240,000	447
Certificate of Deposit	XXXX0516	1.80%	02/18/21	240,000	3,740
Certificate of Deposit	XXXX4281	0.65%	08/21/21	240,000	564
TOTAL DEBT SERVICE FUND				<u>\$ 1,758,907</u>	<u>\$ 12,352</u>
<u>CAPITAL PROJECTS FUND</u>					
TexasCLASS	XXXX0001	Varies	Daily	\$ 715,514	\$ -0-
TexasCLASS	XXXX0003	Varies	Daily	14,221	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 729,735</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 10,106,871</u>	<u>\$ 27,211</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JANUARY 1, 2020	\$	882,575		\$ 1,361,857
Adjustments to Beginning				
Balance		<u>(1,451)</u>	\$ 881,124	<u>(2,214)</u> \$ 1,359,643
Original 2020 Tax Levy	\$	2,140,254		\$ 2,904,630
Adjustment to 2020 Tax Levy		<u>34,542</u>	<u>2,174,796</u>	<u>46,879</u> <u>2,951,509</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 3,055,920		\$ 4,311,152
TAX COLLECTIONS:				
Prior Years	\$	844,877		\$ 1,288,435
Current Year		<u>636,351</u>	<u>1,481,228</u>	<u>863,619</u> <u>2,152,054</u>
TAXES RECEIVABLE -				
DECEMBER 31, 2020		<u>\$ 1,574,692</u>		<u>\$ 2,159,098</u>
TAXES RECEIVABLE BY				
YEAR:				
2020		\$ 1,538,445		\$ 2,087,890
2019		20,861		31,812
2018		3,622		5,477
2017		2,022		3,157
2016		1,733		3,021
2015		2,014		4,783
2014 and prior		<u>5,995</u>		<u>22,958</u>
TOTAL		<u>\$ 1,574,692</u>		<u>\$ 2,159,098</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPERTY VALUATIONS:				
Land	\$ 121,944,260	\$ 113,360,320	\$ 107,857,750	\$ 107,852,050
Improvements	416,875,977	399,640,014	382,688,382	375,773,961
Personal Property	35,109,680	34,519,430	32,256,440	31,283,210
Exemptions	<u>(56,120,576)</u>	<u>(54,473,551)</u>	<u>(54,676,983)</u>	<u>(54,070,908)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 517,809,341</u>	<u>\$ 493,046,213</u>	<u>\$ 468,125,589</u>	<u>\$ 460,838,313</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.57	\$ 0.61	\$ 0.62	\$ 0.64
Maintenance	<u>0.42</u>	<u>0.40</u>	<u>0.41</u>	<u>0.41</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.99</u>	<u>\$ 1.01</u>	<u>\$ 1.03</u>	<u>\$ 1.05</u>
ADJUSTED TAX LEVY*	<u>\$ 5,126,305</u>	<u>\$ 4,979,759</u>	<u>\$ 4,821,686</u>	<u>\$ 4,838,798</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>29.26 %</u>	<u>98.94 %</u>	<u>99.81 %</u>	<u>99.89 %</u>

\* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on August 8, 1998.

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
LONG-TERM DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2020**

SERIES - 2011 REFUNDING

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 455,000	\$ 16,494	\$ 471,494
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
	<u>\$ 455,000</u>	<u>\$ 16,494</u>	<u>\$ 471,494</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
LONG-TERM DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2020**

SERIES - 2013 REFUNDING

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 240,000	\$ 7,200	\$ 247,200
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
	<u>\$ 240,000</u>	<u>\$ 7,200</u>	<u>\$ 247,200</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
LONG-TERM DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2020**

SERIES - 2013 A REFUNDING

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 290,000	\$ 39,830	\$ 329,830
2022	300,000	31,130	331,130
2023	305,000	22,132	327,132
2024	315,000	12,600	327,600
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
	<u>\$ 1,210,000</u>	<u>\$ 105,692</u>	<u>\$ 1,315,692</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
LONG-TERM DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2020**

S E R I E S - 2 0 1 6

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 100,000	\$ 46,263	\$ 146,263
2022	100,000	44,612	144,612
2023	100,000	42,913	142,913
2024	100,000	41,062	141,062
2025	100,000	39,063	139,063
2026	100,000	37,062	137,062
2027	100,000	34,813	134,813
2028	150,000	32,312	182,312
2029	150,000	28,563	178,563
2030	150,000	24,062	174,062
2031	150,000	19,563	169,563
2032	150,000	15,062	165,062
2033	150,000	10,563	160,563
2034	175,000	5,687	180,687
	<u>\$ 1,775,000</u>	<u>\$ 421,600</u>	<u>\$ 2,196,600</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
LONG-TERM DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2020**

SERIES - 2016A REFUNDING

<u>Due During Fiscal Years Ending December 31</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1/ September 1</u>	<u>Total</u>
2021	\$ 425,000	\$ 246,950	\$ 671,950
2022	420,000	234,200	654,200
2023	515,000	221,600	736,600
2024	520,000	201,000	721,000
2025	525,000	180,200	705,200
2026	525,000	159,200	684,200
2027	530,000	138,200	668,200
2028	530,000	117,000	647,000
2029	540,000	95,800	635,800
2030	545,000	74,200	619,200
2031	550,000	52,400	602,400
2032	305,000	30,400	335,400
2033	305,000	18,200	323,200
2034	150,000	6,000	156,000
	<u>\$ 6,385,000</u>	<u>\$ 1,775,350</u>	<u>\$ 8,160,350</u>

See accompanying independent auditor's report.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
LONG-TERM DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2020**

S E R I E S - 2 0 1 7

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 165,000	\$ 60,887	\$ 225,887
2022	165,000	57,587	222,587
2023	165,000	54,287	219,287
2024	165,000	50,987	215,987
2025	165,000	47,481	212,481
2026	165,000	43,769	208,769
2027	165,000	39,850	204,850
2028	165,000	35,313	200,313
2029	165,000	30,363	195,363
2030	165,000	25,413	190,413
2031	165,000	20,463	185,463
2032	165,000	15,513	180,513
2033	165,000	10,563	175,563
2034	160,000	5,200	165,200
	<u>\$ 2,305,000</u>	<u>\$ 497,676</u>	<u>\$ 2,802,676</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
LONG-TERM DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2020**

SERIES - 2019 REFUNDING

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 655,000	\$ 256,500	\$ 911,500
2022	1,390,000	236,850	1,626,850
2023	1,340,000	195,150	1,535,150
2024	1,380,000	154,950	1,534,950
2025	885,000	99,750	984,750
2026	915,000	73,200	988,200
2027	935,000	45,750	980,750
2028	200,000	17,700	217,700
2029	200,000	11,700	211,700
2030	190,000	5,700	195,700
2031			
2032			
2033			
2034			
	<u>\$ 8,090,000</u>	<u>\$ 1,097,250</u>	<u>\$ 9,187,250</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2020**

S E R I E S - 2 0 2 0

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 100,000	\$ 35,156	\$ 135,156
2022	100,000	33,156	133,156
2023	100,000	31,156	131,156
2024	100,000	29,156	129,156
2025	100,000	27,156	127,156
2026	100,000	25,156	125,156
2027	125,000	23,156	148,156
2028	125,000	20,656	145,656
2029	125,000	18,000	143,000
2030	125,000	15,188	140,188
2031	125,000	12,375	137,375
2032	125,000	9,563	134,563
2033	150,000	6,750	156,750
2034	150,000	3,376	153,376
	<u>\$ 1,650,000</u>	<u>\$ 290,000</u>	<u>\$ 1,940,000</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
LONG-TERM DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2020**

**ANNUAL REQUIREMENTS  
FOR ALL SERIES**

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 2,430,000	\$ 709,280	\$ 3,139,280
2022	2,475,000	637,535	3,112,535
2023	2,525,000	567,238	3,092,238
2024	2,580,000	489,755	3,069,755
2025	1,775,000	393,650	2,168,650
2026	1,805,000	338,387	2,143,387
2027	1,855,000	281,769	2,136,769
2028	1,170,000	222,981	1,392,981
2029	1,180,000	184,426	1,364,426
2030	1,175,000	144,563	1,319,563
2031	990,000	104,801	1,094,801
2032	745,000	70,538	815,538
2033	770,000	46,076	816,076
2034	635,000	20,263	655,263
	<u>\$ 22,110,000</u>	<u>\$ 4,211,262</u>	<u>\$ 26,321,262</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
CHANGES IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Description	Original Bonds Issued	Bonds Outstanding January 1, 2020
Fort Bend County Municipal Utility District No. 116 Unlimited Tax Bonds - Series 2009	\$ 4,000,000	\$ 160,000
Fort Bend County Municipal Utility District No. 116 Unlimited Tax Bonds - Series 2010	2,545,000	85,000
Fort Bend County Municipal Utility District No. 116 Unlimited Tax Refunding Bonds - Series 2011	5,080,000	890,000
Fort Bend County Municipal Utility District No. 116 Unlimited Tax Refunding Bonds - Series 2012	7,715,000	515,000
Fort Bend County Municipal Utility District No. 116 Unlimited Tax Refunding Bonds - Series 2013	3,475,000	485,000
Fort Bend County Municipal Utility District No. 116 Unlimited Tax Refunding Bonds - Series 2013A	3,360,000	1,495,000
Fort Bend County Municipal Utility District No. 116 Unlimited Tax Bonds - Series 2016	2,175,000	1,875,000
Fort Bend County Municipal Utility District No. 116 Unlimited Tax Refunding Bonds - Series 2016A	6,960,000	6,650,000
Fort Bend County Municipal Utility District No. 116 Unlimited Tax Bonds - Series 2017	2,800,000	2,470,000
Fort Bend County Municipal Utility District No. 116 Unlimited Tax Refunding Bonds - Series 2019	8,115,000	8,115,000
Fort Bend County Municipal Utility District No. 116 Unlimited Tax Bonds - Series 2020	<u>1,750,000</u>	
<b>TOTAL</b>	<u><u>\$ 47,975,000</u></u>	<u><u>\$ 22,740,000</u></u>

See accompanying independent auditor's report.

Current Year Transactions					
Bonds Sold	Retirements		Bonds Outstanding December 31, 2020	Paying Agent	
	Principal	Interest			
\$	\$ 160,000	\$ 8,400	\$ -0-	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	85,000	3,570		The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	435,000	31,719	455,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	515,000	20,600		The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	245,000	14,550	240,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	285,000	48,381	1,210,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	100,000	47,762	1,775,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	265,000	254,900	6,385,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	165,000	64,188	2,305,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	25,000	257,250	8,090,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
<u>1,750,000</u>	<u>100,000</u>	<u>23,842</u>	<u>1,650,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
<u>\$ 1,750,000</u>	<u>\$ 2,380,000</u>	<u>\$ 775,162</u>	<u>\$ 22,110,000</u>		

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
CHANGES IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Bond Authority:	Tax Bonds *	Refunding Bonds
Amount Authorized by Voters	\$ 47,630,000	\$ 26,000,000
Amount Issued	45,690,000	1,515,000
Remaining Authorization	\$ 1,940,000	\$ 24,485,000
 Debt Service Fund cash and investment balances as of December 31, 2020:		 \$ 3,131,594
 Average annual debt service payment (principal and interest) for remaining term of all debt:		 \$ 1,880,090

See Note 3 for interest rate, interest payment dates and maturity dates.

\* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

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**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2020	2019	2018
<b>REVENUES</b>			
Property Taxes	\$ 1,949,825	\$ 1,930,057	\$ 1,858,964
Water Service	500,241	478,305	485,611
Wastewater Service	475,275	471,117	469,773
Surface Water Fee/GRP Fees	532,018	468,725	395,351
Penalty and Interest	33,359	47,838	47,466
Tap Connection and Inspection Fees	99,156	44,554	163,390
Investment Revenues	90,929	181,431	121,582
Fire Contract Revenues	335,856	327,553	321,649
City of Richmond-SPA Revenue	260,984	231,546	224,952
Miscellaneous Revenues	5,547	9,488	18,790
<b>TOTAL REVENUES</b>	\$ 4,283,190	\$ 4,190,614	\$ 4,107,528
<b>EXPENDITURES</b>			
Professional Fees	\$ 336,428	\$ 390,596	\$ 206,047
Contracted Services	329,955	308,202	306,258
Purchased Wastewater Service	188,435	227,622	309,003
Utilities	70,327	63,074	69,120
Repairs and Maintenance	1,134,989	1,050,189	778,257
Fire Contract Costs	274,052	269,911	268,649
Surface Water Assessment/GRP Assessment	574,414	517,501	503,749
Other	237,262	224,712	251,397
Capital Outlay	158,987		274,323
<b>TOTAL EXPENDITURES</b>	\$ 3,304,849	\$ 3,051,807	\$ 2,966,803
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ 978,341	\$ 1,138,807	\$ 1,140,725
<b>OTHER FINANCING SOURCES</b>			
Transfers In	\$ 65,412	\$ - 0 -	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	\$ 1,043,753	\$ 1,138,807	\$ 1,140,725
<b>BEGINNING FUND BALANCE</b>	8,008,175	6,869,368	5,728,643
<b>ENDING FUND BALANCE</b>	\$ 9,051,928	\$ 8,008,175	\$ 6,869,368

See accompanying independent auditor's report.

		Percentage of Total Revenues						
2017	2016	2020	2019	2018	2017	2016		
\$ 1,681,968	\$ 1,229,726	45.5 %	46.1 %	45.3 %	43.2 %	37.7 %		
471,142	484,945	11.7	11.4	11.8	12.1	14.9		
460,428	449,068	11.1	11.2	11.4	11.9	13.9		
386,707	375,842	12.4	11.2	9.6	9.9	11.5		
27,404	34,006	0.9	1.2	1.1	0.7	1.0		
127,208	117,166	2.3	1.1	4.0	3.3	3.6		
40,761	14,053	2.1	4.3	3.0	1.0	0.4		
315,809	299,376	7.8	7.8	7.8	8.1	9.2		
183,531	215,741	6.1	5.5	5.5	4.7	6.6		
200,062	39,080	0.1	0.2	0.5	5.1	1.2		
<u>\$ 3,895,020</u>	<u>\$ 3,259,003</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 194,021	\$ 252,809	7.9 %	9.3 %	5.0 %	5.0 %	7.8 %		
303,272	316,166	7.7	7.4	7.5	7.8	9.7		
461,708	488,899	4.4	5.4	7.5	11.9	15.0		
85,921	69,988	1.7	1.5	1.7	2.2	2.1		
525,663	538,173	26.5	25.1	18.9	13.5	16.5		
268,654	267,840	6.4	6.4	6.5	6.9	8.2		
462,607	363,669	13.4	12.3	12.3	11.9	11.2		
246,249	250,537	5.5	5.4	6.1	6.3	7.7		
36,887	110,284	3.7		6.7	0.9	3.4		
<u>\$ 2,584,982</u>	<u>\$ 2,658,365</u>	<u>77.2 %</u>	<u>72.8 %</u>	<u>72.2 %</u>	<u>66.4 %</u>	<u>81.6 %</u>		
\$ 1,310,038	\$ 600,638	22.8 %	27.2 %	27.8 %	33.6 %	18.4 %		
\$ - 0 -	\$ 64,548							
\$ 1,310,038	\$ 665,186							
4,418,605	3,753,419							
<u>\$ 5,728,643</u>	<u>\$ 4,418,605</u>							

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2020	2019	2018
<b>REVENUES</b>			
Property Taxes	\$ 2,973,479	\$ 2,926,585	\$ 2,896,288
Penalty and Interest	25,347	48,640	27,152
Investment Revenues	44,190	77,089	50,735
Miscellaneous Revenues	16,485	46,412	21,532
<b>TOTAL REVENUES</b>	<b>\$ 3,059,501</b>	<b>\$ 3,098,726</b>	<b>\$ 2,995,707</b>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 90,043	\$ 110,393	\$ 85,304
Debt Service Principal	2,380,000	2,210,000	2,170,000
Debt Service Interest and Fees	781,162	770,942	936,662
Bond Issuance Costs	288,100	288,100	288,100
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,251,205</b>	<b>\$ 3,379,435</b>	<b>\$ 3,191,966</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (191,704)</b>	<b>\$ (280,709)</b>	<b>\$ (196,259)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds of Refunding Bonds	\$	\$ 8,115,000	\$
Payment to Refunding Bond Escrow Agent		(8,285,996)	
Bond Premium		364,097	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ - 0 -</b>	<b>\$ 193,101</b>	<b>\$ - 0 -</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (191,704)</b>	<b>\$ (87,608)</b>	<b>\$ (196,259)</b>
<b>BEGINNING FUND BALANCE</b>	<b>1,920,142</b>	<b>2,007,750</b>	<b>2,204,009</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 1,728,438</b>	<b>\$ 1,920,142</b>	<b>\$ 2,007,750</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>1,421</b>	<b>1,417</b>	<b>1,406</b>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>1,368</b>	<b>1,364</b>	<b>1,354</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 2,930,362	\$ 2,922,039	97.3 %	94.4 %	96.7 %	97.3 %	98.2 %
33,677	32,589	0.8	1.6	0.9	1.1	1.1
29,095	12,022	1.4	2.5	1.7	1.0	0.4
18,190	10,032	0.5	1.5	0.7	0.6	0.3
<u>\$ 3,011,324</u>	<u>\$ 2,976,682</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 70,287	\$ 80,057	3.0 %	3.6 %	2.8 %	2.3 %	2.7 %
1,970,000	1,825,000	77.8	71.3	72.4	65.4	61.3
916,531	972,387	25.5	24.9	31.4	30.5	32.7
	257,976		9.3			8.7
<u>\$ 2,956,818</u>	<u>\$ 3,135,420</u>	<u>106.3 %</u>	<u>109.1 %</u>	<u>106.6 %</u>	<u>98.2 %</u>	<u>105.4 %</u>
\$ 54,506	\$ (158,738)	(6.3) %	(9.1) %	(6.6) %	1.8 %	(5.4) %
\$	\$ 6,960,000					
	(7,441,628)					
	743,576					
<u>\$ - 0 -</u>	<u>\$ 261,948</u>					
\$ 54,506	\$ 103,210					
2,149,503	2,046,293					
<u>\$ 2,204,009</u>	<u>\$ 2,149,503</u>					
<u>1,405</u>	<u>1,398</u>					
<u>1,357</u>	<u>1,354</u>					

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
DECEMBER 31, 2020**

District Mailing Address - Fort Bend County Municipal Utility District No. 116  
c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, TX 77027

District Telephone Number - (713) 860-6400

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2020	Reimbursements for the year ended December 31, 2020	Title
Chad Millis	05/18 - 05/22 (Elected)	\$ 1,800	\$ 38	President
Charles K. Friday	05/20 - 05/24 (Elected)	\$ 1,650	\$ -0-	Vice President
Dallas Duffy	05/18 - 05/22 (Elected)	\$ 1,950	\$ 38	Assistant Vice President
Angela Wood	05/20 - 05/24 (Elected)	\$ 4,350	\$ 46	Secretary
Kafi Dalcour	05/18 - 05/22 (Elected)	\$ 7,200	\$ 1,127	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: May 5, 2020

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum extent allowed by law as set by Board Resolution on July 19, 2001. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 116**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**DECEMBER 31, 2020**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2020</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/01/03	\$ 181,200 \$ 49,132	General Counsel Bond Related
McCall Gibson Swedlund Barfoot PLLC	12/01/99	\$ 17,050 \$ 8,450	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	05/01/18	\$ 34,095 \$ 3,250	Bookkeeper Bond Related
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/07/00	\$ 10,297	Delinquent Tax Attorney
Blackline Engineering LLC	12/31/15	\$ 245,726 \$ 60	Engineer Bond Related
Masterson Advisors LLC	05/01/18	\$ 38,388	Financial Advisor
Si Environmental, LLC	05/30/12	\$ 603,140	Operator
Wheeler and Associates, Inc.	10/26/99	\$ 41,690	Tax Assessor/ Collector
Mark Burton and Ghia Lewis	05/01/18	\$ -0-	Investment Officers

See accompanying independent auditor's report.