OFFICIAL STATEMENT DATED SEPTEMBER 23, 2021

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

The District has designated the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS - Qualified Tax-Exempt Obligations."

NEW ISSUE - Book-Entry Only

Ratings: S&P Global Ratings (BAM Insured) …. "AA" (stable outlook)
Moody's Investors Service, Inc. (Underlying) …. "A2"
See "BOND INSURANCE" and "RATINGS" herein

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
(A Political Subdivision of the State of Texas located within Fort Bend County, Texas)

$4,725,000
Unlimited Tax Bonds, Series 2021A
(the "Series 2021A Bonds")

$3,250,000
Unlimited Tax Park Bonds, Series 2021B
(the "Series 2021B Park Bonds")

Dated: October 1, 2021
Interest Accrual Date: Date of Delivery

Due: September 1, as shown on the inside cover

Principal of the above Series 2021A Bonds and Series 2021B Park Bonds (collectively, the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from the date of initial delivery (expected October 27, 2021) (the "Date of Delivery"), and is payable on September 1, 2022, and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of $5,000 or any integral multiple thereof in fully registered form only.

The Bonds are subject to redemption prior to maturity at the option of Fort Bend County Municipal Utility District No. 23 (the "District"), as a whole or in part, on September 1, 2026, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of $5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial Owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such Beneficial Owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Bonds as described herein. See "THE BONDS - Book-Entry-Only System."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM" or the "Insurer"). See "BOND INSURANCE" herein.

BAM

See Maturity Schedule on the inside cover

The Bonds constitute the fourteenth series of unlimited tax bonds issued by the District for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the "System") to serve the District, and the third series of unlimited tax bonds issued by the District for the purpose of financing recreational facilities. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. SEE "INVESTMENT CONSIDERATIONS." Voters in the District authorized a total of $90,775,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing the System, $13,245,000 principal amount of unlimited tax refunding bonds, and $8,800,000 principal amount of unlimited tax bonds for recreational facilities. Following the issuance of the Bonds, $13,165,000 principal amount of unlimited tax bonds for the acquisition or construction of the System, no bonds for the construction of park and recreational facilities, and $7,523,121.12 principal amount of unlimited tax refunding bonds authorized by the District's voters will remain authorized but unissued. See "THE BONDS - Issuance of Additional Debt."

The Bonds, when issued, constitute valid and binding obligations of the District, and are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS - Source of Payment." Neither the State of Texas, the City of Houston, Texas, the City of Missouri City, Texas, Fort Bend County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Houston, Texas, the City of Missouri City, Texas, or Fort Bend County, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered when, as and if issued by the District, subject among other things to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about October 27, 2021.

MATURITY SCHEDULE
CUSIP Prefix (a): 34679R

SERIES 2021A BONDS

$4,725,000 Term Bonds, Due September 1, 2041(c)(d), CUSIP Suffix PR4 (a), Interest Rate 2.375% (Yield 2.377%)(b)

SERIES 2021B PARK BONDS

$560,000 Term Bonds, Due September 1, 2037(c)(d), CUSIP Suffix PT0 (a), Interest Rate 2.00% (Yield 2.10%)(b)
$2,690,000 Term Bonds, Due September 1, 2039(c)(d), CUSIP Suffix PV5 (a), Interest Rate 2.125% (Yield 2.125%)(b)

(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor (as defined herein), nor the Underwriters (as defined herein) take any responsibility for the accuracy of CUSIP numbers.

(b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriters. Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriters for public offerings, and which subsequently may be changed.

(c) Subject to optional redemption as described on the front cover.

(d) Subject to mandatory sinking fund redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under the caption "THE BONDS - Redemption Provisions."

TABLE OF CONTENTS

Page

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District.

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, resolutions, contracts, audited financial statements, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027 upon payment of duplication costs.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in the Official Statement until delivery of the Bonds to the Underwriters (as defined herein), and thereafter only as described under "OFFICIAL STATEMENT - Updating of Official Statement."

Neither the District nor the Underwriters make any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which generally can be identified with words or phrases such as "anticipates," "believes," "could," "estimates," "expects," "foresees," "may," "predict," "should," "will" or other words or phrases of similar import. All statements included in this Official Statement that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made in light of experience and perceptions of historical trends, current conditions and expected future developments as well as other factors the District believes are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including, without limitation, the information discussed under "INVESTMENT CONSIDERATIONS" in this Official Statement, as well as additional factors beyond the District's control. The important investment considerations and assumptions described under that caption and elsewhere herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement are qualified by these cautionary statements.

Build America Mutual Assurance Company ("BAM" or the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM supplied by BAM and presented under the heading "BOND INSURANCE" and "APPENDIX C - SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Unlimited Tax Bonds, Series 2021A (the "Series 2021A Bonds"), the District has accepted the bid resulting in the lowest net interest cost to the District, which was tendered by Hilltop Securities Inc. (referred to herein as the "Series 2021A Bonds Underwriter" or the "Series 2021A Bonds Initial Purchaser") to purchase the Series 2021A Bonds bearing the interest rates shown under "MATURITY SCHEDULE" at a price of 97.009995% of the principal amount thereof, which resulted in a net effective interest rate of 2.527791%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

After requesting competitive bids for the Unlimited Tax Park Bonds, Series 2021B (the "Series 2021B Park Bonds"), the District has accepted the bid resulting in the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (referred to herein as the "Series 2021B Park Bonds Underwriter" or the "Series 2021B Park Bonds Initial Purchaser") to purchase the Series 2021B Park Bonds bearing the interest rates shown under "MATURITY SCHEDULE" at a price of 97.498437% of the principal amount thereof, which resulted in a net effective interest rate of 2.252859%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

The Series 2021A Bonds Underwriter and the Series 2021B Park Bonds Underwriter are collectively referred to herein as the "Underwriters."

Marketability

The District has no control over the reoffering yields or prices of the Bonds or over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked prices of the Bonds may be greater than the difference between the bid and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold, or traded in the secondary market.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com. BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $488.6 million, $165.5 million and $323.1 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments.

In the event the Insurer is unable to make payment of principal and interest on the Bonds as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "BOND INSURANCE" and "RATINGS" herein. As is stated in this Official Statement under the caption "LEGAL MATTERS - No Material Adverse Change," the rating of the Insurer's creditworthiness by any rating agency does not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriters of their obligation to take up and pay for the Bonds.

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor to the knowledge of the District the Underwriters have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay the principal of and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See “BOND INSURANCE” herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

RATINGS

S&P Global Ratings (“S&P”) is a business unit of Standard & Poor’s Financial Services LLC. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present S&P assigns long-term debt ratings with symbols “AAA” (the highest rating) through “D” (the lowest ratings).

The Bonds are expected to receive an insured rating of “AA” (stable outlook) from S&P based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by Moody’s is “A2.”

An explanation of the significance of the foregoing ratings may only be obtained from S&P and Moody’s. The foregoing ratings express only the view of S&P and Moody’s at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P and Moody’s, if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

The District is not aware of any ratings assigned the Bonds other than the ratings of S&P and Moody’s. See “BOND INSURANCE” and “BOND INSURANCE RISK FACTORS.”

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The Issuer .... Fort Bend County Municipal Utility District No. 23 (the "District"), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See "THE DISTRICT."

The Issue .... Unlimited Tax Bonds, Series 2021A, in the aggregate principal amount of $4,725,000 (the "Series 2021A Bonds"), and Unlimited Tax Park Bonds, Series 2021B, in the aggregate principal amount of $3,250,000 (the "Series 2021B Park Bonds") (collectively referred to herein as the "Bonds") are being issued pursuant to separate resolutions (collectively referred to herein as the "Bond Resolution") authorizing the issuance of the Bonds adopted by the District's Board of Directors (the "Board"). The Bonds are dated October 1, 2021. Interest accrues from the date of initial delivery thereof (the "Date of Delivery"), and is payable on September 1, 2022, and on each March 1 and September 1 thereafter until maturity or prior redemption. The Series 2021A Bonds are issued as term bonds maturing on September 1, 2041, in the principal amount set forth on the inside cover page of this Official Statement. The Series 2021B Park Bonds are issued as term bonds maturing on September 1 in each of the years 2037 and 2039, in the principal amounts set forth on the inside cover page of this Official Statement. The Bonds are issued in fully registered form and will be issued in denominations of $5,000 of principal amount or integral multiples thereof. The Bonds are subject to redemption, in whole or in part, prior to their scheduled maturities, on September 1, 2026, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. In addition to being subject to optional redemption, the Bonds are also subject to mandatory sinking fund redemption on September 1 in the years and in the amounts as is more completely described in this Official Statement under the caption "THE BONDS - Redemption Provisions - Mandatory Redemption." See "THE BONDS."

Book-Entry-Only System .... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

Source of Payment .... Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS - Source of Payment," "TAX DATA - Tax Rate Calculations," and "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates." The Bonds are obligations of the District, and are not obligations of the State of Texas, Fort Bend County, Texas, the City of Houston, Texas, the City of Missouri City, Texas, or any entity other than the District.

Use of Proceeds.. Proceeds of the sale of the Series 2021A Bonds will be used by the District to finance the acquisition or construction of (a) the District's pro-rata share of (1) 16-inch water line installation on Buckwood Court, (2) water line and sanitary sewer extension along South Post Oak Boulevard, (3) Water Supply Plant No. 2 improvements, (4) wastewater treatment plant improvements, (5) purchase of Smart Water Meters; (b) water distribution, wastewater collection and storm drainage facilities to serve Cambridge Falls, Sections 10 and 11; and (c) engineering, surveying, geotechnical and materials testing fees associated with the foregoing projects, and Storm Water Pollution Prevention.

Proceeds of the sale of the Series 2021B Park Bonds will be used by the District to finance the acquisition or construction of (a) recreational facilities on a 10-acre tract owned by the District; and (b) architectural and engineering fees related to the foregoing project.

The District will also use the proceeds of the sale of the Bonds to pay, among other items, administrative and issuance costs, legal fees, fiscal agent's fees, fees to the Texas Commission on Environmental Quality (the "TCEQ" or "Commission") and the Attorney General of Texas, and certain financing costs related to the issuance of the Bonds. See "THE BONDS - Use and Distribution of Bond Proceeds."

Payment Record .... The Bonds constitute the sixteenth and seventeenth series of unlimited tax bonds issued by the District for the purpose of acquiring and constructing waterworks, wastewater and storm drainage system (the "System") and recreational facilities to serve the District. The District has previously issued Unlimited Tax Bonds, Series 1984 (the "Series 1984 Bonds"), Unlimited Tax Bonds, Series 1995 (the "Series 1995 Bonds"), Unlimited Tax Bonds, Series 1998 (the "Series 1998 Bonds"), Unlimited Tax Bonds, Series 1999 (the "Series 1999 Bonds") Unlimited Tax Bonds, Series 2001 (the "Series 2001 Bonds"), Unlimited Tax Bonds, Series 2004 (the "Series 2004 Bonds"), Unlimited Tax Bonds, Series 2005 (the "Series 2005 Bonds"), Unlimited Tax Bonds, Series 2006 (the "Series 2006 Bonds"), Unlimited Tax Bonds, Series 2007 (the "Series 2007 Bonds"), Unlimited Tax Bonds, Series 2008 (the "Series 2008 Bonds"), Unlimited Tax Bonds, Series 2008A (the "Series 2008A Bonds"), Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2015A (the "Series 2015A Bonds"), Unlimited Tax Park Bonds, Series 2015B (the "Series 2015B Park Bonds") and Unlimited Tax Bonds, Series 2017B (the "Series 2017B Bonds"), to finance water supply and distribution, wastewater collection and treatment and storm drainage facilities (the "System") and recreational facilities. The District has also issued Unlimited Tax Refunding Bonds, Series 1994 (the "Series 1994 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2004 (the "Series 2004 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2013 (the "Series 2013 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2016 (the "Series 2016 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2017A (the "Series 2017A Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2020 (the "Series 2020 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2021 (the "Series 2021 Refunding Bonds") to refund certain outstanding bonds of the District. Collective reference is made in this Official Statement to all of such bonds that the District has issued as the "Prior Bonds." The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Before the issuance of the Bonds, and as of September 2, 2021, the principal amount of the Prior Bonds that has not been previously retired by the District is $52,310,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the District's outstanding bonded indebtedness, consisting of the maturities of the Outstanding Bonds not heretofore paid by the District, plus the Bonds, will be $60,285,000. In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with the proceeds of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds"), the District expects to finance the acquisition or construction of additional components of the System and additional recreational facilities, with proceeds of the sale of additional bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

Authorized But Unissued Bonds............................ After issuance of the Bonds, $13,165,000 bonds for waterworks, wastewater and drainage facilities, no bonds for park and recreational facilities, and $7,523,121.12 for refunding purposes will remain authorized but unissued. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt."

Qualified Tax-Exempt Obligations......................... The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS - Qualified Tax-Exempt Obligations."

Municipal Bond Insurance............................ Build America Mutual Assurance Company ("BAM"). See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS."

Municipal Bond Rating.................................. S&P Global Ratings (BAM Insured) "AA" (stable outlook). Moody's Investors Services, Inc. (Underlying) "A2." See "BOND INSURANCE," "BOND INSURANCE RISK FACTORS" and "RATINGS."

Bond Counsel..	Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See “LEGAL MATTERS” and “TAX MATTERS.”
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.

THE DISTRICT

Description..	Fort Bend County Municipal Utility District No. 23, a political subdivision of the State of Texas, was created by the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality (the “TCEQ”), on February 15, 1978, and operates pursuant to Chapters 49 and 54 of the Texas Water Code. The District currently contains approximately 1,303 acres of land. The District is located entirely within Fort Bend County, Texas, approximately 20 miles southwest of the central business district of the City of Houston. The District is bounded on the south by State Highway 6, and is located west of Farm-to-Market Road 521, and east of the Fort Bend County Toll Road. The District lies within the Fort Bend Independent School District. The District lies in the extraterritorial jurisdiction of both the City of Houston and the City of Missouri City. See “THE DISTRICT - Authority” and - “Description,” “AERIAL PHOTOGRAPH OF THE DISTRICT,” and “APPENDIX A - LOCATION MAP.”
Authority...	The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See “THE DISTRICT - General.”
Development of the District..................................	As of August 1, 2021, the development of an aggregate of 4,597 single-family residential lots (an aggregate of approximately 1,168 acres) is complete within the District, and homes have been built on 4,588 of such lots and conveyed to home purchasers. The development of such 4,597 completed lots includes the construction of components of the System and street paving in Teal Run, Sections 1 through 18, Teal Run Court, Estates of Teal Run, Sections 1 through 6, Teal Run Meadows, Sections 1 through 3, Winfield Lakes, Sections 2 through 7 and 10, Andover Farms, Sections 1 through 6, and Cambridge Falls, Sections 1 through 11 as is enumerated in this Official Statement under the caption “DEVELOPMENT OF THE DISTRICT.” A Walgreens Drug Store that contains approximately 14,820 square feet of building area, a grocery store that contains approximately 11,904 square feet of building area and four retail shopping centers have been constructed on an approximately 12 acre tract of land located within the District. A gasoline service station and convenience store have been constructed on an approximately 1 acre site located within the District. A Jack-in-the-Box restaurant has been constructed on an approximately 0.6 acre site located within the District. A United States Post Office has been constructed on an approximately 2.4 acre site located within the District and the Fort Bend Independent School District (the “FBISD”) owns a total of approximately 24 acres located within the District on which it has constructed on separate sites the Walter Moses Burton Elementary School and the Lulabelle Goodman

Elementary School, all of which property is exempt from taxation by the District. Approximately 19 acres within the District contain recreational facilities. Approximately 14 undeveloped acres located within the District that are currently expected to be developed into single-family residential lots and commercial development, the ownership of which is described below under the caption "Developer and Principal Land Owner" are available for future development. Since the owner of such currently undeveloped acres has no obligation to the District to develop any of such acres according to any timetable or at all, the District cannot represent whether or when the development of any of such acres might be undertaken. The remaining acres that are contained within the District consist of drainage easements, detention ponds, rights-of-way, District wastewater and water plant sites, or are otherwise not available for future development.

The District financed its portion of the cost of (a) the acquisition or construction of the components of its System which serve Teal Run, Sections 1 through 18, Teal Run Court, Estates of Teal Run, Sections 1 through 6, Teal Run Meadows, Sections 1 through 3, Winfield Lakes, Sections 2 through 7 and 10, Andover Farms, Sections 1 through 6, Cambridge Falls, Sections 1 through 9; and (b) the acquisition and construction of the M.R. Massey Park and Playground, Estates of Teal Run Amenity, Teal Run North Amenity, Teal Run Amenity, Winfield Lakes Park, Andover Farms Park, Detention Pond Drainage/Amenity Facilities to serve Cambridge Falls, enhancements to Teal Run Trail, Winfield Lakes Tennis Courts and Cambridge Falls Walking Trail, and other recreational facilities, and certain other facilities, with portions of the proceeds of the Prior Bonds and surplus funds. In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds"), the District expects to finance its portion of the cost of acquisition or construction of additional components of the System with proceeds of the sale of additional bonds, if any, to be issued in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt."

Developer and Principal Land Owner.................... Hannover Estates, Ltd. ("HEL") owns approximately 8 acres of currently undeveloped land located within the District which is expected to be developed in the future into single-family residential lots. New Teal Run, Ltd. ("NTR") owns approximately 6 acres of currently undeveloped land located in the District which is expected to be utilized for future commercial development. However, HEL and NTR are under no obligation to the District to develop any of its currently undeveloped acres according to any timetable or at all, and thus the District cannot predict whether, or when, the development of any such acres might be undertaken.

Infectious Disease Outbreak (COVID-19)............ In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State of Texas (the “State”) because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, INCLUDING PARTICULARLY THE SECTION OF THE OFFICIAL STATEMENT ENTITLED “INVESTMENT CONSIDERATIONS.”

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2020 Assessed Valuation (As of January 1, 2020) See "TAX DATA" and "TAXING PROCEDURES"	$	910,226,911	(a)
2021 Assessed Valuation (As of January 1, 2021) See "TAX DATA" and "TAXING PROCEDURES"	$	928,936,532	(b)
Direct Debt			
Outstanding Bonds (as of September 2, 2021)	$	52,310,000	
The Bonds		7,975,000	
Total	$	60,285,000	(c)
Estimated Overlapping Debt	$	37,126,241	
Total Direct and Estimated Overlapping Debt	$	97,411,241	
Direct Debt Ratio			
: as a percentage of 2020 Assessed Valuation		6.62	%
: as a percentage of 2021 Assessed Valuation		6.49	%
Direct and Overlapping Debt Ratio			
: as a percentage of 2020 Assessed Valuation		10.70	%
: as a percentage of 2021 Assessed Valuation		10.49	%
Debt Service Fund Balance Estimated as of the Date of Delivery of the Bonds	$	4,947,815	(d)
General Fund Balance Estimated as of the Date of Delivery of the Bonds	$	4,471,790	(e)
2021 Tax Rate per $100 of Assessed Valuation			
Debt Service Tax $0.47			
Maintenance Tax 0.25			
Total	$	0.72	(f)
Average Percentage of Total Tax Collections (2010-2019) as of July 31, 2021		99.77	%
Percentage of Tax Collections of 2020 Tax Levy as of July 31, 2021 (In process of collection)		98.89	%
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2022-2035)	$	4,220,785	
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2034)	$	4,614,756	
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2022-2035) at 95% Tax Collections			
Based Upon 2020 Assessed Valuation	$	0.49	
Based Upon 2021 Assessed Valuation	$	0.48	

Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2034) at 95% Tax Collections		
Based Upon 2020 Assessed Valuation	$	0.54
Based Upon 2021 Assessed Valuation	$	0.53
Number of Single-Family Homes as of August 1, 2021		4,588

(a) As of January 1, 2020, and comprises the District's 2020 tax roll. All property located in the District is valued on the tax rolls by the Fort Bend Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) As of January 1, 2021, and comprises the District's 2021 tax roll. The tax roll provided by the Appraisal District includes an uncertified component of $938,240, 90% of which is included in the amount of $928,936,532. The District's ultimate 2021 Assessed Valuation will not be determined until such uncertified values are certified by the Appraisal Review Board, and thus may vary from such sum of $928,936,532. See "TAXING PROCEDURES."

(c) See "DISTRICT DEBT." In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with proceeds of the sale of additional bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

(d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance gives effect to the payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due in 2021. The initial payment on the Bonds, consists of an interest payment thereon, is due September 1, 2022.

(e) Such fund balance gives effect to the reimbursement of the District's General Fund, from proceeds of the sale of the Bonds in the approximate amount of $1,442,000, that will be deposited into the District's General Fund on the Date of Delivery of the Bonds. See "THE BONDS - Use and Distribution of Bond Proceeds."

(f) The District has levied a total tax of $0.72 per $100 of Assessed Valuation for 2021, consisting of debt service and maintenance tax components of $0.47 and $0.25 per $100 of Assessed Valuation, respectively. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District plus the District's 2021 tax levy is $2.513407 per $100 of Assessed Valuation, which aggregate levies are within the range of the aggregate levies of municipal utility districts which are in stages of development comparable with the District. One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and the District can make no representation that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. To the extent that the District's composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

$4,725,000
UNLIMITED TAX BONDS
SERIES 2021A

and

$3,250,000
UNLIMITED TAX PARK BONDS
SERIES 2021B

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Fort Bend County Municipal Utility District No. 23 (the "District") of its Unlimited Tax Bonds, Series 2021A (the "Series 2021A Bonds") and Unlimited Tax Park Bonds, Series 2021B (the "Series 2021B Park Bonds") (collectively, the "Bonds").

Included in this Official Statement are descriptions of the Bonds, the plan of financing, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of duplication costs. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

THE BONDS

General

The Bonds are dated October 1, 2021, with interest payable on September 1, 2022, and on each March 1 and September 1 thereafter until maturity or prior redemption. Interest on the Bonds initially accrues from the Date of Delivery, and thereafter, from the most recent Interest Payment Date. The Series 2021A Bonds are issued as term bonds maturing on September 1, 2041, in the principal amount set forth on the inside cover page of this Official Statement. The Series 2021B Park Bonds are issued as term bonds maturing on September 1 in each of the years 2037 and 2039, in the principal amounts set forth on the inside cover page of this Official Statement. The Bonds are issued in fully registered form and will be issued in denominations of $5,000 of principal amount or integral multiples thereof. Principal of the Bonds will be payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Paying Agent/Registrar," or "Registrar"). Interest on the Bonds will be payable by check or draft, dated as of the interest payment date, and mailed by the Registrar to Registered Owners as shown on the records of the Registrar ("Registered Owners") at the close of business on the 15th calendar day of the month next preceding the interest payment date (the "Record Date").

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Assignments, Transfers and Exchanges

In the event the Book-Entry-Only System is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. Any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date. The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Redemption Provisions

Mandatory Redemption

The Series 2021A Bonds maturing on September 1, 2041, and the Series 2021B Park Bonds maturing on September 1 in each of the years 2037 and 2039, shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below).

The Series 2021A Bonds

$4,725,000 Bonds Maturing on September 1, 2041

Mandatory Redemption Dates	Principal Amount
September 1, 2040	$1,300,000
September 1, 2041 (maturity)	3,425,000

The Series 2021B Park Bonds

$560,000 Bonds Maturing on September 1, 2037

Mandatory Redemption Dates	Principal Amount
September 1, 2036	$320,000
September 1, 2037 (maturity)	240,000

$2,690,000 Bonds Maturing on September 1, 2039

Mandatory Redemption Dates	Principal Amount
September 1, 2038	$1,330,000
September 1, 2039 (maturity)	1,360,000

On or before 30 days prior to each Mandatory Redemption date set forth above, the Registrar shall (i) determine the principal amount of such Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary method of random selection, the Bonds or portions of Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of Bonds of a particular maturity to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced, at the option of the District, by the principal amount of Bonds of such maturity, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Optional Redemption

The District reserves the right, at its option, to redeem the Bonds prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2026, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by DTC in accordance with is procedures, so long as the Bonds are registered in accordance with the Book-Entry-Only System. See "BOOK- ENTRY-ONLY SYSTEM." If less than all of the entire outstanding principal amount of a maturity of the Bond is to be redeemed, the District will notify the Paying Agent/Registrar of the reductions in the remaining mandatory redemption amounts to result from the optional redemption. Notice of each exercise of the reserved right of optional redemption shall be given at least thirty (30) calendar days prior to the date fixed for redemption, in the manner specified in the Bond Resolution.

Effects of Redemption

By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Replacement of Registrar

Provision is made in the Bond Resolution for replacement of the Registrar. If the Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Registrar. In order to act as Registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking institution, organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority.

Authority for Issuance

The Series 2021A Bonds constitute the fourteenth installment of $90,775,000 unlimited tax bonds for waterworks, wastewater and drainage facilities authorized at elections held within the District on February 25, 1984, August 14, 1999, and November 6, 2001. In addition, District voters have authorized $13,245,000 unlimited tax refunding bonds for refunding purposes at an election held on May 7, 1994, and $8,800,000 unlimited tax bonds for recreational facilities at an election held on May 13, 2006. The Series 2021B Park Bonds constitute the third installment of unlimited tax bonds for recreational facilities authorized by the aforementioned May 13, 2006, election. Following the issuance of the Bonds, an aggregate of $13,165,000 bonds for waterworks, wastewater and drainage facilities, no bonds for park and recreational facilities, and $7,523,121.12 bonds for refunding purposes will remain authorized but unissued. See "Issuance of Additional Debt" below. The Bonds are issued pursuant to the Bond Resolution, Chapters 49 and 54 of the Texas Water Code, as amended, Article XVI, Section 59 of the Texas Constitution, and an order of the Texas Commission on Environmental Quality (the "TCEQ"). Further, the principal amount of park and recreational facilities bonds issued by the District may not exceed one percent of the District's certified taxable assessed valuation, unless, effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District. However, the issuance of additional park and recreational facilities bonds will require additional authorization by the voters in the District.

Payment Record

The Bonds constitute the fourteenth series of unlimited tax bonds issued by the District for the purpose of acquiring and constructing waterworks, wastewater and storm drainage system (the "System") and the third series of unlimited tax bonds issued by the District for the purpose of acquiring and constructing recreational facilities to serve the District. The District has previously issued Unlimited Tax Bonds, Series 1984 (the "Series 1984 Bonds"), Unlimited Tax Bonds, Series 1995 (the "Series 1995 Bonds"), Unlimited Tax Bonds, Series 1998 (the "Series 1998 Bonds"), Unlimited Tax Bonds, Series 1999 (the "Series 1999 Bonds") Unlimited Tax Bonds, Series 2001 (the "Series 2001 Bonds"), Unlimited Tax Bonds, Series 2004 (the "Series 2004 Bonds"), Unlimited Tax Bonds, Series 2005 (the "Series 2005 Bonds"), Unlimited Tax Bonds, Series 2006 (the "Series 2006 Bonds"), Unlimited Tax Bonds, Series 2007 (the "Series 2007 Bonds"), Unlimited Tax Bonds, Series 2008 (the "Series 2008 Bonds"), Unlimited Tax Bonds, Series 2008A (the "Series 2008A Bonds"), Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2015A (the "Series 2015A Bonds"), Unlimited Tax Park Bonds, Series 2015B (the "Series 2015B Park Bonds") and Unlimited Tax Bonds, Series 2017B (the "Series 2017B Bonds"), to finance water supply and distribution, wastewater collection and treatment and storm drainage facilities (the "System") and recreational facilities. The District has also issued Unlimited Tax Refunding Bonds, Series 1994 (the "Series 1994 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2004 (the "Series 2004 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2013 (the "Series 2013 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2016 (the "Series 2016 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2017A (the "Series 2017A Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2020 (the "Series 2020 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2021 (the "Series 2021 Refunding Bonds") to refund certain outstanding bonds of the District. Collective reference is made in this Official Statement to all of such bonds that the District has issued as the "Prior Bonds." The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Before the issuance of the Bonds, and as of September 2, 2021, the principal amount of the Prior Bonds that has not been previously retired by the District is $52,310,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the District's outstanding bonded indebtedness, consisting of the maturities of the Outstanding Bonds not heretofore paid by the District, plus the Bonds, will be $60,285,000. See "Issuance of Additional Debt" below and "INVESTMENT CONSIDERATIONS - Future Debt."

Source of Payment

The Bonds (together with the Outstanding Bonds, and such additional tax bonds as may hereafter be issued by the District) are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, and Registrar fees. Tax proceeds, after deduction for collection costs, will be placed in the debt service fund and used solely to pay principal of and interest on the Bonds, on such additional bonds payable from taxes which may be issued, and Registrar fees. The Bonds are obligations of the District and are not the obligations of the State of Texas, Fort Bend County, the City of Houston, Texas, the City of Missouri City, Texas, or any entity other than the District.

Issuance of Additional Debt

The District may issue additional bonds necessary to provide improvements and facilities consistent with the purposes for which the District was created and for refunding purposes. Following the issuance of the Bonds, the District will have the right to issue an additional $13,165,000 bonds for waterworks, sanitary sewer, and drainage facilities as authorized by District voters at elections held on February 25, 1984, August 14, 1999, and November 6, 2001, and $7,523,121.12 additional bonds for refunding purposes, as approved by the District's voters at the election held on May 7, 1994. The Bond Resolution imposes no limitation on the amount of additional parity bonds that may be issued by the District, if authorized by the District's voters and approved by the Board and the Texas Commission on Environmental Quality (the "TCEQ"). In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with the proceeds of the sale of the Bonds (see "Use and Distribution of Bond Proceeds" below), the District expects to finance the acquisition or construction of additional components of the System with proceeds of the sale of additional bonds, if any, to be issued by the District in the future. See "INVESTMENT CONSIDERATIONS - Future Debt."

The District has the right to issue the aforementioned bonds without the necessity of further voter authorization. Before issuing any additional bonds for the System, the District would have to obtain approval of the TCEQ for the issuance of such bonds and the projects to be financed thereby. Since the District has not financed all components of its System necessary to complete construction of the System, the District anticipates issuing additional bonds for such purposes as future development in the District necessitates. In addition to the above-mentioned bonds, the District has the right to issue such additional tax bonds, revenue bonds, or combination tax and revenue bonds as may be hereafter approved by the voters of the District. The District also has the right to issue revenue notes, bond anticipation notes, and tax anticipation notes without the necessity of voter approval. In addition, the District has the right to enter into contracts and to pledge its taxing power to secure any payments the District is required to make under such a contract, provided the provisions of the contract are approved by the voters of the District. The District further has the right to issue refunding bonds, in addition to the refunding bonds described above, with additional voter approval.

Based on present engineering cost estimates, in the opinion of the District's consulting engineer, LJA Engineering, Inc. (the "Engineer"), the $13,165,000 authorized but unissued bonds will be adequate to finance the extension of water supply and distribution, wastewater collection and treatment, and storm drainage facilities to serve all of the remaining undeveloped portions of the District. However, if the cost of the additions to the System necessary to complete development of the District were to exceed current estimates, the amount of authorized but unissued bonds might not be sufficient to finance all such additions to the System. In such event, the District would be required to obtain voter authorization to issue additional bonds to complete the System at an election held for such purpose. See "DEVELOPMENT OF THE DISTRICT," "FUTURE DEVELOPMENT," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a fire plan and bonds for such purpose by the qualified voters in the District; (b) approval of the fire plan and bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS - Future Debt."

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District adopted a master parks plan on February 23, 2006, and voters of the District have approved the issuance of $8,800,000 park bonds on May 13, 2006. The District issued its Series 2008 Bonds and Series 2015B Park Bonds to finance recreational facilities. Before the District could issue additional parks and recreational facilities bonds payable from taxes, the following actions would be required: (a) authorization of park bonds by the qualified voters in the District (as described below); (b) approval of the park projects and bonds by the TCEQ; and (c) approval of the bonds by the Attorney General of Texas. When the District issues parks and recreational facilities bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless, effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District. The District has spent and intends to continue to spend surplus operating revenues for the maintenance and development of parks and other recreational facilities in the District. Currently, the District has constructed the M.R. Massey Park and Playground, the Estates of Teal Run Amenity, Teal Run North Amenity, Teal Run Amenity, Winfield Lakes Park, Andover Farms Park, Detention Pond Drainage/Amenity Facilities, Phase 2 to serve Cambridge Falls, enhancements to Teal Run Trail and Winfield Lakes Tennis Courts, and the Cambridge Falls Walking Trail. In accordance with the rules of the TCEQ, the District is financing recreational facilities with the proceeds of the sale of the Series 2021B Park Bonds. Following the issuance of the Series 2021B Park Bonds, the District will have issued all authorized principal amounts for unlimited tax bonds for recreational facilities, as authorized by the aforementioned election held on May 13, 2006. Before the District could issue additional unlimited tax bonds for recreational purposes, the District would need call a future park bond election, and it would need to pass by a majority of the votes cast in the election.

The District also is authorized to acquire road powers. The TCEQ has approved the District's application to acquire road utility district powers to construct major thoroughfares, collector or arterial roads benefitting the District. The District called an election on November 5, 2019, for the purpose of authorizing the issuance of $10,000,000 in unlimited tax bonds for construction and acquisition of roads to serve the District and for refunding of such bonds. However, the election failed to pass by a 2/3 majority of the votes cast in the election. The District may call a future road bond election.

If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS - Future Debt."

No Arbitrage

The District certifies that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Annexation and Consolidation

Due to an extraterritorial jurisdiction ("ETJ") swap between the City of Houston, Texas, and the City of Missouri City, Texas (each, a "City"), the District lies within the ETJ of both the City of Houston and the City of Missouri City. Under Texas law, the District may be annexed for full purposes in whole, but not in part, by either City without the District's consent, in which case the City must dissolve the District and assume the assets, functions and obligations of the District, including the Bonds, and any other bonded indebtedness of the District existing at the time of annexation. However, because the District is now in two ETJ's, the District would not be dissolved unless both Cities have annexed the property in the District. No representation is made concerning the likelihood of annexation or the ability of either City to make debt service payments should annexation and dissolution occur.

The District has the right under current State law to select the ETJ in which it would like to be located, without the consent of either City.

The District has the right, if approved by the voters of the District, to consolidate with other districts and, in connection therewith, to provide for the consolidation of the District's assets (such as cash and its System) and liabilities (such as the Bonds and the Outstanding Bonds) with the assets and liabilities of the district or districts with which it is consolidating. No representation is made that the District will ever consolidate with another district.

Strategic Partnership

The District entered into a Strategic Partnership Agreement (the "SPA") with the City of Houston (the "City") pursuant to Chapter 43 of the Texas Local Government Code on December 19, 2011. The SPA provides for a "limited purpose annexation" of that portion of the District within the City's extraterritorial jurisdiction that is developed for retail and commercial purposes in order to apply certain City health, safety, planning and zoning ordinances and sales tax within the District. Residential development within the District is not subject to the limited purpose annexation. The SPA provides the terms and conditions under which services would be provided and funded by the parties and under which the District would continue to exist if the land within the District were to be annexed for full or limited purposes by the City. The SPA also provides that, without the agreement of the District, the City will not annex the District for "full purposes" (a traditional municipal annexation) for at least thirty (30) years, which is 2041 for such purpose.

Registered Owners' Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to observe and perform its covenants and obligations to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See "Bankruptcy Limitation to Registered Owners' Rights" below. Certain traditional legal remedies also may not be available.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

The District may not be placed into bankruptcy involuntarily.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is quoted from Section 49.186 of the Texas Water Code, and is applicable to the District:

"(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Resolution does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality of those currently permitted under Texas law.

Use and Distribution of Bond Proceeds

Proceeds of the sale of the Series 2021A Bonds will be used by the District to finance the acquisition or construction of (a) the District's pro-rata share of (1) 16-inch water line installation on Buckwood Court, (2) water line and sanitary sewer extension along South Post Oak Boulevard, (3) Water Supply Plant No. 2 improvements, (4) wastewater treatment plant improvements, (5) purchase of Smart Water Meters; (b) water distribution, wastewater collection and storm drainage facilities to serve Cambridge Falls, Sections 10 and 11; and (c) engineering, surveying, geotechnical and materials testing fees associated with the foregoing projects, and Storm Water Pollution Prevention. Proceeds of the sale of the Series 2021B Park Bonds will be used by the District to finance the acquisition or construction of (a) recreational facilities on a 10-acre tract owned by the District; and (b) architectural and engineering fees related to the foregoing project. The District will also use the proceeds of the sale of the Bonds to pay, among other items, administrative and issuance costs, legal fees, fiscal agent's fees, fees to the Texas Commission on Environmental Quality (the "TCEQ" or "Commission") and the Attorney General of Texas, and certain financing costs related to the issuance of the Bonds.

Construction Costs	**District's Share Series 2021A Bonds**	**District's Share Series 2021B Park Bonds**
A. Developer Contribution Items [(a)]		
1. Cambridge Falls, Section 10 Water, Sewer and Drainage	$516,713	
2. Cambridge Falls, Section 11 Water, Sewer and Drainage	283,734	
3. Engineering, Surveying, Geotech, and Testing	157,006	
4. Storm Water Pollution Prevention	12,419	
Total Developer Contribution Items	$969,872	

B.	District Items		
	1. 16-Inch Water Line Installation on Buckwood Court	$224,140	
	2. Water Line and Sanitary Sewer Extension along South Post Boulevard	174,150	
	3. Water Supply Plant No. 2 Improvements	370,909	
	4. Wastewater Treatment Plant Improvements	631,564	
	5. Contingencies	140,076	
	6. Engineering, Surveying, Geotech, and Testing	256,335	
	7. Purchase of Smart Water Meters	1,350,000	
	8. Recreational Facilities on 10-Acre Tract		$2,317,000
	9. Contingencies		231,700
	10. Architectural Fees and Engineering		391,300
	Total District Items	$3,147,174	$2,940,000
	TOTAL CONSTRUCTION COSTS	$4,117,046	$2,940,000

Non-Construction Costs

A.	Legal Fees	$124,500	$95,000
B.	Fiscal Agent Fees	94,500	65,000
C.	Developer Interest (b)	176,587	0
D.	Bond Discount	141,278	81,301
E.	Bond Issuance Expenses	27,418	22,786
F.	Bond Application Report Costs	26,661	18,339
G.	Attorney General Fee	4,725	3,250
H.	TCEQ Bond Issuance Fee	11,813	8,125
I.	Contingencies (c)	472	16,199
	TOTAL NON-CONSTRUCTION COSTS	$607,954	$310,000
	TOTAL BOND ISSUE REQUIREMENTS	**$4,725,000**	**$3,250,000**

(a) The rules of the TCEQ require in certain instances that developers within a district subject to the jurisdiction of the TCEQ contribute to the construction program of such district an amount of money equal to thirty percent (30%) of the construction costs of certain water, sewer and drainage facilities in that district. The District requested an exemption from such developer participation requirement with respect to certain facilities being financed with portions of the proceeds of the sale of the Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Order authorizing the District to issue the Bonds.

(b) Represents interest owed on advances of construction costs and engineering fees and operating expenses made on the District's behalf. The actual amount of interest owed will be calculated at the lesser of (i) the net effective interest rate borne by the Bonds or (ii) the interest rate at which the party that has advanced such sums has borrowed funds.

(c) The TCEQ directed that any surplus funds resulting from the sale of bonds at a lower interest rate than proposed shall be shown as a contingency line item. The use of these funds is subject to approval by the TCEQ.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to reimburse the Developer for the costs of the above-described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

Authority

The District is a municipal utility district created by an order of the Texas Water Commission, predecessor to the TCEQ, dated February 15, 1978, pursuant to the authority of Chapter 54, Texas Water Code, and Article XVI, Section 59 of the Texas Constitution. The creation of the District was confirmed at an election held within the District on January 21, 1984. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code. The District is subject to the continuing supervision of the TCEQ.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District also is empowered to construct major thoroughfares, connector or arterial roads benefitting the District.

The District also is authorized to construct, develop and maintain park and recreational facilities subject to approval by the TCEQ. In addition, the District is authorized to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District. The District currently owns and operates parks and recreational facilities within the District. Such facilities include an extensive walking trail systems, playgrounds and picnic area. The District issued its Series 2008 Bonds and Series 2015B Park Bonds, and is issuing the Series 2021B Park Bonds, to finance recreational facilities and uses surplus operating revenues to fund recreational facilities. Future facilities may be paid for by the issuance of parks and recreational facilities bonds and the levy of ad valorem taxes in payment thereof or from surplus operating funds. See “THE BONDS - Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS - Future Debt.”

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent to creation of the District by the City of Houston, within whose extraterritorial jurisdiction the original District lies, the District agreed to observe certain City of Houston requirements. These requirements limit the purposes for which the District may sell bonds for the acquisition and improvement of waterworks, wastewater, and drainage facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by the City of Houston of the District's construction plans and specifications, and the issuance of bonds. Due to an adjustment of the City of Houston’s extraterritorial jurisdiction on February 2, 2005, the District now lies in the extraterritorial jurisdiction of both the City of Houston and the City of Missouri City. However, the City of Missouri City does not impose any requirements on the District’s issuance of bonds.

Description

The District consisted of approximately 482.5 acres of land at the time of the creation of the District. One exclusion and several annexations of land have resulted in the current District size of approximately 1,303 acres of land. The District is located entirely within Fort Bend County, Texas, approximately 20 miles southwest of the central business district of the City of Houston. The District lies within the Fort Bend Independent School District. The District is bounded on the south by State Highway 6, and is located west of Farm-to-Market Road 521, and east of the Fort Bend County Toll Road. See “AERIAL PHOTOGRAPH OF THE DISTRICT,” and “APPENDIX A - LOCATION MAP.”

Management of the District

The District is governed by the Board of Directors, consisting of five directors. The Board of Directors has control over and management supervision of all affairs of the District. Directors serve four-year staggered terms, and elections are held within the District in May in even numbered years. The current members and officers of the Board, along with their respective terms of office, are listed below. All of the Directors currently reside within the District.

Name	Position	Term Expires in May
William Thomas	President	2022
Anzilla R. Gilmore	Vice President	2022
Chris Robinson	Assistant Vice President	2024
Ellen Hughes	Secretary	2022
Steven Gates	Assistant Secretary	2024

The District does not have a general manager or any other employee, but has contracted for services, as follows.

Tax Assessor/Collector - The District has engaged Assessments of the Southwest, Inc., Friendswood, Texas, as the District's Tax Assessor/Collector. According to Assessments of the Southwest, Inc., it presently serves approximately 204 taxing units as tax assessor/collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Fort Bend County Appraisal District and bills and collects such levy.

Engineer - The consulting engineer for the District is LJA Engineering, Inc. (the "Engineer"). The Engineer has also been employed by the Developer (hereinafter defined) in connection with certain planning activities and the design of certain streets and related improvements within the District.

Bookkeeper - The District has engaged Myrtle Cruz, Inc. as the District's Bookkeeper. According to Myrtle Cruz, Inc., it currently serves approximately 372 districts as bookkeeper.

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's auditor for the District's 2020 fiscal year is McCall Gibson Swedlund Barfoot PLLC, Houston, Texas. A copy of the District's audit for the fiscal year ended December 31, 2020, is included as "APPENDIX B" to this Official Statement.

Utility System Operator - Municipal District Services, LLC is the operator of the System. Additionally, Municipal District Services, LLC provides administrative assistance services to the District for operation of the District's administrative building. According to Municipal District Services, LLC, it is currently engaged as utility system operator for approximately 72 utility districts.

Bond Counsel and General Counsel - Allen Boone Humphries Robinson LLP, Houston, Texas ("Bond Counsel") serves as Bond Counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Allen Boone Humphries Robinson LLP serves as general counsel to the District on matters other than the issuance of bonds.

Disclosure Counsel - McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor - The District has engaged Rathmann & Associates, L.P., as financial advisor (the "Financial Advisor") to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States

Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"). Rathmann & Associates, L.P.'s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/companysearch.html.

DEVELOPMENT OF THE DISTRICT

As of August 1, 2021, the development of an aggregate of 4,597 single-family residential lots (an aggregate of approximately 1,168 acres) is complete within the District, and homes have been built on 4,588 of such lots and conveyed to home purchasers. The development of such 4,597 completed lots includes the construction of components of the System and street paving in Teal Run, Sections 1 through 18, Teal Run Court, Estates of Teal Run, Sections 1 through 6, Teal Run Meadows, Sections 1 through 3, Winfield Lakes, Sections 2 through 7 and 10, Andover Farms, Sections 1 through 6, and Cambridge Falls, Sections 1 through 11 as is enumerated in chart that appears below. A Walgreens Drug Store that contains approximately 14,820 square feet of building area, a grocery store that contains approximately 11,904 square feet of building area and four retail shopping centers have been constructed on an approximately 12 acre tract of land located within the District. A gasoline service station and convenience store have been constructed on an approximately 1 acre site located within the District. A Jack-in-the-Box restaurant has been constructed on an approximately 0.6 acre site located within the District. A United States Post Office has been constructed on an approximately 2.4 acre site located within the District and the Fort Bend Independent School District (the "FBISD") owns a total of approximately 24 acres located within the District on which it has constructed on separate sites the Walter Moses Burton Elementary School and the Lulabelle Goodman Elementary School, all of which property is exempt from taxation by the District. Approximately 19 acres within the District contain recreational facilities. Approximately 14 undeveloped acres located within the District that are currently expected to be developed into single-family residential lots and commercial development, the ownership of which is described below under the caption "DEVELOPER AND PRINCIPAL LAND OWNER" are available for future development. Since the owner of such currently undeveloped acres has no obligation to the District to develop any of such acres according to any timetable or at all, the District cannot represent whether or when the development of any of such acres might be undertaken. The remaining acres that are contained within the District consist of drainage easements, detention ponds, rights-of-way, District wastewater and water plant sites, or are otherwise not available for future development.

The District financed its portion of the cost of (a) the acquisition or construction of the components of its System which serve Teal Run, Sections 1 through 18, Teal Run Court, Estates of Teal Run, Sections 1 through 6, Teal Run Meadows, Sections 1 through 3, Winfield Lakes, Sections 2 through 7 and 10, Andover Farms, Sections 1 through 6, Cambridge Falls, Sections 1 through 9; and (b) the acquisition and construction of the M.R. Massey Park and Playground, Estates of Teal Run Amenity, Teal Run North Amenity, Teal Run Amenity, Winfield Lakes Park, Andover Farms Park, Detention Pond Drainage/Amenity Facilities to serve Cambridge Falls, enhancements to Teal Run Trail, Winfield Lakes Tennis Courts and Cambridge Falls Walking Trail, and other recreational facilities, and certain other facilities, with portions of the proceeds of the Prior Bonds and surplus funds. In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds"), the District expects to finance its portion of the cost of acquisition or construction of additional components of the System with proceeds of the sale of additional bonds, if any, to be issued in the future. See "THE BONDS - Issuance of Additional Debt," "DISTRICT DEBT - Debt Service Requirement Schedule," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt."

As of August 1, 2021, the status of residential development and home construction in the District was as follows:

	LOTS				HOMES				
	Fully		Under		Under Construction		Completed		
Subdivision	Developed	Acres	Development	Acres	Sold	Unsold	Sold	Unsold	Totals
Teal Run									
Section 1	167	43			0	0	167	0	167
Section 2	169	52			0	0	169	0	169
Section 3	27	7			0	0	27	0	27
Section 4	50	19			0	0	50	0	50
Section 5	81	23			0	0	81	0	81
Section 6	65	12			0	0	65	0	65
Section 7	84	18			0	0	84	0	84
Section 8	34	17			0	0	34	0	34
Section 9	130	42			0	0	130	0	130
Section 10	163	43			0	0	163	0	163
Section 11	113	35			0	0	113	0	113
Section 12	96	24			0	0	96	0	96
Section 13	98	18			0	0	98	0	98
Section 14	67	18			0	0	67	0	67
Section 15	136	27			0	0	136	0	136
Section 16	137	29			0	0	137	0	137
Section 17	99	21			0	0	99	0	99
Section 18	57	33			0	0	57	0	57
Teal Run Court	17	4			0	0	17	0	17
Estates of Teal Run									
Section 1	104	30			0	0	104	0	104
Section 2	85	20			0	0	85	0	85
Section 3	66	14			0	0	66	0	66
Section 4	64	15			0	0	64	0	64
Section 5	115	39			0	0	114	0	114
Section 6	20	5			0	0	20	0	20
Teal Run Meadows									
Section 1	84	14			0	0	84	0	84
Section 2	130	26			0	0	130	0	130
Section 3	85	15			0	0	85	0	85
Winfield Lakes									
Section 2	102	19			0	0	102	0	102
Section 3	141	20			0	0	141	0	141
Section 4	106	23			0	0	106	0	106
Section 5	15	3			0	0	15	0	15
Section 6	248	53			0	0	248	0	248
Section 7	102	29			0	0	102	0	102
Section 10	17	4			0	0	9	0	9
Andover Farms									
Section 1	83	21			0	0	83	0	83
Section 2	81	25			0	0	81	0	81
Section 3	111	31			0	0	111	0	111
Section 4	142	35			0	0	142	0	142
Section 5	67	17			0	0	67	0	67
Section 6	63	19			0	0	63	0	63
Cambridge Falls									
Section 1	149	63			0	0	149	0	149
Section 2	161	48			0	0	161	0	161
Section 3	34	9			0	0	34	0	34
Section 4	43	9			0	0	43	0	43
Section 5	43	10			0	0	43	0	43
Section 6	70	16			0	0	70	0	70
Section 7	39	7			0	0	39	0	39
Section 8	21	4			0	0	21	0	21
Section 9	60	11			0	0	60	0	60
Section 10	111	19			0	0	111	0	111
Section 11	45	10			0	0	45	0	45
TOTALS	4,597	1,168	0	0	0	0	4,588	0	4,588

DEVELOPER AND PRINCIPAL LAND OWNER

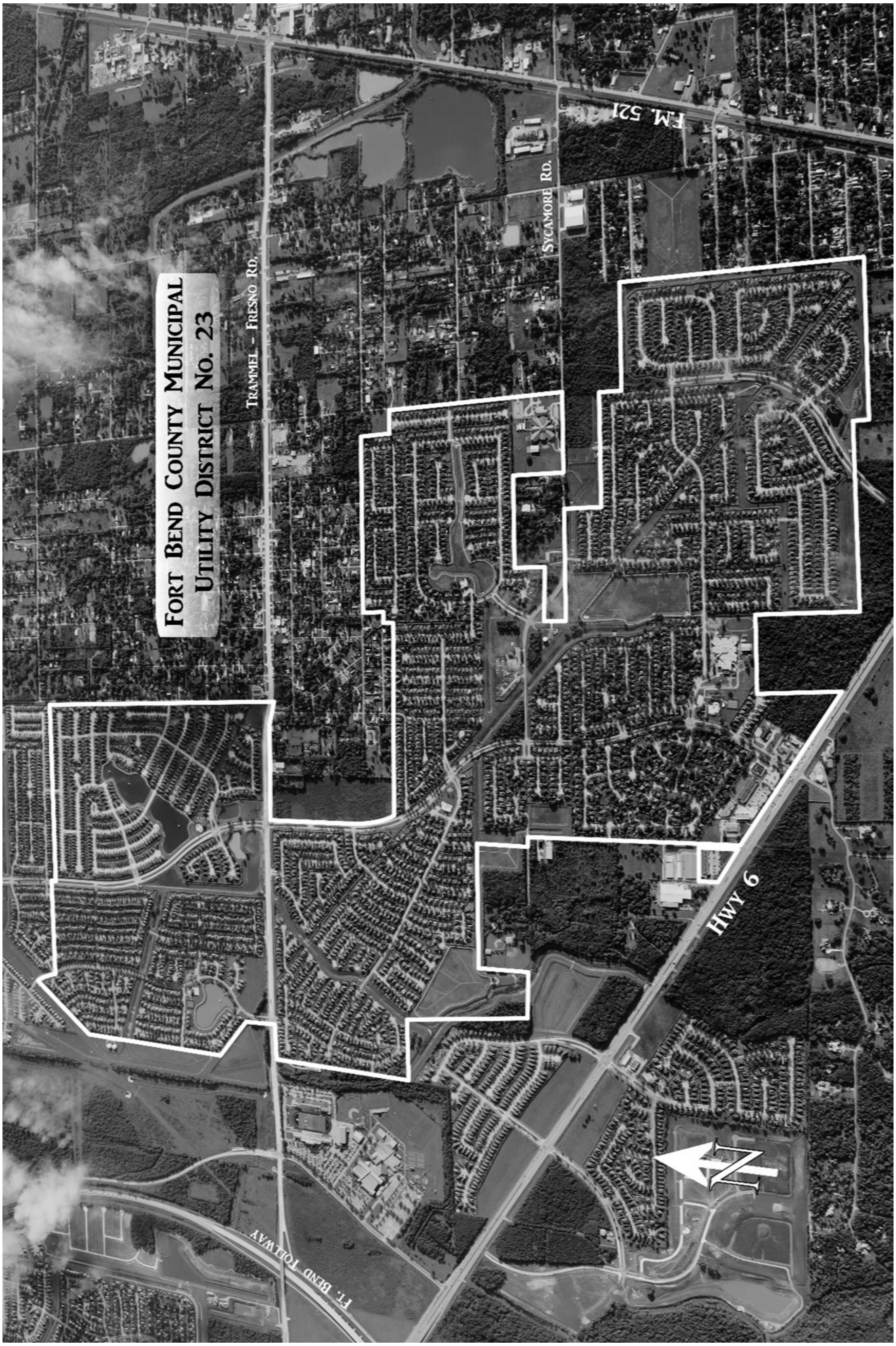
Hannover Estates, Ltd. ("HEL") owns approximately 8 acres of currently undeveloped land located within the District which is expected to be developed in the future into single-family residential lots. New Teal Run, Ltd. ("NTR") owns approximately 6 acres of currently undeveloped land located in the District which is expected to be utilized for future commercial development. However, HEL and NTR are under no obligation to the District to develop any of its currently undeveloped acres according to any timetable or at all, and thus the District cannot predict whether, or when, the development of any such acres might be undertaken.

FUTURE DEVELOPMENT

As is described above under the caption "DEVELOPER AND PRINCIPAL LAND OWNER," HEL owns approximately 8 acres of currently undeveloped land located within the District which is expected to be developed in the future into single-family residential lots. NTR owns approximately 6 acres of currently undeveloped land located in the District which is expected to be utilized for future commercial development. However, HEL and NTR are under no obligation to the District to proceed with the development of such acreage, the District cannot represent when, or whether any of such currently undeveloped acres might be developed.

The initiation of any new development beyond that described in this Official Statement will be dependent on several factors including, to a great extent, the general and other economic conditions which would affect any party's ability to develop and sell lots, and of any home builder to sell completed homes described in this Official Statement under the caption "INVESTMENT CONSIDERATIONS." In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds"), the District expects to finance its portion of the cost of acquisition or construction of additional components of the System with proceeds of the sale of additional bonds, if any, to be issued in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt." The District's Engineer estimates that the $13,165,000 authorized bonds which remain unissued will be adequate to finance the construction of such facilities to provide service to all of the currently undeveloped portions of the District. However, if the cost of the additions to the System necessary to complete development of the District were to exceed current estimates, the amount of authorized but unissued bonds might not be sufficient to finance all such additions to the System. In such event, the District would be required to obtain voter authorization to issue additional bonds to complete the System at an election held for such purpose. See "THE BONDS - Issuance of Additional Debt." No party is under any obligation to the District to initiate development of any of the land located within the District, or to complete any development, if begun, and any party initiating any such future development thereon could modify or discontinue its plans in its sole discretion. Accordingly, the District makes no representation that future development will occur. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken June 2020)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken June 2020)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken June 2020)

DISTRICT DEBT

General

The following tables and calculations relate to the Outstanding Bonds and the Bonds. The District is empowered to incur debt to be paid from revenues raised by taxation against all taxable property located within the District, and various other political subdivisions of government which overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property within the District.

2020 Assessed Valuation (As of January 1, 2020) See "TAX DATA" and "TAXING PROCEDURES"		$	910,226,911	(a)
2021 Assessed Valuation (As of January 1, 2021) See "TAX DATA" and "TAXING PROCEDURES"		$	928,936,532	(b)
Direct Debt:				
Outstanding Bonds (as of September 2, 2021)		$	52,310,000	
The Bonds			7,975,000	
Total		$	60,285,000	(c)
Estimated Overlapping Debt		$	37,126,241	
Total Direct and Estimated Overlapping Debt		$	97,411,241	
Direct Debt Ratio				
: as a percentage of 2020 Assessed Valuation			6.62	%
: as a percentage of 2021 Assessed Valuation			6.49	%
Direct and Overlapping Debt Ratio				
: as a percentage of 2020 Assessed Valuation			10.70	%
: as a percentage of 2021 Assessed Valuation			10.49	%
Debt Service Fund Balance Estimated as of the Date of Delivery of the Bonds		$	4,947,815	(d)
General Fund Balance Estimated as of the Date of Delivery of the Bonds		$	4,471,790	(e)
2021 Tax Rate per $100 of Assessed Valuation				
Debt Service Tax	$0.47			
Maintenance Tax	0.25			
Total		$	$0.72	(f)
Average Percentage of Total Tax Collections (2010-2019) as of July 31, 2021			99.77	%
Percentage of Tax Collections of 2020 Levy as of July 31, 2021 (In process of collection)			98.89	%

(a) As of January 1, 2020, and comprises the District's 2020 tax roll. All property located in the District is valued on the tax rolls by the Fort Bend Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) As of January 1, 2021, and comprises the District's 2021 tax roll. The tax roll provided by the Appraisal District includes an uncertified component of $938,240, 90% of which is included in the amount of $928,936,532. The District's ultimate 2021 Assessed Valuation will not be determined until such uncertified values are certified by the Appraisal Review Board, and thus may vary from such sum of $928,936,532. See "TAXING PROCEDURES."

(c) In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with proceeds of the sale of additional bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

(d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance gives effect to the payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due in 2021. The initial payment on the Bonds consists of an interest payment thereon, due September 1, 2022.

(e) Such fund balance gives effect to the reimbursement of the District's General Fund, from proceeds of the sale of the Bonds in the approximate amount of $1,442,000, that will be deposited into the District's General Fund on the Date of Delivery of the Bonds. See "THE BONDS - Use and Distribution of Bond Proceeds."

(f) The District has levied a total tax of $0.72 per $100 of Assessed Valuation for 2021, consisting of debt service and maintenance tax components of $0.47 and $0.25 per $100 of Assessed Valuation, respectively. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District plus the District's 2021 tax levy is $2.513407 per $100 of Assessed Valuation, which aggregate levies are within the range of the aggregate levies of municipal utility districts which are in stages of development comparable with the District. One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and the District can make no representation that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. To the extent that the District's composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in "Texas Municipal Reports," published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Debt as of August 1, 2021	Estimated Overlapping Percent	Estimated Overlapping Amount
Fort Bend County	$622,289,567	1.2124%	$7,544,873
Fort Bend County Drainage District	25,405,000	1.1943%	303,401
Fort Bend Independent School District	1,461,158,767	2.0037%	29,277,967
Total Estimated Overlapping Debt			$37,126,241
Total Direct Debt (the Bonds and the Outstanding Bonds)			60,285,000
Total Direct and Estimated Overlapping Debt			$97,411,241

Debt Ratios

	% of 2020 Assessed Valuation	% of 2021 Assessed Valuation
Direct Debt	6.62%	6.49%
Direct and Estimated Overlapping Debt	10.70%	10.49%

Under Texas law, ad valorem taxes levied by each taxing authority other than the District create a lien that is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administration, and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy, and collect ad valorem taxes for operations and maintenance purposes, and such taxes have been authorized by the duly qualified voters of the District. The District has levied a maintenance tax of $0.25 per $100 of Assessed Valuation for 2021. See "TAX DATA - Maintenance Tax."

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements for the Outstanding Bonds, as of September 2, 2021, plus the principal and interest requirements of the Bonds.

		Plus: The Bonds				
Year Ending	Current Total	Series 2021A Bonds		Series 2021B Park Bonds		New Total
December 31	Debt Service	Principal	Interest	Principal	Interest	Debt Service
2021	$4,025,077					$4,025,077
2022	3,961,906		$94,763		$57,728	4,114,397
2023	3,982,706		112,219		68,363	4,163,287
2024	3,968,906		112,219		68,363	4,149,487
2025	3,961,606		112,219		68,363	4,142,187
2026	3,942,256		112,219		68,363	4,122,837
2027	3,934,806		112,219		68,363	4,115,387
2028	3,978,956		112,219		68,363	4,159,537
2029	3,968,506		112,219		68,363	4,149,087
2030	3,510,006		112,219		68,363	3,690,587
2031	4,110,506		112,219		68,363	4,291,087
2032	4,102,263		112,219		68,363	4,282,844
2033	4,317,619		112,219		68,363	4,498,200
2034	4,434,175		112,219		68,363	4,614,756
2035	4,416,731		112,219		68,363	4,597,312
2036	3,259,088		112,219	$320,000*	68,363	3,759,669
2037	3,352,738		112,219	240,000*	61,963	3,766,919
2038	2,272,713		112,219	1,330,000*	57,163	3,772,094
2039	2,301,900		112,219	1,360,000*	28,900	3,803,019
2040	2,266,650	$1,300,000*	112,219			3,678,869
2041		3,425,000*	81,344			3,506,344
	$74,069,114	$4,725,000	$2,196,044	$3,250,000	$1,162,828	$85,402,986

Average Annual Requirements: (2022-2035) $4,220,785
Maximum Annual Requirement: (2034) $4,614,756

See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments” and “TAX DATA - Tax Rate Calculations” for a discussion of the District’s projected tax rates and the effect on the Bonds thereon.

---

* Represents mandatory sinking fund payments on term bonds.

TAX DATA

Debt Service Tax

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Outstanding Bonds and the Bonds (see "TAXING PROCEDURES"). The Board of Directors of the District has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "INVESTMENT CONSIDERATIONS"). The District has levied a debt service tax of $0.47 per $100 of Assessed Valuation for 2021. See "Tax Rate Distribution" below.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. On April 7, 1984, the Board was authorized by a vote of the District's electors to levy such maintenance tax in an amount not to exceed $0.25 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds and the Bonds and any parity bonds which may be issued in the future. The District has levied a maintenance tax of $0.25 per $100 of Assessed Valuation for 2021.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	$0.25 per $100 Assessed Valuation.

Tax Rate Distribution

	2021	2020	2019	2018	2017
Debt Service	$0.47	$0.50	$0.53	$0.55	$0.57
Maintenance	0.25	0.25	0.25	0.25	0.25
Total	$0.72	$0.75	$0.78	$0.80	$0.82

Tax Exemption

The District adopted an exemption of $10,000 for persons 65 years or older or disabled for the 2021 tax year. The District did not adopt a general residential homestead exemption for the 2021 tax year. See "TAXING PROCEDURES."

Portions of the land owned by HEL are undeveloped and at some future date could be used for agricultural purposes. Accordingly, the owner of such land could be entitled to have such land valued on the basis of its agricultural productivity (qualified open space land), which would be a small fraction of its fair market value. HEL has waived, on behalf of themselves and their successors and assigns, any right to claim such valuation in future years. The waiver is binding for a period of 30 years.

Historical Values and Tax Collection History

Tax Year	Assessed Valuation	Tax Rate[(a)]	Total Levy	% Collections Current & Prior Years[(b)]	% Collections Year Ended 09/30
2010	$503,925,181	$1.03	$5,190,429	99.85%	2011
2011	498,980,009	1.03	5,139,494	99.84	2012
2012	472,827,715	1.07	5,059,257	99.83	2013
2013	489,440,111	1.05	5,139,121	99.81	2014
2014	534,000,435	1.05	5,607,005	99.82	2015
2015	610,824,679	0.95	5,802,834	99.82	2016
2016	679,466,136	0.89	6,047,249	99.79	2017
2017	739,571,210	0.82	6,064,484	99.69	2018
2018	782,768,199	0.80	6,262,146	99.76	2019
2019	859,544,415	0.78	6,704,446	99.52	2020
2020	910,226,911	0.75	6,826,702	98.89[(c)]	2021
2021	928,936,532[(d)]	0.72[(e)]	[(e)]	[(e)]	

(a) Per $100 of Assessed Valuation.
(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through July 31, 2021. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.
(c) As of July 31, 2021. In process of collection.
(d) The tax roll provided by the Appraisal District includes an uncertified component of $938,240, 90% of which is included in the amount of $928,936,532. The District's ultimate 2021 Assessed Valuation will not be determined until such uncertified values are certified by the Appraisal Review Board, and thus may vary from such sum of $928,936,532.
(e) The District has levied a total tax rate of $0.72 per $100 of Assessed Valuation for 2021, consisting of debt service and maintenance tax components of $0.47 and $0.25 per $100 of Assessed Valuation, respectively.

Analysis of Tax Base

The following table illustrates the composition of property located within the District during the past five years.

Type of Property	2021 Assessed Valuation	%	2020 Assessed Valuation	%	2019 Assessed Valuation	%
Land	$167,965,380	18.08%	$166,524,510	18.29%	$147,509,900	17.16%
Improvements	801,098,193	86.24%	786,014,293	86.35%	755,014,775	87.84%
Personal Property	12,991,218	1.40%	12,414,320	1.36%	11,027,530	1.28%
Exemptions	(53,118,259)	-5.72%	(54,726,212)	-6.01%	(54,007,790)	-6.28%
TOTAL	$928,936,532*	100.00%	$910,226,911	100.00%	$859,544,415	100.00%

Type of Property	2018 Assessed Valuation	%	2017 Assessed Valuation	%
Land	$143,857,080	18.38%	$137,454,830	18.59%
Improvements	681,924,659	87.12%	649,938,731	87.88%
Personal Property	10,709,270	1.37%	9,833,640	1.33%
Exemptions	(53,722,810)	-6.86%	(57,655,991)	-7.80%
TOTAL	$782,768,199	100.00%	$739,571,210	100.00%

* The tax roll provided by the Appraisal District includes an uncertified component of $938,240, 90% of which is included in the amount of $928,936,532. The District's ultimate 2021 Assessed Valuation will not be determined until such uncertified values are certified by the Appraisal Review Board, and thus may vary from such sum of $928,936,532.

Principal 2020 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the Assessed Valuation of such property as of January 1, 2020. The information reflects the composition of the Appraisal District's record of property ownership as of January 1, 2020.

Taxpayer	Type of Property	Assessed Valuation 2020 Tax Roll	% of 2020 Tax Roll
2018-4 IH Borrower, LLP	Houses	$8,715,370	0.96%
SRP Sub, LLC	Houses	7,343,990	0.81%
American Residential Leasing Company	Houses	6,450,070	0.71%
Centerpoint Energy	Personal Property	3,432,120	0.38%
ARP 2014-1 Borrower, LLC	Houses	3,431,770	0.38%
AMH 2014-3 Borrower, LLC	Houses	3,100,620	0.34%
Investors of Golden Jubilee Group L	Commercial	3,084,020	0.34%
Romeo Homes Texas, LLC	Houses	2,716,800	0.30%
Fresno 2014, LLC	Commercial	2,485,530	0.27%
American Homes 4 Rent Properties Eight, LLC	Houses	2,466,220	0.27%
		$43,226,510	4.75%

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2020 Assessed Valuation or 2021 Assessed Valuation. The calculations assume collection of 95% of taxes levied, no use of funds on hand, and the sale of no bonds by the District other than the Prior Bonds and the Bonds.

Average Annual Debt Service Requirements (2022-2035)	$4,220,785
Tax Rate of $0.49 on the 2020 Assessed Valuation ($910,226,911) produces	$4,237,106
Tax Rate of $0.48 on the 2021 Assessed Valuation ($928,936,532) produces	$4,235,951
Maximum Annual Debt Service Requirement (2034)	$4,614,756
Tax Rate of $0.54 on the 2020 Assessed Valuation ($910,226,911) produces	$4,669,464
Tax Rate of $0.53 on the 2021 Assessed Valuation ($928,936,532) produces	$4,677,195

The District has levied a total tax rate of $0.72 per $100 of Assessed Valuation for 2021, consisting of a debt service and maintenance tax of $0.47 and $0.25 per $100 of Assessed Valuation, respectively. As the above table indicates, the 2021 debt service tax rate of $0.47 per $100 of Assessed Valuation will not be sufficient to pay the Average Annual Debt Service Requirements and the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the 2021 Assessed Valuation, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments." However, as is illustrated above under the caption "Historical Values and Tax Collection History," the District had collected an average of 99.77% of its 2010 through 2019 tax levies as of July 31, 2021, and 98.89% of its 2020 tax levy, which is in the process of collection, as of such date. Moreover, the District's Debt Service Fund balance is estimated to be $4,947,815 as of the Date of Delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds. See "APPENDIX B - ANNUAL FINANCIAL REPORT" Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District has levied for 2021 - $0.47 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments." In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds"), the District expects to finance the acquisition or construction of additional components of the System with proceeds of the sale of additional bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2020 taxes levied upon property located within the District plus the District's 2021 tax rate. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all taxes per $100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2020 taxes per $100 of assessed valuation levied by all such taxing jurisdictions including the District.

Taxing Jurisdiction	2020 Tax Rate Per $100 of A.V.
The District [i]	$0.720000
Fort Bend County	0.435876
Fort Bend County Drainage District	0.017331
Fort Bend Independent School District	1.240200
Fort Bend Emergency Services District No. 7	0.100000
Total Tax Rate	$2.513407

[i] The District has levied a total tax rate of $0.72 per $100 of Assessed Valuation for 2021, consisting of a debt service tax of $0.47 per $100 of Assessed Valuation, and a maintenance tax of $0.25 per $100 of Assess Valuation.

No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS - Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under "THE BONDS - Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the System and for the payment of certain contractual obligations. See "TAX DATA - Maintenance Tax" and - "Tax Rate Distribution."

Property Tax Code and County-wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Fort Bend County, including the District. Such appraisal values will be subject to review and change by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

The Property Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are pro rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$12,000 of taxable valuation depending on the disability rating of the veteran. A veteran who receives a disability rating of 100%, and, under certain circumstances, the surviving spouse of such veteran, is entitled to the exemption for the full amount of the residential homestead. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount to be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has not granted a general residential homestead exemption for 2021. See "TAX DATA - Tax Exemption."

Freeport Goods Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in- Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal for all prior and subsequent years.

Tax Abatement

Fort Bend County, the City of Houston or the City of Missouri City (as appropriate) may designate all or part of the area within the District as a reinvestment zone. Thereafter, either City (if it were to annex the area within its extraterritorial jurisdiction), Fort Bend County, and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Boards, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Boards by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal Districts to compel compliance with the Property Tax Code.

The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: (a) the valuation of property within the District as of the preceding January 1, and (b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

The District

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation. For the 2021 tax rate year, a determination has been made by the District's Board of Directors that the District is a Developed District.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each local taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units (see "TAX DATA - Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS - Tax Collection Limitations."

Tax Payment Installments after Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

Additionally, the Texas Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdictions discretion, to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection and treatment, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction and operation of the System must be accomplished in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the TCEQ. Construction of drainage facilities is subject to the regulatory authority of the Fort Bend Drainage District, and, in some instances, the TCEQ and the U.S. Army Corps of Engineers. Fort Bend County and the City of Houston also exercise regulatory jurisdiction over the District's System. The total number of equivalent single-family connections ("ESFCs") estimated at this time for the District upon the full development of its approximately 1,303 acres is 4,792 with a total estimated population of 16,000 people. The following descriptions are based upon information supplied by the District's Engineer.

Description

Proceeds of the sale of the Prior Bonds and surplus funds were used to finance the District's cost of the acquisition or construction of components of the System which serve Teal Run, Sections 1 through 18, Teal Run Court, Estates of Teal Run, Sections 1 through 6, Teal Run Meadows, Sections 1 through 3, Winfield Lakes, Sections 2 through 7 and 10, Andover Farms, Sections 1 through 6 and Cambridge Falls, Sections 1 through 9 located within the District which have been developed as is described in this Official Statement under the caption "DEVELOPMENT OF THE DISTRICT." In addition, proceeds of the sale of the Prior Bonds were used to finance the District's cost of construction of an offsite outfall drainage channel and detention pond facilities; purchase of drainage channel right-of-way and detention pond sites; construction of an interim and a permanent wastewater treatment plant, water supply facilities, a District administration building, and emergency water interconnection lines connecting the District's water supply and distribution system with the water supply and distribution system of the adjoining Vicksburg Joint Powers Board, the City of Missouri City and Fort Bend County Freshwater Supply District No. 1 described below. Proceeds of the sale of the Prior Bonds were also used to finance, among other items, the District's cost of the acquisition or construction of the following recreational facilities: (a) M.R. Massey Park and Playground; (b) Estates of Teal Run Amenity; (c) Teal Run North Amenity; (d) Teal Run Amenity; (e) Winfield Lakes Park; (f) Andover Farms Park; (g) Detention Pond Drainage/Amenity Facilities; (h) enhancements to Teal Run Trail; (i) Winfield Lakes Tennis Courts; (j) Cambridge Falls Walking Trail; and (k) future park development on District land. The District is financing its portion of the cost of the acquisition or construction of the components of its System which serve Cambridge Falls, Sections 10 and 11, and other components of the System with portions of the proceeds of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds"). In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with the proceeds of the sale of the Bonds, the District expects to finance its portion of the cost of acquisition or construction of components of the System to serve certain areas of the District that might be developed in the future, and additional recreational facilities, with proceeds of the sale of additional bonds, if any, to be issued in the future. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

Water Supply

The District is served by Water Plant No. 1, which consists of a 1,300 gallons-per-minute ("g.p.m.") water well and pump, a second water well with a capacity of 500 g.p.m., two 500,000 gallon ground storage tanks, three 20,000 gallon hydropneumatic tanks, and 7,000 g.p.m. of booster pumps capacity, a control building, chlorination facilities, an auxiliary power unit, and related appurtenances; Water Plant No. 2, which includes a 1,300 g.p.m. water well, two 500,000 gallon ground storage tanks, a 15,000 gallon hydropneumatic tank, a 20,000 gallon hydropneumatic tank, and 6,400 g.p.m. of booster pump capacity; and Remote Well No. 1, which includes a 1,300 g.p.m. water well. Construction of a 15,000 gallon hydropneumatic tank at Water Plant No. 2 is currently underway. The District financed all of such facilities, and emergency water interconnection lines connecting the District's water supply and distribution system with the water supply and distribution system of the adjoining Vicksburg Joint Powers Board, the City of Missouri City and Fort Bend Freshwater Supply District No. 1, with portions of the proceeds of the sale of the Prior Bonds. According to the District's Engineer, the aforementioned existing water supply facilities contain adequate capacity to provide service to 5,925 ESFCs. The District entered the "Regional Water and Wastewater Treatment Plant Trunklines, Drainage and Detention Agreement" dated May 1, 2004, as amended (the "Agreement"), with Fort Bend County Municipal Utility District No. 24 ("MUD No. 24"). Pursuant to the Agreement, the District's share of the regional water system capacity is 4,792 ESFCS with the remaining capacity being utilized by MUD No. 24. The District and MUD No. 24 have amended their regional facilities contract to add a third water plant and additional improvements to the regional water system to include an approximately 519 acre tract that has been annexed into MUD No. 24.

Wastewater Treatment

The District financed its costs associated with a 1,800,000 gallons-per-day ("g.p.d.") permanent wastewater treatment facility with a portion of the proceeds of the sale of the Prior Bonds. According to the District's Engineer, the facility contains adequate capacity to provide service to 6,000 ESFCs. Pursuant to the Agreement, MUD No. 24 purchased sufficient wastewater treatment plant capacity from the District to provide service to a number of ESFCs equal to 18% of the District's capacity (not to exceed 1,100 ESFCs).

Outfall Drainage Channel

Storm water from within the District generally drains through underground lines to detention ponds and/or ditch 'A', and outfalls to Long Point Creek. The District financed its portion of the cost of construction of two outfall drainage facilities, including outfall drainage channels and detention pond facilities, and its portion of the cost of rectification of Long Point Creek with portions of the proceeds of the sale of the Prior Bonds.

100-Year Flood Plain

According to the Engineer, the Flood Insurance Rate Map (FIRM) panel (48157C0315L) published by the Federal Emergency Management Agency (FEMA) effective April 2, 2014, which includes all land within the District, shows that areas within the District which are located within the 100-year flood plain are contained within detention ponds and drainage easements.

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100 year flood plain, is depicted on these maps. The "100 year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100 year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100 year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100 year flood plain have flooded multiple times in the last several years. See "INVESTMENT CONSIDERATIONS - Extreme Weather Events."

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Fort Bend Subsidence District

The District is within the boundaries of the Fort Bend Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. On September 24, 2003, the Subsidence District issued a District Regulatory Plan (the "Plan") to reduce groundwater withdrawal through conversion to surface water or other alternative water sources in certain areas within the Subsidence District's jurisdiction. Under the Plan, the District was required to have a groundwater reduction plan approved by the Subsidence District by the beginning date of the District's permit term in 2008, or pay a disincentive fee for any groundwater withdrawn in excess of 40% of the District's total water demand. Additional disincentive fees were to have been imposed under the Plan if the District's groundwater withdrawal exceeded 70% of the District's total water demand beginning January 2013, and exceeds 40% of the District's total water demand beginning January 2025.

The District may comply with the Plan's requirements either individually or collectively with other groundwater user(s) within the Subsidence District. The District has joined the City of Missouri City's Groundwater Reduction Plan (the "GRP"). The current GRP fee is $1.79 per 1,000 gallons of water consumed. The District expects to incur costs on an ongoing basis necessary to comply with the Plan, but the District cannot predict and makes no representation as to the amount of such costs. The District may pass such costs through to its customers in higher water rates or with portions of its maintenance tax proceeds. In addition, the issuance of additional bonds by the District in an undetermined amount and improvements to the District water supply system may be necessary at some time in the future to develop surface water conversion infrastructure or to participate in a regional surface water effort.

The District cannot predict the level of the disincentive fee or any other fees or charges ultimately adopted by the Subsidence District. The disincentive fee is expected to be substantial and the District expects that it would need to pass such a fee through to its customers in higher water rates or with portions of its maintenance tax proceeds if it were unable to comply with the groundwater reduction plan deadline or the conversion deadlines contained in the Plan.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations solely of the District and not of the State of Texas, Fort Bend County, Texas, the City of Houston, Texas, The City of Missouri City, Texas, or any political subdivision or agency other than the District, are secured by the proceeds an annual ad valorem tax, levied without legal limit as to rate or amount, upon all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See “Tax Collection Limitations” and “Registered Owners' Remedies and Bankruptcy” below and “THE BONDS - Source of Payment” and - “Registered Owners' Remedies.”

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The land located within the District which has been developed to date has been developed primarily for single-family residential purposes. Therefore, the rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, credit availability, construction costs, energy costs and availability and the prosperity and demographic characteristics of the urban center toward which the marketing of homes and commercial enterprises is directed. Further fluctuations in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the values of existing homes (see “Potential Effects of Oil Price Fluctuations on the Houston Area” below). Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although development of the District has occurred as described in this Official Statement under the caption “DEVELOPMENT OF THE DISTRICT,” the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. See “TAXING PROCEDURES.”

National Economy: The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, employment levels and general economic conditions. Although development of the District has occurred as described in this Official Statement under the caption “DEVELOPMENT OF THE DISTRICT,” the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. The District cannot predict what impact, if any, a downturn in the local housing markets or in the national housing and financial markets may have on the Houston market generally and the District specifically. See “TAXING PROCEDURES.”

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage funding have a direct impact on homebuilding activity, particularly short-term interest rates at which homebuilders are able to finance the construction of new homes for sale. Interest rate levels may affect the ability of homebuilders to initiate the construction of new homes for sale. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued home construction within the District. In addition, since the District is located approximately 20 miles southwest from the central downtown business district of the City of Houston, the growth of District taxable property values is, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and further decline in real estate and financial markets in the United States could adversely affect homebuilding plans in the District and restrain the growth of the District's property tax base.

Principal Land Owners' Obligations to the District: There is no commitment by or legal requirement of HEL and NTR (defined in this Official Statement under the caption "DEVELOPER AND PRINCIPAL LAND OWNER"), or any other party to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, and there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of home construction activity in the District. See "FUTURE DEVELOPMENT," "TAX DATA - Analysis of Tax Base" and - "Tax Exemption," and "TAXING PROCEDURES - Valuation of Property for Taxation."

Maximum Impact on District Tax Rates

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds will be $4,614,756 (2034) and the Average Annual Debt Service Requirements will be $4,220,785 (2022 through 2035, inclusive). The District's 2020 Assessed Valuation is $910,226,911. Assuming no increase to nor decrease from the 2020 Assessed Valuation, no use of funds on hand, and the issuance of no additional bonds by the District, tax rates of $0.54 and $0.49 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. The District's 2021 Assessed Valuation is $928,936,532. Assuming no increase to nor decrease from the 2021 Assessed Valuation, no use of funds on hand, and the issuance of no additional bonds by the District, tax rates of $0.53 and $0.48 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively.

The District has levied a total tax rate of $0.72 per $100 of Assessed Valuation for 2021, consisting of debt service and maintenances taxes of $0.47 and $0.25 per $100 of Assessed Valuation, respectively. Therefore, the 2021 debt service tax rate will not be sufficient to pay the average annual debt service requirements and the maximum annual debt service requirement on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the 2021 Assessed Valuation, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. See "Factors Affecting Taxable Values and Tax Payments" above, and "TAXING PROCEDURES." However, as is illustrated in "TAX DATA - Historical Values and Tax Collection History," the District has collected an average of 99.77% of its 2010 through 2019 tax levies as of July 31, 2021, and 98.89% of its 2020 tax levy, which is in the process of collection, as of such date. Moreover, the District's Debt Service Fund balance is estimated to be $4,947,815 as of the Date of Delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see "APPENDIX B - ANNUAL FINANCIAL REPORT"). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District has levied for 2021 - $0.47 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "Factors Affecting Taxable Values and Tax Payments" above. In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond

Proceeds") the District expects to finance the acquisition or construction of additional components of the System with proceeds of the sale of additional bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "FUTURE DEVELOPMENT" and "INVESTMENT CONSIDERATIONS - Future Debt."

As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District plus the District's 2021 tax levy is $2.513407 per $100 of Assessed Valuation, which aggregate levies are within the range of the aggregate levies of municipal utility districts which are in stages of development comparable with the District. One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and the District can make no representation that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. To the extent that the District's composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

Increases in the District's tax rate to substantially higher levels than the total rate of $0.72 per $100 of Assessed Valuation that the District has levied for 2021 may have an adverse impact upon future development of the District, the construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a Registered Owner of the District's obligations to collect sufficient taxes may be a costly and lengthy process. See "THE BONDS - Registered Owners' Remedies," "TAX DATA - Estimated Overlapping Taxes" and "TAXING PROCEDURES."

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (i) cumbersome, time-consuming, and expensive collection procedures, (ii) a bankruptcy court's stay of tax collection procedures against a taxpayer, (iii) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (iv) the taxpayer's right to redeem the property within two years of foreclosure. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding.

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgement for money damages. Even if Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS - Registered Owners' Remedies."

The District may not be placed into bankruptcy involuntarily.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriters regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

The District has the right to issue the remaining $13,165,000 authorized but unissued bonds for waterworks, wastewater, and drainage facilities, and $7,523,121.12 authorized but unissued refunding bonds (see "THE BONDS - Issuance of Additional Debt"), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. All of the remaining $13,165,000 in bonds for waterworks, wastewater, and drainage facilities that have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such $13,165,000 in bonds for waterworks, wastewater, and drainage facilities is also subject to TCEQ authorization. In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds") the District expects to finance the acquisition or construction of additional components of the System with proceeds of the sale of additional bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt" and "THE SYSTEM." Since the District has not financed all components of its System necessary to complete construction of the System, the District anticipates issuing additional bonds for such purposes as future development in the District necessitates. If additional Bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The District is authorized by statue to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District has adopted a master parks plan, and voters of the District have approved the issuance of $8,800,000 parks and recreational facilities bonds. The District issued its Series 2008 Bonds and Series 2015B Park Bonds to finance recreational facilities, and is issuing the Series 2021B Park Bonds to finance such facilities as is enumerated in the Official Statement under the caption "THE BONDS - Use and Distribution of Bond Proceeds." Following the issuance of the Series 2021B Park Bonds, the District will no longer have voter authorization to issue unlimited tax bonds for parks and recreational facilities. Before the District could issue additional parks and recreational facilities bonds payable from taxes, the following actions would be required: (a) authorization of park bonds by the qualified voters in the District; (b) approval of the park project and bonds by the TCEQ; and (c) approval of the bonds by the Attorney General of Texas. When the District issues parks and recreational facilities bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless, effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District. The District has spent and intends to continue to spend surplus operating funds for the development of parks and other recreational facilities in the District.

Competitive Nature of Houston Markets

The housing industry in the Houston area is very competitive, and the District can give no assurance that any future development or homebuilding activity within the District will occur. Any developer(s) or home builder(s) which might attempt future home building or development projects in the District in the sale of developed lots or in the construction and sale of single family residential units are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds for federal income tax purposes. Failure of the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the security of the Bonds as an investment, or the adequacy or accuracy of the information contained in this Official Statement.

Environmental Regulations

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District are subject to complex environmental laws and regulations at the federal, state and local levels that may require or prohibit certain activities that affect the environment, such as:

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion ("ppb")) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards"); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

While the EPA has revoked the 1997 Ozone Standards, the EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB Area remained subject to continuing severe nonattainment area "anti-backsliding" requirements, despite the fact that HGB Area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, the EPA approved the TCEQ's "redesignation substitute" for the HGB Area under the revoked 1997 Ozone Standards, leaving the HGB Area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA*, 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for the EPA's decision to eliminate the anti-backsliding requirements that had applied in the HGB Area under the 1997 Ozone Standard. The court has not responded to the EPA's April 2018 request for rehearing of the case. To address the uncertainty created by the *South Coast* court's ruling, the TCEQ developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners adopted the request and maintenance plan for the 1997 one-hour and eight-hour standards on December 12, 2018. On May 16, 2019, the EPA proposed a determination that the HGB Area has met the redesignation criteria and continues to attain the 1997 one-hour and eight-hour standards, the termination of the anti-backsliding obligations, and approval of the proposed maintenance plan.

The HGB Area is currently designated as a "serious" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2021. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB Area is currently designated as a "marginal" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2021. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB Area's economic growth and development.

Water Supply & Discharge Issues. Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the HGB Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has applied for and received coverage under the MS4 Permit from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required plans, as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Costs associated with these compliance activities could be substantial in the future.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the "waters of the United States." The District must obtain a permit from the United States Army Corps of Engineers ("USACE") if operations of the District require that wetlands be filled, dredged, or otherwise altered.

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal itself has become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule ("NWPR"), which contains a new definition of "waters of the United States." The stated purpose of the NWPR is to restore and maintain the integrity of the nation's waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states' primary authority over land and water resources. The new definition outlines four categories of waters that are considered "waters of the United States," and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not "waters of the United States," and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR became effective June 22, 2020, and is currently the subject of ongoing litigation.

On July 30, 2021, the EPA and USACE announced plans to further revise the definition of "waters of the United States." On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. Due to existing and possible future litigation and regulatory action, there remains uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Extreme Weather Events

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

The greater Houston area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e., "500 year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the District's Operator and

Engineer, there was no interruption of water and sewer service during or immediately after the storm, and there was no material damage to the District's system. However, the District's Operator did report damage to sanitary sewer manholes near the wastewater treatment plant and a sink hole near lift station no. 2. Further, according to the District's Operator and Engineer, approximately 8 to 10 homes within the District experienced flooding or other material damage. However, according to the District’s Engineer, all repairs to the aforementioned flooding or damage caused by Hurricane Harvey has been completed within the District.

If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system, which may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

Infectious Disease Outbreak (COVID-19)

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus (“COVID-19”) to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State of Texas (the “State”) because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

Potential Effects of Oil Price Fluctuations on the Houston Area

The recent fluctuations in oil prices in the U.S. and globally, which at times have led to the lowest such prices in three decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, and all taxable property within the District is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount, based upon examination of a transcript of certified proceedings held incident to the issuance and authorization of the Bonds, and the approving legal opinion of Bond Counsel for the District, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS” (except for the information under the subheadings “Book-Entry-Only System” and “Use and Distribution of Bond Proceeds”), “THE DISTRICT - Authority” and - “Management of the District - Bond Counsel and General Counsel,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has either conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., as Disclosure Counsel for the District.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

No-Litigation Certificate

The District will furnish the Underwriters a certificate, executed by the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the date of delivery of the Bonds, that, to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

The obligations of the Underwriters to take up and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale. The rating of the Insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriters of their obligations to take up and pay for the Bonds.

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations or report should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") is less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated, (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on a Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Underwriters have purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price plus the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership and redemption, sale or other disposition of such Bonds.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for “qualified tax-exempt obligations,” which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as “qualified tax-exempt obligations” and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000.

The District has designated the Bonds as “qualified tax-exempt obligations” and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2021 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in “qualified tax-exempt obligations” (including the Bonds) during calendar year 2021.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein that was obtained from sources other than the District. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The District's audited financial statements for the fiscal year ended December 31, 2020, were prepared by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, and have been included herein as “APPENDIX B.” McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants has consented to the publication of such financial statements in this Official Statement.

Experts

The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled “THE DISTRICT” and “THE SYSTEM” has been provided by LJA Engineering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned “DISTRICT DEBT” and “TAX DATA” was provided by Assessments of the Southwest, Inc. and the Appraisal District. Such information has been included herein in reliance upon the authority of Assessments of the Southwest, Inc. as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriters are no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), the District learns, or is notified by the Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elect to terminate their obligations to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriters; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the "end of the underwriting period."

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and Beneficial Owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT," "TAX DATA," and in "APPENDIX B." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2021. The District will provide the updated information to the MSRB or any successor to its functions as a repository.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's fiscal year end is currently December 31. Accordingly, it must provide updated information by June 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or Beneficial Owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted the Underwriters to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriters from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 23 as of the date shown on the first page hereof.

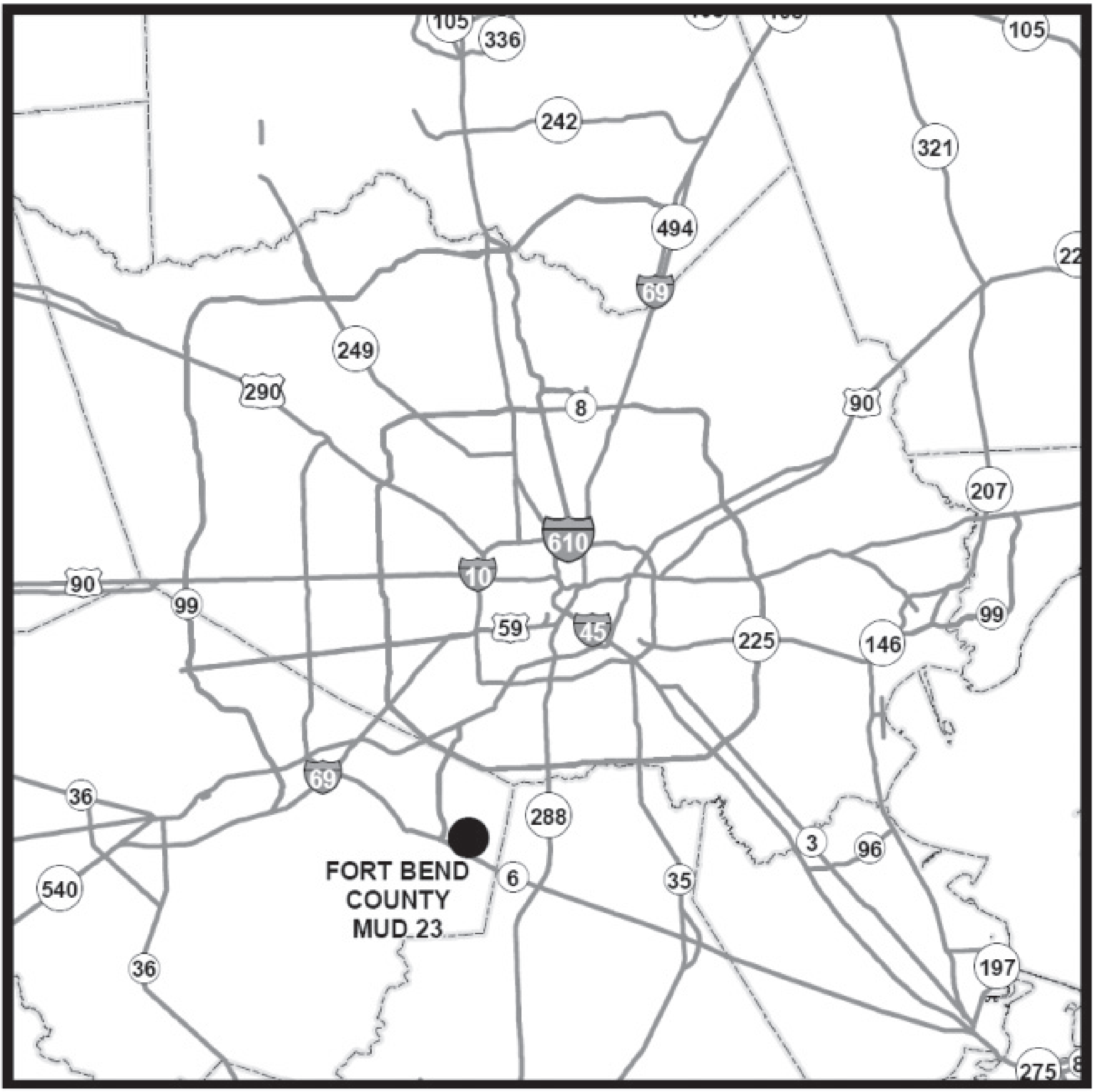
/s/ William Thomas
President, Board of Directors
Fort Bend County Municipal Utility District No. 23

ATTEST:

/s/ Steven Gates
Assistant Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 23

APPENDIX A

LOCATION MAP



APPENDIX B

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2020

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2020

TABLE OF CONTENTS

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal
Utility District No. 23
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. 23 (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. 23

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 and Special Revenue 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 22, 2021

Management's discussion and analysis of Fort Bend County Municipal Utility District No. 23'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 the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District 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 four governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Special Revenue Fund accounts for the financial resources collected and administered by the District for operation of the regional water and wastewater facilities.

FUND FINANCIAL STATEMENTS (Continued)

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.

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"). A budgetary comparison schedule is included as RSI for the General Fund and the Special Revenue 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, liabilities and deferred inflows of resources exceeded assets and deferred outflows by $3,832,638 as of December 31, 2020.

A portion of the District's net position reflects its net investment in capital assets (e.g. 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. 23
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	$ 16,640,302	$ 17,019,668	$ (379,366)
Capital Assets (Net of Accumulated Depreciation)	44,458,209	45,879,913	(1,421,704)
Total Assets	$ 61,098,511	$ 62,899,581	$ (1,801,070)
Deferred Outflows of Resources	$ 1,300,403	$ 1,358,071	$ (57,668)
Due to Developer	$ 920,515	$ 920,515	$
Long -Term Liabilities	53,671,880	55,687,051	2,015,171
Other Liabilities	4,810,740	3,677,689	(1,133,051)
Total Liabilities	$ 59,403,135	$ 60,285,255	$ 882,120
Deferred Inflows of Resources	$ 6,828,417	$ 6,714,466	$ (113,951)
Net Position:			
Net Investment in Capital Assets	$ (10,149,733)	$ (10,448,697)	$ 298,964
Restricted	4,113,781	3,593,063	520,718
Unrestricted	2,203,314	4,113,565	(1,910,251)
Total Net Position	$ (3,832,638)	$ (2,742,069)	$ (1,090,569)

The following table provides a summary of the District's operations for the years ended December 31, 2020, and December 31, 2019.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	$ 6,701,359	$ 6,265,569	$ 435,790
Charges for Services	3,497,929	3,275,925	222,004
Other Revenues	461,887	474,756	(12,869)
Total Revenues	$ 10,661,175	$ 10,016,250	$ 644,925
Expenses for Services	11,751,744	9,900,106	(1,851,638)
Change in Net Position	$ (1,090,569)	$ 116,144	$ (1,206,713)
Net Position, Beginning of Year	(2,742,069)	(2,858,213)	116,144
Net Position, End of Year	$ (3,832,638)	$ (2,742,069)	$ (1,090,569)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2020, were $7,287,498, a decrease of $1,500,439 from the prior year.

The General Fund fund balance decreased by $1,741,318, primarily due to operating and capital expenditures exceeding tax and service revenues.

The Debt Service Fund fund balance increased by $422,714, primarily due to the structure of the District's outstanding debt service requirements.

The Capital Projects Fund fund balance decreased by $181,835, primarily due to capital expenditures paid with bond proceeds received in a prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the current fiscal. Actual revenues were $373,099 less than budgeted revenues. Actual expenditures were $1,322,323 more than budgeted expenditures.

CAPITAL ASSETS

The District's capital assets as of December 31, 2020, amount to $44,458,209 (net of accumulated depreciation). These capital assets include land, as well as the water, wastewater and drainage systems. Current year additions included a pump for lift station no. 3, wastewater treatment plant dechlor tank and booster pumps for water plant no. 1. Construction in progress at year-end relates to Water Plant Nos. 1 and 2 recoating, water supply improvements and WWTP oxidation ditch repair.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 3,275,697	$ 3,341,278	$ (65,581)
Construction in Progress	590,520	267,183	323,337
Capital Assets, Net of Accumulated Depreciation:			
Administration Building and Park Improvements	1,390,493	1,588,174	(197,681)
Water System	6,852,010	7,139,527	(287,517)
Wastewater System	11,350,602	11,800,119	(449,517)
Drainage System	20,998,887	21,743,632	(744,745)
Total Net Capital Assets	$ 44,458,209	$ 45,879,913	$ (1,421,704)

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total bond debt payable of $54,360,000.

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	$ 56,505,000
Add: Bond Sale - Series 2020 Refunding	12,830,000
Less: Bond Principal Paid and Refunded	14,975,000
Bond Debt Payable, December 31, 2020	$ 54,360,000

The District's Bonds issued prior to the fiscal year 2017, carry an underlying rating of "BBB+" from Standard & Poor's ("S&P"). The Series 2017, 2017A, 2017B and 2020 Refunding Bonds carry an underlying rating of "A2" from Moody's.

The Series 2012 Refunding and Series 2020 Refunding Bonds carry an insured rating of "AA" from S&P by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

The Series 2013 Refunding, Series 2014 Refunding, Series 2016 Refunding, Series 2017 Refunding, and Series 2017A Refunding Bonds carry an insured rating of "AA" from S&P by virtue of bond insurance issued by Build America Mutual.

The Series 2015A and Series 2015B Bonds carry insured ratings of "AA" from S&P by virtue of bond insurance issued by Municipal Assurance Corp.

The Series 2017B Bonds do not carry an insured rating.

These above ratings reflect all changes, if any, as of December 31, 2020.

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. 23, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	General Fund	Special Revenue Fund
ASSETS		
Cash	$ 791,732	$ 171,968
Investments	2,276,864	
Receivables:		
Property Taxes	524,846	
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Uncollectible Accounts of $20,000)	408,387	
Accrued Interest	31,143	
Other	44,615	
Due from Other Funds	1,768,381	132,943
Prepaid Costs	52,398	
Due from Other Governmental Units	21,795	28,325
Advance for Joint Operations	66,646	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 5,986,807	$ 333,236
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 5,986,807	$ 333,236

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 6,105,448	$ 40,393	$ 7,109,541	$	$ 7,109,541
3,783,788	860,155	6,920,807		6,920,807
1,079,473		1,604,319		1,604,319
			79,033	79,033
		408,387		408,387
27,798	101	59,042		59,042
		44,615		44,615
1,413		1,902,737	(1,902,737)	
		52,398	213,091	265,489
	98,949	149,069		149,069
		66,646	(66,646)	
			3,275,697	3,275,697
			590,520	590,520
			40,591,992	40,591,992
$ 10,997,920	$ 999,598	$ 18,317,561	$ 42,780,950	$ 61,098,511
$ -0-	$ -0-	$ -0-	$ 1,300,403	$ 1,300,403
$ 10,997,920	$ 999,598	$ 18,317,561	$ 44,081,353	$ 62,398,914

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	General Fund	Special Revenue Fund
LIABILITIES		
Accounts Payable	$ 1,095,295	$ 251,961
Accrued Interest Payable		
Due to Developer		
Due to Other Funds	134,356	
Due to Taxpayers		
Due to Voluntary Services	30,624	
Security Deposits	460,171	
Accrued Interest at Time of Sale		
Advance for Joint Operations		81,275
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	$ 1,720,446	$ 333,236
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 2,330,192	$ -0-
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 52,398	$
For Joint Operations	66,646	
Restricted for Authorized Construction		
Restricted for Debt Service		
Unassigned	1,817,125	
TOTAL FUND BALANCES	$ 1,936,169	$ -0-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 5,986,807	$ 333,236
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$ 168,797	$ 1,516,053	$	$ 1,516,053
			648,741	648,741
			920,515	920,515
1,761,630	6,751	1,902,737	(1,902,737)	
522		522		522
		30,624		30,624
		460,171		460,171
18,324		18,324	(18,324)	
		81,275	(66,646)	14,629
			2,140,000	2,140,000
			53,671,880	53,671,880
$ 1,780,476	$ 175,548	$ 4,009,706	$ 55,393,429	$ 59,403,135
$ 4,690,165	$ -0-	$ 7,020,357	$ (191,940)	$ 6,828,417
$	$	$ 52,398	$ (52,398)	$
		66,646	(66,646)	
	824,050	824,050	(824,050)	
4,527,279		4,527,279	(4,527,279)	
		1,817,125	(1,817,125)	
$ 4,527,279	$ 824,050	$ 7,287,498	$ (7,287,498)	$ -0-
$ 10,997,920	$ 999,598	$ 18,317,561		
			$ (10,149,733)	$ (10,149,733)
			4,113,781	4,113,781
			2,203,314	2,203,314
			$ (3,832,638)	$ (3,832,638)

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total Fund Balances - Governmental Funds		$ 7,287,498
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Prepaid bond insurance in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		213,091
Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		44,458,209
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.		1,300,403
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District.		270,973
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:		
Due to Developer	$ (920,515)	
Accrued Interest Payable	(630,417)	
Bonds Payable	(55,811,880)	(57,362,812)
Total Net Position - Governmental Activities		$ (3,832,638)

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

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Special Revenue Fund
REVENUES		
Property Taxes	$ 2,135,616	$
Water Service	1,085,791	
Wastewater Service	1,228,647	
Joint Water and Wastewater Service		1,508,164
Penalty and Interest	98,940	
Sales Tax Revenue	48,971	
Tap Connection and Inspection Fees	9,320	
Investment Revenues	46,461	110
Ground Water Reduction Fees	782,089	
Miscellaneous Revenues	53,145	105,900
TOTAL REVENUES	$ 5,488,980	$ 1,614,174
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 270,430	$ 19,626
Contracted Services	1,928,622	79,532
Purchased Water and Wastewater Service	1,270,829	
Utilities	25,854	189,356
Repairs and Maintenance	2,286,352	884,119
Ground Water Reduction Assessments	851,859	
Parks and Recreational	255,136	
Depreciation		
Other	187,574	421,599
Conveyance of Assets		
Capital Outlay	153,642	19,942
Debt Service:		
Paid to Refunding Bond Escrow Agent		
Bond Issuance Costs		
Bond Principal		
Bond Interest		
TOTAL EXPENDITURES/EXPENSES	$ 7,230,298	$ 1,614,174
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ (1,741,318)	$ -0-
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	$	$
Paid to Refunding Bond Escrow Agent		
Bond Premiums		
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ -0-
NET CHANGE IN FUND BALANCES	$ (1,741,318)	$ -0-
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2020	3,677,487	
FUND BALANCES/NET POSITION - DECEMBER 31, 2020	$ 1,936,169	$ -0-

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$ 4,528,064	$	$ 6,663,680	$ 37,679	$ 6,701,359
		1,085,791		1,085,791
		1,228,647		1,228,647
		1,508,164	(1,270,829)	237,335
40,834		139,774	14,973	154,747
		48,971		48,971
		9,320		9,320
62,132	7,320	116,023		116,023
		782,089		782,089
504	137,344	296,893		296,893
$ 4,631,534	$ 144,664	$ 11,879,352	$ (1,218,177)	$ 10,661,175
$ 10,245	$ 2,670	$ 302,971	$	$ 302,971
115,316		2,123,470		2,123,470
		1,270,829	(1,270,829)	
		215,210		215,210
		3,170,471		3,170,471
		851,859		851,859
		255,136		255,136
			1,853,525	1,853,525
15,129	11	624,313		624,313
			65,581	65,581
	323,818	497,402	(497,402)	
165,000		165,000	(165,000)	
484,786		484,786		484,786
2,085,000		2,085,000	(2,085,000)	
1,828,944		1,828,944	(24,522)	1,804,422
$ 4,704,420	$ 326,499	$ 13,875,391	$ (2,123,647)	$ 11,751,744
$ (72,886)	$ (181,835)	$ (1,996,039)	$ 905,470	$ (1,090,569)
$ 12,830,000	$	$ 12,830,000	$ (12,830,000)	$
(12,955,267)		(12,955,267)	12,955,267	
620,867		620,867	(620,867)	
$ 495,600	$ -0-	$ 495,600	$ (495,600)	$ -0-
$ 422,714	$ (181,835)	$ (1,500,439)	$ 1,500,439	$
			(1,090,569)	(1,090,569)
4,104,565	1,005,885	8,787,937	(11,530,006)	(2,742,069)
$ 4,527,279	$ 824,050	$ 7,287,498	$ (11,120,136)	$ (3,832,638)

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
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	$	(1,500,439)
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.		37,679
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.		14,973
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.		(1,853,525)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		497,402
Conveyance of assets to other governmental entities is recorded as an expense.		(65,581)
Governmental funds report bond premiums as other financing sources in the year received. However, in the Statement of Net Position, the bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		(620,867)
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.		2,085,000
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.		24,522
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		(12,830,000)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Positon.		13,120,267
Change in Net Position - Governmental Activities	$	(1,090,569)

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

NOTE 1. CREATION OF DISTRICT

Fort Bend County Municipal Utility District No. 23 (the "District") was created by an Order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the "Commission"), effective February 15, 1978. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and, upon approval by the Commission and voters of the District 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 January 4, 1984, and the first bonds were sold on November 15, 1984.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

The District participates in a joint venture for the operation of a regional water and wastewater treatment plant (the "Plant"). Since the District owns and operates the Plant for the benefit of the participants, the Plant's operations are accounted for in the Special Revenue Fund of the District, see Note 10. The District does not issue separate financial statements for the Plant.

<u>Financial Statement Presentation</u>

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net assets 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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

Governmental Funds

The District has four 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, costs and general expenditures.

Special Revenue Fund – To account for financial resources collected and administered by the District for the operation of the regional water and wastewater facilities.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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.

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.

Capital Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $10,000 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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund and Special Revenue Fund by the District's Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. The original budgets for the current year were amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Fund present the original and revised budget amounts 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 wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

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

	Refunding Series 2012	Refunding Series 2013	Refunding Series 2014
Amount Outstanding - December 31, 2020	$ 355,000	$ 340,000	$ 8,095,000
Interest Rates	3.00%	3.00%	3.00%-4.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2021	September 1, 2021	September 1, 2021/2035
Interest Payment Dates	March 1, September 1	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2019*	September 1, 2020*	September 1, 2021*

	Series 2015A	Series 2015B	Refunding Series 2016
Amount Outstanding - December 31, 2020	$ 4,165,000	$ 3,550,000	$ 7,675,000
Interest Rates	2.00%-3.50%	3.375%-3.50%	3.00%-4.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2021/2040	September 1, 2036/2040	September 1, 2021/2035
Interest Payment Dates	March 1, September 1	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2022*	September 1, 2022*	September 1, 2023*

* Or on any date thereafter, callable at par plus unpaid accrued interest in whole or in part at the option of the District. Series 2015A term bonds due September 1, 2030, September 1, 2036, and September 1, 2040 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules. Series 2015B term bonds due September 1, 2040, are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules. Series 2016 Refunding term bonds due September 1, 2033 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1, 2032.

NOTE 3. LONG-TERM DEBT (Continued)

	Refunding Series 2017	Refunding Series 2017A	Series 2017B	Refunding Series 2020
Amount Outstanding - December 31, 2020	$ 7,050,000	$ 8,070,000	$ 2,140,000	$ 12,830,000
Interest Rates	2.00%-4.00%	2.00%-4.00%	3.375%-3.50%	2.00%-4.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2021/2037	September 1, 2021/2029	September 1, 2038/2040	September 1, 2021/2032
Interest Payment Dates	March 1, September 1	March 1, September 1	March 1, September 1	March 1, September 1
Callable Dates	September 1, 2024*	September 1, 2024*	September 1, 2024*	September 1, 2025*

* The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2017 Refunding term bonds due September 1, 2026, September 1, 2028, September 1, 2030, September 1, 2032 and September 1, 2036, are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on September 1 in the years and amounts as reflected in the debt service schedules.

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	$ 56,505,000	$ 12,830,000	$ 14,975,000	$ 54,360,000
Unamortized Discounts	(279,476)		(63,716)	(215,760)
Unamortized Premiums	1,546,527	620,867	499,754	1,667,640
Total Long-Term Liabilities	$ 57,772,051	$ 13,450,867	$ 15,411,038	$ 55,811,880

Amount Due Within One Year	$ 2,140,000
Amount Due After One Year	53,671,880
Total Long-Term Liabilities	$ 55,811,880

As of December 31, 2020, the District had authorized but unissued bonds in the amount of $17,890,000 in tax bonds, $7,892,653 in refunding bonds and $3,250,000 in park and recreational facilities bonds.

NOTE 3. LONG-TERM DEBT (Continued)

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

Fiscal Year	Principal	Interest	Total
2021	$ 2,140,000	$ 1,898,965	$ 4,038,965
2022	2,215,000	1,834,357	4,049,357
2023	2,305,000	1,760,756	4,065,756
2024	2,375,000	1,676,657	4,051,657
2025	2,455,000	1,589,306	4,044,306
2026-2030	13,225,000	6,565,129	19,790,129
2031-2035	17,425,000	4,254,494	21,679,494
2036-2040	12,220,000	1,233,088	13,453,088
	$ 54,360,000	$ 20,812,752	$ 75,172,752

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

During the year ended December 31, 2020, the District levied an ad valorem debt service tax at the rate of $0.50 per $100 of assessed valuation, which resulted in a tax levy of $4,552,278 on the adjusted taxable valuation of $910,455,586 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 7 for 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 RESOLUTIONS AND LEGAL REQUIREMENTS

The bond resolutions state that all investments and any profits realized from or interest accruing on such investments shall belong to the fund from which the monies for such investments were taken; provided, however, at the discretion of the Board of Directors, the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund. In accordance with this provision, the earnings in each fund have been retained by the fund making the investment.

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 certain financial repositories. 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 $9,610,000 Series 2012 Refunding bond issue, the $9,390,000 Series 2013 Refunding bond issue, the $9,565,000 Series 2014 Refunding bond issue, the $4,240,000 Series 2015A bond issue, $3,550,000 Series 2015B Park bond issue, $8,085,000 Series 2016 Refunding bond issue, $7,225,000 Series 2017 Refunding bond issue, $9,050,000 Series 2017A Refunding bond issue, $2,140,000 Series 2017B bond issue and $12,830,000 Series 2020 Refunding bond issue 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.

NOTE 5. DEPOSITS AND INVESTMENTS

<u>Deposits</u>

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 $12,117,215 and the bank balance was $12,045,460. The District was not exposed to custodial credit risk at year-end.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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	$ 791,732	$ 2,119,594	$ 2,911,326
SPECIAL REVENUE FUND	171,968		171,968
DEBT SERVICE FUND	6,105,448	2,643,466	8,748,914
CAPITAL PROJECTS FUND	40,393	244,614	285,007
TOTAL DEPOSITS	$ 7,109,541	$ 5,007,674	$ 12,117,215

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District also invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities, Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

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 of Less Than 1 Year
GENERAL FUND		
TexPool	$ 113,542	$ 113,542
TexSTAR	43,728	43,728
Certificates of Deposit	2,119,594	2,119,594
DEBT SERVICE FUND		
TexSTAR	1,140,322	1,140,322
Certificates of Deposit	2,643,466	2,643,466
CAPITAL PROJECTS FUND		
TexSTAR	615,541	615,541
Certificate of Deposit	244,614	244,614
TOTAL INVESTMENTS	$ 6,920,807	$ 6,920,807

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2020, the District's investments in TexPool and TexSTAR Fund were rated AAAm by Standard and Poor's. The District manages credit risk by investing in certificates of deposit covered by FDIC insurance or pledged collateral.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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

Restrictions

All cash and investments of the Special Revenue Fund are restricted for the regional water and wastewater treatment plant operations. 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
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 3,341,278	$	$ 65,581	$ 3,275,697
Construction in Progress	267,183	497,402	174,065	590,520
Total Capital Assets Not Being Depreciated	$ 3,608,461	$ 497,402	$ 239,646	$ 3,866,217
Capital Assets Subject to Depreciation				
Administration Building and Park Improvements	$ 3,368,842	$	$	$ 3,368,842
Water System	13,272,695	125,617		13,398,312
Wastewater System	19,004,670	48,394		19,053,064
Drainage System	33,313,697	54		33,313,751
Total Capital Assets Subject to Depreciation	$ 68,959,904	$ 174,065	$ - 0 -	$ 69,133,969
Less Accumulated Depreciation				
Administration Building and Park Improvements	$ 1,780,668	$ 197,681	$	$ 1,978,349
Water System	6,133,168	413,134		6,546,302
Wastewater System	7,204,551	497,911		7,702,462
Drainage System	11,570,065	744,799		12,314,864
Total Accumulated Depreciation	$ 26,688,452	$ 1,853,525	$ - 0 -	$ 28,541,977
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 42,271,452	$ (1,679,460)	$ - 0 -	$ 40,591,992
Total Capital Assets, Net of Accumulated Depreciation	$ 45,879,913	$ (1,182,058)	$ 239,646	$ 44,458,209

NOTE 7. MAINTENANCE TAX

At an election held on April 7, 1984, the voters of the District authorized the levy and collection of an annual maintenance tax for the operation and maintenance of the District's improvements in an amount not to exceed $0.25 per $100 of assessed valuation. A maintenance tax is to be used by the General Fund to pay the expenditures of operating and maintaining the District's waterworks, sanitary sewer, and drainage system. During the year ended December 31, 2020, the District levied an ad valorem maintenance tax at the rate of $0.25 per $100 of assessed valuation, which resulted in a tax levy of $2,276,139 on the taxable valuation of $910,455,586 for the 2020 tax year. Revenue from the 2020 tax levy has been deferred until the 2021 fiscal year.

NOTE 8. EMERGENCY WATER SUPPLY CONTRACTS

On November 3, 2003, the District executed an agreement with the Vicksburg Joint Powers Board and the City of Missouri City, Texas. The District agreed to construct at its sole cost an interconnect waterline to connect to an existing 12-inch waterline owned by the City. The meter for the interconnect facility and the waterline on the District's side of the meter will be owned by the District and the cost of maintenance at the point of connection including the meter and meter vault will be shared by the three parties. The District is required to calibrate the meter once a year. In accordance to the provisions of a separate agreement with the Fort Bend Independent School District, the District agreed to pay the school district $24,649 for the oversizing of the City's waterline up to the point of connection. The rate charged for water under this agreement will be $1.00 per 1,000 gallons of water supplied plus the cost of any pumpage fees imposed on the supplying party by a governmental entity. The term of the contract will be for a period of 40 years from the date of the agreement. On October 27, 2011, the District approved the assignment of this contract to the City. The City executed the assignment on December 19, 2011.

On May 23, 2006, the District entered into an Emergency Water Supply Agreement with Fort Bend County Fresh Water Supply District No. 1 (District No. 1). District No. 1 will be responsible for all costs associated with construction of such water interconnect facilities to be connected to District's system. The rates to be charged by each district for emergency water service shall be $1.00 per 1,000 gallons plus any per 1,000 gallon pumpage fee that may be imposed on the supplying district by a governmental entity, including but not limited to the City of Missouri City or a regional water authority. The term of this agreement is 40 years from the execution date of the agreement.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. REGIONAL WATER AND WASTEWATER TREATMENT PLANT, TRUNKLINES, DRAINAGE AND DETENTION AGREEMENT

On May 1, 2004, the District entered into the Regional Water and Wastewater, Trunklines, Drainage and Detention Agreement (the "Agreement") with Fort Bend County Municipal Utility District No. 24 ("District No. 24"). On April 12, 2005, Amendment No. 1 and Amendment No. 2 to the Agreement were approved. On January 1, 2009, Amendment No. 3 to the agreement was approved. On February 25, 2010, Amendment No. 4 to the agreement was approved. On March 28, 2019, Amendment No. 5 to the agreement was approved. The District owns and operates a water plant and wastewater treatment plant, a water distribution system, a wastewater collection system and a drainage system which has been funded by the sale of District bonds.

The District holds legal title to the regional water and wastewater plant and plant sites for the benefit of the districts. The District is responsible for operating the regional facilities. The Agreement calls for the District to establish the Regional Project Operating Account. In order to establish the initial balance in the account, each district provided a deposit in an amount equal to three month's expenses. This account was established in the amount of $81,275. The District's portion of this advance for operations is $66,646 and District No. 24's portion is $14,629. The District generates monthly billings related to the regional facilities based upon each district's proportionate share as outlined in the Agreement. During the year ended December 31, 2020, the District's share of monthly billings was $1,270,829 and District No. 24's share was $237,335.

The term of the agreement is 50 years. Thereafter, the Agreement shall be renewed for successive one-year terms unless the City of Houston (or its successors or assigns) annexes or dissolves one or both districts.

NOTE 11. JOINT GROUNDWATER REDUCTION PLAN PARTICIPATION AGREEMENT

On July 1, 2008, the District entered into the Joint Groundwater Reduction Plan Participation Agreement (the "Agreement"). The Agreement is with the City of Missouri City, Texas (the "City"). This agreement was entered into in order to meet compliance criteria of the Fort Bend Subsidence District's (the "Subsidence District") District Regulatory Plan (the "Plan"). The Subsidence District issued the Plan in order to reduce groundwater withdrawal through conversion to surface water or other alternative water sources in certain areas within the Subsidence District's jurisdiction. Under the Plan, the District is required to have a groundwater reduction plan approved by the Subsidence District by the beginning date of the District's permit term in 2008, or pay a disincentive fee for any groundwater withdrawn in excess of 40% of the District's total water demand. Additional disincentive fees would be imposed under the Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2013 and exceeds 40% of the District's total water demand beginning January 2025.

NOTE 11. JOINT GROUNDWATER REDUCTION PLAN PARTICIPATION AGREEMENT (Continued)

The District may comply with the Plan's requirements either individually or collectively with other groundwater user(s) within the Subsidence District. The District has agreed to participate in the City's Groundwater Reduction Plan (the "GRP"). In accordance with the Agreement, the District will be assessed pumpage fees on an ongoing basis necessary to comply with the Plan. The current fee is $1.79 per 1,000 gallons of water pumped. During the year ended December 31, 2020, the District recorded expenditures of $851,859 related to these fees.

In addition, the City may issue bonds in order to finance the construction of the surface water system. Any bonds issued by the City to finance the surface water system costs will be secured by the pumpage fees paid to the City and may be further secured as the City deems necessary or appropriate. The Agreement shall remain in effect until December 31, 2058, and thereafter from year to year until payment in full of the principal, premium, if any, and interest on all bonds and all related fees to be paid under any bond resolution or indenture securing bonds.

NOTE 12. INTERFUND RECEIVABLES AND LIABILITIES

As of December 31, 2020, the District had the following interfund liabilities: The Debt Service Fund owed the General Fund $1,761,630 for maintenance tax collections; the General Fund owed the Special Revenue Fund $132,943 related to water and wastewater treatment plant operations; the General Fund owed the Debt Service Fund $1,413 for excess funds from the Series 2014 Refunding bond sale; the Capital Projects Fund owed the General Fund $6,751 for construction costs.

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 19, 2011, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas (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.

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

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 to 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 30 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 received $48,971 in relation to this agreement during the current fiscal year.

NOTE 14. UNREIMBURSED COSTS

The District has executed developer financing agreements with a Developer within the District. The agreements call for Developers to fund costs associated with water, sewer, and drainage facilities until such time as the District can reimburse the Developer from future bond sales or other available funds. As of December 31, 2020, $920,515 was recorded in the Statement of Net Position as a liability for completed projects.

NOTE 15. SALE OF REFUNDING BONDS

On August 20, 2020, the District issued $12,830,000 of Unlimited Tax Refunding Bonds, Series 2020. The net proceeds of $12,955,267 plus $165,000 of available Debt Service Fund monies were used to call and refund $5,515,000 of the Series 2012 Refunding Bonds and $7,375,000 of the Series 2013 Refunding Bonds. The refunded bonds are considered to be defeased and have been removed as a liability in the Statement of Net Position. The effect of the refunding obtained gross debt service savings of $1,558,679 and net present value savings of $1,363,667.

NOTE 16. INTENT TO REIMBURSE

On February 27, 2020, the District adopted a resolution expressing its intent to finance the cost of the installation of smart meters with the proceeds from the future sale of bonds. This project is currently being financed with General Fund monies and the District intends to reimburse this fund upon the sale of bonds. The District recorded expenditures of $1,156,550 for the project in the current fiscal year.

NOTE 17. SUBSEQUENT EVENT-PENDING REFUNDING BOND SALE

On April 22, 2021, subsequent to year end, the District authorized the issuance of $7,480,000 of Unlimited Tax Refunding Bonds, Series 2021. Proceeds from the bonds will be used to redeem $7,270,000 of the Series 2014 Refunding Bonds. Delivery of the bonds is expected sometime in June 2021.

NOTE 18. ECONOMIC 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 could 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. 23

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 2,130,000	$ 2,254,579	$ 2,135,616	$ (118,963)
Water Service	1,185,000	1,300,000	1,085,791	(214,209)
Wastewater Service	1,175,000	1,275,000	1,228,647	(46,353)
Penalty and Interest	105,000	75,000	98,940	23,940
Sales Tax Revenue	50,000	50,000	48,971	(1,029)
Tap Connection and Inspection Fees	2,500	2,500	9,320	6,820
Investment Revenues	75,000	45,000	46,461	1,461
Ground Water Reduction Fees	730,000	825,000	782,089	(42,911)
Parks and Recreational Revenues	35,000	35,000		(35,000)
Miscellaneous Revenues			53,145	53,145
TOTAL REVENUES	$ 5,487,500	$ 5,862,079	$ 5,488,980	$ (373,099)
EXPENDITURES				
Service Operations:				
Professional Fees	$ 286,500	$ 272,550	$ 270,430	$ 2,120
Contracted Services	1,747,500	1,948,000	1,928,622	19,378
Purchased Water and Wastewater Service	849,150	1,161,525	1,270,829	(109,304)
Utilities	22,500	25,000	25,854	(854)
Repairs and Maintenance	1,155,000	1,290,000	2,286,352	(996,352)
Ground Water Reduction Assessments	735,000	825,000	851,859	(26,859)
Parks and Recreational	134,050	121,650	255,136	(133,486)
Other	282,470	264,250	187,574	76,676
Capital Outlay			153,642	(153,642)
TOTAL EXPENDITURES	$ 5,212,170	$ 5,907,975	$ 7,230,298	$ (1,322,323)
NET CHANGE IN FUND BALANCE	$ 275,330	$ (45,896)	$ (1,741,318)	$ (1,695,422)
FUND BALANCE - JANUARY 1, 2020	3,677,487	3,677,487	3,677,487	
FUND BALANCE - DECEMBER 31, 2020	$ 3,952,817	$ 3,631,591	$ 1,936,169	$ (1,695,422)

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Joint Water and Wastewater Service	$ 999,000	$ 1,366,500	$ 1,508,164	$ 141,664
Investment Revenues			110	110
Miscellaneous Revenues			105,900	105,900
TOTAL REVENUES	$ 999,000	$ 1,366,500	$ 1,614,174	$ 247,674
EXPENDITURES				
Service Operations:				
Professional Fees	$ 34,000	$ 24,500	$ 19,626	$ 4,874
Contracted Services	77,000	79,000	79,532	(532)
Utilities	185,000	205,000	189,356	15,644
Repairs and Maintenance	395,000	670,000	884,119	(214,119)
Other	308,000	388,000	421,599	(33,599)
Capital Outlay			19,942	(19,942)
TOTAL EXPENDITURES	$ 999,000	$ 1,366,500	$ 1,614,174	$ (247,674)
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-	$ -0-
FUND BALANCE - JANUARY 1, 2020				
FUND BALANCE - DECEMBER 31, 2020	$ -0-	$ -0-	$ -0-	$ -0-

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

DECEMBER 31, 2020

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2020

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

X	Retail Water		Wholesale Water	X	Drainage
X	Retail Wastewater		Wholesale Wastewater		Irrigation
X	Parks/Recreation		Fire Protection	X	Security
X	Solid Waste/Garbage		Flood Control		Roads
X	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 5/8" METER (OR EQUIVALENT):

Based on the rate order adopted on December 5, 2019 and effective February 1, 2020.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 15.75	5,000	N	$ 1.00	5,001 to 10,000
				$ 1.50	10,001 to 15,000
				$ 2.00	15,001 to 20,000
				$ 2.50	20,001 to 25,000
				$ 3.00	25,001 to 30,000
				$ 4.00	30,001 to 50,000
				$ 4.50	50,001 and over
WASTEWATER:	$ 22.00		Y		
SURCHARGE:					
Solid Waste/ Garbage					
Commission Regulatory Assessments					
Ground Water Reduction Fees	$1.72 per 1,000 gallons of water used plus 20%				

District employs winter averaging for wastewater usage? ______ Yes X No

Total monthly charges per 10,000 gallons usage: Water: $20.75 Wastewater: $22.00 Surcharge: $20.60 Total: $63.35

See accompanying independent auditor's report.

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	4,485	4,461	x 1.0	4,461
1"	134	134	x 2.5	335
1½"	5	5	x 5.0	25
2"	37	35	x 8.0	280
3"	1	1	x 15.0	15
4"	1	1	x 25.0	25
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	4,663	4,637		5,141
Total Wastewater Connections	4,608	4,583	x 1.0	4,583

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

Gallons pumped into system:	562,388,000	Water Accountability Ratio: 92% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	410,263,000	
Gallons sold:	106,806,000	To: Fort Bend County Municipal Utility District No. 24 and Fort Bend Fresh Water Supply District No. 1

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
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 in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all _X_

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

Entirely _____ Partly _X_ Not at all _____

ETJ's in which District is partly located:

City of Houston, Texas.
City of Missouri City, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No _X_

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2020

PROFESSIONAL FEES:	
Auditing	$ 19,050
Engineering	61,456
Legal	189,924
TOTAL PROFESSIONAL FEES	$ 270,430
PURCHASED SERVICES FOR RESALE:	
Purchased Water and Wastewater Service	$ 1,270,829
CONTRACTED SERVICES:	
Bookkeeping	$ 35,550
Operations and Billing	277,399
Solid Waste Disposal	1,029,297
Security	496,500
Administrative Management	89,876
TOTAL CONTRACTED SERVICES	$ 1,928,622
UTILITIES	$ 25,854
REPAIRS AND MAINTENANCE	$ 2,286,352
ADMINISTRATIVE EXPENDITURES:	
Director Fees	$ 32,250
Insurance	15,908
Office Supplies and Postage	55,775
Payroll Taxes	2,536
Election Costs	4,715
Travel and Meetings	7,518
Ground Water Reduction Assessment	851,859
Other	33,186
TOTAL ADMINISTRATIVE EXPENDITURES	$ 1,003,747
CAPITAL OUTLAY	$ 153,642

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2020

TAP CONNECTIONS	$	11,467
PARKS AND RECREATION	$	255,136
OTHER EXPENDITURES:		
Laboratory Fees	$	10,790
Permit Fees		11,364
Inspection Fees		2,065
TOTAL OTHER EXPENDITURES	$	24,219
TOTAL EXPENDITURES	$	7,230,298

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
INVESTMENTS
DECEMBER 31, 2020

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0002	Varies	Daily	$ 113,542	$
TexSTAR	XXXX2220	Varies	Daily	43,728	
Certificate of Deposit	XXXX7743	0.35%	07/15/21	292,490	474
Certificate of Deposit	XXXX5572	1.75%	03/17/21	240,000	3,326
Certificate of Deposit	XXXX2057	1.75%	01/06/21	1,587,104	27,343
TOTAL GENERAL FUND				$ 2,276,864	$ 31,143
DEBT SERVICE FUND					
TexSTAR	XXXX3330	Varies	Daily	$ 1,140,322	$
Certificate of Deposit	XXXX2367	1.65%	02/06/21	1,450,889	21,578
Certificate of Deposit	XXXX8041	1.80%	02/12/21	240,000	3,823
Certificate of Deposit	XXXX3480	0.65%	03/22/21	246,564	1,247
Certificate of Deposit	XXXX3409	0.25%	12/02/21	246,644	49
Certificate of Deposit	XXXX1865	0.65%	07/02/21	138,121	448
Certificate of Deposit	XXXX3711	0.65%	06/14/21	108,904	388
Certificate of Deposit	XXXX7407	0.25%	07/02/21	212,344	265
TOTAL DEBT SERVICE FUND				$ 3,783,788	$ 27,798
CAPITAL PROJECTS FUND					
TexSTAR	XXXX4440	Varies	Daily	$ 615,541	$
Certificate of Deposit	XXXX0412	0.20%	04/17/21	244,614	101
TOTAL CAPITAL PROJECTS FUND				$ 860,155	$ 101
TOTAL - ALL FUNDS				$ 6,920,807	$ 59,042

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JANUARY 1, 2020	$ 503,881		$ 1,092,188	
Adjustments to Beginning Balance	(4,167)	$ 499,714	(8,941)	$ 1,083,247
Original 2020 Tax Levy	$ 2,250,017		$ 4,500,034	
Adjustment to 2020 Tax Levy	26,122	2,276,139	52,244	4,552,278
TOTAL TO BE ACCOUNTED FOR		$ 2,775,853		$ 5,635,525
TAX COLLECTIONS:				
Prior Years	$ 445,661		$ 945,361	
Current Year	1,805,346	2,251,007	3,610,691	4,556,052
TAXES RECEIVABLE - DECEMBER 31, 2020		$ 524,846		$ 1,079,473
TAXES RECEIVABLE BY YEAR:				
2020		$ 470,793		$ 941,587
2019		17,622		37,359
2018		6,124		13,472
2017		6,499		14,817
2016		3,911		10,012
2015		3,057		8,559
2014		2,739		8,766
2013		2,555		8,176
2012		2,306		7,563
2011 and Prior		9,240		29,162
TOTAL		$ 524,846		$ 1,079,473

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019	2018	2017
PROPERTY VALUATIONS:				
Land	$ 166,524,490	$ 147,509,900	$ 143,892,770	$ 137,293,740
Improvements	786,063,293	755,014,715	682,091,349	649,423,771
Personal Property	11,990,210	11,027,530	10,607,510	9,833,640
Exemptions	(54,122,407)	(52,723,251)	(52,494,106)	(56,419,565)
TOTAL PROPERTY VALUATIONS	$ 910,455,586	$ 860,828,894	$ 784,097,523	$ 740,131,586
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.50	$ 0.53	$ 0.55	$ 0.57
Maintenance	0.25	0.25	0.25	0.25
TOTAL TAX RATES PER $100 VALUATION	$ 0.75	$ 0.78	$ 0.80	$ 0.82
ADJUSTED TAX LEVY*	$ 6,828,417	$ 6,714,466	$ 6,272,780	$ 6,069,078
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	79.32 % **	99.18 %	99.69 %	99.65 %

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

** As of December 31, 2020. The District is in the process of collecting.

Maintenance Tax – Maximum tax rate of $0.25 per $100 of assessed valuation approved by voters on April 7, 1984.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	REFUNDING SERIES-2012		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 355,000	$ 10,650	$ 365,650
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
	$ 355,000	$ 10,650	$ 365,650

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	REFUNDING SERIES-2013		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 340,000	$ 10,200	$ 350,200
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
	$ 340,000	$ 10,200	$ 350,200

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

Due During Fiscal Years Ending December 31	REFUNDING SERIES-2014 Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 350,000	$ 309,250	$ 659,250
2022	360,000	298,750	658,750
2023	370,000	287,950	657,950
2024	375,000	276,850	651,850
2025	380,000	265,600	645,600
2026	390,000	250,400	640,400
2027	400,000	234,800	634,800
2028	410,000	218,800	628,800
2029	745,000	202,400	947,400
2030	440,000	172,600	612,600
2031	445,000	155,000	600,000
2032	460,000	137,200	597,200
2033	2,855,000	118,800	2,973,800
2034	60,000	4,600	64,600
2035	55,000	2,200	57,200
2036			
2037			
2038			
2039			
2040			
	$ 8,095,000	$ 2,935,200	$ 11,030,200

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	SERIES-2015A		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 25,000	$ 138,619	$ 163,619
2022	25,000	138,119	163,119
2023	25,000	137,369	162,369
2024	25,000	136,619	161,619
2025	25,000	135,869	160,869
2026	25,000	135,119	160,119
2027	25,000	134,368	159,368
2028	25,000	133,618	158,618
2029	25,000	132,868	157,868
2030	1,000,000	132,118	1,132,118
2031	25,000	102,118	127,118
2032	25,000	101,275	126,275
2033	25,000	100,432	125,432
2034	25,000	99,588	124,588
2035	25,000	98,744	123,744
2036	500,000	97,900	597,900
2037	515,000	81,025	596,025
2038	600,000	63,000	663,000
2039	600,000	42,000	642,000
2040	600,000	21,000	621,000
	$ 4,165,000	$ 2,161,768	$ 6,326,768

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	SERIES-2015B		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$	$ 123,625	$ 123,625
2022		123,625	123,625
2023		123,625	123,625
2024		123,625	123,625
2025		123,625	123,625
2026		123,625	123,625
2027		123,625	123,625
2028		123,625	123,625
2029		123,625	123,625
2030		123,625	123,625
2031		123,625	123,625
2032		123,625	123,625
2033		123,625	123,625
2034		123,625	123,625
2035		123,625	123,625
2036	500,000	123,625	623,625
2037	600,000	106,750	706,750
2038	700,000	85,750	785,750
2039	800,000	61,250	861,250
2040	950,000	33,250	983,250
	$ 3,550,000	$ 2,265,000	$ 5,815,000

See accompanying independent auditor’s report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	REFUNDING SERIES-2016		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 65,000	$ 307,600	$ 372,600
2022	70,000	305,650	375,650
2023	70,000	303,550	373,550
2024	70,000	301,450	371,450
2025	75,000	298,650	373,650
2026	80,000	295,650	375,650
2027	85,000	292,450	377,450
2028	90,000	289,050	379,050
2029	95,000	285,450	380,450
2030	95,000	282,600	377,600
2031	100,000	278,800	378,800
2032	105,000	274,800	379,800
2033	110,000	270,600	380,600
2034	3,060,000	266,200	3,326,200
2035	3,595,000	143,800	3,738,800
2036			
2037			
2038			
2039			
2040			
	$ 7,765,000	$ 4,196,300	$ 11,961,300

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	REFUNDING SERIES-2017		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 95,000	$ 276,650	$ 371,650
2022	115,000	274,750	389,750
2023	115,000	271,300	386,300
2024	115,000	267,850	382,850
2025	115,000	264,400	379,400
2026	115,000	259,800	374,800
2027	115,000	255,200	370,200
2028	160,000	250,600	410,600
2029	160,000	244,200	404,200
2030	160,000	237,800	397,800
2031	160,000	231,400	391,400
2032	665,000	225,000	890,000
2033	555,000	198,400	753,400
2034	545,000	176,200	721,200
2035	145,000	154,400	299,400
2036	1,815,000	148,600	1,963,600
2037	1,900,000	76,000	1,976,000
2038			
2039			
2040			
	$ 7,050,000	$ 3,812,550	$ 10,862,550

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	REFUNDING SERIES-2017A		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 905,000	$ 290,600	$ 1,195,600
2022	930,000	272,500	1,202,500
2023	230,000	244,600	474,600
2024	250,000	237,700	487,700
2025	1,085,000	230,200	1,315,200
2026	1,135,000	186,800	1,321,800
2027	1,185,000	141,400	1,326,400
2028	1,240,000	94,000	1,334,000
2029	1,110,000	44,400	1,154,400
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
	$ 8,070,000	$ 1,742,200	$ 9,812,200

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	SERIES-2017B		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$	$ 73,962	$ 73,962
2022		73,963	73,963
2023		73,962	73,962
2024		73,963	73,963
2025		73,962	73,962
2026		73,963	73,963
2027		73,962	73,962
2028		73,963	73,963
2029		73,962	73,962
2030		73,963	73,963
2031		73,962	73,962
2032		73,963	73,963
2033		73,962	73,962
2034		73,963	73,963
2035		73,962	73,962
2036		73,963	73,963
2037		73,962	73,962
2038	750,000	73,963	823,963
2039	750,000	48,650	798,650
2040	640,000	22,400	662,400
	$ 2,140,000	$ 1,402,375	$ 3,542,375

See accompanying independent auditor’s report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	REFUNDING SERIES-2020		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 5,000	$ 357,809	$ 362,809
2022	715,000	347,000	1,062,000
2023	1,495,000	318,400	1,813,400
2024	1,540,000	258,600	1,798,600
2025	775,000	197,000	972,000
2026	795,000	166,000	961,000
2027	810,000	150,100	960,100
2028	825,000	133,900	958,900
2029	705,000	117,400	822,400
2030	780,000	103,300	883,300
2031	2,420,000	87,700	2,507,700
2032	1,965,000	39,300	2,004,300
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
	$ 12,830,000	$ 2,276,509	$ 15,106,509

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
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	2,140,000	1,898,965	4,038,965
2022	2,215,000	1,834,357	4,049,357
2023	2,305,000	1,760,756	4,065,756
2024	2,375,000	1,676,657	4,051,657
2025	2,455,000	1,589,306	4,044,306
2026	2,540,000	1,491,357	4,031,357
2027	2,620,000	1,405,905	4,025,905
2028	2,750,000	1,317,556	4,067,556
2029	2,840,000	1,224,305	4,064,305
2030	2,475,000	1,126,006	3,601,006
2031	3,150,000	1,052,605	4,202,605
2032	3,220,000	975,163	4,195,163
2033	3,545,000	885,819	4,430,819
2034	3,690,000	744,176	4,434,176
2035	3,820,000	596,731	4,416,731
2036	2,815,000	444,088	3,259,088
2037	3,015,000	337,737	3,352,737
2038	2,050,000	222,713	2,272,713
2039	2,150,000	151,900	2,301,900
2040	2,190,000	76,650	2,266,650
	$ 54,360,000	$ 20,812,752	$ 75,172,752

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
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. 23 Unlimited Tax Refunding Bonds - Series 2012	9,610,000	6,215,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds - Series 2013	9,390,000	8,050,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds - Series 2014	9,565,000	8,440,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Bonds - Series 2015A	4,240,000	4,190,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Park Bonds - Series 2015B	3,550,000	3,550,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds - Series 2016	8,085,000	7,825,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds - Series 2017	7,225,000	7,145,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds - Series 2017A	9,050,000	8,950,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Bonds - Series 2017B	2,140,000	2,140,000
Fort Bend County Municipal Utility District No. 23 Unlimited Tax Refunding Bonds - Series 2020	12,830,000	
TOTAL	$ 75,685,000	$ 56,505,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	December 31, 2020	Paying Agent
	5,860,000	110,462	355,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	7,710,000	166,025	340,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	345,000	319,600	8,095,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	25,000	139,119	4,165,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		123,625	3,550,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	60,000	309,400	7,765,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	95,000	278,550	7,050,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	880,000	308,200	8,070,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		73,963	2,140,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
12,830,000			12,830,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
$ 12,830,000	$ 14,975,000	$ 1,828,944	$ 54,360,000	

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2020

Bond Authority:	Tax Bonds*	Refunding Bonds	Parks and Recreational Facilities Bonds
Amount Authorized by Voters	$ 90,775,000	$ 13,245,000	$ 8,800,000
Amount Issued	72,885,000	5,352,347	5,550,000
Remaining to be Issued	$ 17,890,000	$ 7,892,653	$ 3,250,000

Debt Service Fund cash and investment balances as of December 31, 2020:	$ 9,889,236
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 3,758,638

See Note 3 for interest rates, 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.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 2,135,616	$ 1,952,484	$ 1,847,342
Water Service	1,085,791	1,008,929	986,971
Wastewater Service	1,228,647	1,124,424	1,107,465
Penalty and Interest	98,940	116,458	112,483
Sales Tax Revenue	48,971	45,388	44,475
Tap Connection and Inspection Fees	9,320	59,420	277,504
Investment Revenues	46,461	98,852	63,401
Ground Water Reduction Fees	782,089	745,266	727,978
Parks and Recreational		31,624	29,079
Miscellaneous Revenues	53,145	41,891	64,817
TOTAL REVENUES	$ 5,488,980	$ 5,224,736	$ 5,261,515
EXPENDITURES			
Professional Fees	$ 270,430	$ 295,193	$ 271,972
Contracted Services	1,928,622	1,863,555	1,594,696
Purchased Water and Wastewater Services	1,270,829	1,091,719	769,867
Utilities	25,854	34,418	27,457
Repairs and Maintenance	2,286,352	1,147,724	1,281,143
Parks and Recreational	255,136	182,612	91,543
Ground Water Reduction Assessments	851,859	743,825	698,510
Other	187,574	219,494	302,253
Capital Outlay	153,642	14,033	60,000
TOTAL EXPENDITURES	$ 7,230,298	$ 5,592,573	$ 5,097,441
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (1,741,318)	$ (367,837)	$ 164,074
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$ - 0 -	$ - 0 -	$ 26,628
NET CHANGE IN FUND BALANCE	$ (1,741,318)	$ (367,837)	$ 190,702
BEGINNING FUND BALANCE	3,677,487	4,045,324	3,854,622
ENDING FUND BALANCE	$ 1,936,169	$ 3,677,487	$ 4,045,324

See accompanying independent auditor's report.

2017	2016	2020	2019	2018	2017	2016
		Percentage of Total Revenues				
$ 1,690,499	$ 1,529,988	38.9 %	37.4 %	35.1 %	35.3 %	33.2 %
964,675	938,451	19.8	19.3	18.9	20.0	20.4
1,075,341	1,053,516	22.4	21.5	21.0	22.3	22.9
111,494	132,566	1.8	2.2	2.1	2.3	2.9
47,947	58,050	0.9	0.9	0.8	1.0	1.3
122,435	121,145	0.2	1.1	5.3	2.5	2.6
31,520	13,290	0.8	1.9	1.2	0.7	0.3
699,607	678,497	14.2	14.3	13.8	14.5	14.7
24,228	24,986		0.6	0.6	0.5	0.5
44,570	52,979	1.0	0.8	1.2	0.9	1.2
$ 4,812,316	$ 4,603,468	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 228,399	$ 218,963	4.9 %	5.6 %	5.2 %	4.7 %	4.8 %
1,371,865	1,341,900	35.1	35.7	30.3	28.5	29.1
926,296	803,529	23.2	20.9	14.6	19.2	17.5
26,943	18,425	0.5	0.7	0.5	0.6	0.4
832,893	845,572	41.7	22.0	24.3	17.3	18.4
143,599	114,593	4.6	3.5	1.7	3.0	2.5
654,852	668,356	15.5	14.2	13.3	13.6	14.5
220,753	228,093	3.4	4.2	5.7	4.6	5.0
136,028	464,932	2.8	0.3	1.1	2.8	10.1
$ 4,541,628	$ 4,704,363	131.7 %	107.1 %	96.7 %	94.3 %	102.3 %
$ 270,688	$ (100,895)	(31.7) %	(7.1) %	3.3 %	5.7 %	(2.3) %
$ 494,659	$ - 0 -					
$ 765,347	$ (100,895)					
3,089,275	3,190,170					
$ 3,854,622	$ 3,089,275					

See accompanying independent auditor’s report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 4,528,064	$ 4,294,897	$ 4,213,312
Penalty and Interest	40,834	37,874	44,276
Interest on Investments	62,132	117,949	89,503
Miscellaneous Revenues	504		
TOTAL REVENUES	$ 4,631,534	$ 4,450,720	$ 4,347,091
EXPENDITURES			
Tax Collection Expenditures	$ 133,090	$ 143,197	$ 137,622
Debt Service Principal	2,085,000	2,035,000	1,985,000
Debt Service Interest and Fees	1,836,544	2,134,018	2,204,556
Paid to Refunding Bond Escrow Agent	165,000		
Bond Issuance Costs	484,786		
TOTAL EXPENDITURES	$ 4,704,420	$ 4,312,215	$ 4,327,178
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (72,886)	$ 138,505	$ 19,913
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ 12,830,000	$	$
Paid to Refunding Bond Escrow Agent	(12,955,267)		
Bond Premium	620,867		
TOTAL OTHER FINANCING SOURCES (USES)	$ 495,600	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 422,714	$ 138,505	$ 19,913
BEGINNING FUND BALANCE	4,104,565	3,966,060	3,946,147
ENDING FUND BALANCE	$ 4,527,279	$ 4,104,565	$ 3,966,060
TOTAL ACTIVE RETAIL WATER CONNECTIONS	4,637	4,620	4,596
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	4,583	4,571	4,545

See accompanying independent auditor's report.

2017	2016	Percentage of Total Revenues 2020	2019	2018	2017	2016
$ 4,329,525	$ 4,286,022	97.8 %	96.4 %	96.9 %	98.5 %	98.3 %
36,892	51,350	0.9	0.9	1.0	0.8	1.2
30,766	22,852	1.3	2.7	2.1	0.7	0.5
	40					
$ 4,397,183	$ 4,360,264	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 129,656	$ 133,004	2.9 %	3.2 %	3.2 %	2.9 %	3.1 %
1,965,000	1,945,000	45.0	45.7	45.7	44.7	44.6
2,171,323	2,220,821	39.7	47.9	50.7	49.4	50.9
321,000	18,000	3.6			7.3	0.4
634,833	345,960	10.5			14.4	7.9
$ 5,221,812	$ 4,662,785	101.7 %	96.8 %	99.6 %	118.7 %	106.9 %
$ (824,629)	$ (302,521)	(1.7) %	3.2 %	0.4 %	(18.7) %	(6.9) %
$ 16,275,000	$ 8,085,000					
(16,455,458)	(8,240,138)					
828,232	507,126					
$ 647,774	$ 351,988					
$ (176,855)	$ 49,467					
4,123,002	4,073,535					
$ 3,946,147	$ 4,123,002					
4,470	4,395					
4,416	4,348					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2020

District Mailing Address	-	Fort Bend County Municipal Utility District No. 23 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District Telephone Number	-	(713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2020	Expense Reimbursements for the year ended December 31, 2020	Title
William Thomas	05/18 05/22 (Elected)	$ 7,200	$ 1,125	President
Anzilla Gilmore	05/18 05/22 (Elected)	$ 7,200	$ 1,074	Vice President
Ellen Hughes	05/18 05/22 (Elected)	$ 3,450	$ 23	Secretary
Chris Robinson	05/20 05/24 (Elected)	$ 7,200	$ 1,129	Assistant Vice President
Steven Gates	05/20 05/24 (Elected)	$ 7,200	$ 1,231	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: November 25, 2020

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution on June 28, 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. 23
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2020

Consultants:	Date Hired	District Fees for the year ended December 31, 2020	Special Revenue Fund Fees for the year ended December 31, 2020	Title
Allen Boone Humphries Robinson LLP	07/26/03	$ 192,594	$ 10,290	General Counsel
		$ 137,813	$ -0-	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	11/19/96	$ 19,050	$ 4,500	Audit Related
		$ 1,500	$ -0-	Bond Related
Myrtle Cruz, Inc.	01/23/84	$ 41,461	$ 10,072	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/22/96	$ 10,245	$ -0-	Delinquent Tax Attorney
LJA Engineering & Surveying, Inc.	01/23/84	$ 261,211	$ 4,836	Engineer
Rathmann & Associates, L.P.	04/24/03	$ 161,875	$ -0-	Financial Advisor
Mary Jarmon	11/29/01	$ -0-	$ -0-	Investment Officer
Municipal District Services, LLC	12/01/09	$ 2,293,920	$ 955,266	Operator
Assessments of the Southwest, Inc.	02/08/84	$ 75,259	$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX C

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)