OFFICIAL STATEMENT DATED FEBRUARY 17, 2022

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW, ASSUMING CONTINUING COMPLIANCE WITH COVENTNATS IN THE BOND ORDER, AND IS NOT INCLUDED IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Bonds were NOT designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations."

NEW ISSUE – Book Entry Only

Moody's Investors Service, Inc. (Underlying).........."Baa1"
S&P Global Ratings (BAM Insured) ...."AA"
See "MUNICIPAL BOND INSURANCE" and "RATINGS"

$10,450,000
FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
(A Political Subdivision of the State of Texas, located within Fort Bend County)
UNLIMITED TAX BONDS, SERIES 2022

Dated: March 17, 2022 **Due: August 15, as shown on the inside cover**

The $10,450,000 Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds, Series 2022 (the "Bonds") are obligations of Fort Bend County Fresh Water Supply District No. 1 (the "District") and are not obligations of the State of Texas; Fort Bend County, Texas, the City of Houston, Texas; the City of Pearland, Texas; or any political subdivision or entity other than the District.

Interest on the Bonds will accrue from March 17, 2022, and will be payable August 15 and February 15 of each year ("Interest Payment Date"), commencing August 15, 2022, until maturity or prior redemption. Principal of the Bonds is payable to the registered owner(s) of the Bonds (the "Bondholder(s)") by Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"), upon surrender of the Bonds for payment at maturity or upon prior redemption. Unless otherwise agreed between the Paying Agent/Registrar and a Bondholder, interest on the Bonds is dated as of the Interest Payment Date and is payable to each Bondholder, as shown on the records of the Paying Agent/Registrar on the close of business on the last day of the calendar month next preceding each Interest Payment Date (the "Record Date"). The Bonds will be issued only in fully registered form in the denomination of $5,000 of principal amount, or any integral multiple thereof.

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/Registrar 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."

See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on the inside cover.

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").**

The Bonds constitute the eighth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a waterworks and wastewater system (the "System") within the District. Voters in the District have authorized a total of $118,310,000 principal amount of bonds for the purpose of acquiring or constructing the System to serve the District and $173,965,000 principal amount of refunding bonds for the System.

Following the issuance of the Bonds, $71,760,000 principal amount of unlimited tax bonds for the System and $173,345,000 principal amount of refunding bonds will remain authorized but unissued. The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment." Neither the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; the City of Pearland, Texas; nor any other entity other than the District shall be obligated to pay the principal of or interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; the City of Pearland, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

The Bonds are subject to special investment considerations described herein. Bond purchasers are encouraged to read this entire official statement prior to making an investment decision. See "INVESTMENT CONSIDERATIONS."

The Bonds will be delivered when, as and if issued by the District and accepted by the underwriter listed below (the "Initial Purchaser"), subject among other things to the approval of the initial Bonds by the Attorney General of the State of Texas and by the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by The Muller Law Group, PLLC, Sugar Land, Texas, Disclosure Counsel. Delivery of the Bonds is expected on or about March 17, 2022.

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS

$1,070,000 Serial Bonds

Maturity (August 15)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34677L (b)
2038 (c)	$ 280,000	3.000%	2.900%	JB1
2039 (c)	790,000	3.000%	2.950%	JC9

$9,380,000 Term Bonds

$4,780,000 Term Bonds Due August 15, 2043 (c)(d), Interest Rate: 3.000% (Price: $99.216) (a), CUSIP No. 34677L JG0 (b)

$4,600,000 Term Bonds Due August 15, 2046 (c)(d), Interest Rate: 3.000% (Price: $98.294) (a), CUSIP No. 34677L JK1 (b)

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the yield resulting when priced to maturity or prior redemption, which ever produces the lowest yield.

(b) CUSIP numbers have been assigned to the Bonds by S&P Global Services, managed by S&P Global Market Intelligence, LLC on behalf of the American Bankers Association, and are included solely for the convenience of the owners of the Bonds.

(c) Bonds maturing on August 15, 2038, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on March 1, 2027, or on any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*."

(d) Subject to mandatory redemption as provided under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."

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 or the Initial Purchaser.

All of the summaries of the statutes, resolutions, orders, contracts, audits, engineering and other related reports set forth in this 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 Bond Counsel upon payment of duplication costs, for further information.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an 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.

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 "MUNICIPAL BOND INSURANCE" and "APPENDIX C."

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 as to the likelihood 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. 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 such information actually comes to its attention, the other matters described in this Official Statement, until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT - Updating of Official Statement" and "CONTINUING DISCLOSURE OF INFORMATION."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

TABLE OF CONTENTS

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fort Bend County Fresh Water Supply District No. 1 (the "District") of its $10,450,000 Unlimited Tax Bonds, Series 2022 (the "Bonds").

The Bonds are issued pursuant to an order adopted by the Board of Supervisors of the District (the "Bond Order"), the Constitution and general laws of the State of Texas, including particularly Chapters 49 and 53 of the Texas Water Code, as amended, an approving order of the Texas Commission on Environmental Quality (the "TCEQ"), and an election held and approved by a majority of the participating voters in the District.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Order.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on the cover page of this Official Statement, at a price of 97.461144% of the principal amount thereof plus accrued interest thereon to the date of delivery, which resulted in a net effective interest rate of 3.119487%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and 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 Initial Purchaser 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 INITIAL PURCHASER 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 SEC 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 in such other jurisdiction.

Delivery of Official Statements

The District shall furnish to the Initial Purchaser (and to each participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the District and the Initial Purchaser. The District also shall furnish to the Initial Purchaser a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential underwriters of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Initial Purchaser may reasonably request prior to the 90th day after the end of the underwriting period described in SEC Rule 15c2-12(f)(2). The District shall pay the expense of preparing the number of copies of the Official Statement agreed upon between the District and the Initial Purchaser and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchaser shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, 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 "APPENDIX C."

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 September 30, 2021, and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $504.3 million, $181.5 million, and $322.8 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 "MUNICIPAL 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.

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned an underlying credit rating of "Baa1" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. The ratings express only the view of 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 such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The District will pay the underlying rating fees charged by Moody's.

The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. 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 rating). The ratings express only the view of S&P 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 such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any ratings assigned to the Bonds other than the ratings of S&P and Moody's.

[Remainder of Page Intentionally Left Blank]

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The summary should not be detached and should be used in conjunction with the more complete information contained herein. A full review should be made of the entire Official Statement and of the documents summarized or described herein.

THE BONDS

The Issuer	Fort Bend County Fresh Water Supply District No. 1 (the "District"), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See "THE DISTRICT."
The Issue	$10,450,000 Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds, Series 2022 (the "Bonds"), are dated March 17, 2022, and bear interest at the rates set forth on the inside cover page. The Bonds are scheduled to mature on August 15, 2038, through August 15, 2046, inclusive. Interest accrues from March 17, 2022, and is payable August 15, 2022, and each February 15 and August 15 thereafter until the earlier of stated maturity or prior redemption. See "THE BONDS."
Redemption of the Bonds	The Bonds that mature on August 15, 2038, and thereafter, are subject to redemption, in those or in part, on March 1, 2027, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS - Redemption of the Bonds – *Optional Redemption*." The Bonds maturing on August 15, 2038, and August 15, 2039, both inclusive, are serial bonds. The Bonds maturing on August 15, 2043, and August 15, 2046, are term bonds (the "Term Bonds"), which have mandatory sinking fund redemption provisions set out herein under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."
Book Entry Only	The Depository Trust Company, New York, New York ("DTC"), 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 and will be deposited with DTC. See "THE BONDS - Book-Entry-Only System."
Source of Payment	Principal and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; the City of Pearland, Texas; or any other political subdivision or entity other than the District. See "THE BONDS – Source of Payment."
Payment Record	The District failed to timely make a scheduled interest payment, in the amount of $179,869.38, on February 15, 2011. This delinquency was due to an administrative oversight; the District had adequate funds on hand to make its scheduled principal and interest payments with respect to its outstanding obligations. The District filed a material event notice in connection with this event. The District has enacted procedures to ensure that such an oversight does not occur in the future with respect to any of the District's principal and interest obligations. Otherwise, the District has never defaulted on the timely payment of principal or interest on its outstanding indebtedness. See "THE BONDS – Payment Record."
Authority for Issuance	At a bond election (the "First Bond Election") held within the District on November 2, 2004, the voters authorized the issuance of $39,310,000 principal amount of unlimited tax bonds for the purpose of constructing water and sewer facilities (the "System") and $58,965,000 principal amount of unlimited tax bonds for refunding of such bonds. At a subsequent bond election (the "Second Bond Election") held within the District on May 6, 2017, the voters authorized the issuance of $79,000,000 principal amount of unlimited tax bonds for the purpose of constructing the System and $115,000,000 principal amount of unlimited tax bonds for refunding of such bonds. The Bonds constitute the eighth issuance of

	bonds from such authorization for the purpose of constructing the System. Following the issuance of the Bonds, $71,760,000 principal amount of unlimited tax bonds for the System and $173,345,000 principal amount of refunding bonds will remain authorized but unissued. See "THE BONDS – Authority for Issuance," and "– Issuance of Additional Debt."
	The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment." The Bonds are issued pursuant to an order adopted by the Board of Supervisors of the District (the "Bond Order"), the Constitution and general laws of the State of Texas, including particularly Chapters 49 and 53 of the Texas Water Code, as amended, an approving order of the Texas Commission on Environmental Quality (the "TCEQ Order"), and an election held and approved by a majority of the participating voters in the District. See "THE BONDS – Authority for Issuance," and "– Issuance of Additional Debt."
Use of Proceeds	Proceeds of the Bonds will be used to fund (i) bond issuance costs; (ii) expansions to the City of Arcola wastewater treatment plant; (iii) construction of the Gateway Acres Subdivision Wastewater Collection System and the Fresno Ranchos Subdivision Lift Station and Force Main; (iv) contingencies, engineering and material testing for items (ii) and (iii); and (v) surveying for the Gateway Acres and Fresno Ranchos Subdivisions. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
NOT Qualified Tax-Exempt Obligations	The District did NOT designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations."
Outstanding Bonds	The District has issued $6,935,000 Sanitary Sewer System Unlimited Tax Bonds, Series 2006A (the "Series 2006A Bonds"); $5,285,000 Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"); $600,000 Unlimited Tax Bonds, Series 2010A (the "Series 2010A Bonds"); $8,000,000 Unlimited Tax Bonds, Series 2015 (the "Series 2015 Bonds"); $4,430,000 Unlimited Tax Refunding Bonds, Series 2016 (the "Series 2016 Refunding Bonds"); $5,365,000 Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds"); $1,745,000 Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds"); and $4,850,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Series 2020 Bonds"). The Bonds are the eighth issue of a total authorization of $118,310,000 of bonds authorized by District voters for the System, of which $71,760,000 will remain unissued after the delivery of the Bonds. As of March 1, 2022, $25,260,000 principal amount of the bonds originally issued shall remain outstanding (the "Outstanding Bonds"). See "THE BONDS – Authority for Issuance" and "SELECTED FINANCIAL INFORMATION – Total Outstanding Bonds."
Municipal Bond Insurance	Build America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE."
Ratings	Moody's Investors Service, Inc. ("Moody's"): "Baa1." S&P Global Ratings (BAM Insured): "AA." See "RATINGS."
Bond Counsel	Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas. See "LEGAL MATTERS."
Disclosure Counsel	The Muller Law Group, PLLC, Sugar Land, Texas.
Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.

THE DISTRICT

Description	The District was created as a political subdivision of the State of Texas pursuant to an order of the Fort Bend County Commissioner's Court dated January 18, 1997, and the terms and provisions of Article XVI, Section 59 of the Constitution of Texas and Chapters 49 and 53 of the Texas Water Code, as amended. The District is located in east Fort Bend County, Texas, approximately 16 miles south of the central business district of the City of Houston, Texas, at the intersection of Trammel Fresno Road and FM 521. The District is located within the

extraterritorial jurisdictions of the City of Houston, Texas and the City of Pearland, Texas. See "THE DISTRICT."

Development within the District .... The District consists of approximately 4,236 acres and was created to provide existing District residents with public water and wastewater services. As of July 20, 2021, there were approximately 3,047 homes in the District. As of December 13, 2021, the District contained a total of 1,000 residential connections receiving water service from the District, 515 residential connections receiving water and sewer service from the District, 102 residential connections receiving water service from the District and sewer service from the City of Arcola, 80 vacant residential connections, 22 commercial water connections and 38 miscellaneous water connections. Homesteads that are not connected to the District's public water and wastewater system are generally provided water through private water wells and wastewater service is provided by individual septic systems. There is currently no active development in the District. See "DEVELOPMENT WITHIN THE DISTRICT."

INVESTMENT CONSIDERATIONS

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

[Remainder of Page Intentionally Left Blank]

SUMMARY OF SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2021 Certified Assessed Valuation	$	434,819,974	(a)
See "SELECTED FINANCIAL INFORMATION" and "TAXING PROCEDURES."			
Direct Debt:			
The Outstanding Bonds	$	25,260,000	(b)
The Bonds	$	10,450,000	
Total	$	35,710,000	
Estimated Overlapping Debt	$	17,021,811	(c)
Total Direct and Estimated Overlapping Debt	$	52,731,811	(c)
Direct Debt Ratios:			
As a percentage of the 2021 Certified Assessed Valuation		8.21 %	
Direct and Estimated Overlapping Debt Ratios:			
As a percentage of the 2021 Certified Assessed Valuation		12.13 %	
Debt Service Fund (as of January 20, 2022)	$	3,109,950	(d)
General Fund (as of January 20, 2022)	$	6,838,181	
Construction Fund (as of January 20, 2022)	$	1,947,597	
2021 Tax Rate per $100 of Assessed Valuation:			
Debt Service		$0.59	
Maintenance and Operations		$0.41	
Total		$1.00	
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2022-2049)	$	1,859,425	
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2027)	$	2,453,123	
Tax Rate per $100 of Assessed Valuation Required to pay the Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2022-2049) at 95% Tax Collections:			
Based Upon the 2021 Certified Assessed Valuation ($434,819,974)		$0.46	
Tax Rate per $100 of Assessed Valuation Required to pay the Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2027) at 95% Tax Collections:			
Based Upon the 2021 Certified Assessed Valuation ($434,819,974)		$0.60	

(a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). All property located in the District is valued on the tax rolls by the Appraisal District at 100% of estimated market value as of January 1 of each year.
(b) As of March 1, 2022.
(c) See "SELECTED FINANCIAL INFORMATION - Estimated Direct and Overlapping Debt Statement."
(d) Neither Texas Law nor the Bond Order requires that the District maintain any particular sum in the District's Debt Service Fund.

$10,450,000
FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
UNLIMITED TAX BONDS, SERIES 2022

INTRODUCTION

This Official Statement of Fort Bend County Fresh Water Supply District No. 1 (the "District") is provided to furnish information with respect to the issuance by the District of its $10,450,000 Unlimited Tax Bonds, Series 2022 (the "Bonds"). The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 53 of the Texas Water Code, as amended; elections held on November 2, 2004, and May 6, 2017, within and for the District; an order (the "Bond Order"), adopted by the Board of Supervisors of the District (the "Board"), and an approving order of the Texas Commission on Environmental Quality (the "TCEQ Order").

This Official Statement contains descriptions of the Bonds, the Bond Order 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 Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056, upon payment of the costs of duplication thereof. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order of the Board of the District authorizing the issuance of the Bonds. A copy of the Bond Order may be obtained from the District upon written request made to Sanford Kuhl Hagan Kugle Parker Kahn LLP.

The Bonds are dated March 17, 2022, and are scheduled to mature on August 15, 2038, through August 15, 2046, inclusive. Interest accrues from March 17, 2022, and is payable August 15, 2022, and each February 15 and August 15 thereafter until the stated maturity or prior redemption ("Interest Payment Date"). Principal of the Bonds will be payable to the registered owners (the "Registered Owners") at maturity upon presentation at the principal payment office of the Paying Agent/Registrar, initially Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable dated as of the Interest Payment Date, and disbursed to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the last business day of the month next preceding the Interest Payment Date (the "Record Date").

Paying Agent/Registrar

The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas. The Bonds are being issued in fully registered form in integral multiples of $5,000 of principal amount. Interest on the Bonds will be payable semiannually by the Paying Agent/Registrar by check mailed on each Interest Payment Date by the Paying Agent/Registrar to the Registered Owners at the last known address as it appears on the Paying Agent/Registrar's books on the Record Date.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, 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 (herein defined) believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District and the Financial Advisor cannot and do 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.

DTC 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 required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, 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 Ratings 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 purchase 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.

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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issue as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest 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 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, Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or 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-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in the section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source of Payment

The Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, 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, Paying Agent/Registrar fees and Appraisal District (herein defined) 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, the Outstanding Bonds, and additional bonds payable from taxes which may be issued, and Paying Agent/Registrar fees.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; the City of Pearland, Texas; or any entity other than the District.

Authority for Issuance

At various bond elections held within the District on November 4, 2004 and on May 6, 2017 (the "Bond Elections"), the voters authorized the issuance of $118,310,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring water and sewer facilities and $173,965,000 in principal amount of bonds for the purpose of refunding such bonds. The Bonds constitute the eighth issuance of bonds for the System from such authorization. After the sale of the Bonds, a total of $71,760,000 in principal amount of unlimited tax bonds for the System and $173,345,000 in principal amount of unlimited tax bonds for the refunding of such bonds will remain authorized but unissued.

The Bonds are issued pursuant to the Bond Order; the general laws of the State of Texas, including particularly Chapters 49 and 53 of the Texas Water Code, as amended; the Bond Elections; Article XVI, Section 59 of the Texas Constitution; and the TCEQ Order.

Authorized But Unissued

Date of Issued Authorization	Purpose	Authorized	Issued to Date (a)	Amount Unissued
November 2, 2004	Water and Sanitary Sewer	$ 39,310,000	$ 39,310,000	$ -
May 6, 2017	Water and Sanitary Sewer	79,000,000	7,240,000	71,760,000
		$ 118,310,000	$ 46,550,000	$ 71,760,000
November 2, 2004	Refunding	$ 58,965,000	$ 620,000	$ 58,345,000
May 6, 2017	Refunding	115,000,000	–	115,000,000
		$ 173,965,000	$ 620,000	$ 173,345,000

(a) Includes the Bonds and Outstanding Bonds.

Funds

The proceeds from all taxes levied, assessed and collected for and on account of the Bonds shall be deposited, as collected, in the District's Debt Service Fund and used only for the purpose of paying principal of and interest on the Bonds.

No Arbitrage

The District will certify, on the date of delivery of the Bonds, 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.

Redemption of the Bonds

Optional Redemption

Bonds maturing on August 15, 2038, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on March 1, 2027, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given by the

Paying Agent/Registrar at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds 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 of a principal denomination larger than $5,000 may be redeemed in part ($5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular Bonds to be redeemed shall be selected by the District; if less than all of the Bonds of a particular maturity are to be redeemed; the Paying Agent/Registrar is required to select the Bonds of such maturity to be redeemed by lot.

Mandatory Redemption

$4,780,000 Term Bonds Maturing on August 15, 2043

Mandatory Redemption Date	Principal Amount
August 15, 2040	$ 1,120,000
August 15, 2041	1,170,000
August 15, 2042	1,220,000
August 15, 2043 (Maturity)	1,270,000

$4,600,000 Term Bonds Maturing on August 15, 2046

Mandatory Redemption Date	Principal Amount
August 15, 2044	$ 1,320,000
August 15, 2045	1,385,000
August 15, 2046 (Maturity)	1,895,000

On or before thirty (30) days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term 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 random method, the Term Bonds or portions of the Term 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 the Term Bonds to be mandatorily redeemed on 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 Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this section.

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar in Houston, Texas. 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 Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar 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 the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, 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 to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, on receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

Successor Paying Agent/Registrar

Provision is made in the Bond Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the TCEQ or the Texas Water Development Board ("TWDB"), as applicable, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See "THE DISTRICT." The District will have $71,760,000 of bonds for the purpose of acquiring and constructing a waterworks and wastewater system (the "System") and $173,345,000 for the refunding of such bonds after the issuance of the bonds. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District if authorized by the District's voters and approved by the Board and the TCEQ or TWDB, if applicable. See "INVESTMENT CONSIDERATIONS - Future Debt."

Annexation, Strategic Partnership Agreement and Consolidation

Under existing Texas law, since the District lies partly within the extraterritorial jurisdiction of the City of Pearland, Texas, and partly within the extraterritorial jurisdiction of the City of Houston, Texas, certain portions of the District may be annexed for full purposes by the City of Pearland and/or by the City of Houston, subject to compliance by the City of Pearland and/or the City of Houston, as applicable, with various requirements of Chapter 43 of the Texas Local Government Code, as amended. However, under legislation effective December 1, 2017, the City of Pearland and/or the City of Houston may not annex portions of the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City of Pearland and/or the City of Houston and the District specifying the procedures for full purpose annexation of all or a portion of the District. See "Strategic Partnership Agreement" below.

In the event of annexation of a portion of the District by the City of Pearland and/or the City of Houston, the District would continue to exist and may be abolished by agreement among the District, the City of Pearland and the City of Houston. The agreement abolishing the District must provide for the distribution of assets and liabilities of the District. Once a district is annexed, the annexing municipality takes over all of the property and assets of the district, assumes all debts, liabilities and obligations of the district and performs all of the functions of the district, including the provisions of service. Annexation of territory by the City of Pearland and/or the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Pearland and/or the City of Houston, and, therefore, the District makes no representation that the City of Pearland and/or the City of Houston will ever attempt to annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Pearland and/or the City of Houston to make debt service payments should annexation occur.

The District has entered into a Strategic Partnership Agreement ("SPA") with the City of Houston (the "City") whereby the tracts of land in the District projected for and containing commercial development within the City's extraterritorial jurisdiction were annexed into the City for limited purposes. The City imposes a Sales and Use Tax within the annexed tracts on the receipts from the sale and use at retail of taxable items at the rate of one-half of one percent or such other rate as may be imposed by the City from time to time. Under the SPA, one-half (or 50%) of the sales tax revenue generated by the commercial business will be paid to the District, and the District can use the sales tax revenue to: (a) accelerate the development of the water and wastewater system in the District; (b) accelerate reimbursement to developers for eligible infrastructure development; (c) lower the overall property tax rate to encourage additional development; and (d) perform other District functions that might otherwise be diminished, curtailed, abbreviated or delayed by financial limitations.

The Sales and Use Tax was implemented within the annexed areas. The Comptroller of Public Accounts of the State of Texas remits the sales tax revenues to the City and the City then disburses to the District its share of the tax revenues.

Neither the District nor any owner of taxable property in the District is 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 in the District.

The Bonds are not obligations of the City, and the SPA does not obligate the City, either directly or indirectly, to pay the principal of and interest on the Bonds.

The District has not entered into a SPA with the City of Pearland.

The District has the legal authority to consolidate with other fresh water supply districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place.

Defeasance

The Bond Order 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, 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 non-callable obligations of the United States of America, (b) non-callable 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) non-callable 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.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is an excerpt 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 un-matured 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.

Registered Owners' Remedies and Bankruptcy

Pursuant to Texas law, the Bond Order 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 Order 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

Order, 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 levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Order 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. Although 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.

Payment Record

The District failed to timely make a scheduled interest payment, in the amount of $179,869.38, on February 15, 2011. This delinquency was due to an administrative oversight; the District had adequate funds on hand to make its scheduled principal and interest payments with respect to its outstanding obligations. The District filed a material event notice in connection with this event. The District has enacted procedures to ensure that such an oversight does not occur in the future with respect to any of the District's principal and interest obligations. Otherwise, the District has never defaulted on the timely payment of principal or interest on its outstanding indebtedness.

[Remainder of Page Intentionally Left Blank]

USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds of the Bonds will be used to fund (i) bond issuance costs; (ii) expansions to the City of Arcola wastewater treatment plant; (iii) construction of the Gateway Acres Subdivision Wastewater Collection System and the Fresno Ranchos Subdivision Lift Station and Force Main; (iv) contingencies, engineering and material testing for items (ii) and (iii); and (v) surveying for the Gateway Acres and Fresno Ranchos Subdivisions.

Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Financial Advisor (each hereinafter defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor.

A. CONSTRUCTION COSTS		
A. Developer Contribution Items		
None	$	-
B. District Items		
1. City of Arcola WWTP Expansion (0.5 MGD to 0.675 MGD)	$	84,000
2. City of Arcola WWTP Expansion (0.675 MGD to 0.95 MGD)		870,000
3. Gateway Acres Subdivision Wastewater Collection System		5,000,000
4. Fresno Ranchos Subdivision Lift Station and Force Main		2,000,000
5. Contingencies (Items No. 2-4)		710,000
6. Engineering (Items No. 2-4)		787,300
7. Material testing (Items No. 2-4)		160,000
8. Surveying (Items No. 3 and 4)		66,750
Total District Items	$	9,678,050
TOTAL CONSTRUCTION COSTS (92.61% of Bond Issue)	$	9,678,050
B. NON-CONSTRUCTION COSTS		
A. Legal Fees	$	209,000
B. Fiscal Agent Fees		144,500
C. Bond Discount		265,310
D. Bond Issuance Expenses		29,825
E. Bond Application Report Costs		39,500
F. Attorney General Fee (0.10% or $9,500 Max.)		9,500
G. TCEQ Bond Issuance Fee (0.25%)		26,125
H. Contingency (a)		48,190
TOTAL NON-CONSTRUCTION COSTS	$	771,950
TOTAL BOND ISSUE REQUIREMENT	**$**	**10,450,000**

(a) Represents the difference between the estimated and actual amounts of the bond discount.

The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities; however, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

General

The District was created as a political subdivision of the State of Texas pursuant to an order of the Fort Bend County Commissioner's Court dated January 18, 1997, pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 53 of the Texas Water Code, as amended.

Location

The District consists of approximately 4,236 acres and was created to provide existing District residents with public water and wastewater services. The District is located in east Fort Bend County, Texas, approximately 16 miles south of the central business district of the City of Houston, Texas, at the intersection of Trammel Fresno Road and FM 521. The District is located within the extraterritorial jurisdictions of the City of Houston, Texas and the City of Pearland, Texas.

Authority

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water and the collection, transportation, and treatment of wastewater. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste collection and disposal service and is empowered to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters of the District and the TCEQ, as well as operate and maintain recreational facilities. The District has no plans to provide a fire department.

The District is authorized to issue its bonds to finance its water and sanitary sewer facilities, with the approval of the TCEQ or, if applicable, the TWDB and the Attorney General of Texas, to the extent authorized by the District's qualified voters. After the issuance of the Bonds, the District will have $71,760,000 of bonds for the System and $173,345,000 of bonds for refunding purposes authorized but unissued which are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District.

MANAGEMENT OF THE DISTRICT

The District is governed by the Board, consisting of five Supervisors, who have control over and management supervision of all affairs of the District. All of the Supervisors reside or own property in the District. The Supervisors serve four-year staggered terms. Board elections are held in even numbered years in May. The current members and officers of the Board are listed below:

Name	Title	Term Expires May
Paul Hamilton	President	2022
Rosa Linda Medina	Vice President	2024
Calvin Casher	Secretary	2024
Rodrigo Carreon	Assistant Secretary	2022
Erasto Vallejo	Assistant Secretary	2024

Investment Policy

The District has adopted an Investment Policy (the "Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Policy. The Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and Texas Class, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long-term securities or derivative products in the portfolio.

Consultants

Although the District does not have a general manager or any other full-time employees, it has contracted for utility system operating, bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector

The District's Tax Assessor/Collector is the Fort Bend County Tax Office (the "Tax Assessor/Collector"). The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Fort Bend Central Appraisal District and bills and collects such levy.

Bookkeeper

The District's bookkeeper is Municipal Accounts & Consulting, LP.

Utility System Operator

The District's water and sewer system is operated by Environmental Development Partners LLC ("EDP").

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. A copy of the District's audit prepared by McCall Gibson Swedlund Barfoot PLLC for the fiscal year ended December 31, 2020, is included as "APPENDIX B" to this Official Statement.

Engineer

The consulting engineer for the District in connection with the previous design and construction of the facilities within the District is Jacobs Engineering Group Inc. (the "Engineer").

General and Bond Counsel

The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Disclosure Counsel – The Muller Law Group, PLLC, Sugar Land, Texas, has been designated as disclosure counsel ("Disclosure Counsel"). The fees of Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Financial Advisor

Robert W. Baird & Co. Incorporated (the "Financial Advisor") is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

DEVELOPMENT WITHIN THE DISTRICT

Status of Development

The District consists of approximately 4,236 acres and was created to provide existing District residents with public water and wastewater services. As of December 13, 2021, the District contained a total of 1,000 residential connections receiving water service from the District, 515 residential connections receiving water and sewer service from the District, 102 residential connections receiving water service from the District and sewer service from the City of Arcola, 80 vacant residential connections, 22 commercial water connections and 38 miscellaneous water connections. Homesteads that are not connected to the District's public water and wastewater system are generally provided water through private water wells and wastewater service is provided by individual septic systems. There is currently no active development in the District.

Commercial Development

Commercial development within the District consists of various business and industrial properties. There is no significant ongoing commercial development in the District. See "SELECTED FINANCIAL INFORMATION – Principal Taxpayers."

Future Development

The District can make no representation that any future development will occur within the District. In the event that future development does occur in the District, it is anticipated that infrastructure development costs could be financed through the sale of future bond issues, although there are currently no plans to do so, and no additional development is currently planned.

THE SYSTEM

Regulation

According to the Engineer, the water distribution and wastewater collection lines constructed by the District (the "System") have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the TWDB, the City of Houston, Texas, the City of Pearland, Texas, and Fort Bend County, Texas. According to the District's Engineer, the design of all such completed facilities has been approved by all required governmental agencies and inspected by the TCEQ or TWDB, as applicable.

Operation of the District's waterworks and sewer treatment facilities is subject to regulation by, among others, the EPA and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Water Supply

The District's water supply facilities include one water plant ("Water Plant No. 1"). Water Plant No. 1 includes a 1,500 gallon-per-minute ("gpm") well, two 360,000-gallon ground storage tanks, 30,000 gallons of hydropneumatic tank capacity, booster pump capacity totaling 6,000 gpm, auxiliary power supply and various other appurtenances. The City of Arcola is a participant in Water Plant No. 1 and is presently allocated 625 single family equivalent connections. According to the Engineer, Water Plant No. 1 is sufficient to serve approximately 2,500 single family equivalent connections, based upon current regulatory criteria.

The District is in the process of constructing a second water plant. In addition, the District has an emergency interconnect agreement with Fort Bend County Municipal Utility District No. 23, Fort Bend County Municipal Utility District No. 141, and Charleston Municipal Utility District. According to the District's Operator, the District's water quality complies with environmental requirements at the federal, state and local levels.

Wastewater Treatment

Wastewater treatment capacity for the District is provided by a wastewater treatment plant operated by the City of Arcola (the "WWTP"). The WWTP currently contains 675,000 gallon-per-day ("gpd") of treatment capacity. The District is a participant in the WWTP, and is allocated 250,000 gpd of the present capacity in the WWTP (the "District WWTP Capacity"). The District WWTP Capacity is sufficient to serve up to 714 connections. A portion of the proceeds of the Bonds will fund an expansion of the WWTP that has been initiated by the District. This expansion, when complete, will increase the District WWTP Capacity to 350,000 gpd. As additional capacity is needed, future expansions of WWTP will be constructed. This may require the issuance of additional bonds, and perhaps an election for the issuance of additional bonds.

100-Year Flood Plain

According to the Engineer and based upon the current Flood Insurance Rate Map of Fort Bend County, Texas, approximately 657 acres of the District are within the 100-year flood plain. The District's current facilities (water plants and lift stations) are not within the 100-year flood plain.

North Fort Bend Regional Water Authority

The District has entered into a Groundwater Reduction Plan Participation Agreement with the North Fort Bend Water Authority (the "Authority"). The Authority's purposes include the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The District has agreed to pay the Authority a water well pumpage fee, based on the amount of water pumped from all well(s) owned and operated by the District. This fee will enable the Authority to fulfill its purpose and regulatory functions. Effective January 1, 2022, the fee charged is $4.55 per 1,000 gallons of water pumped from each well. The term of this agreement is for 40 years from the effective date of the agreement.

[Remainder of Page Intentionally Left Blank]

General Fund Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's System. Such summary has been prepared by the Financial Advisor for inclusion herein, based upon information obtained from the District's audited financial statements. Reference is made to such statements for further and more complete information. See "APPENDIX B." The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. This table is provided for informational purposes only.

	UNAUDITED	Fiscal Year Ended				
	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16
REVENUES						
Property taxes	$ 1,737,930	$ 1,551,624	$ 1,716,514	$ 1,596,026	$ 1,376,887	$ 1,379,822
Water Revenues	499,209	575,046	520,736	517,697	341,731	196,237
Wastewater Revenues	199,733	198,675	163,918	141,496	65,543	-
Regional Water Authority Fees	419,576	421,570	366,021	310,134	197,590	104,762
Shared Facilities Revenues	85,840	364,529	190,657	189,522	174,221	154,536
Tap Connection and Inspection Fees	366,946	146,515	216,935	193,297	156,164	24,410
Penalty and Interest	111,947	111,449	122,920	112,900	89,390	100,646
Capital Contributions	-	-	169,963	120,496	-	-
Miscellaneous Revenues	$ 84,123	$ 115,030	$ 181,317	$ 69,074	$ 60,739	$ 24,264
TOTAL REVENUES	$ 3,504,304	$ 3,484,438	$ 3,648,981	$ 3,250,642	$ 2,462,265	$ 1,984,677
EXPENDITURES						
Professional fees	$ 480,406	$ 709,742	$ 508,934	$ 471,834	$ 651,876	$ 461,297
Contracted services	158,580	149,938	156,506	150,199	82,486	65,680
Purchased Sewer	95,067	109,214	114,597	99,362	49,421	53,000
Utilities	35,222	37,151	44,010	49,519	38,794	33,389
Repairs and maintenance	170,684	439,470	184,115	222,356	154,017	72,563
Regional Water Authority Assessment	544,394	529,810	522,428	435,101	312,695	215,325
Other operating expenditures	257,510	184,419	260,203	295,062	263,419	58,412
Capital Outlay	$ 416,624	$ 2,096,634	$ 528,207	$ 224,278	$ 419,098	629,163
TOTAL EXPENDITURES	$ 2,159,487	$ 4,256,378	$ 2,319,000	$ 1,947,711	$ 1,971,806	$ 1,588,829
Excess Revenues (Expenditures)	$ 1,344,817	$ (771,940)	$ 1,329,981	$ 1,302,931	$ 490,459	$ 395,848
Other Sources (Uses)	$ -	$ (155,637)	$ 50,680	$ (68,870)	$(1,161,427)	$ 13,918
Balance, Beg of Year	$ 5,821,076	$ 6,748,653	$ 5,367,992	$ 4,133,931	$ 4,804,899	$ 4,395,133
Balance, End of Year	$ 7,165,893	$ 5,821,076	$ 6,748,653	$ 5,367,992	$ 4,133,931	$ 4,804,899

(a) Unaudited as of November, 2021.

SELECTED FINANCIAL INFORMATION
(Unaudited)

2021 Certified Assessed Valuation	$434,819,974	(a)
See "SELECTED FINANCIAL INFORMATION" and "TAXING PROCEDURES."		
Direct Debt		
The Outstanding Bonds	$ 25,260,000	(b)
The Bonds	10,450,000	
Total	$ 35,710,000	
Estimated Overlapping Debt	$ 17,021,811	(c)
Total Direct and Estimated Overlapping Debt	$ 52,731,811	
Direct Debt Ratios:		
As a percentage of the 2021 Certified Assessed Valuation	8.21 %	

(a) As of January 1, 2021. As certified by the Appraisal District. See "TAXING PROCEDURES."
(b) As of March 1, 2022.
(c) See "SELECTED FINANCIAL INFORMATION - Estimated Direct and Overlapping Debt Statement."

Total Outstanding Bonds

Date of Issue	Series	Original Amount	Amount Outstanding as of March 1, 2022
08/01/2006	2006A	$ 6,935,000	$ 2,460,000
08/01/2006	2006B	5,035,000	-
08/01/2008	2008	8,500,000	-
03/01/2010	2010	5,285,000	150,000
04/01/2010	2010A	600,000	270,000
10/10/2015	2015	8,000,000	6,910,000
03/01/2016	2016	4,430,000	3,680,000
09/01/2017	2017	5,365,000	5,305,000
10/01/2019	2019	1,745,000	1,675,000
05/01/2020	2020	4,850,000	4,810,000
		$ 37,210,000	$ 25,260,000

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding 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.

[Remainder of Page Intentionally Left Blank]

Taxing Jurisdiction	Outstanding Debt as of January 31, 2022	Estimated Overlapping Debt Percent	Amount
Fort Bend County	$ 807,303,234	0.53%	$ 4,297,065
Fort Bend County Drainage District	25,405,000	0.54%	136,169
Fort Bend Independent School District	1,395,130,000	0.90%	$ 12,588,577
Total Estimated Overlapping Debt			$ 17,021,811
The District			35,710,000 (a)
Total Direct & Estimated Overlapping Debt			$ 52,731,811 (a)
Ratio of Estimated Direct and Overlapping Debt to 2021 Certified Assessed Valuation			12.13%

(a) Includes the Bonds and the Outstanding Bonds.

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "SELECTED FINANCIAL INFORMATION - 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 2021 taxes per $100 of assessed valuation levied by all such taxing jurisdictions.

Taxing Jurisdiction	2021 Tax Rate
The District	$ 1.00000
Fort Bend County	0.45280 (a)
Fort Bend ISD	1.21010
Total Tax Rate	$ 2.66290

(a) Includes $0.0145 for Fort Bend County Drainage District.

Assessed Valuation Summary

The following represents the type of property comprising the 2017-2021 tax rolls:

Type of Property	2021 Assessed Valuation	2020 Assessed Valuation	2019 Assessed Valuation	2018 Assessed Valuation	2017 Assessed Valuation
Land	$ 201,490,501	$ 196,000,463	$ 140,332,787	$ 142,519,427	$ 127,435,253
Improvements	213,714,828	216,561,007	183,183,700	164,370,086	153,869,056
Personal Property	89,740,213	94,904,760	99,339,981	83,423,960	77,669,220
Exemptions	(70,125,568)	(81,700,095)	(61,232,077)	(37,423,873)	(35,213,775)
Total	$ 434,819,974	$ 425,766,135	$ 361,624,391	$ 352,889,600	$ 323,759,754

[Remainder of Page Intentionally Left Blank]

Historical Tax Collections

The following table illustrates the collection history of the District from the 2015–2021 tax years:

Tax Year	Assessed Valuation	Tax Rate/ $100 (a)	Adjusted Levy	% of Current Year Collections	% of Total Year Collections	Fiscal Year Ending 12/31
2015	$ 279,970,126	$ 1.00	$ 2,799,701	98.66 %	99.30 %	2016
2016	279,162,072	1.00	2,791,621	94.69 %	99.09 %	2017
2017	323,759,754	1.00	3,237,598	94.68 %	98.93 %	2018
2018	352,889,600	1.00	3,528,896	93.30 %	97.61 %	2019
2019	361,624,391	1.00	3,616,244	91.18 %	96.73 %	2020
2020	425,766,135	1.00	4,257,661	94.50 %	94.50 %	2021
2021	434,819,974	1.00	4,348,200	(b)	(b)	2022

(a) See "Tax Rate Distribution."
(b) In process of collections.

Tax Rate Distribution

	2021	2020	2019	2018	2017
Debt Service	$ 0.590	$ 0.590	$ 0.570	$ 0.500	$ 0.500
Maintenance	0.410	0.410	0.430	0.500	0.500
	$ 1.000	$ 1.000	$ 1.000	$ 1.000	$ 1.000

Tax Rate Limitation

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance: $0.50 per $100 Assessed Valuation.

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating of the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any tax bonds which may be issued in the future. An election was held within the District on November 4, 2014, which authorized the levy of a maintenance tax not to exceed $0.50/$100 assessed valuation. The District levied a maintenance tax of $0.41 per $100 of assessed valuation for tax year 2021.

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District's certified appraisal rolls for the 2021 tax year.

Taxpayer	Type of Property	Assessed Valuation 2021 Tax Roll
Nalco Production LLC	Land & Improvements	$ 46,434,940
Fresno Self Storage LLC	Land & Improvements	5,045,090
Blue Ridge Landfill TX LP	Land & Improvements	3,087,139
Lemark Investments LLC	Land & Improvements	3,064,130
Zyfire USA Corporation	Land & Improvements	2,531,475
Monge Santiago	Land & Improvements	2,193,810
Friendship Business LLC	Land & Improvements	2,139,420
Centerpoint Energy Electric	Land & Improvements	2,037,530
Technisand INC	Land & Improvements	2,007,960
Monge Trucking Sand-Pit LLC	Land & Improvements	1,986,340
Total		$ 70,527,834
% of Respective Tax Roll		16.22%

As shown in the table above, the top ten taxpayers in the District currently account for approximately 16.22% of the District's tax base. Adverse developments in economic conditions could adversely impact these businesses in the District and the tax values in the District, resulting in less local tax revenue. In addition, there is no certainty that personal property, which is portable, will remain in the District. If any major taxpayer were to default in the payment of taxes, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process. If personal property were removed from the District, ad valorem taxes could not be levied on such personal property, which could result in less local tax revenue. See “INVESTMENT CONSIDERATIONS – Registered Owners’ Remedies,” “THE BONDS – Registered Owners’ Remedies and Bankruptcy” and “TAXING PROCEDURES – District’s Rights in the Event of Tax Delinquencies” herein.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District established 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.

Tax Adequacy for Debt Service

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 Requirement on the Bonds and the Outstanding Bonds, if no growth in the District’s tax base occurs beyond the 2021 Certified Assessed Valuation ($434,819,974). The calculations assume collection of 95% of taxes levied and exclude any debt service funds.

Average Annual Debt Service Requirement (2022-2049)	$ 1,859,425
Tax Rate of $0.46 on the 2021 Certified Assessed Valuation produces	$ 1,900,163
Maximum Annual Debt Service Requirement (2027)	$ 2,453,123
Tax Rate of $0.60 on the 2021 Certified Assessed Valuation produces	$ 2,478,474

[Remainder of the Page Intentionally Left Blank]

DEBT SERVICE SCHEDULE

The following schedule sets forth the current total debt service requirements of the District, plus the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

Year	Current Debt Service Requirements (a)	Plus: The Bonds Principal	Plus: The Bonds Interest	Total Debt Service Requirements
2022	$ 1,700,764	$ –	$ 128,883	$ 1,829,648
2023	2,138,707	–	313,500	2,452,207
2024	2,128,342	–	313,500	2,441,842
2025	2,131,677	–	313,500	2,445,177
2026	2,135,736	–	313,500	2,449,236
2027	2,139,623	–	313,500	2,453,123
2028	1,686,273	–	313,500	1,999,773
2029	1,683,686	–	313,500	1,997,186
2030	1,682,366	–	313,500	1,995,866
2031	1,664,388	–	313,500	1,977,888
2032	1,659,013	–	313,500	1,972,513
2033	1,648,322	–	313,500	1,961,822
2034	1,655,092	–	313,500	1,968,592
2035	1,654,085	–	313,500	1,967,585
2036	1,651,164	–	313,500	1,964,664
2037	1,651,341	–	313,500	1,964,841
2038	1,354,440	280,000	313,500	1,947,940
2039	855,824	790,000	305,100	1,950,924
2040	554,935	1,120,000	281,400	1,956,335
2041	557,341	1,170,000	247,800	1,975,141
2042	553,699	1,220,000	212,700	1,986,399
2043	554,344	1,270,000	176,100	2,000,444
2044	559,099	1,320,000	138,000	2,017,099
2045	552,705	1,385,000	98,400	2,036,105
2046	100,624	1,895,000	56,850	2,052,474
2047	101,935	–	–	101,935
2048	98,029	–	–	98,029
2049	99,123	–	–	99,123
Total	$ 34,952,674	$ 10,450,000	$ 6,661,233	$ 52,063,907

(a) Outstanding debt as of March 17, 2022.

Average Annual Requirement on the Outstanding Bonds and the Bonds (2022-2049) $1,859,425
Maximum Annual Requirement on the Outstanding Bonds and the Bonds (2027) $2,453,123

[Remainder of Page Intentionally Left Blank]

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 sufficient amount to pay the principal of and interest on the Outstanding Bonds, the 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 Order 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 "SELECTED FINANCIAL INFORMATION - Maintenance Tax."

Property Tax Code and County-wide Appraisal District

The Texas Property 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 herein.

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 responsibility for reviewing and equalizing the values established by the Appraisal District. The Appraisal District has the responsibility of appraising property for all taxing units within Fort Bend County, Texas, 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.

Property Subject to Taxation by the District

General: 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; certain 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 of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call 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 the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

In addition, a partially disabled veteran or the surviving spouse of a partially disabled veteran is 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 at no cost by a charitable organization at some or no cost to the veteran. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. The surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferable to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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 value of residential homesteads, but not less than $5,000, if any exemption is granted, 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 District has never adopted a general homestead exemption. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board.

Freeport Goods and Goods-in-Transit 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 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 property for all prior and subsequent years.

Tax Abatement

Fort Bend County, Texas (the "County") may designate all or part of the area within the District as a reinvestment zone. Thereafter, the 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. To date, no portion of the land within the District has been designated as a reinvestment zone.

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 formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property. 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 reappraisal 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 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 formally to include such values on its appraisal roll.

From time to time the District may be subject to a natural disaster such as a hurricane, tornado, tropical storm or other adverse weather event severely impacting the entire region and resulting in a disaster declaration by the Governor of the State of Texas. See "INVESTMENT CONSIDERATIONS – Potential Impact of Natural Disaster."

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% 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, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. 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. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Supervisors of 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. 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, may be rejected. 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 if the person (1) has been granted an exemption under Section 11.13, Property Tax Code, (2) requests an installment agreement and (3) 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.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies fresh water supply districts differently based on the current operation and maintenance tax rate or on the percentage of projected 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 herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, 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 than 1.08 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 in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 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 in the district, subject to certain homestead exemptions, 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 the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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 Supervisors on an annual basis. For the 2021 tax year, the District was determined to be a Developing District. 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.

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 in 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 the State and each 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 “SELECTED FINANCIAL INFORMATION – 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 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 or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser’s deed at the foreclosure sale is filed in the county records. See “INVESTMENT CONSIDERATIONS – Tax Collection Limitations.”

[Remainder of Page Intentionally Left Blank]

INVESTMENT CONSIDERATIONS

General

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 Pearland, Texas; or any political subdivision other than the District. The Bonds will be secured by a continuing, direct, annual ad valorem tax, levied without legal limitation as to rate or amount; against all taxable property located within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District 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 representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. 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. See "DEVELOPMENT WITHIN THE DISTRICT," "SELECTED FINANCIAL INFORMATION," and "TAXING PROCEDURES."

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The District is a mature housing development and there is no current development occurring in the District. The rate of development and homebuyer interest within the District is directly related to the vitality of the residential housing industry in the Houston metropolitan area. New residential housing construction and the demand for homes in mature housing developments can be significantly affected by factors such as interest rates, construction costs, and consumer demand generally. Decreased interest in mature housing developments would restrict the growth of property values in the District. In addition, there is significant development near the District that has recently occurred and is currently being developed and there is additional development planned in the area of the District in the future. Homebuyer interest in newer homes and neighborhoods relatively close to the District could negatively affect property values in the District and homebuyer interest for homes in the District. The District cannot predict the pace or magnitude of future construction in the District. See "DEVELOPMENT WITHIN THE DISTRICT."

Principal Landowners' Obligations to the District: The District's tax base is concentrated in a small number of taxpayers. As reflected in this Official Statement under the caption "SELECTED FINANCIAL INFORMATION – Principal Taxpayers," the ten principal taxpayers in 2021 owned property located in the District in the aggregate assessed valuation of $70,527,834, which comprised approximately 16.22% of the District's total assessed valuation. The District cannot represent that its tax base will in the future be (i) distributed among a significantly larger number of taxpayers, or (ii) less concentrated in property owned by a relatively small number of property owners than it is currently. Failure by one or more of the District's principal property owners to make full and timely payments of taxes due may have an adverse effect on the investment quality or security of the Bonds. If any one or more of the principal taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meets its debt service requirements.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

Dependence on Personal Property Taxes; Personal Property Tax Collections: Approximately 20.64% of the District's 2021 taxable value is personal property. See "SELECTED FINANCIAL INFORMATION – Principal Taxpayers" and "– Assessed Valuation Summary." Most other utility districts in Texas are not dependent to such an extent on taxes levied on personal property. The District's ability to collect personal property taxes may create special risks for Bondholders. See "TAXING PROCEDURES."

Unlike real property, there is no certainty that personal property will remain in the District from year to year. Automobiles and other personal property are portable, and could be removed from the District at any time. Personal property removed from the District as of January 1 of any year is not subject to taxation by the District for that year. If personal property is subject to a lien for unpaid District taxes for any year, the District lien is lost if the property is sold in the ordinary course of business. However, a lien in the amount of the personal property taxes owed by a taxpayer attaches not only to personal property owned by the taxpayer as of January 1 with a tax situs in the District, but to any personal property then or thereafter owned by the taxpayer. However, the District may not be able to foreclose on personal property located outside the State of Texas, and locating and foreclosing on property held outside the District may be costly, inefficient, and difficult.

The statute of limitations for collection of personal property taxes is four years from the date of delinquency, which is shorter than the 20 year statute of limitations for real property. Personal property may not be seized and a suit may not be filed to collect delinquent personal property taxes if the tax has been delinquent for more than four years. A tax and any penalty and interest on the tax that is delinquent longer than the limitation periods is presumed paid unless a suit to collect such personal property tax is pending. As with real property taxes, ad valorem taxes levied on personal property are the personal obligation of the taxpayer. See "TAXING PROCEDURES."

Heretofore the District has been successful in collecting its ad valorem tax levies including ad valorem taxes levied on personal property located in the District from time to time. However, no representation can be made by the District regarding future tax collections. See "SELECTED FINANCIAL INFORMATION – Historical Tax Collections."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2021 Certified Assessed Valuation of property located within the District (see "SELECTED FINANCIAL INFORMATION") is $434,819,974. After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be $2,453,123 (2027) and the average annual debt service Requirement will be $1,859,425 (2022-2049, inclusive). Assuming no increase nor decrease from the 2021 Certified Assessed Valuation, tax rates of $0.60 and $0.46 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 Requirement, respectively. The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. See "SELECTED FINANCIAL INFORMATION – Tax Adequacy for Debt Service."

Increases in the District's tax rate to rates substantially higher than the levels discussed above may have an adverse impact upon future development of the District, the sale of existing homes and construction of new homes, if any, 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.

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 (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property or (d) the taxpayer's right to redeem the property within six (6) months for commercial property and two (2) years for residential and all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records. 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. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two (2) other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six (6) years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners (defined herein) 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 Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no provision for 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. Although the 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 further 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.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of Registered Owners of the Bonds 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 discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the U.S. Bankruptcy Code, 11 USC sections 901–946. The filing of such petition would automatically stay the enforcement of Registered Owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is generally authorized to file for federal bankruptcy protection by applicable 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 has negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby involving the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in determining the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be applicable, the concomitant delay and loss of remedies to the Registered Owners could potentially and adversely impair the value of the Registered Owners' claims.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the U.S. Bankruptcy Code, it could file a plan for an adjustment of its debts. 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 the Registered Owner's claim against a district.

A district cannot be placed into bankruptcy involuntarily.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Initial Purchaser 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 which are more generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

After the issuance of the Bonds, the District will have $71,760,000 principal amount of authorized but unissued bonds for water and sewer purposes, $173,345,000 principal amount of authorized but unissued refunding bonds (See "THE BONDS - Issuance of Additional Debt" and "THE BONDS – Authorized But Unissued"), and 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 Order. 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.

Financing Parks and Recreational Facilities

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) preparation of a detailed park plan; (b) authorization of park bonds by the qualified voters in the District; (c) approval of the park project and bonds by the TCEQ; and (d) approval of the bonds by the Attorney General of Texas. If the District does issue park 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 not authorized any park bonds.

In addition, the District may levy an operation and maintenance tax to support recreational facilities at a rate not to exceed $0.10 per $100 of assessed valuation of taxable property within the District, after such tax is approved at an election. The District has not authorized an operations and maintenance tax for parks and recreational facilities.

Current law may be changed in a manner to increase the amount of bonds that may be issued as related to a percentage of the value of taxable property or to allow a higher or lower maintenance tax rate for such purposes. The levy of taxes for such purposes may dilute the security for the Bonds.

Continuing Compliance with Certain Covenants

The Bond Order contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by 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

As required by law, engineering plans, specifications, and estimated of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement. Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the security of the Bonds as an investment, nor have the foregoing authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Matters Related to the Landowners

There is currently no active development in the District. The District has no assurance and makes no representation about the probability of future building development or the ability of the landowners of currently vacant commercial tracts or any other subsequent landowners to whom the current landowners may sell all or a portion of their holdings within the District to implement any plan of development. Furthermore, there is no restriction on the landowners' right to sell their land. The District can make no prediction as to the effects that availability of credit, inflation, potential high interest rates, potential transportation problems or other factors, whether economic or governmental, may have on any plans of the landowners.

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 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 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.

The HGB Area is currently designated as a severe ozone nonattainment area under the 1997 Ozone Standards. 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 has developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners approved publication of a proposed HGB Area redesignation request under the 1997 Ozone Standards on September 5, 2018.

The HGB Area is currently designated as a "moderate" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2018. 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 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 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.

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 nonstormwater 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 utility district's ability to obtain and maintain compliance with TPDES permits.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") 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. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary 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 in order to comply with the MS4 Permit.

In 2015, the EPA and the United States Army Corps of Engineers ("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 the "waters of the United States" and the extent of EPA and USACE jurisdiction.

On December 23, 2019, a final rule repealing the CWR was made effective, thus reinstating the regulatory text governing jurisdictional water bodies and wetlands as it existed prior to the adoption of the CWR.

On January 23, 2020, the EPA and USACE released the Navigable Water Protection Rule ("NWPR"), redefining "waters of the United States," which are federally regulated under the CWA. The new definition outlined the four categories of water that would be considered "waters of the United States," including (i) territorial seas and traditional navigable waters, (ii) tributaries, (iii) lakes, ponds, and impoundments of jurisdictional waters, and (iv) adjacent wetlands. The new definition also identified certain categories of water that are not considered "waters of the United States," and thus not federally regulated under the CWA, such as features that only contain water during or in response to rainfall (e.g., ephemeral features); groundwater,; many ditches, including most roadside or farm ditches; prior converted cropland; stormwater control features; and waste systems. The NWPR became effective on June 22, 2021, and is currently the subject of ongoing litigation.

On June 9, 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. On November 18, 2021, the EPA and USACE issued a Notice Proposed Rulemaking to put back into place the pre-2015 definition of "waters of the United States." 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 utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Potential Impact of Natural Disaster

The District is located approximately forty (40) miles from the Texas Gulf Coast and, as it has in the past, could be impacted by high winds, heavy rains, and flooding caused by a hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates. See "TAXING PROCEDURES – Valuation of Property for Taxation."

The greater Houston area has experienced four storms exceeding a 0.2% probability (i.e., "500-year flood" events) since 2015. If the District were to sustain damage to its facilities as a result of such a storm (or any other severe weather event) requiring substantial repair or replacement, or if substantial damage to taxable property within the District were to occur as a result of a severe weather event, the investment security of the Bonds could be adversely affected.

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District would be adversely affected. There can be no assurance the District will not sustain damage from weather-related events.

Specific Flood Risks Ponding (or Pluvial) Flooding – 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.

Riverine (or Fluvial) Flooding – Riverine, or fluvial, flooding occurs when water levels rise over the top of river, bayou or channel banks due to excessive rain from tropical systems making landfall and/or persistent thunderstorms over the same area for extended periods of time. The damage from a riverine flood can be widespread. The overflow can affect smaller rivers and streams downstream, or may sheet-flow over land. Flash flooding is a type of riverine flood that is characterized by an intense, high velocity torrent of water that occurs in an existing river channel with little to no notice. Flash flooding can also occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed or experienced an uncontrolled release, or after a sudden release of water by a debris or ice jam. In addition, planned or unplanned controlled releases from a dam, levee or reservoir also may result in flooding in areas adjacent to rivers, bayous or drainage systems downstream.

Hurricane Harvey

On August 25, 2017, Hurricane Harvey made landfall on the Texas Gulf Coast and severely impacted numerous localities in the region. The Gulf Coast region where the District is located is subject to occasional destructive weather events, and there is no assurance that the District will not suffer damages from such destructive weather events in the future. See "Potential Impact of Natural Disaster" above.

Atlas 14

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.

Potential Effects of Oil Price Declines on the Houston Area

The recent declines 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 or homebuilding activity 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.

Infectious Disease Outlook (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.

Forward-Looking Statements

The statements contained in this Official Statement and in any other information provided by the District that are not purely historical are forward-looking statements, including statement regarding the District's expectations, hopes, intentions, or strategies for the future.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates, possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and therefore, there can be no assurance that any forward-looking statements included in this Official Statement would prove to be accurate.

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 applicable Bond Insurance Policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest 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 Bond 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 Bond Insurer and its claim paying ability. The Bond 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 Bond Insurer and of the ratings on the Bonds insured by the Bond 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 "MUNICIPAL BOND INSURANCE."

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

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

Tax Exemption for Property Damaged by Disaster

The Texas 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% 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.

Tax Payment Installments after Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the taxpayer 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.

LEGAL MATTERS

Legal Opinions

The District will furnish the Initial Purchaser a transcript of certain certified proceedings held incident to the authorization and issuance of the Bonds, including a certified copy of the approving 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, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property in the District. The District will also furnish the legal opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are legal, valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with all general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law, and to the effect that interest on the Bonds is excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended (the "Code") of the holders for federal tax purposes under existing law, statutes, regulations, published rulings, and court decisions and interest on the Bonds is not subject to the federal alternative minimum tax. Such opinions will express no opinions with respect to the sufficiency and security for or the marketability of the Bonds.

In addition to serving as Bond Counsel, Sanford Kuhl Hagan Kugle Parker Kahn LLP also acts as general counsel to the District on matters other than the issuance of bonds.

The legal fees to be paid to Bond Counsel and Disclosure Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

Legal Review

Bond Counsel has reviewed the information appearing in this Official Statement under the captioned sections: "THE BONDS" (except for the subsections "–Book-Entry-Only System" and "Registered Owners' Remedies and Bankruptcy"), "TAXING PROCEDURES," "LEGAL MATTERS – Legal Opinions (insofar as said section relates to the opinion of Bond Counsel)," "LEGAL MATTERS – Legal Review," and "CONTINUING DISCLOSURE OF INFORMATION" (except for the subsection "Compliance With Prior Undertakings"), solely to determine whether such information fairly summarizes matters of law with respect to 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 it 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 of the information contained herein, other than the matters discussed immediately above.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature is then pending against or, to the best knowledge of the certifying officers, threatened against the District contesting or attacking the Bonds or the Bond Order; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority of proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the Bond Order, the corporate existence or boundaries of the District or the titles of the then present officers of the Board.

No Material Adverse Change

The obligations of the Initial Purchaser to take 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 condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Official Statement, as it may have been 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 Initial Purchaser of its obligations to take up and pay for the Bonds.

TAX MATTERS

In the opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or Beneficial Owners to incur significant expense.

Proposed Tax Legislation

Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

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 an 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 Initial Purchaser has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes; (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.

Tax Accounting Treatment of Original Issue Premium Bonds

Some of the Bonds may be offered at an initial offering price which exceeds the stated redemption price payable at the maturity of such Bonds. If a substantial amount of any maturity of the Bonds is sold to members of the public (which for this purpose excludes bond houses, broker, and similar persons or entities acting in the capacity of wholesales or underwriters) at such initial offering price, each of the Bonds of such maturity (the "Premium Bond") will be considered for federal income tax purposes to have "bond premium" equal to such excess. The basis for federal income tax purposes of a Premium Bond in the hands of an initial purchaser who purchases such Bond in the initial offering must be reduced each year and upon the sale or other taxable disposition of the Bond by the amount of amortizable bond premium. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond by the initial purchaser. Generally, no corresponding deduction is allowed for federal income tax purposes, for the reduction in basis resulting from amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined under special tax accounting rules which use a constant yield throughout the term of the Premium Bond based on the initial purchaser's original basis in such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition by an owner of Bonds that are not purchased in the initial offering or which are purchased at an amount representing a price other than the initial offering price for the Bonds of the same maturity may be determined according to rules which differ from those described above. Moreover, all prospective purchasers of Bonds should consult their tax advisors with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

NOT Qualified Tax-Exempt Obligations For Financial Institutions

The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has 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 specified material events, to certain information to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually.

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 "SELECTED FINANCIAL INFORMATION" and "APPENDIX B" (Financial Statements of the District). The District will update and provide this information within six months after the end of each of its fiscal years. The District will provide the updated information to EMMA.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when and if the audit report becomes available.

The District's fiscal year end is 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 EMMA of the change.

Material 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 determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt 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 within the meaning of CFR §240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District, any of which reflect financial difficulties. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with 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 Order 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 information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

The District has agreed to provide the foregoing notices to the MSRB. The District is required to file its continuing disclosure information using EMMA, which is the format currently prescribed by the MSRB and has been established by the MSRB to make such continuing disclosure information available to investors free of charge. Investors may access 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 material 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 the 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 an underwriter 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 outstanding 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 Order 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 Initial Purchaser 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 undertakings made by them in accordance with the Rule.

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, except as described below. 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.

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 section entitled "THE DISTRICT" has been provided by Jacobs Engineering Group Inc. and that engineering information included in the section entitled "THE SYSTEM," has been provided by Jacobs Engineering Group 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 "SELECTED FINANCIAL INFORMATION" was provided by the Appraisal District. Such information has been included herein in reliance upon 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 Supervisors 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, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District in writing on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Supervisors of Fort Bend County Fresh Water Supply District No. 1 as of the date shown on the first page hereof.

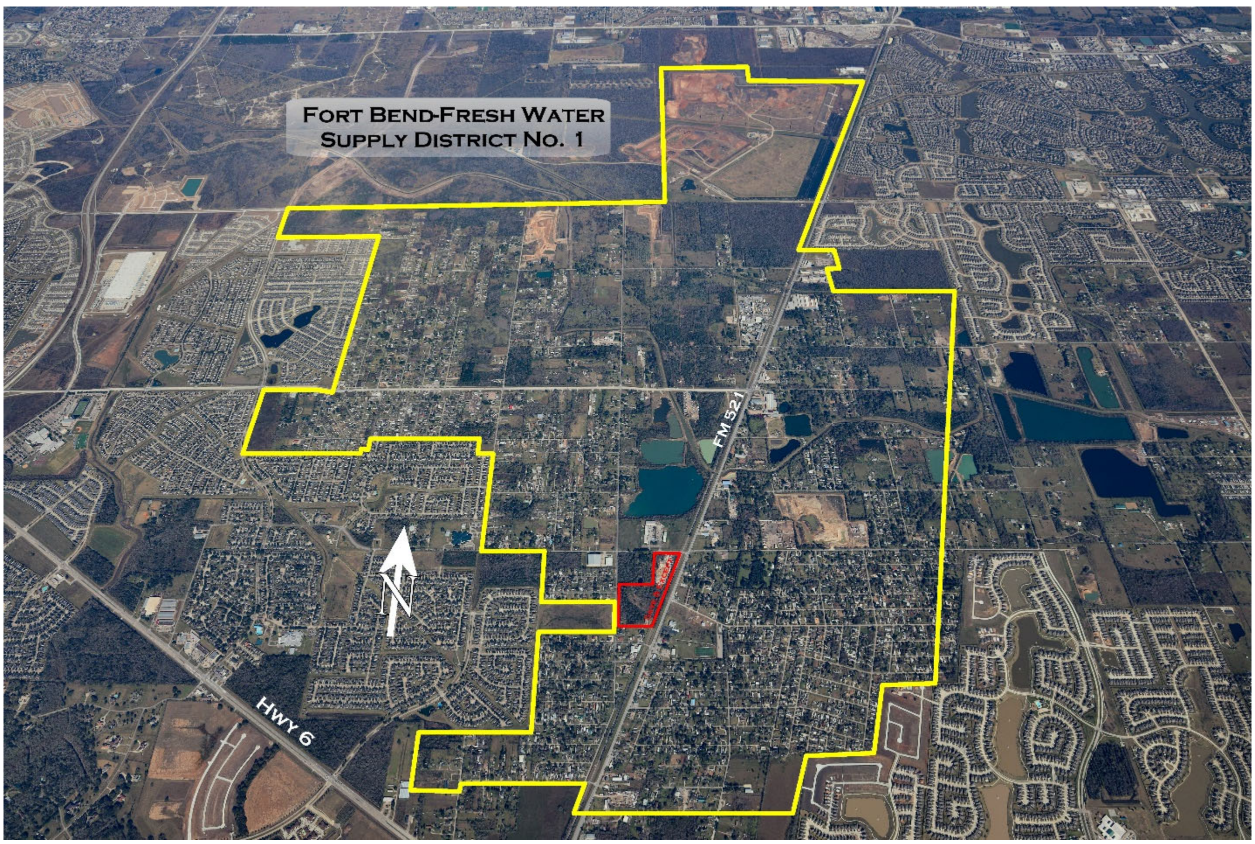
/s/ Paul Hamilton
President, Board of Supervisors
Fort Bend County Fresh Water Supply District No. 1

ATTEST:

/s/ Calvin Casher
Secretary, Board of Supervisors
Fort Bend County Fresh Water Supply District No. 1

APPENDIX A

AERIAL PHOTOGRAPH OF THE DISTRICT



APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

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 Supervisors
Fort Bend County Fresh Water
Supply District No. 1
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Fresh Water Supply District No. 1, (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 Supervisors
Fort Bend County Fresh Water Supply District No. 1

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

April 15, 2021

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Management's discussion and analysis of Fort Bend County Fresh Water Supply District No. 1's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $17,911,800 as of December 31, 2020. A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Changes in the Statement of Net Position

	2020	2019	Change Positive (Negative)
Current and Other Assets	$ 17,402,343	$ 18,371,466	$ (969,123)
Capital Assets (Net of Accumulated Depreciation)	32,246,466	30,389,732	1,856,734
Total Assets	$ 49,648,809	$ 48,761,198	$ 887,611
Deferred Outflows of Resources	$ 307,683	$ 175,752	$ 131,931
Bonds Payable	$ 26,839,080	$ 27,685,401	$ 846,321
Other Liabilities	924,384	1,263,320	338,936
Total Liabilities	$ 27,763,464	$ 28,948,721	$ 1,185,257
Deferred Inflows of Resources	$ 4,281,228	$ 3,621,045	$ (660,183)
Net Position:			
Net Investment in Capital Assets	$ 9,548,736	$ 7,183,515	$ 2,365,221
Restricted	2,222,670	2,161,106	61,564
Unrestricted	6,140,394	7,022,563	(882,169)
Total Net Position	$ 17,911,800	$ 16,367,184	$ 1,544,616

The following table provides a summary of the District's operations for the years ending December 31, 2020, and 2019. The District's net position increased by $1,544,616.

Summary of Changes in the Statement of Activities

	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	$ 3,664,093	$ 3,573,738	$ 90,355
Service Revenues	1,872,102	1,729,996	142,106
Other Revenues	166,321	454,867	(288,546)
Total Revenues	$ 5,702,516	$ 5,758,601	$ (56,085)
Expenses for Services	4,157,900	3,879,012	(278,888)
Change in Net Position	$ 1,544,616	$ 1,879,589	$ (334,973)
Net Position, Beginning of Year	16,367,184	14,487,595	1,879,589
Net Position, End of Year	$ 17,911,800	$ 16,367,184	$ 1,544,616

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2020, were \$11,604,891, a decrease of \$1,383,485 from the prior year.

The General Fund fund balance decreased by \$927,577 primarily due to a transfer to the Capital Projects Fund and current year capital and operating expenditures exceeding service revenues and property tax revenues.

The Debt Service Fund fund balance increased by \$13,857, primarily due to the structure of the District's outstanding debt service requirements and the effect of the issuance of the Series 2020 Refunding Bonds.

The Capital Projects Fund fund balance decreased by \$469,765, primarily due to capital outlay which was offset by a transfer from the General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Supervisors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$543,421 more than budgeted revenues, actual expenditures were \$135,028 more than budgeted expenditures and actual transfers out were \$94,733 less than budgeted transfers out. The result was a positive variance of \$503,126. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of December 31, 2020, total \$32,246,466, and include land, construction in progress, and the water and wastewater facilities. The District used bond proceeds received in prior years and other available funds to pay for new construction and rehabilitation of existing District water and wastewater infrastructure.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 7,000	$ 7,000	$
Construction in Progress	503,495	1,222,923	(719,428)
Capital Assets, Net of Accumulated Depreciation:			
Water System	18,959,038	19,561,242	(602,204)
Wastewater System	12,776,933	9,598,567	3,178,366
Total Net Capital Assets	$ 32,246,466	$ 30,389,732	$ 1,856,734

LONG-TERM DEBT

As of December 31, 2020, the District had total bond debt payable of $26,495,000. 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	$ 27,395,000
Add: Bond Sale - Series 2020 Refunding	4,850,000
Less: Bond Principal Paid/Refunded	5,750,000
Bond Debt Payable, December 31, 2020	$ 26,495,000

The Series 2016 Bonds and Series 2017 Bonds carry insured ratings of "AA" from Standard and Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company and Assured Guaranty Municipal Corp., respectively. The Series 2020 Refunding Bonds carry an insured rating of "AA/A2" by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The underlying ratings assigned to the Series 2016 Bonds, Series 2017 Bonds, and Series 2020 Refunding Bonds are "Baa1". The District's other bonds were non-rated and uninsured for the current and prior years.

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 Fresh Water Supply District No. 1, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, TX 77056.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 272,582	$ 1,049,666
Investments	5,715,320	1,761,855
Cash with Escrow Agent		
Receivables:		
Property Taxes	1,628,307	2,313,289
Penalty and Interest on Delinquent Taxes		
Service Accounts Receivable	260,812	
Accrued Interest	14,235	19,135
Prepaid Costs		
Due from Other Funds	354,076	
Due from Other Governmental Units	155,008	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 8,400,340	$ 5,143,945
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ - 0 -	$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 8,400,340	$ 5,143,945

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 100	$ 1,322,348	$	$ 1,322,348
2,165,948	9,643,123		9,643,123
1,670,879	1,670,879		1,670,879
	3,941,596		3,941,596
		294,718	294,718
	260,812		260,812
	33,370		33,370
		80,489	80,489
	354,076	(354,076)	
	155,008		155,008
		7,000	7,000
		503,495	503,495
		31,735,971	31,735,971
$ 3,836,927	$ 17,381,212	$ 32,267,597	$ 49,648,809
$ - 0 -	$ - 0 -	$ 307,683	$ 307,683
$ 3,836,927	$ 17,381,212	$ 32,575,280	$ 49,956,492

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

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 477,767	$
Accrued Interest Payable		
Due to Other Funds		354,076
Security Deposits	107,364	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 585,131	$ 354,076
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 1,994,133	$ 2,839,721
FUND BALANCES		
Restricted for Authorized Construction	$	$
Restricted for Debt Service		1,950,148
Unassigned	5,821,076	
TOTAL FUND BALANCES	$ 5,821,076	$ 1,950,148
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 8,400,340	$ 5,143,945
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.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 3,260	$ 481,027	$	$ 481,027
		335,993	335,993
	354,076	(354,076)	
	107,364		107,364
		1,235,000	1,235,000
		25,604,080	25,604,080
$ 3,260	$ 942,467	$ 26,820,997	$ 27,763,464
$ - 0 -	$ 4,833,854	$ (552,626)	$ 4,281,228
$ 3,833,667	$ 3,833,667	$ (3,833,667)	$
	1,950,148	(1,950,148)	
	5,821,076	(5,821,076)	
$ 3,833,667	$ 11,604,891	$ (11,604,891)	$ - 0 -
$ 3,836,927	$ 17,381,212		
		$ 9,548,736	$ 9,548,736
		2,222,670	2,222,670
		6,140,394	6,140,394
		$ 17,911,800	$ 17,911,800

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

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total Fund Balances - Governmental Funds		$ 11,604,891
Amounts reported for governmental activities in the Statement of Net Position are different because:		
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. Also, prepaid bond insurance is amortized over the life of the		388,172
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		32,246,466
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.		847,344
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:		
Accrued Interest Payable	$ (335,993)	
Bonds Payable	(26,839,080)	(27,175,073)
Total Net Position - Governmental Activities		$ 17,911,800

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

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 1,551,624	$ 2,056,644
Water Revenues	575,046	
Wastewater Revenues	198,675	
Water Authority Fees	421,570	
Shared Facilities Revenues	364,529	
Tap Connection and Inspection Fees	146,515	
Penalty and Interest	111,449	57,619
Investment and Miscellaneous Revenues	115,030	44,337
TOTAL REVENUES	$ 3,484,438	$ 2,158,600
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 709,742	$
Contracted Services	149,938	3,450
Purchased Sewer Service	109,214	
Utilities	37,151	
Repairs and Maintenance	439,470	
Purchased Water and Pumpage Fees	529,810	
Depreciation		
Other	184,419	808
Capital Outlay	2,096,634	
Debt Service:		
Bond Principal		1,160,000
Bond Interest		906,503
Bond Issuance Costs		239,274
Payment to Refunded Bond Escrow Agent		79,000
TOTAL EXPENDITURES/EXPENSES	$ 4,256,378	$ 2,389,035
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ (771,940)	$ (230,435)
OTHER FINANCING SOURCES (USES)		
Transfers In(Out)	$ (155,637)	$
Proceeds From Issuance of Long-Term Debt		4,850,000
Transfer to Refunded Bond Escrow Agent		(4,611,167)
Bond Discount		(60,794)
Bond Premium		66,253
TOTAL OTHER FINANCING SOURCES (USES)	$ (155,637)	$ 244,292
NET CHANGE IN FUND BALANCES	$ (927,577)	$ 13,857
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2020	6,748,653	1,936,291
FUND BALANCES/NET POSITION - DECEMBER 31, 2020	$ 5,821,076	$ 1,950,148

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 3,608,268	$ 55,825	$ 3,664,093
	575,046		575,046
	198,675		198,675
	421,570		421,570
	364,529		364,529
	146,515		146,515
	169,068	(3,301)	165,767
6,954	166,321		166,321
$ 6,954	$ 5,649,992	$ 52,524	$ 5,702,516
$	$ 709,742	$	$ 709,742
	153,388		153,388
	109,214		109,214
	37,151		37,151
	439,470		439,470
	529,810		529,810
		872,156	872,156
100	185,327		185,327
632,256	2,728,890	(2,728,890)	
	1,160,000	(1,160,000)	
	906,503	(2,073)	904,430
	239,274	(22,062)	217,212
	79,000	(79,000)	
$ 632,356	$ 7,277,769	$ (3,119,869)	$ 4,157,900
$ (625,402)	$ (1,627,777)	$ 3,172,393	$ 1,544,616
$ 155,637	$	$	$
	4,850,000	(4,850,000)	
	(4,611,167)	4,611,167	
	(60,794)	60,794	
	66,253	(66,253)	
$ 155,637	$ 244,292	$ (244,292)	$ -0-
$ (469,765)	$ (1,383,485)	$ 1,383,485	$
		1,544,616	1,544,616
4,303,432	12,988,376	3,378,808	16,367,184
$ 3,833,667	$ 11,604,891	$ 6,306,909	$ 17,911,800

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

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
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	$ (1,383,485)
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.	55,825
Governmental funds report penalty and interest revenues on property taxes when collected. However, in the Statement of Activities, revenues are recorded when penalty and interest are assessed.	(3,301)
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.	(872,156)
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.	2,728,890
Bond premiums, bond discounts and bond insurance premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	16,603
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.	1,160,000
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.	2,073
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(4,850,000)
Governmental funds report payments to the refunded bond escrow agent as an other financing use or as an expenditure if paid from District resources. The refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.	4,690,167
Change in Net Position - Governmental Activities	$ 1,544,616

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

NOTE 1. CREATION OF DISTRICT

Fort Bend County Fresh Water Supply District No. 1 of Fort Bend County, Texas (the "District") was created as a political subdivision of the State of Texas pursuant to an order of the Fort Bend County Commissioner's Court dated January 18, 1997, and operates in accordance with Article XVI, Section 59 of the Texas Constitution and the Texas Water Code, Chapters 49 and 53. 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 and the collection, transportation and treatment of wastewater. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts. The Board of Supervisors held its first meeting on February 11, 1997 and sold its first bonds on October 2, 2006. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

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

Financial Statement Presentation

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

- Unrestricted Net Position– This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

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

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

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

Basis of Accounting

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

Deferred inflows of resources related to property tax revenues are those taxes which the District does not expect to be collected soon enough in the subsequent period to finance current expenditures. Property taxes considered available by the District and included in revenue include the 2019 tax levy collections during the period of October 1, 2019 to December 31, 2020, and taxes collected from January 1, 2020 to December 31, 2020, for the 2018 and prior tax levies. The 2020 tax levy has been fully deferred to meet the operating expenditures for the 2021 fiscal year.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of December 31, 2020, the District's Debt Service Fund owed the General Fund $354,076 for tax collections. During the current year, the General Fund recorded a transfer of $156,987 to the Capital Projects Fund to cover construction costs previously paid by Capital Projects Fund.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their 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 $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are 10 to 45 years for water and wastewater infrastructure.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Supervisors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and amended budgeted 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 supervisors are considered to be "employees" for federal payroll tax 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 assets, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. The District does not have any nonspendable fund balances.

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 Supervisors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

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

Unassigned: all other spendable amounts in the General Fund.

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

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

	Series 2006A	Series 2008	Series 2010
Amount Outstanding – December 31, 2020	$ 2,830,000	$ 230,000	$ 295,000
Interest Rates	2.60% - 2.85%	4.51%	3.65% - 3.75%
Maturity Dates - Serially Beginning/Ending	August 15, 2021/2027	August 15, 2021	August 15, 2021/2022
Interest Payment Dates	February 15/ August 15	February 15/ August 15	February 15/ August 15
Callable Dates	August 15, 2016*	August 15, 2018*	August 15, 2020*

	Series 2010A	Series 2015	Series 2016 Refunding
Amount Outstanding – December 31, 2020	$ 300,000	$ 7,100,000	$ 3,860,000
Interest Rates	N/A	1.74% - 4.30%	2.00% - 3.50%
Maturity Dates - Serially Beginning/Ending	August 15, 2021/2030	August 15, 2021/2045	August 15, 2021/2037
Interest Payment Dates	N/A	February 15/ August 15	February 15/ August 15
Callable Dates	N/A	August 15, 2025*	August 15, 2025*

	Series 2017 Refunding	Series 2019	Series 2020 Refunding
Amount Outstanding – December 31, 2020	$ 5,315,000	$ 1,715,000	$ 4,850,000
Interest Rates	3.00% - 4.00%	1.90% - 4.34%	2.00% - 3.125%
Maturity Dates - Serially Beginning/Ending	August 15, 2021/2038	August 15, 2021/2049	August 15, 2021/2039
Interest Payment Dates	February 15/ August 15	February 15/ August 15	February 15/ August 15
Callable Dates	August 15, 2027*	February 15, 2030*	August 15, 2025*

* Or any interest payment date thereafter, at the option of the District, in whole or in part, at par plus accrued interest to the date fixed for redemption. Series 2016 term bonds due August 15, 2030, August 15, 2033, and August 15, 2037 are subject to mandatory redemption on August 15, 2028, August 15, 2031, and August 15, 2034, respectively. Series 2020 Refunding term bonds due August 15, 2031 are subject to mandatory redemption on August 15, 2029.

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended December 31, 2020:

	January 1, 2020	Additions	Retirements	December 31, 2020
Bonds Payable	$ 27,395,000	$ 4,850,000	$ 5,750,000	$ 26,495,000
Unamortized Discounts	(142,902)	(60,794)	(73,509)	(130,187)
Unamortized Premiums	433,303	66,253	25,289	474,267
Bonds Payable, Net	$ 27,685,401	$ 4,855,459	$ 5,701,780	$ 26,839,080

Amount Due Within One Year	$ 1,235,000
Amount Due After One Year	25,604,080
Bonds Payable, Net	$ 26,839,080

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

Fiscal Year	Principal	Interest	Total
2021	$ 1,235,000	$ 895,981	$ 2,130,981
2022	1,270,000	861,528	2,131,528
2023	1,310,000	828,706	2,138,706
2024	1,335,000	793,341	2,128,341
2025	1,375,000	756,676	2,131,676
2026-2030	6,145,000	3,182,684	9,327,684
2031-2035	6,075,000	2,205,899	8,280,899
2036-2040	5,005,000	1,062,704	6,067,704
2041-2045	2,385,000	392,188	2,777,188
2046-2049	360,000	39,712	399,712
	$ 26,495,000	$ 11,019,419	$ 37,514,419

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. The District has remaining new money bond authorization of $82,210,000 and refunding bond authorization of $173,345,000.

The Series 2006A, Series 2008, Series 2010, Series 2010A, Series 2015, and Series 2019 Bonds are private placement bonds with the Texas Water Development Board. See the Supplementary Information in this document for the future debt service payments due on the private placement bonds.

NOTE 3. LONG-TERM DEBT (Continued)

During the year ended December 31, 2020, the District levied an ad valorem debt service tax rate of $0.59 per $100 of assessed valuation, which resulted in a tax levy of $2,525,925 on the adjusted taxable valuation of $427,858,037 for the 2019 tax year. The bond orders 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 the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to certain information 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.

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

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $6,362,348 and the bank balance was $6,276,461. The District was not exposed to custodial credit risk as of 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	$ 272,582	$ 3,360,000	$ 3,632,582
DEBT SERVICE FUND	1,049,666	1,680,000	2,729,666
CAPITAL PROJECTS FUND	100		100
TOTAL DEPOSITS	$ 1,322,348	$ 5,040,000	$ 6,362,348

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 Supervisors.

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

The District also invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. Wells Fargo Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be 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 Texas CLASS.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Certificates of deposit are recorded at acquisition cost. The value of the money market mutual fund is its target price of $1.00 per share which is priced on a daily basis. 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		
Texas CLASS	$ 2,355,320	$ 2,355,320
Certificates of Deposit	3,360,000	3,360,000
DEBT SERVICE FUND		
Texas CLASS	81,855	81,855
Certificates of Deposit	1,680,000	1,680,000
CAPITAL PROJECTS FUND		
Money Market Mutual Fund	2,085,409	2,085,409
Texas CLASS	80,539	80,539
TOTAL INVESTMENTS	$ 9,643,123	$ 9,643,123

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2020, the District's investments in both Texas CLASS and the money market mutual fund were rated AAAm by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS and the money market mutual fund to have maturities of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there have been significant changes in values. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

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 is as follows:

	January 1, 2020	Increases	Decreases	December 31, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 7,000	$	$	$ 7,000
Construction in Progress	1,222,923	2,728,890	3,448,318	503,495
Total Capital Assets Not Being Depreciated	$ 1,229,923	$ 2,728,890	$ 3,448,318	$ 510,495
Capital Assets Subject to Depreciation				
Water System	$ 23,493,517	$	$	$ 23,493,517
Wastewater System	10,298,341	3,448,318		13,746,659
Total Capital Assets Subject to Depreciation	$ 33,791,858	$ 3,448,318	$ - 0 -	$ 37,240,176
Less Accumulated Depreciation				
Water System	$ 3,932,275	$ 602,204	$	$ 4,534,479
Wastewater System	699,774	269,952		969,726
Total Accumulated Depreciation	$ 4,632,049	$ 872,156	$ - 0 -	$ 5,504,205
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 29,159,809	$ 2,576,162	$ - 0 -	$ 31,735,971
Total Capital Assets, Net of Accumulated Depreciation	$ 30,389,732	$ 5,305,052	$ 3,448,318	$ 32,246,466

NOTE 7. MAINTENANCE TAX

At an election held on November 4, 2014, 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 $0.50 per $100 of assessed valuation. The maintenance tax is to be used by the General Fund to pay the expenditures of operating the District's facilities as well as to pay for general and administrative costs. During the year ended December 31, 2020, the District levied an ad valorem maintenance tax rate of $0.41 per $100 of assessed valuation, which resulted in a tax levy of $1,755,303 on the adjusted taxable valuation of $427,858,037 for the 2020 tax year. The 2020 tax levy has been fully deferred to meet fiscal year 2021 expenditures.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters. The District participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide various types of property and liability insurance coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9. REGIONAL FACILITIES CONTRACT

On August 18, 2005, the District entered into a Regional Facilities Contract (Contract) with the City of Arcola (the City) for the provision of water and wastewater service. This contract was most recently amended on January 21, 2021. The Regional Sewer System (RSS), including the initial expansion, is owned and operated by the City. The District pays a portion of those RSS expenses directly attributable to the RSS, plus an administrative overhead fee not to exceed 20% of the District's portion of total RSS expenses. These RSS expenses are prorated based on relative capacity in the RSS. The District also pays a portion of variable RSS expenses based on the ratio of metered flow to the District versus total discharge.

The Contract also provided for the design and construction of the Regional Water System (Water System) to provide water service to both the District and the City. The portion of the Water System upstream of the water point of delivery plus the measuring equipment will be owned and maintained by the District and those portions downstream will be owned and maintained by the City. The contract is in force through September 30, 2053.

NOTE 10. ESCROW REQUIREMENT

In compliance with an order of the Texas Water Development Board (the "TWDB"), the District escrowed Series 2019 bonds proceeds for the acquisition and construction of water system improvements. The funds are released from escrow once written approval is received from the TWDB. The released funds may be used by the District as provided in the order authorizing issuance of the Bonds or as ordered by the TWDB.

NOTE 11. EMERGENCY WATER SUPPLY AGREEMENT

On May 23, 2006, the District entered into an Emergency Water Supply Agreement with Fort Bend County Municipal Utility District No. 23 (District No. 23). The District was responsible for all costs associated with construction of such water interconnect facilities to be connected to the District's system. The rates for emergency water service are $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.

NOTE 12. NORTH FORT BEND WATER AUTHORITY

The District has entered into a Groundwater Reduction Plan Participation Agreement with the North Fort Bend Water Authority (the "Authority"). The District pays the Authority a water well pumpage fee based on the amount of water pumped from all well(s) owned and operated by the District. This fee enables the Authority to fulfill its purpose and regulatory functions. The fee charged as of year-end was $3.95 per 1,000-gallons of water pumped from each well. The District incurred costs of $422,251 during the current fiscal year in relation to this agreement. The term of this agreement is for 40 years from the effective date of the agreement.

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

The District has entered into a Strategic Partnership Agreement (the "SPA") with the City of Houston (the "City"), effective December 31, 2018. The SPA provides for a "limited purpose annexation" of that portion of the District developed for retail and commercial purposes in order to apply certain City health, safety, planning, and zoning ordinances within the District. Pursuant to the terms of the SPA, certain commercial tracts within the District have been annexed into the City for limited purposes and the City has imposed a one percent sales and use tax (but no property tax) within the areas of limited-purpose annexation and agreed to remit one-half of such sales and use tax to the District to be used for any lawful District purpose. The SPA also provides that the City will not annex the District for "full purposes" for at least 30 years.

NOTE 14. REFUNDING BOND SALE

On May 28, 2020, the District closed on the sale of its $4,850,000 Series 2020 Unlimited Tax Refunding Bonds. Proceeds of the bonds were used to refund $760,000 of the Series 2008 Bonds with interest rates of 4.51%-4.61%, maturity dates of 2022-2024, and a redemption date of August 15, 2020, and to refund $3,830,000 of the Series 2010 Bonds with interest rates of 3.85%-4.60%, maturity dates of 2023-2039, and a redemption date of August 15, 2020. The refunding resulted in gross savings of $470,980 and net present value savings of $339,767.

NOTE 15. 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.

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
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	$ 1,525,767	$ 1,525,767	$ 1,551,624	$ 25,857
Water Revenues	500,000	500,000	575,046	75,046
Wastewater Revenues	150,000	150,000	198,675	48,675
Water Authority Fees	340,000	340,000	421,570	81,570
Shared Facilities Revenues	210,000	210,000	364,529	154,529
Tap Connection and Inspection Fees	62,000	62,000	146,515	84,515
Penalty and Interest	61,000	61,000	111,449	50,449
Investment and Miscellaneous Revenues	92,250	92,250	115,030	22,780
TOTAL REVENUES	$ 2,941,017	$ 2,941,017	$ 3,484,438	$ 543,421
EXPENDITURES				
Service Operations:				
Professional Fees	$ 545,000	$ 545,000	$ 709,742	$ (164,742)
Contracted Services	164,000	164,000	149,938	14,062
Purchased Sewer Services	250,000	250,000	109,214	140,786
Utilities	50,000	50,000	37,151	12,849
Repairs and Maintenance	250,000	250,000	439,470	(189,470)
Purchased Water and Pumpage Fees	540,000	540,000	529,810	10,190
Other	184,350	192,350	184,419	7,931
Capital Outlay	250,000	2,130,000	2,096,634	33,366
TOTAL EXPENDITURES	$ 2,233,350	$ 4,121,350	$ 4,256,378	$ (135,028)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 707,667	$ (1,180,333)	$ (771,940)	$ 408,393
OTHER FINANCING SOURCES(USES)				
Transfers In (Out)	$ -0-	$ (250,370)	$ (155,637)	$ 94,733
NET CHANGE IN FUND BALANCE	$ 707,667	$ (1,430,703)	$ (927,577)	$ 503,126
FUND BALANCE - JANUARY 1, 2020	6,748,653	6,748,653	6,748,653	
FUND BALANCE - DECEMBER 31, 2020	$ 7,456,320	$ 5,317,950	$ 5,821,076	$ 503,126

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

DECEMBER 31, 2020

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
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		Drainage
X	Retail Wastewater		Wholesale Wastewater		Irrigation
	Parks/Recreation		Fire Protection		Security
	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 approved October 15, 2020.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$21.00	3,000	N	$2.50	3,001 to 5,000
				$4.50	5,001 to 20,000
				$5.50	20,001 to 35,000
				$6.50	35,001 and up
WASTEWATER:	$30.00	3,000	N	$1.75	3,001 and up
SURCHARGE: Water Authority Fees	$4.19 per 1,000 gallons				

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

Total monthly charges per 10,000 gallons usage: Water: $48.50 Wastewater: $42.25 Surcharge: $41.90

Note: Sewer service is provided to some District customers by the City of Arcola.

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"	1,640	1,567	x 1.0	1,567
1”	16	16	x 2.5	40
1½”	5	5	x 5.0	25
2”	7	7	x 8.0	56
3”			x 15.0	
4”			x 25.0	
6”			x 50.0	
8”	1	1	x 80.0	80
10”			x 115.0	
Total Water Connections	1,669	1,596		1,768
Total Wastewater Connections	1,539	1,528	x 1.0	1,528

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

Gallons pumped into system:	107,254,000	Water Accountability Ratio: 92.1% (Gallons billed and sold /Gallons pumped and purchased)
Gallons billed to customers:	100,311,000	
Gallons sold:	30,883,000	To: City of Arcola, Texas
Gallons purchased:	35,150,000	From: Fort Bend County MUD No. 23

See accompanying independent auditor’s report.

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 X Partly ____ Not at all ____

ETJ's in which District is located:

City of Houston, Texas; City of Pearland, Texas

Are Board Members appointed by an office outside the District?

Yes ____ No X

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2020

PROFESSIONAL FEES:		
Auditing	$	21,000
Engineering		494,688
Legal		154,017
Delinquent Tax Attorney		40,037
TOTAL PROFESSIONAL FEES	$	709,742
PURCHASED WATER AND PUMPAGE FEES	$	529,810
PURCHASED WASTEWATER SERVICE	$	109,214
CONTRACTED SERVICES:		
Bookkeeping	$	40,255
Operations and Billing		84,851
Tax Collector/Appraisal District		24,832
TOTAL CONTRACTED SERVICES	$	149,938
UTILITIES:		
Electricity	$	34,543
Telephone		2,608
TOTAL UTILITIES	$	37,151
REPAIRS AND MAINTENANCE	$	439,470
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	13,102
Election Costs		9,856
Insurance		11,492
Office Supplies and Postage		20,402
Arbitrage Compliance, Meetings and Other		25,649
TOTAL ADMINISTRATIVE EXPENDITURES	$	80,501
CAPITAL OUTLAY	$	2,096,634
TAP CONNECTIONS	$	83,678
OTHER EXPENDITURES:		
Chemicals	$	2,095
Laboratory Fees		5,287
Permit Fees		1,450
Inspection Fees		7,637
Regulatory Assessment		3,771
TOTAL OTHER EXPENDITURES	$	20,240
TOTAL EXPENDITURES	$	4,256,378

See accompanying independent auditor’s report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
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					
Texas CLASS	XXXX0002	Varies	Daily	$ 2,355,320	$
Certificate of Deposit	XXXX0783	0.85%	04/29/21	240,000	1,375
Certificate of Deposit	XXXX5280	0.70%	10/30/21	240,000	285
Certificate of Deposit	XXXX2246	1.90%	01/22/21	240,000	4,273
Certificate of Deposit	XXXX1575	0.35%	12/30/21	240,000	5
Certificate of Deposit	XXXX2413	1.98%	02/24/21	240,000	4,036
Certificate of Deposit	XXXX2548	0.99%	05/28/21	240,000	1,412
Certificate of Deposit	XXXX1329	0.35%	11/24/21	240,000	85
Certificate of Deposit	XXXX0172	0.50%	06/30/21	240,000	602
Certificate of Deposit	XXXX6670	0.55%	09/29/21	240,000	336
Certificate of Deposit	XXXX7767	0.35%	12/22/21	240,000	21
Certificate of Deposit	XXXX0879	0.55%	07/31/21	240,000	553
Certificate of Deposit	XXXX6605	0.75%	05/30/21	240,000	1,060
Certificate of Deposit	XXXX0266	0.40%	11/25/21	240,000	95
Certificate of Deposit	XXXX0319	0.40%	11/24/21	240,000	97
TOTAL GENERAL FUND				$ 5,715,320	$ 14,235
DEBT SERVICE FUND					
Texas CLASS	XXXX0004	Varies	Daily	$ 81,855	$
Certificate of Deposit	XXXX9297	0.70%	08/05/21	240,000	681
Certificate of Deposit	XXXX1000	1.60%	02/27/21	240,000	3,230
Certificate of Deposit	XXXX3362	1.75%	02/26/21	240,000	3,544
Certificate of Deposit	XXXX2126	0.75%	08/04/21	240,000	735
Certificate of Deposit	XXXX0365	1.65%	02/26/21	240,000	3,341
Certificate of Deposit	XXXX0134	1.75%	02/27/21	240,000	3,544
Certificate of Deposit	XXXX6589	1.80%	01/21/21	240,000	4,060
TOTAL DEBT SERVICE FUND				$ 1,761,855	$ 19,135
CAPITAL PROJECTS FUND					
Money Market Mutual Fund	XXXX0011	Varies	Monthly	$ 2,085,409	$
Texas CLASS	XXXX0001	Varies	Daily	80,539	
TOTAL CAPITAL PROJECTS FUND				$ 2,165,948	$ - 0 -
TOTAL - ALL FUNDS				$ 9,643,123	$ 33,370

See accompanying independent auditor's report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JANUARY 1, 2020	$ 1,463,213		$ 1,945,034	
Adjustments to Beginning Balance	22,112	$ 1,485,325	20,935	$ 1,965,969
Original 2020 Tax Levy	$ 1,693,019		$ 2,436,296	
Adjustment to 2020 Tax Levy	62,284	1,755,303	89,629	2,525,925
TOTAL TO BE ACCOUNTED FOR		$ 3,240,628		$ 4,491,894
TAX COLLECTIONS:				
Prior Years	$ 1,246,496		$ 1,652,172	
Current Year	365,825	1,612,321	526,433	2,178,605
TAXES RECEIVABLE - DECEMBER 31, 2020		$ 1,628,307		$ 2,313,289
TAXES RECEIVABLE BY YEAR:				
2020		$ 1,389,478		$ 1,999,492
2019		91,824		121,720
2018		59,532		59,532
2017		23,752		23,752
2016		15,191		15,191
2015		11,229		11,229
2014		9,350		9,350
2013		4,441		13,322
2012		4,224		12,672
2011		4,089		12,268
2010		2,996		8,987
2009 and prior		12,201		25,774
TOTAL		$ 1,628,307		$ 2,313,289

See accompanying independent auditor’s report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019	2018	2017
PROPERTY VALUATIONS:				
Land	$ 196,658,583	$ 140,376,197	$ 142,614,607	$ 127,492,383
Improvements	217,232,684	183,471,630	164,383,956	154,049,146
Personal Property	94,787,040	99,339,981	83,563,570	77,741,460
Exemptions	(80,820,270)	(61,266,359)	(38,194,754)	(36,125,525)
TOTAL PROPERTY VALUATIONS	$ 427,858,037	$ 361,921,449	$ 352,367,379	$ 323,157,464
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.59	$ 0.57	$ 0.50	$ 0.50
Maintenance	0.41	0.43	0.50	0.50
TOTAL TAX RATES PER $100 VALUATION	$ 1.00	$ 1.00	$ 1.00	$ 1.00
ADJUSTED TAX LEVY*	$ 4,281,228	$ 3,621,045	$ 3,524,708	$ 3,234,592
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	20.84 %	94.10 %	96.62 %	98.53 %

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

Maintenance Tax – Maximum tax rate of $0.50 per $100 of assessed valuation approved by voters on November 4, 2014.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	S E R I E S - 2 0 0 6 A		
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2021	$ 370,000	$ 77,347	$ 447,347
2022	380,000	67,725	447,725
2023	395,000	57,655	452,655
2024	405,000	46,990	451,990
2025	415,000	35,852	450,852
2026	425,000	24,440	449,440
2027	440,000	12,540	452,540
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 2,830,000	$ 322,549	$ 3,152,549

See accompanying independent auditor's report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	S E R I E S - 2 0 0 8		
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2021	$ 230,000	$ 10,373	$ 240,373
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 230,000	$ 10,373	$ 240,373

See accompanying independent auditor’s report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	SERIES-2010		
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2021	$ 145,000	$ 10,917	$ 155,917
2022	150,000	5,625	155,625
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 295,000	$ 16,542	$ 311,542

See accompanying independent auditor's report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	S E R I E S - 2 0 1 0 A		
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due	Total
2021	$ 30,000	$	$ 30,000
2022	30,000		30,000
2023	30,000		30,000
2024	30,000		30,000
2025	30,000		30,000
2026	30,000		30,000
2027	30,000		30,000
2028	30,000		30,000
2029	30,000		30,000
2030	30,000		30,000
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 300,000	$ - 0 -	$ 300,000

See accompanying independent auditor's report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	SERIES-2015		
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2021	$ 190,000	$ 264,127	$ 454,127
2022	195,000	260,821	455,821
2023	195,000	256,882	451,882
2024	200,000	252,494	452,494
2025	205,000	247,615	452,615
2026	210,000	242,366	452,366
2027	220,000	236,424	456,424
2028	225,000	229,670	454,670
2029	230,000	222,334	452,334
2030	240,000	214,446	454,446
2031	250,000	205,853	455,853
2032	260,000	196,629	456,629
2033	265,000	186,800	451,800
2034	280,000	176,545	456,545
2035	290,000	165,485	455,485
2036	300,000	153,827	453,827
2037	315,000	141,617	456,617
2038	325,000	128,639	453,639
2039	340,000	115,119	455,119
2040	355,000	100,873	455,873
2041	370,000	85,892	455,892
2042	385,000	70,204	455,204
2043	400,000	53,803	453,803
2044	420,000	36,723	456,723
2045	435,000	18,705	453,705
2046			
2047			
2048			
2049			
	$ 7,100,000	$ 4,263,893	$ 11,363,893

See accompanying independent auditor's report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	SERIES-2016 REFUNDING		
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2021	$ 180,000	$ 120,300	$ 300,300
2022	185,000	116,700	301,700
2023	190,000	113,000	303,000
2024	190,000	107,300	297,300
2025	200,000	101,600	301,600
2026	205,000	95,600	300,600
2027	210,000	89,450	299,450
2028	215,000	83,150	298,150
2029	225,000	76,432	301,432
2030	230,000	69,400	299,400
2031	240,000	62,212	302,212
2032	245,000	54,412	299,412
2033	250,000	46,450	296,450
2034	260,000	38,325	298,325
2035	270,000	29,225	299,225
2036	280,000	19,775	299,775
2037	285,000	9,975	294,975
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 3,860,000	$ 1,233,306	$ 5,093,306

See accompanying independent auditor's report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	SERIES-2017 REFUNDING		
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2021	$ 10,000	$ 212,200	$ 222,200
2022	10,000	211,900	221,900
2023	10,000	211,600	221,600
2024	10,000	211,300	221,300
2025	285,000	211,000	496,000
2026	300,000	199,600	499,600
2027	315,000	187,600	502,600
2028	325,000	175,000	500,000
2029	340,000	162,000	502,000
2030	350,000	148,400	498,400
2031	365,000	134,400	499,400
2032	380,000	119,800	499,800
2033	395,000	104,600	499,600
2034	410,000	88,800	498,800
2035	425,000	72,400	497,400
2036	445,000	55,400	500,400
2037	460,000	37,600	497,600
2038	480,000	19,200	499,200
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 5,315,000	$ 2,562,800	$ 7,877,800

See accompanying independent auditor's report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	S E R I E S - 2 0 1 9		
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2021	$ 40,000	$ 62,405	$ 102,405
2022	40,000	61,645	101,645
2023	40,000	60,857	100,857
2024	40,000	60,045	100,045
2025	40,000	59,197	99,197
2026	40,000	58,317	98,317
2027	40,000	57,397	97,397
2028	45,000	56,441	101,441
2029	45,000	55,208	100,208
2030	45,000	53,858	98,858
2031	50,000	52,409	102,409
2032	50,000	50,709	100,709
2033	50,000	49,009	99,009
2034	55,000	47,309	102,309
2035	55,000	45,362	100,362
2036	55,000	43,349	98,349
2037	60,000	41,286	101,286
2038	60,000	38,988	98,988
2039	65,000	36,642	101,642
2040	65,000	34,062	99,062
2041	70,000	31,449	101,449
2042	70,000	28,495	98,495
2043	75,000	25,541	100,541
2044	80,000	22,376	102,376
2045	80,000	19,000	99,000
2046	85,000	15,624	100,624
2047	90,000	11,935	101,935
2048	90,000	8,029	98,029
2049	95,000	4,124	99,124
	$ 1,715,000	$ 1,191,068	$ 2,906,068

See accompanying independent auditor's report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	SERIES-2020 REFUNDING		
Due During Fiscal Years Ending December 31	Principal Due August 15	Interest Due February 15/ August 15	Total
2021	$ 40,000	$ 138,312	$ 178,312
2022	280,000	137,112	417,112
2023	450,000	128,712	578,712
2024	460,000	115,212	575,212
2025	200,000	101,412	301,412
2026	210,000	95,412	305,412
2027	210,000	91,212	301,212
2028	215,000	87,012	302,012
2029	215,000	82,712	297,712
2030	225,000	76,263	301,263
2031	235,000	69,513	304,513
2032	240,000	62,463	302,463
2033	245,000	56,463	301,463
2034	250,000	49,113	299,113
2035	260,000	41,613	301,613
2036	265,000	33,813	298,813
2037	275,000	25,863	300,863
2038	285,000	17,613	302,613
2039	290,000	9,063	299,063
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
	$ 4,850,000	$ 1,418,888	$ 6,268,888

See accompanying independent auditor's report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

Due During Fiscal Years Ending December 31	ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	$ 1,235,000	$ 895,981	$ 2,130,981
2022	1,270,000	861,528	2,131,528
2023	1,310,000	828,706	2,138,706
2024	1,335,000	793,341	2,128,341
2025	1,375,000	756,676	2,131,676
2026	1,420,000	715,735	2,135,735
2027	1,465,000	674,623	2,139,623
2028	1,055,000	631,273	1,686,273
2029	1,085,000	598,686	1,683,686
2030	1,120,000	562,367	1,682,367
2031	1,140,000	524,387	1,664,387
2032	1,175,000	484,013	1,659,013
2033	1,205,000	443,322	1,648,322
2034	1,255,000	400,092	1,655,092
2035	1,300,000	354,085	1,654,085
2036	1,345,000	306,164	1,651,164
2037	1,395,000	256,341	1,651,341
2038	1,150,000	204,440	1,354,440
2039	695,000	160,824	855,824
2040	420,000	134,935	554,935
2041	440,000	117,341	557,341
2042	455,000	98,699	553,699
2043	475,000	79,344	554,344
2044	500,000	59,099	559,099
2045	515,000	37,705	552,705
2046	85,000	15,624	100,624
2047	90,000	11,935	101,935
2048	90,000	8,029	98,029
2049	95,000	4,124	99,124
	$ 26,495,000	$ 11,019,419	$ 37,514,419

See accompanying independent auditor's report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
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 Fresh Water Supply District No. 1 Sanitary Sewer System Unlimited Tax Bonds - Series 2006A	$ 6,935,000	$ 3,195,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2008	8,500,000	1,210,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2010	5,285,000	4,265,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2010A	600,000	330,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2015	8,000,000	7,290,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Refunding Bonds - Series 2016	4,430,000	4,035,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Refunding Bonds - Series 2017	5,365,000	5,325,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Bonds - Series 2019	1,745,000	1,745,000
Fort Bend County Fresh Water Supply District No. 1 Unlimited Tax Refunding Bonds - Series 2020	4,850,000	
TOTAL	$ 45,710,000	$ 27,395,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding December 31, 2020	Paying Agent
$	$ 365,000	$ 86,835	$ 2,830,000	Wells Fargo Bank N.A. Houston, TX
	980,000	37,519	230,000	Wells Fargo Bank N.A. Houston, TX
	3,970,000	99,494	295,000	Wells Fargo Bank N.A. Houston, TX
	30,000		300,000	Wells Fargo Bank N.A. Houston, TX
	190,000	266,882	7,100,000	Amegy Bank N.A. Houston, TX
	175,000	123,800	3,860,000	Amegy Bank N.A. Houston, TX
	10,000	212,400	5,315,000	Amegy Bank N.A. Houston, TX
	30,000	49,990	1,715,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
4,850,000		29,583	4,850,000	The Bank of New York Amegy Bank N.A. Houston, TX
$ 4,850,000	$ 5,750,000	$ 906,503	$ 26,495,000	

See accompanying independent auditor’s report.

THIS PAGE INTENTIONALLY LEFT BLANK

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2020

Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	$ 118,310,000	$ 173,965,000
Amount Issued	36,100,000	620,000
Remaining to be Issued	$ 82,210,000	$ 173,345,000

Debt Service Fund cash and investment balances as of December 31, 2020:	$ 2,811,521
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,293,601

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

See accompanying independent auditor's report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 1,551,624	$ 1,716,514	$ 1,596,026
Water Revenues	575,046	520,736	517,697
Wastewater Revenues	198,675	163,918	141,496
Water Authority Fees	421,570	366,021	310,134
Shared Facilities Revenues	364,529	190,657	189,522
Tap Connection and Inspection Fees	146,515	216,935	193,297
Penalty and Interest	111,449	122,920	112,900
Capital Contributions		169,963	120,496
Investment and Miscellaneous Revenues	115,030	181,317	69,074
TOTAL REVENUES	$ 3,484,438	$ 3,648,981	$ 3,250,642
EXPENDITURES			
Professional Fees	$ 709,742	$ 508,934	$ 471,834
Contracted Services	149,938	156,506	150,199
Purchased Sewer Service	109,214	114,597	99,362
Utilities	37,151	44,010	49,519
Repairs and Maintenance	439,470	184,115	222,356
Purchased Water and Pumpage Fees	529,810	522,428	435,101
Other	184,419	260,203	295,062
Capital Outlay	2,096,634	528,207	224,278
TOTAL EXPENDITURES	$ 4,256,378	$ 2,319,000	$ 1,947,711
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (771,940)	$ 1,329,981	$ 1,302,931
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$ (155,637)	$ 50,680	$ (68,870)
NET CHANGE IN FUND BALANCE	$ (927,577)	$ 1,380,661	$ 1,234,061
BEGINNING FUND BALANCE	6,748,653	5,367,992	4,133,931
ENDING FUND BALANCE	$ 5,821,076	$ 6,748,653	$ 5,367,992

See accompanying independent auditor's report.

			Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
$ 1,376,887	$ 1,379,822	44.5 %	47.0 %	49.2 %	55.9 %	69.5 %
341,731	196,237	16.5	14.3	15.9	13.9	9.9
65,543		5.7	4.5	4.4	2.7	
197,590	104,762	12.1	10.0	9.5	8.0	5.3
174,221	154,536	10.5	5.2	5.8	7.1	7.8
156,164	24,410	4.2	5.9	5.9	6.3	1.2
89,390	100,646	3.2	3.4	3.5	3.6	5.1
			4.7	3.7		
60,739	24,264	3.3	5.0	2.1	2.5	1.2
$ 2,462,265	$ 1,984,677	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 651,876	$ 461,297	20.4 %	13.9 %	14.5 %	26.5 %	23.2 %
82,486	65,680	4.3	4.3	4.6	3.4	3.3
49,421	53,000	3.1	3.1	3.1	2.0	2.7
38,794	33,389	1.1	1.2	1.5	1.6	1.7
154,017	72,563	12.6	5.0	6.8	6.3	3.7
312,695	215,325	15.2	14.3	13.4	12.7	10.8
263,419	58,412	5.3	7.1	9.1	10.7	2.9
419,098	629,163	60.2	14.5	6.9	17.0	31.7
$ 1,971,806	$ 1,588,829	122.2 %	63.4 %	59.9 %	80.2 %	80.0 %
$ 490,459	$ 395,848	(22.2) %	36.6 %	40.1 %	19.8 %	20.0 %
$ (1,161,427)	$ 13,918					
$ (670,968)	$ 409,766					
4,804,899	4,395,133					
$ 4,133,931	$ 4,804,899					

See accompanying independent auditor’s report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 2,056,644	$ 1,718,508	$ 1,603,046
Penalty and Interest	57,619	50,237	51,471
Investment and Miscellaneous Revenues	44,337	63,811	70,834
TOTAL REVENUES	$ 2,158,600	$ 1,832,556	$ 1,725,351
EXPENDITURES			
Debt Service Interest, Fees and Tax Collection Costs	$ 910,761	$ 961,266	$ 967,200
Debt Service Principal	1,160,000	1,110,000	1,100,000
Bond Issuance Costs	239,274		
Payment to Refunded Bond Escrow Agent	79,000		
TOTAL EXPENDITURES	$ 2,389,035	$ 2,071,266	$ 2,067,200
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (230,435)	$ (238,710)	$ (341,849)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$	$	$
Proceeds From Issuance of Long-Term Debt	4,850,000		
Transfer to Refunded Bond Escrow Agent	(4,611,167)		
Bond Discount	(60,794)		
Bond Premium	66,253		
TOTAL OTHER FINANCING SOURCES (USES)	$ 244,292	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 13,857	$ (238,710)	$ (341,849)
BEGINNING FUND BALANCE	1,936,291	2,175,001	2,516,850
ENDING FUND BALANCE	$ 1,950,148	$ 1,936,291	$ 2,175,001
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,596	1,527	1,436
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,528	1,497	1,410

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
$ 1,388,236	$ 1,403,229	95.2 %	93.8 %	92.9 %	95.1 %	95.4 %
46,152	57,202	2.7	2.7	3.0	3.2	3.9
24,376	10,214	2.1	3.5	4.1	1.7	0.7
$ 1,458,764	$ 1,470,645	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 1,088,703	$ 1,100,110	42.2 %	52.4 %	56.1 %	74.6 %	74.8 %
1,040,000	940,000	53.7	60.6	63.8	71.3	63.9
295,455	247,112	11.1			20.3	16.8
		3.7				
$ 2,424,158	$ 2,287,222	110.7 %	113.0 %	119.9 %	166.2 %	155.5 %
$ (965,394)	$ (816,577)	(10.7) %	(13.0) %	(19.9) %	(66.2) %	(55.5) %
$ (19,198)	$ (13,918)					
5,365,000	4,430,000					
(5,542,210)	(4,196,454)					
	(39,946)					
486,205						
$ 289,797	$ 179,682					
$ (675,597)	$ (636,895)					
3,192,447	3,829,342					
$ 2,516,850	$ 3,192,447					
1,286	565					
304	559					

See accompanying independent auditor's report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2020

District Mailing Address - Fort Bend County Fresh Water Supply District No. 1
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP
1980 Post Oak, Suite 1380
Houston, TX 77056

District Telephone Number - (713) 850-9000

Supervisors	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
Paul Hamilton	05/18 05/22 (Elected)	$ 4,500	$ 684	President
Rosa Linda Medina	11/24 05/24 (Elected)	$ 2,400	$ 24	Vice President
Calvin Casher	11/20 05/24 (Elected)	$ 2,700	$ 24	Secretary
Rodrigo Carreon	05/18 05/22 (Elected)	$ -0-	$ -0-	Assistant Secretary
Erasto Vallejo	11/20 05/24 (Elected)	$ 150	$ -0-	Assistant Secretary
Greg Fleck	05/16 11/20 (Elected)	$ 2,400	$ -0-	Former Supervisor

Notes: No Supervisor 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 15, 2020

The limit on Fees of Office that a Supervisor may receive during a fiscal year is $7,200 as set by Board Resolution on May 12, 2016. Fees of Office are the amounts actually paid to a Supervisor during the District's current fiscal year.

See accompanying independent auditor's report.

FORT BEND COUNTY FRESH WATER SUPPLY DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2020

Consultants:	Date Hired	Fees for the year ended December 31, 2020	Title
Sanford Kuhl Hagan Kugle Parker Kahn LLP	01/21/10	$ 161,251	General Counsel
		$ 98,874	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	11/01/01	$ 21,000	Auditor
		$ 1,500	Other Services
Municipal Accounts and Consulting	06/15/18	$ 44,571	Bookkeeper
Jacobs Engineering Group, Inc.	01/15/09	$ 535,774	Engineer
Robert W. Baird & Co. Inc.	02/19/15	$ 50,187	Financial Advisor
Environmental Development Partners	07/01/12	$ 548,751	Operator

See accompanying independent auditor’s report.

APPENDIX C

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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)