

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2022

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal
Utility District No. 163
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 163 (the "District") as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 May 31, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Board of Directors
Fort Bend County Municipal Utility District No. 163

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 an 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

September 22, 2022

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2022**

Management's discussion and analysis of Fort Bend County Municipal Utility District No. 163's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended May 31, 2022. 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 if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District 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, maintenance tax revenues, 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 costs of assessing and collecting taxes. The Capital Projects Fund accounts for resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2022**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). 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, liabilities exceeded assets by \$8,070,114 as of May 31, 2022.

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2022</u>	<u>2021</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 2,827,904	\$ 3,347,631	\$ (519,727)
Capital Assets (Net of Accumulated Depreciation)	<u>2,808,084</u>	<u>2,864,478</u>	<u>(56,394)</u>
Total Assets	<u>\$ 5,635,988</u>	<u>\$ 6,212,109</u>	<u>\$ (576,121)</u>
Due to Developers	\$ 598,424	\$ 1,118,204	\$ 519,780
Bonds Payable	13,003,021	13,254,170	251,149
Other Liabilities	<u>104,657</u>	<u>96,564</u>	<u>(8,093)</u>
Total Liabilities	<u>\$ 13,706,102</u>	<u>\$ 14,468,938</u>	<u>\$ 762,836</u>
Net Position:			
Net Investment in Capital Assets	\$ (10,334,653)	\$ (10,120,725)	\$ (213,928)
Restricted	1,091,585	888,974	202,611
Unrestricted	<u>1,172,954</u>	<u>974,922</u>	<u>198,032</u>
Total Net Position	<u>\$ (8,070,114)</u>	<u>\$ (8,256,829)</u>	<u>\$ 186,715</u>

The following table provides a summary of the District's operations for the years ending May 31, 2022, and May 31, 2021. The District's net position increased by \$186,715.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2022</u>	<u>2021</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 1,177,699	\$ 1,084,268	\$ 93,431
Charges for Services	12,154	18,609	(6,455)
Other Revenues	<u>3,113</u>	<u>1,872</u>	<u>1,241</u>
Total Revenues	<u>\$ 1,192,966</u>	<u>\$ 1,104,749</u>	<u>\$ 88,217</u>
Expenses for Services	<u>1,006,251</u>	<u>3,131,121</u>	<u>2,124,870</u>
Change in Net Position	\$ 186,715	\$ (2,026,372)	\$ 2,213,087
Net Position, Beginning of Year	<u>(8,256,829)</u>	<u>(6,230,457)</u>	<u>(2,026,372)</u>
Net Position, End of Year	<u>\$ (8,070,114)</u>	<u>\$ (8,256,829)</u>	<u>\$ 186,715</u>

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The combined fund balances as of May 31, 2022, were \$2,793,428, a decrease of \$516,758 from the prior year.

The General Fund fund balance increased by \$196,978, primarily due to maintenance tax revenues exceeding operating costs.

The Debt Service Fund balance increased by \$199,540, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund decreased by \$913,276, primarily due to developer reimbursements made from prior year bond proceeds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$122,500 less than budgeted revenues. Actual expenditures were \$43,228 less than budgeted expenditures. This resulted in a negative budget variance of \$79,272. See the budget to actual comparison on page 29 for further information.

CAPITAL ASSETS

Capital assets as of May 31, 2022, total \$2,808,084 (net of accumulated depreciation). These capital assets include detention facilities owned and maintained by the District, as well as water and wastewater capital recovery fees paid to the City of Katy (the "City").

	Capital Assets, Net of Accumulated Depreciation		
	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,299,697	\$ 1,299,697	\$
Capital Assets, Net of Accumulated Depreciation:			
Detention Facilities	1,042,690	1,083,573	(40,883)
Capital Recovery Fees	465,697	481,208	(15,511)
Total Net Capital Assets	\$ 2,808,084	\$ 2,864,478	\$ (56,394)

In accordance with the Utility Agreement, see Note 10, as certain assets are placed in service, they are conveyed to the City to operate and maintain. As of the year ended May 31, 2022, capital assets in the amount of \$7,067,322 have been completed and recorded as conveyed to the City in the government-wide financial statements.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2022**

LONG-TERM DEBT ACTIVITY

As of May 31, 2022, the District had total bond debt payable of \$13,070,000.

The changes in the debt position of the District during the year ended May 31, 2022, are summarized as follows:

Bond Debt Payable, June 1, 2021	\$ 13,325,000
Less: Bond Principal Paid	<u>255,000</u>
Bond Debt Payable, May 31, 2022	<u>\$ 13,070,000</u>

The District’s Series 2016 bonds are not rated. The Series 2018, Series 2020 and Series 2020A bonds carry an insured rating of “AA” from Standard & Poor’s by virtue of bond insurance issued by Assured Guaranty Municipal. The Series 2021 bonds carry an insured rating of “AA” from Standard and Poor’s by virtue of bond insurance issued by Build America Mutual Assurance Company.

As of May 31, 2022, the District recorded an amount due to Developers of \$591,351. This amount relates to developer advances received since inception of the District as well as the costs of engineering and construction for District facilities. See Note 8 for additional information related to the liability to the Developers.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Municipal Utility District No. 163, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2022

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 4,758	\$ 20,338
Investments	1,436,342	1,162,008
Receivables:		
Property Taxes	5,011	13,966
Due from Others	4,717	
Due from Other Funds	68,729	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 1,519,557	\$ 1,196,312
LIABILITIES		
Accounts Payable	\$ 8,426	\$
Accrued Interest Payable		
Due to Developers	7,073	
Due to Other Funds		8,496
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 15,499	\$ 8,496
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 5,011	\$ 13,966
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		1,173,850
Unassigned	1,499,047	
TOTAL FUND BALANCES	\$ 1,499,047	\$ 1,173,850
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,519,557	\$ 1,196,312
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.

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$	\$	\$
180,764	25,096		25,096
	2,779,114		2,779,114
	18,977		18,977
	4,717		4,717
	68,729	(68,729)	
		1,299,697	1,299,697
		1,508,387	1,508,387
<u>\$ 180,764</u>	<u>\$ 2,896,633</u>	<u>\$ 2,739,355</u>	<u>\$ 5,635,988</u>
\$	\$	\$	\$
	8,426		8,426
		96,231	96,231
	7,073	591,351	598,424
60,233	68,729	(68,729)	
		405,000	405,000
		12,598,021	12,598,021
<u>\$ 60,233</u>	<u>\$ 84,228</u>	<u>\$ 13,621,874</u>	<u>\$ 13,706,102</u>
<u>\$ - 0 -</u>	<u>\$ 18,977</u>	<u>\$ (18,977)</u>	<u>\$ - 0 -</u>
\$	\$	\$	\$
120,531	120,531	(120,531)	
	1,173,850	(1,173,850)	
	1,499,047	(1,499,047)	
<u>\$ 120,531</u>	<u>\$ 2,793,428</u>	<u>\$ (2,793,428)</u>	<u>\$ - 0 -</u>
<u>\$ 180,764</u>	<u>\$ 2,896,633</u>		
		\$ (10,334,653)	\$ (10,334,653)
		1,091,585	1,091,585
		1,172,954	1,172,954
		<u>\$ (8,070,114)</u>	<u>\$ (8,070,114)</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2022**

Total Fund Balances - Governmental Funds \$ 2,793,428

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 2,808,084

Deferred inflows of resources related to property tax revenues on delinquent taxes for the 2021 and prior tax levies became part of recognized revenue in the governmental activities of the District. 18,977

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 amounts due to developers.

Due to Developer	\$ (591,351)	
Accrued Interest Payable	(96,231)	
Bonds Payable	<u>(13,003,021)</u>	<u>(13,690,603)</u>

Total Net Position - Governmental Activities \$ (8,070,114)

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

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2022

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 309,516	\$ 858,109
Ditch Maintenance Revenues	5,967	
Penalty and Interest		6,187
Investment Revenues	1,617	1,286
TOTAL REVENUES	\$ 317,100	\$ 865,582
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 71,330	\$ 1,534
Contracted Services	11,920	24,564
Repairs and Maintenance	18,549	
Depreciation		
Other	18,323	1,978
Conveyance of Capital Assets		
Developer Interest		
Capital Outlay		
Debt Service:		
Bond Principal		255,000
Bond Interest		382,966
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	\$ 120,122	\$ 666,042
NET CHANGE IN FUND BALANCES	\$ 196,978	\$ 199,540
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JUNE 1, 2021	1,302,069	974,310
FUND BALANCES/NET POSITION - MAY 31, 2022	\$ 1,499,047	\$ 1,173,850

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$	\$ 1,167,625	\$ 10,074	\$ 1,177,699
	5,967		5,967
	6,187		6,187
210	3,113		3,113
<u>\$ 210</u>	<u>\$ 1,182,892</u>	<u>\$ 10,074</u>	<u>\$ 1,192,966</u>
\$ 4,134	\$ 76,998	\$	\$ 76,998
	36,484		36,484
	18,549		18,549
		56,394	56,394
	20,301		20,301
		293,427	293,427
94,169	94,169		94,169
798,020	798,020	(798,020)	
	255,000	(255,000)	
	382,966	9,800	392,766
17,163	17,163		17,163
<u>\$ 913,486</u>	<u>\$ 1,699,650</u>	<u>\$ (693,399)</u>	<u>\$ 1,006,251</u>
\$ (913,276)	\$ (516,758)	\$ 516,758	\$
		186,715	186,715
1,033,807	3,310,186	(11,567,015)	(8,256,829)
<u>\$ 120,531</u>	<u>\$ 2,793,428</u>	<u>\$ (10,863,542)</u>	<u>\$ (8,070,114)</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ (516,758)

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. 10,074

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. (56,394)

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. 504,593

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. 255,000

Governmental funds report interest expenditures on long-term debt as expenditures in the period paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. (9,800)

Change in Net Position - Governmental Activities \$ 186,715

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 1. CREATION OF DISTRICT

Fort Bend County Municipal Utility District No. 163 (the “District”) was created effective July 5, 2007, by an Order of the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, construct roads and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and, subject to certain regulatory approvals, to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on August 10, 2007, and the first bonds were sold on July 21, 2016.

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

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:

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

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, maintenance tax revenues, 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 collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in the governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one 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 May 31, 2022, the Debt Service Fund owes the General Fund \$7,666 for maintenance tax collections and \$830 for fiscal agent fees. The Capital Projects Fund owes the General Fund \$60,233 for bond issuance costs.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

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 as follows:

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	10-45

Budgeting

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

Pensions

The District does not have employees. The Internal Revenue Service has determined that the directors 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 position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding 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.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2022:

	June 1, 2021	Additions	Retirements	May 31, 2022
Bonds Payable	\$ 13,325,000	\$	\$ 255,000	\$ 13,070,000
Unamortized Discounts	(132,778)		(6,600)	(126,178)
Unamortized Premiums	61,948		2,749	59,199
Total Bonds Payable, net	\$ 13,254,170	\$ -0-	\$ 251,149	\$ 13,003,021
			Amount Due Within One Year	\$ 405,000
			Amount Due After One Year	12,598,021
			Total Bonds Payable, net	\$ 13,003,021

	Series 2016	Series 2018	Series 2020
Amount Outstanding – May 31, 2022	\$ 5,045,000	\$ 3,085,000	\$ 1,710,000
Interest Rates	2.00% - 3.50%	3.25% - 5.00%	2.00% - 2.375%
Maturity Date	September 1, 2022/2041	September 1, 2022/2042	September 1, 2022/2045
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2024*	September 1, 2023*	September 1, 2025*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2016 term bonds maturing September 1, 2030, September 1, 2032, September 1, 2034, September 1, 2036, and September 1, 2041, are subject to mandatory redemption by random selection beginning September 1, 2029, September 1, 2031, September 1, 2033, September 1, 2035, and September 1, 2037, respectively. Series 2019 term bonds maturing September 1, 2028, September 1, 2030, September 1, 2034, September 1, 2037, and September 1, 2042 are subject to mandatory redemption by random selection beginning September 1, 2027, September 1, 2029, September 1, 2031, September 1, 2035, and September 1, 2038, respectively. Series 2020 term bonds maturing September 1, 2032, September 1, 2035, and September 1, 2045, are subject to mandatory redemption by random selection beginning September 1, 2031, September 1, 2033, and September 1, 2036, respectively.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2020A Road	Series 2021 Road
Amount Outstanding – May 31, 2022	\$ 2,200,000	\$ 1,030,000
Interest Rates	2.00% - 4.00%	1.875% - 4.375%
Maturity Date	September 1, 2022/2045	September 1, 2022/2046
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2025*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2020A term bonds maturing September 1, 2028, September 1, 2031, September 1, 2034, September 1, 2037, September 1, 2039, September 1, 2041, and September 1, 2045, are subject to mandatory redemption by random selection beginning September 1, 2026, September 1, 2029, September 1, 2032, September 1, 2035, September 1, 2038, September 1, 2040, and September 1, 2042, respectively. Series 2021 term bonds maturing September 1, 2029, September 1, 2032, September 1, 2035, September 1, 2038, September 1, 2042, and September 1, 2046, are subject to mandatory redemption by random selection beginning September 1, 2027, September 1, 2030, September 1, 2033, September 1, 2036, September 1, 2039, and September 1, 2043, respectively.

As of May 31, 2022, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 405,000	\$ 378,444	\$ 783,444
2024	430,000	364,932	794,932
2025	440,000	351,124	791,124
2026	450,000	337,230	787,230
2027	475,000	323,210	798,210
2028-2032	2,625,000	1,411,749	4,036,749
2033-2037	3,150,000	1,003,579	4,153,579
2038-2042	3,780,000	473,191	4,253,191
2043-2047	1,315,000	57,650	1,372,650
	\$ 13,070,000	\$ 4,701,109	\$ 17,771,109

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 3. LONG-TERM DEBT (Continued)

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. During the year ended May 31, 2022, the District levied an ad valorem debt service tax rate of \$0.655 (\$0.495 for utilities and \$0.16 for roads) per \$100 of assessed valuation, which resulted in a tax levy of \$866,733 on the adjusted taxable valuation of \$132,325,499 for the 2021 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to the state information depository. This information, along with the audited annual financial statements, is to be provided within six (6) months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

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 \$25,096 and the bank balance was \$34,605. The District was not exposed to custodial credit risk at year-end.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2022, as listed below:

	Cash
GENERAL FUND	\$ 4,758
DEBT SERVICE FUND	20,338
TOTAL DEPOSITS	\$ 25,096

Investments

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

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of May 31, 2022, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 1,436,342	\$ 1,436,342
<u>DEBT SERVICE FUND</u>		
TexPool	1,162,008	1,162,008
<u>CAPITAL PROJECTS FUND</u>		
TexPool	180,764	180,764
TOTAL INVESTMENTS	\$ 2,779,114	\$ 2,779,114

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2022, the District's investments in TexPool were rated AAAM by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool to have a maturity 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 has been a significant change in value.

Restrictions

All cash and investments of the 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.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended May 31, 2022:

	June 1, 2021	Increases	Decreases	May 31, 2022
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,299,697	\$ -0-	\$ - 0 -	\$ 1,299,697
Capital Assets Subject to Depreciation				
Detention Facilities	\$ 1,378,525			\$ 1,378,525
Capital Recovery Fees	536,424			536,424
Total Capital Assets Cost Subject to Depreciation	<u>\$ 1,914,949</u>	<u>\$ -0-</u>	<u>\$ - 0 -</u>	<u>\$ 1,914,949</u>
Accumulated Depreciation				
Detention Facilities	\$ 294,952	\$ 40,883	\$	\$ 335,835
Capital Recovery Fees	55,216	15,511		70,727
Total Accumulated Depreciation	<u>\$ 350,168</u>	<u>\$ 56,394</u>	<u>\$ - 0 -</u>	<u>\$ 406,562</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,564,781</u>	<u>\$ (56,394)</u>	<u>\$ - 0 -</u>	<u>\$ 1,508,387</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,864,478</u>	<u>\$ (56,394)</u>	<u>\$ - 0 -</u>	<u>\$ 2,808,084</u>

NOTE 7. MAINTENANCE TAX

On November 6, 2012, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating and maintaining the District's facilities. During the year ended May 31, 2022, the District levied an ad valorem maintenance tax of \$0.235 per \$100 of assessed valuation, which resulted in a tax levy of \$310,965 on the taxable valuation of \$132,325,499 for the 2021 tax year.

On November 6, 2012, the voters of the District approved the levy and collection of a road maintenance tax not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of maintaining the District's roads. The District did not levy an ad valorem road maintenance tax during the current fiscal year.

NOTE 8. UNREIMBURSED COSTS

In accordance with the terms of development financing agreements, Developers within the District have made expenditures on behalf of the District for various projects for which the District has not sold bonds. Reimbursement to the Developers for these projects is contingent upon approval by the Commission and the future sale of bonds. As of May 31, 2022, the District has recorded an amount of \$260,247 as due to the Developers for completed projects.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 8. UNREIMBURSED COSTS (Continued)

The Developers have also advanced money to the District’s General Fund in order for the District to meet its ongoing financial obligations. As of May 31, 2022, unreimbursed advances in the amount of \$331,104 have been recorded as due to Developers in the Statement of Net Position.

The following table summarizes the current year activity related to unreimbursed developer costs for completed projects and operating advances:

Due to Developers, beginning of year	\$ 1,095,944
Additions	293,427
Reimbursements	<u>(798,020)</u>
Due to Developers, end of year	<u>\$ 591,351</u>

NOTE 9. COST SHARING AGREEMENT FOR FACILITIES

On November 29, 2012, the District entered into a Cost Sharing Agreement (the “Agreement”) with Fort Bend County Municipal Utility District No. 161, (“District No. 161) and various developers. The Agreement calls for the District and District No. 161 to construct water, sewer, and lift stations facilities. The developers are advancing funds to the District and District No. 161 for the engineering and construction costs of facilities. The District’s share of the costs is 28 percent and District No. 161’s share of the costs is 72 percent.

On March 27, 2014, the District entered into a Drainage Ditch Agreement (the “Agreement”) with Fort Bend County Municipal Utility District No. 151 (“District No. 151”). The Agreement calls for the District to maintain the T106 drainage channel extension on behalf of itself and District No. 151. The District will invoice District No. 151 monthly for its share of the costs, which is 72 percent, while the District’s share of the cost is 28 percent.

NOTE 10. UTILITY AGREEMENT WITH THE CITY OF KATY, TEXAS

The District has entered into a Utility Agreement with the City of Katy, Texas (the “City”) for construction and extension of water distribution lines, sanitary sewer collection systems, and drainage facilities to serve the District. As the facilities are acquired or constructed, the District shall transfer the facilities (excluding storm water detention facilities) to the City, but will reserve a security interest in the facilities. The City will operate and maintain the facilities and will provide service to all users in the District. The term of the agreement is 40 years or upon dissolution of the District by the City. Water and sewer rates charged by the City to users in the District, shall be the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2022

NOTE 10. UTILITY AGREEMENT WITH THE CITY OF KATY, TEXAS
(Continued)

In accordance with the agreement, the District conveyed all of its water, sewer, and drainage facilities to the City. The District also constructs road facilities which are conveyed to the Texas Department of Transportation for maintenance. Accordingly, the District does not record these capital assets in the Statement of Net Position, but instead reports the completed projects as conveyed to other governments in the Statement of Activities. As of the year ended May 31, 2022, the total amount of projects completed and transferred to the City was \$7,067,322.

NOTE 11. 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 carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide general liability, automobile, pollution liability, and public officials' liability. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise, they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2022

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 425,100	\$ 309,516	\$ (115,584)
Ditch Maintenance Revenues	13,000	5,967	(7,033)
Investment Revenues	<u>1,500</u>	<u>1,617</u>	<u>117</u>
TOTAL REVENUES	<u>\$ 439,600</u>	<u>\$ 317,100</u>	<u>\$ (122,500)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 77,000	\$ 71,330	\$ 5,670
Contracted Services	12,600	11,920	680
Repairs and Maintenance	39,000	18,549	20,451
Other	<u>34,750</u>	<u>18,323</u>	<u>16,427</u>
TOTAL EXPENDITURES	<u>\$ 163,350</u>	<u>\$ 120,122</u>	<u>\$ 43,228</u>
NET CHANGE IN FUND BALANCE	\$ 276,250	\$ 196,978	\$ (79,272)
FUND BALANCE - JUNE 1, 2021	<u>1,302,069</u>	<u>1,302,069</u>	<u> </u>
FUND BALANCE - MAY 31, 2022	<u>\$ 1,578,319</u>	<u>\$ 1,499,047</u>	<u>\$ (79,272)</u>

See accompanying independent auditor's report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
MAY 31, 2022

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2022**

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

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order effective **(Not Applicable)**

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Not Applicable)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	<u> </u>	<u> </u>	x 1.0	<u> </u>
≤3/4"	<u> </u>	<u> </u>	x 1.0	<u> </u>
1"	<u> </u>	<u> </u>	x 2.5	<u> </u>
1½"	<u> </u>	<u> </u>	x 5.0	<u> </u>
2"	<u> </u>	<u> </u>	x 8.0	<u> </u>
3"	<u> </u>	<u> </u>	x 15.0	<u> </u>
4"	<u> </u>	<u> </u>	x 25.0	<u> </u>
6"	<u> </u>	<u> </u>	x 50.0	<u> </u>
8"	<u> </u>	<u> </u>	x 80.0	<u> </u>
10"	<u> </u>	<u> </u>	x 115.0	<u> </u>
Total Water Connections	<u> </u>	<u> </u>		<u> </u>
Total Wastewater Connections	<u> </u>	<u> </u>	x 1.0	<u> </u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Not Applicable)

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2022**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely Partly Not at all

City in which District is located:

City of Katy, Texas

Are the Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2022**

PROFESSIONAL FEES:	
Auditing	\$ 12,000
Engineering	3,237
Legal	<u>56,093</u>
TOTAL PROFESSIONAL FEES	<u>\$ 71,330</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 11,920</u>
REPAIRS AND MAINTENANCE	<u>\$ 18,549</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 9,300
Dues	1,950
Insurance	1,940
Office Supplies and Postage	2,156
Payroll Taxes	712
Travel and Meetings	1,890
Other	<u>375</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 18,323</u>
TOTAL EXPENDITURES	<u>\$ 120,122</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED MAY 31, 2022

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Texpool	XXXX0001	Varies	Daily	\$ 1,436,342	\$ -0-
<u>DEBT SERVICE FUND</u>					
Texpool	XXXX0003	Varies	Daily	\$ 958,212	\$
Texpool	XXXX0006	Varies	Daily	203,796	
TOTAL DEBT SERVICE FUND				<u>\$ 1,162,008</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
Texpool	XXXX0004	Varies	Daily	\$ 141,590	\$
Texpool	XXXX0005	Varies	Daily	39,174	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 180,764</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 2,779,114</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2022**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JUNE 1, 2021	\$	3,957	\$	4,946
Adjustments to Beginning				
Balance		<u>(395)</u>	\$	<u>396</u>
		\$	3,562	\$
				5,342
Original 2021 Tax Levy	\$	311,081	\$	867,055
Adjustment to 2021 Tax Levy		<u>(116)</u>	<u>310,965</u>	<u>(322)</u>
				<u>866,733</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	314,527	\$
				872,075
TAX COLLECTIONS:				
Prior Years	\$	3,562	\$	5,342
Current Year		<u>305,954</u>	<u>309,516</u>	<u>852,767</u>
				<u>858,109</u>
TAXES RECEIVABLE -				
MAY 31, 2022		<u>\$</u>	<u>5,011</u>	<u>\$</u>
				<u>13,966</u>
TAXES RECEIVABLE BY				
YEAR:				
2021		<u>\$</u>	<u>5,011</u>	<u>\$</u>
				<u>13,966</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2022**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PROPERTY VALUATIONS:				
Land	\$ 28,334,844	\$ 26,316,233	\$ 25,453,573	\$ 23,438,913
Improvements	105,587,793	94,955,404	82,284,732	65,783,383
Personal Property	22,350	165,120	56,780	93,430
Exemptions	<u>(1,619,488)</u>	<u>(940,298)</u>	<u>(775,458)</u>	<u>(909,168)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 132,325,499</u>	<u>\$ 120,496,459</u>	<u>\$ 107,019,627</u>	<u>\$ 88,406,558</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.655	\$ 0.54	\$ 0.50	\$ 0.63
Maintenance	<u>0.235</u>	<u>0.36</u>	<u>0.40</u>	<u>0.27</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.890</u>	<u>\$ 0.90</u>	<u>\$ 0.90</u>	<u>\$ 0.90</u>
ADJUSTED TAX LEVY*	<u>\$ 1,177,698</u>	<u>\$ 1,084,468</u>	<u>\$ 963,549</u>	<u>\$ 792,627</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED				
	<u>98.39 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

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

Maintenance Tax – Maximum tax rate in an amount of \$1.50 per \$100 assessed valuation approved by voters on November 6, 2012.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2022

S E R I E S - 2 0 1 6				
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2023	\$ 165,000	\$ 155,450	\$	320,450
2024	175,000	151,875		326,875
2025	180,000	147,880		327,880
2026	185,000	143,498		328,498
2027	195,000	138,650		333,650
2028	205,000	133,348		338,348
2029	210,000	127,640		337,640
2030	220,000	121,400		341,400
2031	230,000	114,650		344,650
2032	240,000	107,480		347,480
2033	250,000	99,885		349,885
2034	260,000	91,720		351,720
2035	270,000	82,975		352,975
2036	285,000	73,675		358,675
2037	295,000	63,815		358,815
2038	310,000	53,375		363,375
2039	320,000	42,350		362,350
2040	335,000	30,888		365,888
2041	350,000	18,900		368,900
2042	365,000	6,388		371,388
2043				
2044				
2045				
2046				
2047				
	\$ 5,045,000	\$ 1,905,842	\$	6,950,842

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2022

S E R I E S - 2 0 1 8				
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2023	\$ 95,000	\$ 112,331	\$	207,331
2024	100,000	107,456		207,456
2025	105,000	102,856		207,856
2026	110,000	98,556		208,556
2027	115,000	94,056		209,056
2028	120,000	89,806		209,806
2029	120,000	85,906		205,906
2030	125,000	81,847		206,847
2031	130,000	77,544		207,544
2032	135,000	72,988		207,988
2033	145,000	68,088		213,088
2034	150,000	62,925		212,925
2035	155,000	57,588		212,588
2036	160,000	51,975		211,975
2037	165,000	46,084		211,084
2038	175,000	39,922		214,922
2039	180,000	33,375		213,375
2040	190,000	26,438		216,438
2041	195,000	19,219		214,219
2042	205,000	11,719		216,719
2043	210,000	3,938		213,938
2044				
2045				
2046				
2047				
	\$ 3,085,000	\$ 1,344,617	\$	4,429,617

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2022

S E R I E S - 2 0 2 0				
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2023	\$ 50,000	\$ 36,888	\$	86,888
2024	55,000	35,838		90,838
2025	55,000	34,738		89,738
2026	55,000	33,638		88,638
2027	55,000	32,538		87,538
2028	60,000	31,388		91,388
2029	60,000	30,188		90,188
2030	60,000	28,988		88,988
2031	65,000	27,738		92,738
2032	65,000	26,438		91,438
2033	65,000	25,138		90,138
2034	70,000	23,788		93,788
2035	70,000	22,388		92,388
2036	75,000	20,938		95,938
2037	75,000	19,297		94,297
2038	75,000	17,516		92,516
2039	80,000	15,675		95,675
2040	80,000	13,775		93,775
2041	85,000	11,816		96,816
2042	85,000	9,797		94,797
2043	90,000	7,719		97,719
2044	90,000	5,581		95,581
2045	95,000	3,384		98,384
2046	95,000	1,128		96,128
2047				
	\$ 1,710,000	\$ 516,320	\$	2,226,320

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2022

S E R I E S - 2 0 2 0 A				
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2023	\$ 65,000	\$ 49,925	\$	114,925
2024	70,000	47,225		117,225
2025	70,000	44,425		114,425
2026	70,000	41,625		111,625
2027	75,000	39,475		114,475
2028	75,000	37,975		112,975
2029	80,000	36,425		116,425
2030	80,000	34,825		114,825
2031	80,000	33,225		113,225
2032	85,000	31,575		116,575
2033	85,000	29,875		114,875
2034	90,000	28,125		118,125
2035	90,000	26,325		116,325
2036	95,000	24,475		119,475
2037	95,000	22,575		117,575
2038	100,000	20,625		120,625
2039	100,000	18,625		118,625
2040	105,000	16,575		121,575
2041	105,000	14,344		119,344
2042	110,000	11,925		121,925
2043	115,000	9,394		124,394
2044	115,000	6,806		121,806
2045	120,000	4,163		124,163
2046	125,000	1,406		126,406
2047				
	\$ 2,200,000	\$ 631,938	\$	2,831,938

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2022

S E R I E S - 2 0 2 1				
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2023	\$ 30,000	\$ 23,850	\$	53,850
2024	30,000	22,538		52,538
2025	30,000	21,225		51,225
2026	30,000	19,913		49,913
2027	35,000	18,491		53,491
2028	35,000	17,397		52,397
2029	35,000	16,741		51,741
2030	35,000	16,084		51,084
2031	35,000	15,428		50,428
2032	40,000	14,725		54,725
2033	40,000	13,975		53,975
2034	40,000	13,200		53,200
2035	40,000	12,400		52,400
2036	40,000	11,600		51,600
2037	45,000	10,750		55,750
2038	45,000	9,850		54,850
2039	45,000	8,950		53,950
2040	45,000	8,022		53,022
2041	45,000	7,066		52,066
2042	50,000	6,056		56,056
2043	50,000	4,994		54,994
2044	50,000	3,931		53,931
2045	50,000	2,869		52,869
2046	55,000	1,753		56,753
2047	55,000	584		55,584
	\$ 1,030,000	\$ 302,392	\$	1,332,392

See accompanying independent auditor's report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2022

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	\$ 405,000	\$ 378,444	\$ 783,444
2024	430,000	364,932	794,932
2025	440,000	351,124	791,124
2026	450,000	337,230	787,230
2027	475,000	323,210	798,210
2028	495,000	309,914	804,914
2029	505,000	296,900	801,900
2030	520,000	283,144	803,144
2031	540,000	268,585	808,585
2032	565,000	253,206	818,206
2033	585,000	236,961	821,961
2034	610,000	219,758	829,758
2035	625,000	201,676	826,676
2036	655,000	182,663	837,663
2037	675,000	162,521	837,521
2038	705,000	141,288	846,288
2039	725,000	118,975	843,975
2040	755,000	95,698	850,698
2041	780,000	71,345	851,345
2042	815,000	45,885	860,885
2043	465,000	26,045	491,045
2044	255,000	16,318	271,318
2045	265,000	10,416	275,416
2046	275,000	4,287	279,287
2047	55,000	584	55,584
	<u>\$ 13,070,000</u>	<u>\$ 4,701,109</u>	<u>\$ 17,771,109</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2022

Description	Original Bonds Issued	Bonds Outstanding June 1, 2021
Fort Bend County Municipal Utility District No. 163 Unlimited Tax Bonds - Series 2016	\$ 5,500,000	\$ 5,205,000
Fort Bend County Municipal Utility District No. 163 Unlimited Tax Bonds - Series 2018	3,455,000	3,180,000
Fort Bend County Municipal Utility District No. 163 Unlimited Tax Bonds - Series 2020	1,710,000	1,710,000
Fort Bend County Municipal Utility District No. 163 Unlimited Tax Road Bonds - Series 2020A	2,200,000	2,200,000
Fort Bend County Municipal Utility District No. 163 Unlimited Tax Road Bonds - Series 2021	<u>1,030,000</u>	<u>1,030,000</u>
TOTAL	<u><u>\$ 13,895,000</u></u>	<u><u>\$ 13,325,000</u></u>

Bond Authority:	Utility Bonds	Road Bonds	Park Bonds
Amount Authorized by Voters	\$ 93,000,000	\$ 105,000,000	\$ 18,000,000
Amount Issued	<u>10,665,000</u>	<u>3,230,000</u>	<u> </u>
Remaining to be Issued	<u><u>\$ 82,335,000</u></u>	<u><u>\$ 101,770,000</u></u>	<u><u>\$ 18,000,000</u></u>

*

Debt Service Fund cash, investments and cash with paying agent balances as of May 31, 2022:	<u><u>\$ 1,182,346</u></u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u><u>\$ 710,844</u></u>

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

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding May 31, 2022</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 160,000	\$ 158,620	\$ 5,045,000	Amegy Bank Houston, TX
	95,000	117,081	3,085,000	Amegy Bank Houston, TX
		37,388	1,710,000	Amegy Bank Houston, TX
		51,225	2,200,000	Amegy Bank Houston, TX
		18,652	1,030,000	Amegy Bank Houston, TX
<u>\$ - 0 -</u>	<u>\$ 255,000</u>	<u>\$ 382,966</u>	<u>\$ 13,070,000</u>	

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 309,516	\$ 436,682	\$ 426,600
Ditch Maintenance Revenues	5,967	8,981	13,041
Investment Revenues	1,617	1,027	11,106
TOTAL REVENUES	\$ 317,100	\$ 446,690	\$ 450,747
EXPENDITURES			
Professional Fees	\$ 71,330	\$ 71,720	\$ 53,674
Contracted Services	11,920	9,860	9,620
Repairs and Maintenance	18,549	26,052	47,055
Other	18,323	22,806	15,525
TOTAL EXPENDITURES	\$ 120,122	\$ 130,438	\$ 125,874
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 196,978	\$ 316,252	\$ 324,873
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ -0-	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCE	\$ 196,978	\$ 316,252	\$ 324,873
BEGINNING FUND BALANCE	1,302,069	985,817	660,944
ENDING FUND BALANCE	\$ 1,499,047	\$ 1,302,069	\$ 985,817

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2019	2018	2022	2021	2020	2019	2018
\$ 239,913	\$ 162,658	97.6 %	97.8 %	94.6 %	91.8 %	92.4 %
8,981	10,217	1.9	2.0	2.9	3.4	5.8
<u>12,682</u>	<u>3,135</u>	<u>0.5</u>	<u>0.2</u>	<u>2.5</u>	<u>4.8</u>	<u>1.8</u>
\$ <u>261,576</u>	\$ <u>176,010</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 67,635	\$ 61,603	22.5	16.1	11.9	25.9	35.0 %
9,680	9,490	3.8	2.2	2.1	3.7	5.4
21,081	30,603	5.8	5.8	10.4	8.1	17.4
<u>14,659</u>	<u>16,561</u>	<u>5.8</u>	<u>5.1</u>	<u>3.4</u>	<u>5.6</u>	<u>9.4</u>
\$ <u>113,055</u>	\$ <u>118,257</u>	<u>37.9 %</u>	<u>29.2 %</u>	<u>27.8 %</u>	<u>43.3 %</u>	<u>67.2 %</u>
\$ <u>148,521</u>	\$ <u>57,753</u>	<u>62.1 %</u>	<u>70.8 %</u>	<u>72.2 %</u>	<u>56.7 %</u>	<u>32.8 %</u>
\$ <u>67,209</u>	\$ <u>-0-</u>					
\$ 215,730	\$ 57,753					
<u>445,214</u>	<u>387,461</u>					
\$ <u>660,944</u>	\$ <u>445,214</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2022	2021	2020
REVENUES			
Property Taxes	\$ 858,109	\$ 653,612	\$ 540,180
Penalty and Interest	6,187	9,628	13,159
Interest on Investments	1,286	799	8,959
TOTAL REVENUES	<u>\$ 865,582</u>	<u>\$ 664,039</u>	<u>\$ 562,298</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 25,901	\$ 19,662	\$ 25,329
Debt Service Principal	255,000	240,000	230,000
Debt Service Interest and Fees	385,141	302,099	290,511
TOTAL EXPENDITURES	<u>\$ 666,042</u>	<u>\$ 561,761</u>	<u>\$ 545,840</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 199,540</u>	<u>\$ 102,278</u>	<u>\$ 16,458</u>
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	<u>\$ -0-</u>	<u>\$ 76,837</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	\$ 199,540	\$ 179,115	\$ 16,458
BEGINNING FUND BALANCE	<u>974,310</u>	<u>795,195</u>	<u>778,737</u>
ENDING FUND BALANCE	<u>\$ 1,173,850</u>	<u>\$ 974,310</u>	<u>\$ 795,195</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2019	2018	2022	2021	2020	2019	2018
\$ 563,664	\$ 476,291	99.2 %	98.5 %	96.1 %	96.5 %	98.2 %
8,624	5,565	0.7	1.4	2.3	1.5	1.1
<u>11,827</u>	<u>3,326</u>	<u>0.1</u>	<u>0.1</u>	<u>1.6</u>	<u>2.0</u>	<u>0.7</u>
\$ 584,115	\$ 485,182	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 17,694	\$ 14,843	3.0 %	3.0 %	4.5 %	3.0 %	3.1 %
100,000		29.5	36.1	40.9	17.1	
<u>265,200</u>	<u>165,445</u>	<u>44.5</u>	<u>45.5</u>	<u>51.7</u>	<u>45.4</u>	<u>34.1</u>
\$ 382,894	\$ 180,288	<u>77.0 %</u>	<u>84.6 %</u>	<u>97.1 %</u>	<u>65.5 %</u>	<u>37.2 %</u>
\$ 201,221	\$ 304,894	<u>23.0 %</u>	<u>15.4 %</u>	<u>2.9 %</u>	<u>34.5 %</u>	<u>62.8 %</u>
\$ -0-	\$ -0-					
\$ 201,221	\$ 304,894					
<u>577,516</u>	<u>272,622</u>					
\$ <u>778,737</u>	\$ <u>577,516</u>					
<u>N/A</u>	<u>N/A</u>					
<u>N/A</u>	<u>N/A</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2022

District Mailing Address - Fort Bend County Municipal Utility District No. 163
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members:	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>May 31, 2022</u>	Expense Reimbursements for the year ended <u>May 31, 2022</u>	<u>Title</u>
Richard Patrick	05/20 05/24 (Elected)	\$ 6,750	\$ 153	President
Carol Maluski	05/22 05/26 (Elected)	\$ 1,200	\$ 165	Vice President
Jennifer Hundl	05/20 05/24 (Elected)	\$ 1,650	\$ 36	Secretary
Ashley Yoder	05/20 05/24 (Elected)	\$ 1,350	\$ 160	Assistant Secretary

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

Submission Date of most recent District Registration Form: May 27, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 10, 2007. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 163
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2022

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2022</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	08/10/07	\$ 56,207	General Counsel
McCall Gibson Swedlund Barfoot PLLC	06/27/13	\$ 12,000 \$ 7,500	Auditor Bond Related
F. Matuska, Inc.	08/10/07	\$ 13,895	Bookkeeper/ Investment Officer
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	02/26/15	\$ 1,534	Delinquent Tax Attorney
Costello, Inc.	08/03/12	\$ 7,384	Engineer
Robert W. Baird & Co. Incorporated	02/26/15	\$ -0-	Financial Advisor
Tax Tech, Inc.	10/25/12	\$ 14,649	Tax Assessor/ Collector
Brendan Doran	10/28/21	\$ -0-	Investment Officer

See accompanying independent auditor's report