



# **Brazoria County Municipal Utility District No. 31 Brazoria County, Texas**

## **Independent Auditor's Report and Financial Statements**

June 30, 2024



**Brazoria County Municipal Utility District No. 31**  
**Contents**  
**June 30, 2024**

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## **Independent Auditor's Report**

Board of Directors  
Brazoria County Municipal Utility District No. 31  
Brazoria County, Texas

### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 31 (the District), as of and for the year ended June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 these 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 12 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 GAAS 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 GAAS, 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 budgetary comparison schedules, as listed in the table of contents, 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.

### ***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 accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Forvis Mazars, LLP**

Houston, Texas  
November 6, 2024

### ***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

### ***Government-Wide Financial Statements***

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

### ***Fund Financial Statements***

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

### ***Governmental Funds***

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

### ***Notes to Financial Statements***

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

### ***Financial Analysis of the District as a Whole***

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements:

#### **Summary of Net Position**

	<b><u>2024</u></b>	<b><u>2023</u></b>
Current and other assets	\$ 10,103,333	\$ 9,323,687
Capital and lease assets	<u>31,881,379</u>	<u>38,336,294</u>
Total assets	<u>41,984,712</u>	<u>47,659,981</u>
Deferred outflows of resources	<u>273,785</u>	<u>289,892</u>
Total assets and deferred outflows of resources	<u>\$ 42,258,497</u>	<u>\$ 47,949,873</u>
Long-term liabilities	\$ 62,273,650	\$ 46,389,607
Other liabilities	<u>975,094</u>	<u>763,814</u>
Total liabilities	<u>63,248,744</u>	<u>47,153,421</u>

**Summary of Net Position (Continued)**

	<b><u>2024</u></b>	<b><u>2023</u></b>
Net position:		
Net investment in capital assets	\$ (7,520,295)	\$ (7,552,454)
Restricted	2,085,891	1,941,377
Unrestricted	<u>(15,555,843)</u>	<u>6,407,529</u>
Total net position	<u><u>\$ (20,990,247)</u></u>	<u><u>\$ 796,452</u></u>

The total net position of the District decreased by \$21,786,699. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity for ownership and maintenance. Although the District's investment in its capital and lease assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital and lease assets themselves cannot be used to liquidate these liabilities.

At June 30, 2024, unrestricted net position was \$(15,555,843). This amount was negative because the District has conveyed its water and wastewater facilities to the City of Iowa Colony (the City) per the Facility Conveyance Agreement (the Conveyance Agreement).

**Summary of Changes in Net Position**

	<b><u>2024</u></b>	<b><u>2023</u></b>
Revenues:		
Property taxes	\$ 3,513,901	\$ 3,083,891
Tax sharing payments	770,487	1,000,804
Charges for services	1,889,539	1,980,497
Other revenues	<u>757,266</u>	<u>704,765</u>
Total revenues	<u>6,931,193</u>	<u>6,769,957</u>
Expenses:		
Services	2,475,124	2,377,037
Conveyance of capital assets	22,357,692	-
Depreciation and amortization	2,315,622	2,201,958
Debt service	<u>1,569,454</u>	<u>1,359,918</u>
Total expenses	<u>28,717,892</u>	<u>5,938,913</u>
Change in net position	(21,786,699)	831,044
Net position, beginning of year	<u>796,452</u>	<u>(34,592)</u>
Net position, end of year	<u><u>\$ (20,990,247)</u></u>	<u><u>\$ 796,452</u></u>

***Financial Analysis of the District's Funds***

The District's combined fund balances as of the end of the fiscal year ended June 30, 2024, were \$9,374,747, an increase of \$367,312 from the prior year.

The general fund's fund balance increased by \$233,161. This increase was primarily related to property taxes, water and sewer services and tap connection and inspection fees revenues and other and investment income exceeding service operations and capital outlay expenditures.

The joint water plant fund's and the joint wastewater treatment plant fund's fund balances remained the same as all expenditures were billed to the participants.

The debt service fund's fund balance increased by \$514,455 because property taxes and tax sharing payments revenues and proceeds from the sale of the Series 2023 bonds were greater than bond principal and interest requirements.

The capital projects fund's fund balance decreased by \$380,304. This decrease was primarily due to capital outlay expenditures and debt issuance costs exceeding proceeds from the sale of the Series 2023 bonds.

### ***General Fund Budgetary Highlights***

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to investment income and purchased services and professional fees expenditures being higher than expected, as well as water and sewer service revenues and contracted services and capital outlay expenditures being lower than expected. The fund balance as of June 30, 2024, was expected to be \$6,463,342 and the actual end-of-year fund balance was \$6,591,579.

### ***Capital and Lease Assets and Related Debt***

#### ***Capital and Lease Assets***

Capital and lease assets held by the District at the end of the current and previous fiscal years are summarized below:

#### **Capital and Lease Assets (Net of Accumulated Depreciation and Amortization)**

	<b><u>2024</u></b>	<b><u>2023</u></b>
Land and improvements	\$ 9,174,286	\$ 7,076,570
Construction in progress	290,002	479,770
Water facilities	-	5,138,811
Wastewater facilities	-	10,430,764
Drainage facilities	20,401,545	12,623,312
Recreational facilities	893,808	343,592
Lease assets - equipment	<u>1,121,738</u>	<u>2,243,475</u>
Total capital and lease assets	<b><u>\$ 31,881,379</u></b>	<b><u>\$ 38,336,294</u></b>

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

Construction in progress related to lift station and force main, Cedar Rapids Parkway, Phase 2, and Karsten Boulevard waterline extension	\$ 213,196
Land and improvements, including 7.20-acre site to serve Sterling Lakes West detention channel, 9.3616-acre site to serve Sterling Lakes West detention and amenity, 0.0840-acre site to serve Sterling Lakes West lift station, and clearing and grubbing, Phase 1, for Sterling Lakes North	2,097,716



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Drainage facilities to serve Sterling Lakes North, Sections 1-6, Sterling Lakes at Iowa Colony, Sections 7 and 9, Karsten Boulevard North, Phase 1, Meridiana Parkway, Phase 3, Sterling Lakes West, Sections 1 and 2, and Stone Garden Drive and Sterling Lakes West, Section 4	\$ 8,347,182
Amenity improvements, Phase 1	<u>272,005</u>
Total additions to capital and lease assets	<u>\$ 10,930,099</u>

Developers of the District have constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the developers for these facilities from the proceeds of future bond issues subject to the approval of the Commission. At June 30, 2024, a liability for developer-constructed capital assets of \$21,112,558 was recorded in the government-wide financial statements.

***Debt***

The changes in the debt position of the District during the fiscal year ended June 30, 2024, are summarized as follows:

Long-term debt payable, beginning of year	\$ 46,389,607
Increases in long-term debt	18,868,192
Decreases in long-term debt	<u>(2,984,149)</u>
Long-term debt payable, end of year	<u>\$ 62,273,650</u>

At June 30, 2024, the District had \$30,695,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$4,000,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving firefighting facilities and equipment; and \$9,700,000 of unlimited tax bonds authorized, but unissued, for the purposes of developing and maintaining recreational facilities.

The District's bonds carry an underlying rating of "BBB+" from Standard & Poor's (S&P). The District's Series 2014, Series 2015A refunding, Series 2018 and Series 2020 bonds carry a rating of "AA" from S&P by virtue of bond insurance issued by Assured Guaranty, Inc. The District's Series 2015, Series 2019 refunding and Series 2023 bonds carry a rating of "AA" from S&P by virtue of bond insurance issued by Build America Mutual Assurance Company.

***Other Relevant Factors***

***Relationship to the City of Iowa Colony***

Under existing Texas law, since the District lies wholly within the corporate boundaries of the City, the District must conform to the City ordinance consenting to the inclusion of land within the District.

***Strategic Agreement***

Effective July 17, 2006, amended September 1, 2012, and November 16, 2020, the District entered into a Strategic Agreement (the Agreement) under which the City annexed a tract of land (the tract) within the boundaries of the District for limited purposes. The District continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all sales and use tax revenues generated within the boundaries of

the tract. As consideration for the sales tax payments and the services provided by the City, the District agrees to continue to provide and develop water, sewer and drainage services within the District in lieu of full-purpose annexation. During the current year, the District did not receive any revenues related to this Agreement.

Effective December 17, 2018, the District entered into an Annexation Agreement with the City to defer the conversion of the limited purpose annexation of the District to a full purpose annexation by the City to a date no earlier than January 2, 2019, to be determined by the City, in order to defer City taxes on the annexation area. The City will still be obligated to provide certain services to the District after annexation and before receiving property taxes from the annexation area, therefore, the Annexation Agreement provides for certain service expense sharing payments from the District to the City to help defray the costs of services. During prior years, the District made two payments of \$350,000 to the City and the City has completed the full purpose annexation.

The Annexation Agreement provides for the City to remit to the District 70% of the maintenance and operations ad valorem property tax received by the City on property in the annexation area. The due dates of the payments shall be the last day of March and August of each year, for tax revenues received by the City at least 10 days before the due date of the payment. The tax sharing payments shall begin on the ad valorem property taxes received by the City from the annexation area for the 2020 tax year and continue for 20 years, totaling 40 semiannual payments, subject to the terms of the Annexation Agreement. During the current year, the District received \$770,487 in tax sharing payments from the City in accordance with the Annexation Agreement.

On July 27, 2023, the Agreement was amended as the District repurchased the tract of land that was previously conveyed to the City for \$250,000.

#### ***Contingencies***

The developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$10,061,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

#### ***Conveyance of Facilities***

By letter dated October 20, 2021, the City notified the District that it intended to exercise its option to take ownership of the District's water and wastewater system within two years, including operations, billing and maintenance. Per the Facility Conveyance Agreement (the Conveyance Agreement) dated March 11, 2024, the District's water supply and wastewater facilities are to be conveyed to the City for ownership and operation upon the execution and delivery of the Utility Conveyance. Upon the recording of the Utility Conveyance, the City agrees it will operate and maintain the facilities at its sole cost and expense, provided, however, the District will continue to make all payments due under the lease agreement of the wastewater treatment plant. The City will meter and bill customers for water and wastewater service and all revenues for water and wastewater services will be kept by the City.

On May 20, 2024, the District's water and wastewater facilities were conveyed to the City and the City assumed full ownership and operation of the facilities and began metering and billing all customers of the District.

**Brazoria County Municipal Utility District No. 31**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**June 30, 2024**

	General Fund	Joint Water Plant Fund	Joint Wastewater Treatment Plant Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>								
Cash	\$ -	\$ 30,262	\$ 123,059	\$ 88,444	\$ 1,337	\$ 243,102	\$ -	\$ 243,102
Short-term investments	6,921,091	-	-	2,600,091	39,565	9,560,747	-	9,560,747
Receivables:								
Property taxes receivable	33,491	-	-	34,828	-	68,319	-	68,319
Interfund receivables	51,377	500	-	5,683	-	57,560	(57,560)	-
Due from participants	-	17,503	44,743	-	-	62,246	-	62,246
Due from others	-	-	-	-	-	-	168,919	168,919
Prepaid expenditures	48,116	-	52,300	-	-	100,416	(100,416)	-
Capital and lease assets (net of accumulated depreciation and amortization):								
Land and improvements	-	-	-	-	-	-	9,174,286	9,174,286
Construction in progress	-	-	-	-	-	-	290,002	290,002
Infrastructure	-	-	-	-	-	-	20,401,545	20,401,545
Recreational	-	-	-	-	-	-	893,808	893,808
Lease asset	-	-	-	-	-	-	1,121,738	1,121,738
Total assets	7,054,075	48,265	220,102	2,729,046	40,902	10,092,390	31,892,322	41,984,712
<b>Deferred Outflows of Resources</b>								
Deferred amount on debt refundings	-	-	-	-	-	-	273,785	273,785
Total assets and deferred outflows of resources	<u>\$ 7,054,075</u>	<u>\$ 48,265</u>	<u>\$ 220,102</u>	<u>\$ 2,729,046</u>	<u>\$ 40,902</u>	<u>\$ 10,092,390</u>	<u>\$ 32,166,107</u>	<u>\$ 42,258,497</u>

**Brazoria County Municipal Utility District No. 31**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**June 30, 2024**

**(Continued)**

	General Fund	Joint Water Plant Fund	Joint Wastewater Treatment Plant Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Liabilities</b>								
Accounts payable	\$ 51,925	\$ 1,790	\$ 100,423	\$ 5,183	\$ 685	\$ 160,006	\$ -	\$ 160,006
Accrued interest payable	-	-	-	-	-	-	431,446	431,446
Operating deposits	-	3,406	4,655	-	-	8,061	-	8,061
Due to others	358,024	-	-	-	-	358,024	-	358,024
Unearned lease revenue	-	-	52,300	-	-	52,300	(48,116)	4,184
Bank overdrafts	13,373	-	-	-	-	13,373	-	13,373
Interfund payables	5,683	6,542	9,195	-	36,140	57,560	(57,560)	-
Long-term liabilities:								
Due within one year	-	-	-	-	-	-	3,763,250	3,763,250
Due after one year	-	-	-	-	-	-	58,510,400	58,510,400
Total liabilities	429,005	11,738	166,573	5,183	36,825	649,324	62,599,420	63,248,744
<b>Deferred Inflows of Resources</b>								
Deferred property tax revenues	33,491	-	-	34,828	-	68,319	(68,319)	-
<b>Fund Balances/Net Position</b>								
Fund balances:								
Nonspendable, prepaid expenditures	48,116	-	52,300	-	-	100,416	(100,416)	-
Restricted:								
Unlimited tax bonds	-	-	-	2,689,035	-	2,689,035	(2,689,035)	-
Water, sewer and drainage	-	-	-	-	4,077	4,077	(4,077)	-
Committed:								
Water production and distribution	-	36,527	-	-	-	36,527	(36,527)	-
Wastewater collection and treatment	-	-	1,229	-	-	1,229	(1,229)	-
Unassigned	6,543,463	-	-	-	-	6,543,463	(6,543,463)	-
Total fund balances	6,591,579	36,527	53,529	2,689,035	4,077	9,374,747	(9,374,747)	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,054,075</u>	<u>\$ 48,265</u>	<u>\$ 220,102</u>	<u>\$ 2,729,046</u>	<u>\$ 40,902</u>	<u>\$ 10,092,390</u>		
Net position:								
Net investment in capital assets							(7,520,295)	(7,520,295)
Restricted for plant operations							90,056	90,056
Restricted for debt service							1,991,758	1,991,758
Restricted for capital projects							4,077	4,077
Unrestricted							(15,555,843)	(15,555,843)
Total net position							<u>\$ (20,990,247)</u>	<u>\$ (20,990,247)</u>

**Brazoria County Municipal Utility District No. 31**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2024**

	General Fund	Joint Water Plant Fund	Joint Wastewater Treatment Plant Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>								
Property taxes	\$ 1,620,454	\$ -	\$ -	\$ 1,863,893	\$ -	\$ 3,484,347	\$ 29,554	\$ 3,513,901
Tax sharing payments	-	-	-	770,487	-	770,487	-	770,487
Water service	426,124	542,080	-	-	-	968,204	(374,448)	593,756
Sewer service	736,311	-	1,313,949	-	-	2,050,260	(754,477)	1,295,783
Penalty and interest	39,117	-	-	7,804	-	46,921	(14,002)	32,919
Tap connection and inspection fees	69,237	-	-	-	-	69,237	-	69,237
Investment income	324,985	-	-	77,906	15,628	418,519	-	418,519
Other income	67,672	-	-	-	-	67,672	168,919	236,591
Total revenues	3,283,900	542,080	1,313,949	2,720,090	15,628	7,875,647	(944,454)	6,931,193
<b>Expenditures/Expenses</b>								
Service operations:								
Purchased services	1,128,925	-	-	-	-	1,128,925	(1,128,925)	-
Professional fees	281,275	2,600	2,600	-	-	286,475	63,892	350,367
Contracted services	638,520	38,596	84,313	47,528	-	808,957	-	808,957
Utilities	116,398	49,656	162,516	-	-	328,570	-	328,570
Repairs and maintenance	205,174	130,943	405,938	-	-	742,055	-	742,055
Permit fees	13,302	-	-	-	-	13,302	-	13,302
Other expenditures	128,695	14,011	30,982	4,521	417	178,626	-	178,626
Tap connections	53,247	-	-	-	-	53,247	-	53,247
Capital outlay	485,203	306,274	-	-	3,019,863	3,811,340	(3,811,340)	-
Conveyance of capital assets	-	-	-	-	-	-	22,357,692	22,357,692
Depreciation and amortization	-	-	-	-	-	-	2,315,622	2,315,622
Debt service:								
Principal retirement	-	-	-	1,290,000	-	1,290,000	(1,290,000)	-
Interest and fees	-	-	-	1,200,886	-	1,200,886	148,616	1,349,502
Lease payments	-	-	627,600	-	-	627,600	(627,600)	-
Debt issuance costs	-	-	-	-	219,952	219,952	-	219,952
Total expenditures/expenses	3,050,739	542,080	1,313,949	2,542,935	3,240,232	10,689,935	18,027,957	28,717,892
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	233,161	-	-	177,155	(3,224,604)	(2,814,288)	(18,972,411)	
<b>Other Financing Sources (Uses)</b>								
General obligation bonds issued	-	-	-	337,300	2,942,700	3,280,000	(3,280,000)	
Discount on debt issued	-	-	-	-	(98,400)	(98,400)	98,400	
Total other financing sources	-	-	-	337,300	2,844,300	3,181,600	(3,181,600)	
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	233,161	-	-	514,455	(380,304)	367,312	(367,312)	
<b>Change in Net Position</b>							(21,786,699)	(21,786,699)
<b>Fund Balances/Net Position</b>								
Beginning of year	6,358,418	36,527	53,529	2,174,580	384,381	9,007,435	-	796,452
End of year	\$ 6,591,579	\$ 36,527	\$ 53,529	\$ 2,689,035	\$ 4,077	\$ 9,374,747	\$ -	\$ (20,990,247)

## **Note 1. Nature of Operations and Summary of Significant Accounting Policies**

Brazoria County Municipal Utility District No. 31 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective September 2, 2005, in accordance with Article XVI, Section 59, of the Texas Constitution and the Texas Water Code. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate water, sewer and drainage facilities and to provide such facilities to the landowners of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

### ***Reporting Entity***

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

### ***Government-Wide and Fund Financial Statements***

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

*General Fund* – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

**Brazoria County Municipal Utility District No. 31**  
**Notes to Financial Statements**  
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*Special Revenue Funds* – The special revenue funds account for revenues and expenditures involving specific revenue sources that are legally restricted to expenditures for specified purposes. The primary source of revenue is participant fees. The special revenue funds are the joint water plant fund and the joint wastewater treatment plant fund.

*Debt Service Fund* – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

*Capital Projects Fund* – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

***Fund Balances – Governmental Funds***

The fund balances for the District's governmental funds can be displayed in up to five components:

*Nonspendable* – Amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

*Assigned* – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

***Measurement Focus and Basis of Accounting***

***Government-Wide Financial Statements***

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

### ***Fund Financial Statements***

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

### ***Deferred Outflows and Inflows of Resources***

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

### ***Interfund Transactions***

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

### ***Pension Costs***

The District does not participate in a pension plan and, therefore, has no pension costs.

### ***Use of Estimates***

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

### ***Investments and Investment Income***

Investments in certificates of deposit, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

### ***Property Taxes***

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.



**Brazoria County Municipal Utility District No. 31**  
**Notes to Financial Statements**  
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In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended June 30, 2024, include collections during the current period or within 60 days of year-end related to the 2023 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended June 30, 2024, the 2023 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Per the Facility Conveyance Agreement (the Conveyance Agreement) dated March 11, 2024, with the City of Iowa Colony (the City) and as of May 20, 2024, the District's water supply and wastewater facilities have been conveyed to the City for ownership.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Drainage facilities	10-45
Recreational facilities	10-45

***Lease Assets***

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

***Deferred Amount on Debt Refundings***

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

***Debt Issuance Costs***

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/ expenditure in the period incurred.

***Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Net Position/Fund Balances***

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

***Reconciliation of Government-Wide and Fund Financial Statements***

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital and lease assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 31,881,379
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	68,319
Prepaid lease expenditures and unearned lease revenue are not reported as assets or liabilities in the statement of net position.	(52,300)
Amounts due from others are not receivable in the current period and are not reported in the funds.	168,919
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	273,785
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(431,446)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(62,273,650)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (30,364,994)</u></u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because of the following items.

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Change in fund balances.	\$ 367,312
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Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which conveyed capital assets, depreciation and amortization expense and noncapitalized costs exceeded capital outlay expenditures in the current year.

	(20,925,866)
--	--------------

Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

	98,400
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Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.

	(1,990,000)
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Governmental funds report lease payments as expenditures. For the statement of activities, these are reported as a reduction of lease liability and interest expense.

	627,600
--	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

	(148,616)
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Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities and revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.

	<u>184,471</u>
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Change in net position of governmental activities.	<u><u>\$ (21,786,699)</u></u>
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**Note 2. Deposits, Investments and Investment Income**

***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At June 30, 2024, none of the District's bank balances were exposed to custodial credit risk.

**Brazoria County Municipal Utility District No. 31**  
**Notes to Financial Statements**  
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**Investments**

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than “A,” insured or collateralized certificates of deposit, and certain bankers’ acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District’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 registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. The District’s investments in TexPool are reported at amortized cost.

At June 30, 2024, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 9,560,747	\$ 9,560,747	\$ -	\$ -	\$ -

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2024, the District’s investments in TexPool were rated “AAAm” by Standard & Poor’s.

**Summary of Carrying Values**

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at June 30, 2024, as follows:

Carrying value:	
Deposits	\$ 243,102
Investments	9,560,747
Total	<u>\$ 9,803,849</u>

**Investment Income**

Investment income of \$418,519 for the year ended June 30, 2024, consisted of interest income.

**Brazoria County Municipal Utility District No. 31**  
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**Note 3. Capital and Lease Assets**

A summary of changes in capital and lease assets for the year ended June 30, 2024, is presented below:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Additions</b>	<b>Retirements/ Reclassifi- cations</b>	<b>Balances, End of Year</b>
Capital assets, non-depreciable:				
Land and improvements	\$ 7,076,570	\$ 2,097,716	\$ -	\$ 9,174,286
Construction in progress	479,770	213,196	(402,964)	290,002
Total capital assets, non-depreciable	7,556,340	2,310,912	(402,964)	9,464,288
Capital and lease assets, depreciable/amortizable:				
Water production and distribution facilities	7,483,737	-	(7,483,737)	-
Wastewater collection and treatment facilities	13,238,557	-	(13,238,557)	-
Drainage facilities	16,816,979	8,347,182	6,868	25,171,029
Recreational facilities	429,491	272,005	348,189	1,049,685
Lease assets - equipment	4,673,664	-	-	4,673,664
Total capital and lease assets, depreciable/amortizable	42,642,428	8,619,187	(20,367,237)	30,894,378
Less accumulated depreciation and amortization:				
Water production and distribution facilities	(2,344,926)	(206,028)	2,550,954	-
Wastewater collection and treatment facilities	(2,807,793)	(342,062)	3,149,855	-
Drainage facilities	(4,193,667)	(575,817)	-	(4,769,484)
Recreational facilities	(85,899)	(69,978)	-	(155,877)
Lease assets - equipment	(2,430,189)	(1,121,737)	-	(3,551,926)
Total accumulated depreciation and amortization	(11,862,474)	(2,315,622)	5,700,809	(8,477,287)
Total governmental activities, net	\$ 38,336,294	\$ 8,614,477	\$ (15,069,392)	\$ 31,881,379

**Note 4. Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2024, were as follows:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances, End of Year</b>	<b>Amounts Due in One Year</b>
Bonds payable:					
General obligation bonds	\$ 37,670,000	\$ 3,280,000	\$ 1,290,000	\$ 39,660,000	\$ 1,470,000
Add premium on bonds	6,197	-	294	5,903	-
Less discounts on bonds	728,756	98,400	29,095	798,061	-
	36,947,441	3,181,600	1,261,199	38,867,842	1,470,000
Lease liability	2,800,559	-	507,309	2,293,250	2,293,250
Due to developers	6,641,607	15,686,592	1,215,641	21,112,558	-
Total governmental activities long-term liabilities	\$ 46,389,607	\$ 18,868,192	\$ 2,984,149	\$ 62,273,650	\$ 3,763,250

**Brazoria County Municipal Utility District No. 31**  
**Notes to Financial Statements**  
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**General Obligation Bonds**

	<b>Series 2014</b>	<b>Series 2015</b>
Amounts outstanding, June 30, 2024	\$3,675,000	\$4,855,000
Interest rates	2.00% to 4.00%	2.00% to 4.50%
Maturity dates, serially beginning/ending	September 1, 2024/2039	September 1, 2024/2042
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2021	September 1, 2022
	<b>Refunding Series 2015A</b>	<b>Series 2017</b>
Amounts outstanding, June 30, 2024	\$2,390,000	\$3,845,000
Interest rates	2.00% to 3.75%	3.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2024/2035	September 1, 2024/2042
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2022	September 1, 2022
	<b>Series 2018</b>	<b>Refunding Series 2019</b>
Amounts outstanding, June 30, 2024	\$8,025,000	\$7,040,000
Interest rates	3.00% to 5.50%	3.00%
Maturity dates, serially beginning/ending	September 1, 2024/2043	September 1, 2024/2039
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2023	September 1, 2024
	<b>Series 2020</b>	<b>Series 2023</b>
Amounts outstanding, June 30, 2024	\$6,550,000	\$3,280,000
Interest rates	2.00% to 4.50%	4.00% to 6.50%
Maturity dates, serially beginning/ending	September 1, 2024/2047	September 1, 2024/2048
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2025	September 1, 2028

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

**Brazoria County Municipal Utility District No. 31**  
**Notes to Financial Statements**  
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***Annual Debt Service Requirements***

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at June 30, 2024:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,470,000	\$ 1,270,500	\$ 2,740,500
2026	1,475,000	1,222,544	2,697,544
2027	1,605,000	1,174,037	2,779,037
2028	1,640,000	1,124,440	2,764,440
2029	1,665,000	1,073,383	2,738,383
2030-2034	9,700,000	4,498,591	14,198,591
2035-2039	11,110,000	2,792,345	13,902,345
2040-2044	8,540,000	1,034,787	9,574,787
2045-2049	2,455,000	175,982	2,630,982
Total	<u>\$ 39,660,000</u>	<u>\$ 14,366,609</u>	<u>\$ 54,026,609</u>

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

Bonds voted:

Water, sewer and drainage facilities	\$ 77,000,000
Recreational facilities	9,700,000
Firefighting facilities	4,000,000

Bond sold:

Water, sewer and drainage facilities	46,305,000
Refunding bonds voted	50,000,000
Refunding bonds authorization used	750,000

***Due to Developers***

Developers of the District have constructed facilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developers for these construction costs and interest to the extent approved by the Commission from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are \$21,112,558. These amounts have been recorded in the financial statements as long-term liabilities.

***Lease Liability***

The following schedule shows the annual lease requirements to pay principal and interest on the lease liability outstanding at June 30, 2024:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	<u>\$ 2,293,250</u>	<u>\$ 88,982</u>	<u>\$ 2,382,232</u>

**Brazoria County Municipal Utility District No. 31**  
**Notes to Financial Statements**  
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On April 25, 2018, the District entered into a contract to lease a 500,000 gallons-per-day capacity interim wastewater treatment plant. Monthly lease payments of \$52,300 commenced on the first day of the month following substantial completion of installation of the leased equipment, and continue for a term of 60 months. After the initial term, the lease continues on a month-to-month basis, and the monthly payments shall be \$38,600 per month. During a prior year, the equipment was installed and the District began making payments. The District made payments totaling \$627,600 for the leased equipment during the current year.

**Note 5. Significant Bond Resolutions and Commission Requirements**

- (A) The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended June 30, 2024, the District levied an ad valorem debt service tax at the rate of \$0.40126 per \$100 of assessed valuation, which resulted in a tax levy of \$1,885,577 on the taxable valuation of \$469,914,174 for the 2023 tax year. The interest and principal requirements to be paid from the tax revenues, tax sharing payments and available resources are \$2,727,697 of which \$610,528 has been paid and \$2,117,169 is due September 1, 2024.
- (B) In accordance with the Series 2023 Bond Resolution, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year	\$	-
Additions--Interest appropriated from Series 2023 bond proceeds		337,300
Deductions--Appropriation from bond interest paid, Series 2023		<u>36,641</u>
Bond interest reserve, end of year	\$	<u>300,659</u>

**Note 6. Maintenance Taxes**

At an election held May 13, 2006, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended June 30, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.34874 per \$100 of assessed valuation, which resulted in a tax levy of \$1,638,779 on the taxable valuation of \$469,914,174 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

**Note 7. Joint Facilities/Cost Sharing Agreement**

The District and Brazoria County Municipal Utility District No. 32 (District No. 32) entered into a Joint Facilities/Cost Sharing Agreement (Joint Agreement) on October 27, 2016, for the financing and operation of joint water supply and sewage treatment plant facilities to serve the areas within both districts. Operation and maintenance costs will be allocated to each district on a monthly basis based on the actual costs of operating and maintaining the facilities. Fixed expenditures will be billed based on the pro rata share of each district in each of the facilities and variable expenditures will be billed based on the total number of active equivalent single-family connections (ESFCs) of each district as a percentage of the total ESFCs of both districts served by the facilities.



**Brazoria County Municipal Utility District No. 31**  
**Notes to Financial Statements**  
**June 30, 2024**

During the current year, the District and the City entered into the Conveyance Agreement dated March 11, 2024, and on May 20, 2024, the District's water supply and wastewater facilities were conveyed to the City for ownership and operation. The City agrees it will operate and maintain the facilities at its sole cost and expense, provided, however, the District will continue to make all payments due under the lease agreement of the wastewater treatment plant. Per the Conveyance Agreement, the District assigned to the City its rights, obligations and responsibilities under the Joint Agreement, and until the City assumes ownership of all of District No. 32's water and wastewater facilities, District No. 32 will remain responsible for its pro-rata share of the operating costs of the joint facilities per the Joint Agreement.

Transactions for the current year are summarized as follows:

***Joint Water Plant***

<u>Participants</u>	<u>Capacity</u>		
The District	66.30 %		
District No. 32	33.70		
Total	100.00 %		

  

	<u>The District</u>	<u>District No. 32</u>	<u>Total</u>
Receivable (payable), beginning of year	\$ (21)	\$ 3,825	\$ 3,804
Participant billings	374,448	167,632	542,080
Collections	(380,969)	(153,954)	(534,923)
Receivable (payable), end of year	<u>\$ (6,542)</u>	<u>\$ 17,503</u>	<u>\$ 10,961</u>

***Joint Wastewater Treatment Plant***

<u>District</u>	<u>Capacity</u>		
The District	66.60 %		
District No. 32	33.40		
Total	100.00 %		

  

	<u>The District</u>	<u>District No. 32</u>	<u>Total</u>
Receivable (payable), beginning of year	\$ (20,609)	\$ 31,807	\$ 11,198
Participant billings	754,477	559,472	1,313,949
Collections	(742,563)	(546,536)	(1,289,099)
Receivable (payable), end of year	<u>\$ (8,695)</u>	<u>\$ 44,743</u>	<u>\$ 36,048</u>

## **Note 8. Strategic Agreement**

Effective July 17, 2006, amended September 1, 2012 and November 16, 2020, the District entered into a Strategic Agreement (the Agreement) with the City whereby the City may annex any commercial portion of the District from time to time for the purpose of levy and collection of the City's sales and use taxes. The District would continue to exercise all the powers of a municipal utility district in the area of limited purpose annexation as provided by law. The City will keep all of the sales and use taxes collected under the Agreement. In addition, the Agreement provides for the provision of fire, police, garbage and building regulation within the District. Under the terms of the amended Agreement, the City agreed that it would not annex the District for full purposes until the population of the City and the District combined reaches 5,000.

Effective December 17, 2018, the District entered into an Annexation Agreement with the City to defer the conversion of the limited purpose annexation of the District to a full purpose annexation by the City to a date no earlier than January 2, 2019, to be determined by the City, in order to defer City taxes on the annexation area. The City will still be obligated to provide certain services to the District after annexation and before receiving property taxes from the annexation area, therefore, the Annexation Agreement provides for certain service expense sharing payments from the District to the City to help defray the costs of services. During prior years, the District made two payments of \$350,000 to the City and the City has completed the full purpose annexation.

The Annexation Agreement provides for the City to remit to the District 70% of the maintenance and operations ad valorem property tax received by the City on property in the annexation area. The due dates of the payments shall be the last day of March and August of each year, for tax revenues received by the City at least 10 days before the due date of the payment. The tax sharing payments shall begin on the ad valorem property taxes received by the City from the annexation area for the 2020 tax year and continue for 20 years, totaling 40 semiannual payments, subject to the terms of the Annexation Agreement. During the current year, the District received \$770,487 in tax sharing payments from the City in accordance with the Annexation Agreement.

On July 27, 2023, the Agreement was amended as the District repurchased the tract of land that was previously conveyed to the City for \$250,000.

## **Note 9. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

## **Note 10. Contingencies**

The developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$10,061,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

### **Note 11. Conveyance of Facilities**

By letter dated October 20, 2021, the City notified the District that it intended to exercise its option to take ownership of the District's water and wastewater system within two years, including operations, billing and maintenance. Per the Conveyance Agreement dated March 11, 2024, the District's water supply and wastewater facilities are to be conveyed to the City for ownership and operation upon the execution and delivery of the Utility Conveyance. Upon the recording of the Utility Conveyance, the City agrees it will operate and maintain the facilities at its sole cost and expense, provided, however, the District will continue to make all payments due under the lease agreement of the wastewater treatment plant. The City will meter and bill customers for water and wastewater service and all revenues for water and wastewater services will be kept by the City.

On May 20, 2024, the District's water and wastewater facilities were conveyed to the City and the City assumed full ownership and operation of the facilities and began metering and billing all customers of the District.

***Required Supplementary Information***

**Brazoria County Municipal Utility District No. 31**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended June 30, 2024**

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>				
Property taxes	\$ 1,752,729	\$ 1,616,065	\$ 1,620,454	\$ 4,389
Water service	490,200	490,200	426,124	(64,076)
Sewer service	783,000	783,000	736,311	(46,689)
Penalty and interest	30,000	30,000	39,117	9,117
Tap connection and inspection fees	103,320	103,320	69,237	(34,083)
Investment income	18,000	18,000	324,985	306,985
Other income	45,024	45,024	67,672	22,648
Total revenues	<u>3,222,273</u>	<u>3,085,609</u>	<u>3,283,900</u>	<u>198,291</u>
<b>Expenditures</b>				
Service operations:				
Purchased services	951,825	951,825	1,128,925	(177,100)
Professional fees	179,950	179,950	281,275	(101,325)
Contracted services	766,467	766,467	638,520	127,947
Utilities	95,580	95,580	116,398	(20,818)
Repairs and maintenance	224,256	224,256	205,174	19,082
Permit fees	5,000	5,000	13,302	(8,302)
Other expenditures	160,526	160,526	128,695	31,831
Tap connections	47,081	47,081	53,247	(6,166)
Capital outlay	550,000	550,000	485,203	64,797
Total expenditures	<u>2,980,685</u>	<u>2,980,685</u>	<u>3,050,739</u>	<u>(70,054)</u>
<b>Excess of Revenues Over Expenditures</b>	241,588	104,924	233,161	128,237
<b>Fund Balance, Beginning of Year</b>	<u>6,358,418</u>	<u>6,358,418</u>	<u>6,358,418</u>	-
<b>Fund Balance, End of Year</b>	<u>\$ 6,600,006</u>	<u>\$ 6,463,342</u>	<u>\$ 6,591,579</u>	<u>\$ 128,237</u>

**Brazoria County Municipal Utility District No. 31**  
**Budgetary Comparison Schedule – Joint Water Plant Fund**  
**Year Ended June 30, 2024**

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Water service	\$ 263,582	\$ 542,080	\$ 278,498
<b>Expenditures</b>			
Service operations:			
Regional water fee	9,000	-	9,000
Professional fees	52,400	2,600	49,800
Contracted services	44,462	38,596	5,866
Utilities	50,000	49,656	344
Repairs and maintenance	94,760	130,943	(36,183)
Other expenditures	12,960	14,011	(1,051)
Capital outlay	-	306,274	(306,274)
Total expenditures	263,582	542,080	(278,498)
<b>Excess of Revenues Over Expenditures</b>	-	-	-
<b>Fund Balance, Beginning of Year</b>	36,527	36,527	-
<b>Fund Balance, End of Year</b>	\$ 36,527	\$ 36,527	\$ -

**Brazoria County Municipal Utility District No. 31**  
**Budgetary Comparison Schedule – Joint Wastewater Treatment Plant Fund**  
**Year Ended June 30, 2024**

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Sewer service	\$ 1,317,923	\$ 1,313,949	\$ (3,974)
<b>Expenditures</b>			
Service operations:			
Professional fees	21,700	2,600	19,100
Contracted services	88,720	84,313	4,407
Utilities	120,000	162,516	(42,516)
Repairs and maintenance	432,524	405,938	26,586
Other expenditures	27,379	30,982	(3,603)
Debt service, lease payments	627,600	627,600	-
Total expenditures	1,317,923	1,313,949	3,974
<b>Excess of Revenues Over Expenditures</b>	-	-	-
<b>Fund Balance, Beginning of Year</b>	53,529	53,529	-
<b>Fund Balance, End of Year</b>	\$ 53,529	\$ 53,529	\$ -

***Budgets and Budgetary Accounting***

Annual operating budgets are prepared for the general, joint water plant and joint wastewater treatment plant funds by the District's consultants. The budgets reflect resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budgets prior to the start of its fiscal year. The budgets are not a spending limitation (a legally restricted appropriation). The original budget of the general fund was amended and the original budgets of the joint water plant and joint wastewater treatment plant funds were not amended during fiscal 2024.

The District prepares its annual operating budgets on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedules - General Fund, Joint Water Plant Fund and Joint Wastewater Treatment Plant Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.



## ***Supplementary Information***

**Brazoria County Municipal Utility District No. 31**  
**Other Schedules Included Within This Report**  
**June 30, 2024**

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(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 12-25
- [X] Schedule of Services
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –  
Five Years
- [X] Board Members, Key Personnel and Consultants

**Brazoria County Municipal Utility District No. 31**  
**Schedule of Services**  
**Year Ended June 30, 2024**

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1. Services provided by the District:

<input type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input checked="" type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input checked="" type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input checked="" type="checkbox"/> Other <u>Water and wastewater services are provided by the City of Iowa Colony</u>		

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**Brazoria County Municipal Utility District No. 31**  
**Schedule of General Fund Expenditures**  
**Year Ended June 30, 2024**

<b>Personnel (including benefits)</b>		\$	-
<b>Professional Fees</b>			
Auditing	\$	24,000	
Legal		173,977	
Engineering		81,198	
Financial advisor		2,100	281,275
<b>Purchased Services for Resale</b>			
Bulk water and wastewater service purchases			1,128,925
<b>Regional Water Authority</b>			-
<b>Contracted Services</b>			
Bookkeeping		42,534	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		62,836	105,370
<b>Utilities</b>			116,398
<b>Repairs and Maintenance</b>			205,174
<b>Administrative Expenditures</b>			
Directors' fees		14,128	
Office supplies		46,484	
Insurance		8,416	
Other administrative expenditures		59,667	128,695
<b>Capital Outlay</b>			
Capitalized assets		485,203	
Expenditures not capitalized		-	485,203
<b>Tap Connection Expenditures</b>			53,247
<b>Solid Waste Disposal</b>			533,150
<b>Lease Payments</b>			-
<b>Parks and Recreation</b>			-
<b>Other Expenditures</b>			13,302
Total expenditures		\$	<u>3,050,739</u>

**Brazoria County Municipal Utility District No. 31**  
**Schedule of Temporary Investments**  
**June 30, 2024**

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Accrued Interest Receivable</b>
<b>General Fund</b>				
TexPool	5.32%	Demand	\$ 6,921,091	\$ -
<b>Debt Service Fund</b>				
TexPool	5.32%	Demand	2,600,091	-
<b>Capital Projects Fund</b>				
TexPool	5.32%	Demand	39,565	-
Totals			<u>\$ 9,560,747</u>	<u>\$ -</u>

**Brazoria County Municipal Utility District No. 31**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended June 30, 2024**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 20,896	\$ 17,869
Additions and corrections to prior years' taxes	(5,730)	(4,725)
Adjusted receivable, beginning of year	15,166	13,144
<b>2023 Original Tax Levy</b>	1,570,087	1,806,540
Additions and corrections	68,692	79,037
Adjusted tax levy	1,638,779	1,885,577
Total to be accounted for	1,653,945	1,898,721
Tax collections: Current year	(1,618,552)	(1,862,304)
Prior years	(1,902)	(1,589)
Receivable, end of year	<u>\$ 33,491</u>	<u>\$ 34,828</u>
<b>Receivable, by Years</b>		
2023	\$ 20,227	\$ 23,273
2022	3,032	2,509
2021	1,800	1,316
2020	1,273	1,643
2019	3,004	1,818
2018	2,633	2,309
2017	897	868
2016	104	281
2015	122	313
2014	156	289
2013	243	209
Receivable, end of year	<u>\$ 33,491</u>	<u>\$ 34,828</u>

**Brazoria County Municipal Utility District No. 31**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended June 30, 2024**

**(Continued)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Property Valuations</b>				
Land	\$ 102,315,932	\$ 62,206,988	\$ 59,060,763	\$ 55,033,195
Improvements	428,758,953	406,953,790	333,474,914	291,066,635
Personal property	4,739,430	4,718,510	3,958,630	4,328,320
Exemptions	<u>(65,900,141)</u>	<u>(45,379,158)</u>	<u>(20,454,380)</u>	<u>(17,214,555)</u>
Total property valuations	<u>\$ 469,914,174</u>	<u>\$ 428,500,130</u>	<u>\$ 376,039,927</u>	<u>\$ 333,213,595</u>
<b>Tax Rates per \$100 Valuation</b>				
Debt service tax rates	\$ 0.40126	\$ 0.32600	\$ 0.30000	\$ 0.40000
Maintenance tax rates*	<u>0.34874</u>	<u>0.39400</u>	<u>0.41000</u>	<u>0.31000</u>
Total tax rates per \$100 valuation	<u>\$ 0.75000</u>	<u>\$ 0.72000</u>	<u>\$ 0.71000</u>	<u>\$ 0.71000</u>
<b>Tax Levy</b>	<u>\$ 3,524,356</u>	<u>\$ 3,085,201</u>	<u>\$ 2,669,883</u>	<u>\$ 2,365,816</u>
<b>Percent of Taxes Collected to Taxes Levied**</b>	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

\*Maximum tax rate approved by voters: \$1.50 on May 13, 2006

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

**Brazoria County Municipal Utility District No. 31**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**June 30, 2024**

Due During Fiscal Years Ending June 30	Series 2014		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 150,000	\$ 127,625	\$ 277,625
2026	150,000	123,125	273,125
2027	175,000	118,250	293,250
2028	175,000	112,890	287,890
2029	175,000	107,421	282,421
2030	200,000	101,313	301,313
2031	200,000	94,563	294,563
2032	225,000	87,250	312,250
2033	225,000	79,375	304,375
2034	250,000	71,063	321,063
2035	250,000	62,313	312,313
2036	275,000	52,953	327,953
2037	275,000	42,984	317,984
2038	300,000	32,000	332,000
2039	300,000	20,000	320,000
2040	350,000	7,000	357,000
Totals	<u>\$ 3,675,000</u>	<u>\$ 1,240,125</u>	<u>\$ 4,915,125</u>



**Brazoria County Municipal Utility District No. 31**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**June 30, 2024**

**(Continued)**

Due During Fiscal Years Ending June 30	Series 2015		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 175,000	\$ 167,781	\$ 342,781
2026	175,000	163,188	338,188
2027	175,000	158,156	333,156
2028	200,000	152,531	352,531
2029	200,000	146,531	346,531
2030	200,000	140,406	340,406
2031	225,000	133,625	358,625
2032	225,000	126,172	351,172
2033	225,000	118,438	343,438
2034	250,000	110,125	360,125
2035	250,000	101,375	351,375
2036	275,000	92,016	367,016
2037	275,000	82,047	357,047
2038	300,000	71,437	371,437
2039	300,000	60,187	360,187
2040	325,000	48,469	373,469
2041	330,000	36,187	366,187
2042	375,000	22,500	397,500
2043	375,000	7,500	382,500
Totals	<u>\$ 4,855,000</u>	<u>\$ 1,938,671</u>	<u>\$ 6,793,671</u>

**Brazoria County Municipal Utility District No. 31**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**June 30, 2024**

**(Continued)**

Due During Fiscal Years Ending June 30	Refunding Series 2015A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 160,000	\$ 76,900	\$ 236,900
2026	165,000	72,837	237,837
2027	170,000	68,225	238,225
2028	180,000	62,975	242,975
2029	185,000	57,269	242,269
2030	195,000	51,094	246,094
2031	200,000	44,425	244,425
2032	210,000	37,250	247,250
2033	220,000	29,725	249,725
2034	225,000	21,938	246,938
2035	235,000	13,594	248,594
2036	245,000	4,594	249,594
Totals	<u>\$ 2,390,000</u>	<u>\$ 540,826</u>	<u>\$ 2,930,826</u>

**Brazoria County Municipal Utility District No. 31**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**June 30, 2024**

**(Continued)**

Due During Fiscal Years Ending June 30	Series 2017		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 150,000	\$ 138,925	\$ 288,925
2026	150,000	134,425	284,425
2027	150,000	129,925	279,925
2028	150,000	125,238	275,238
2029	175,000	119,956	294,956
2030	175,000	114,050	289,050
2031	175,000	107,925	282,925
2032	175,000	101,800	276,800
2033	200,000	95,237	295,237
2034	200,000	87,988	287,988
2035	200,000	80,487	280,487
2036	200,000	72,988	272,988
2037	225,000	65,019	290,019
2038	225,000	56,300	281,300
2039	225,000	47,300	272,300
2040	250,000	37,800	287,800
2041	250,000	27,800	277,800
2042	275,000	17,300	292,300
2043	295,000	5,900	300,900
Totals	<u>\$ 3,845,000</u>	<u>\$ 1,566,363</u>	<u>\$ 5,411,363</u>

**Brazoria County Municipal Utility District No. 31**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**June 30, 2024**

**(Continued)**

Due During Fiscal Years Ending June 30	Series 2018		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 275,000	\$ 267,375	\$ 542,375
2026	275,000	259,125	534,125
2027	300,000	250,500	550,500
2028	300,000	241,500	541,500
2029	300,000	232,500	532,500
2030	325,000	223,125	548,125
2031	350,000	213,000	563,000
2032	350,000	202,281	552,281
2033	375,000	190,953	565,953
2034	375,000	179,000	554,000
2035	400,000	166,156	566,156
2036	425,000	151,969	576,969
2037	425,000	137,094	562,094
2038	450,000	121,781	571,781
2039	450,000	106,031	556,031
2040	475,000	89,547	564,547
2041	500,000	71,875	571,875
2042	550,000	52,500	602,500
2043	550,000	31,875	581,875
2044	575,000	10,781	585,781
Totals	<u>\$ 8,025,000</u>	<u>\$ 3,198,968</u>	<u>\$ 11,223,968</u>

**Brazoria County Municipal Utility District No. 31**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**June 30, 2024**

**(Continued)**

Due During Fiscal Years Ending June 30	Refunding Series 2019		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 310,000	\$ 206,550	\$ 516,550
2026	310,000	197,250	507,250
2027	360,000	187,200	547,200
2028	360,000	176,400	536,400
2029	355,000	165,675	520,675
2030	405,000	154,275	559,275
2031	400,000	142,200	542,200
2032	420,000	129,900	549,900
2033	440,000	117,000	557,000
2034	435,000	103,875	538,875
2035	505,000	89,775	594,775
2036	500,000	74,700	574,700
2037	515,000	59,475	574,475
2038	535,000	43,725	578,725
2039	575,000	27,075	602,075
2040	615,000	9,225	624,225
Totals	<u>\$ 7,040,000</u>	<u>\$ 1,884,300</u>	<u>\$ 8,924,300</u>

**Brazoria County Municipal Utility District No. 31**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**June 30, 2024**

**(Continued)**

Due During Fiscal Years Ending June 30	Series 2020		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 175,000	\$ 141,219	\$ 316,219
2026	175,000	133,344	308,344
2027	200,000	127,406	327,406
2028	200,000	123,406	323,406
2029	200,000	119,406	319,406
2030	225,000	115,156	340,156
2031	225,000	110,656	335,656
2032	225,000	106,156	331,156
2033	225,000	101,656	326,656
2034	250,000	96,906	346,906
2035	250,000	91,906	341,906
2036	250,000	86,906	336,906
2037	275,000	81,656	356,656
2038	275,000	76,156	351,156
2039	300,000	70,406	370,406
2040	300,000	64,406	364,406
2041	300,000	58,406	358,406
2042	325,000	51,953	376,953
2043	350,000	44,781	394,781
2044	350,000	37,125	387,125
2045	375,000	28,969	403,969
2046	350,000	20,813	370,813
2047	375,000	12,656	387,656
2048	375,000	4,219	379,219
Totals	<u>\$ 6,550,000</u>	<u>\$ 1,905,669</u>	<u>\$ 8,455,669</u>

**Brazoria County Municipal Utility District No. 31**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**June 30, 2024**

**(Continued)**

Due During Fiscal Years Ending June 30	Series 2023		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 75,000	\$ 144,125	\$ 219,125
2026	75,000	139,250	214,250
2027	75,000	134,375	209,375
2028	75,000	129,500	204,500
2029	75,000	124,625	199,625
2030	75,000	119,938	194,938
2031	100,000	115,688	215,688
2032	100,000	111,688	211,688
2033	100,000	107,688	207,688
2034	100,000	103,688	203,688
2035	100,000	99,688	199,688
2036	125,000	95,188	220,188
2037	125,000	90,188	215,188
2038	125,000	85,188	210,188
2039	150,000	79,688	229,688
2040	150,000	73,687	223,687
2041	150,000	67,593	217,593
2042	175,000	60,890	235,890
2043	175,000	53,562	228,562
2044	175,000	46,125	221,125
2045	175,000	38,687	213,687
2046	200,000	30,718	230,718
2047	200,000	22,093	222,093
2048	200,000	13,343	213,343
2049	205,000	4,484	209,484
Totals	<u>\$ 3,280,000</u>	<u>\$ 2,091,687</u>	<u>\$ 5,371,687</u>

**Brazoria County Municipal Utility District No. 31**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**June 30, 2024**

**(Continued)**

Due During Fiscal Years Ending June 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 1,470,000	\$ 1,270,500	\$ 2,740,500
2026	1,475,000	1,222,544	2,697,544
2027	1,605,000	1,174,037	2,779,037
2028	1,640,000	1,124,440	2,764,440
2029	1,665,000	1,073,383	2,738,383
2030	1,800,000	1,019,357	2,819,357
2031	1,875,000	962,082	2,837,082
2032	1,930,000	902,497	2,832,497
2033	2,010,000	840,072	2,850,072
2034	2,085,000	774,583	2,859,583
2035	2,190,000	705,294	2,895,294
2036	2,295,000	631,314	2,926,314
2037	2,115,000	558,463	2,673,463
2038	2,210,000	486,587	2,696,587
2039	2,300,000	410,687	2,710,687
2040	2,465,000	330,134	2,795,134
2041	1,530,000	261,861	1,791,861
2042	1,700,000	205,143	1,905,143
2043	1,745,000	143,618	1,888,618
2044	1,100,000	94,031	1,194,031
2045	550,000	67,656	617,656
2046	550,000	51,531	601,531
2047	575,000	34,749	609,749
2048	575,000	17,562	592,562
2049	205,000	4,484	209,484
Totals	<u>\$ 39,660,000</u>	<u>\$ 14,366,609</u>	<u>\$ 54,026,609</u>



**Brazoria County Municipal Utility District No. 31**  
**Changes in Long-Term Bonded Debt**  
**Year Ended June 30, 2024**

	<b>Bond</b>			
	<b>Series 2014</b>	<b>Series 2015</b>	<b>Refunding Series 2015A</b>	<b>Series 2017</b>
Interest rates	2.00% to 4.00%	2.00% to 4.50%	2.00% to 3.75%	3.00% to 5.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2024/2039	September 1, 2024/2042	September 1, 2024/2035	September 1, 2024/2042
Bonds outstanding, beginning of current year	\$ 3,825,000	\$ 5,005,000	\$ 2,545,000	\$ 3,970,000
Bonds sold during current year	-	-	-	-
Retirements, principal	150,000	150,000	155,000	125,000
Bonds outstanding, end of current year	<u>\$ 3,675,000</u>	<u>\$ 4,855,000</u>	<u>\$ 2,390,000</u>	<u>\$ 3,845,000</u>
Interest paid during current year	<u>\$ 132,125</u>	<u>\$ 171,844</u>	<u>\$ 80,644</u>	<u>\$ 143,050</u>

Paying agent's name and address:

**Series 2014** - Amegy Bank National Association, Houston, Texas

**Series 2015** - Amegy Bank National Association, Houston, Texas

**Series 2015A** - Amegy Bank National Association, Houston, Texas

**Series 2017** - Amegy Bank National Association, Houston, Texas

**Series 2018** - ZB, National Association, dba Amegy Bank, Houston, Texas

**Series 2019** - Zions Bancorporation, National Association, Houston, Texas

**Series 2020** - Zions Bancorporation, National Association, dba Amegy Bank, Houston, Texas

**Series 2023** - Zions Bancorporation, National Association, dba Amegy Bank, Houston, Texas

Bond authority:

	<b>Tax Bonds</b>	<b>Firefighting Bonds</b>	<b>Recreational Bonds</b>	<b>Refunding Bonds</b>
Amount authorized by voters	\$ 77,000,000	\$ 4,000,000	\$ 9,700,000	\$ 50,000,000
Amount of authorization issued	\$ 46,305,000	\$ -	\$ -	\$ 750,000
Remaining authorization to be issued	<u>\$ 30,695,000</u>	<u>\$ 4,000,000</u>	<u>\$ 9,700,000</u>	<u>\$ 49,250,000</u>

Debt service fund cash and temporary investment balances as of June 30, 2024: \$ 2,688,535

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 2,161,064

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**Issues**

<b>Series 2018</b>	<b>Refunding Series 2019</b>	<b>Series 2020</b>	<b>Series 2023</b>	<b>Totals</b>
3.00% to 5.50%	3.00%	2.00% to 4.50%	4.00% to 6.50%	
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	
September 1, 2024/2043	September 1, 2024/2039	September 1, 2024/2047	September 1, 2024/2048	
\$ 8,275,000	\$ 7,325,000	\$ 6,725,000	\$ -	\$ 37,670,000
-	-	-	3,280,000	3,280,000
250,000	285,000	175,000	-	1,290,000
<u>\$ 8,025,000</u>	<u>\$ 7,040,000</u>	<u>\$ 6,550,000</u>	<u>\$ 3,280,000</u>	<u>\$ 39,660,000</u>
<u>\$ 275,250</u>	<u>\$ 215,475</u>	<u>\$ 149,094</u>	<u>\$ 36,641</u>	<u>\$ 1,204,123</u>

**Brazoria County Municipal Utility District No. 31**  
**Comparative Schedule of Revenues and Expenditures – General Fund**  
**Five Years Ended June 30,**

	Amounts				
	2024	2023	2022	2021	2020
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 1,620,454	\$ 1,692,220	\$ 1,537,723	\$ 1,046,291	\$ 2,224,693
Water service	426,124	555,182	524,112	503,178	453,223
Sewer service	736,311	831,816	754,330	752,246	699,515
Garbage service	-	4,820	4,820	4,820	-
Penalty and interest	39,117	41,683	34,044	22,365	24,049
Tap connection and inspection fees	69,237	3,054	4,239	77,845	150,472
Investment income	324,985	207,280	11,648	5,304	66,060
Other income	67,672	49,094	41,734	45,379	36,492
Total revenues	3,283,900	3,385,149	2,912,650	2,457,428	3,654,504
<b>Expenditures</b>					
Service operations:					
Purchased services	1,128,925	939,768	914,293	804,251	630,724
Professional fees	281,275	192,622	158,394	132,469	159,182
Contracted services	638,520	817,691	821,277	496,245	459,686
Utilities	116,398	143,604	96,933	71,742	117,095
Repairs and maintenance	205,174	217,770	218,457	258,562	254,526
Permit fees	13,302	12,753	3,753	3,803	7,352
Other expenditures	128,695	106,331	100,833	82,303	93,680
Tap connections	53,247	-	-	35,463	62,113
Capital outlay	485,203	643,546	54,869	387,400	70,317
Annexation payment	-	-	-	-	350,000
Debt service, lease payments	-	505,000	-	-	-
Total expenditures	3,050,739	3,579,085	2,368,809	2,272,238	2,204,675
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	233,161	(193,936)	543,841	185,190	1,449,829
<b>Other Financing Sources</b>					
Insurance proceeds	-	-	-	-	9,965
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	233,161	(193,936)	543,841	185,190	1,459,794
<b>Fund Balance, Beginning of Year</b>	6,358,418	6,552,354	6,008,513	5,823,323	4,363,529
<b>Fund Balance, End of Year</b>	\$ 6,591,579	\$ 6,358,418	\$ 6,552,354	\$ 6,008,513	\$ 5,823,323
<b>Total Active Retail Water Connections</b>	N/A *	1,696	1,698	1,699	1,618
<b>Total Active Retail Wastewater Connections</b>	N/A *	1,678	1,681	1,664	1,600

\*During the current year, the District conveyed its water and wastewater facilities, including all retail water and wastewater connections, to the City of Iowa Colony.

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
49.3 %	50.0 %	52.8 %	42.6 %	60.9 %
13.0	16.4	18.0	20.5	12.4
22.4	24.6	25.9	30.6	19.1
-	0.1	0.2	0.2	-
1.2	1.2	1.2	0.9	0.7
2.1	0.1	0.1	3.2	4.1
9.9	6.1	0.4	0.2	1.8
2.1	1.5	1.4	1.8	1.0
100.0	100.0	100.0	100.0	100.0
34.4	27.8	31.4	32.7	17.3
8.6	5.7	5.4	5.4	4.4
19.4	24.2	28.2	20.2	12.6
3.5	4.2	3.3	2.9	3.2
6.3	6.4	7.5	10.5	6.9
0.4	0.4	0.1	0.2	0.2
3.9	3.1	3.5	3.4	2.5
1.6	-	-	1.4	1.7
14.8	19.0	1.9	15.8	1.9
-	-	-	-	9.6
-	14.9	-	-	-
92.9	105.7	81.3	92.5	60.3
7.1 %	(5.7) %	18.7 %	7.5 %	39.7 %

**Brazoria County Municipal Utility District No. 31**  
**Comparative Schedule of Revenues and Expenditures – Debt Service Fund**  
**Five Years Ended June 30,**

	Amounts				
	2024	2023	2022	2021	2020
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 1,863,893	\$ 1,398,926	\$ 1,129,536	\$ 1,333,561	\$ 1,351,474
Tax sharing payment	770,487	1,000,804	1,098,218	1,000,618	-
Penalty and interest	7,804	14,460	13,829	14,263	11,758
Investment income	77,906	51,552	2,646	1,534	32,200
Total revenues	<u>2,720,090</u>	<u>2,465,742</u>	<u>2,244,229</u>	<u>2,349,976</u>	<u>1,395,432</u>
<b>Expenditures</b>					
Current:					
Contracted services	47,528	39,517	41,755	34,694	43,353
Other expenditures	4,521	7,646	9,331	12,866	3,416
Debt service:					
Principal retirement	1,290,000	1,260,000	1,125,000	1,170,000	760,000
Interest and fees	1,200,886	1,209,400	1,248,403	1,279,572	1,071,994
Debt issuance costs	-	-	-	-	273,104
Debt defeasance	-	-	-	-	8,000
Total expenditures	<u>2,542,935</u>	<u>2,516,563</u>	<u>2,424,489</u>	<u>2,497,132</u>	<u>2,159,867</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>177,155</u>	<u>(50,821)</u>	<u>(180,260)</u>	<u>(147,156)</u>	<u>(764,435)</u>
<b>Other Financing Sources (Uses)</b>					
General obligation bonds issued	337,300	-	-	-	7,740,000
Premium on debt issued	-	-	-	-	7,364
Deposit with escrow agent	-	-	-	-	(7,471,154)
Total other financing sources	<u>337,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,210</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>514,455</u>	<u>(50,821)</u>	<u>(180,260)</u>	<u>(147,156)</u>	<u>(488,225)</u>
<b>Fund Balance, Beginning of Year</b>	<u>2,174,580</u>	<u>2,225,401</u>	<u>2,405,661</u>	<u>2,552,817</u>	<u>3,041,042</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,689,035</u>	<u>\$ 2,174,580</u>	<u>\$ 2,225,401</u>	<u>\$ 2,405,661</u>	<u>\$ 2,552,817</u>

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
68.5 %	56.7 %	50.3 %	56.7 %	96.9 %
28.3	40.6	49.0	42.6	-
0.3	0.6	0.6	0.6	0.8
2.9	2.1	0.1	0.1	2.3
100.0	100.0	100.0	100.0	100.0
1.8	1.6	1.9	1.5	3.1
0.2	0.3	0.4	0.5	0.2
47.4	51.1	50.1	49.8	54.5
44.1	49.1	55.6	54.5	76.8
-	-	-	-	19.6
-	-	-	-	0.6
93.5	102.1	108.0	106.3	154.8
6.5 %	(2.1) %	(8.0) %	(6.3) %	(54.8) %

**Brazoria County Municipal Utility District No. 31**  
**Board Members, Key Personnel and Consultants**  
**Year Ended June 30, 2024**

Complete District mailing address:	Brazoria County Municipal Utility District No. 31 Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 23, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected &amp; Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
Micah Kreikemeier	Elected 05/22- 05/26	\$ 2,723	\$ 1,909	President
Douglas M. Chumley	Elected 05/24- 05/28	4,128	249	Vice President
James E. Lee, Jr.	Elected 05/24- 05/28	2,723	281	Secretary
Andrew Yorlano	Elected 05/22- 05/26	4,554	3,292	Assistant Vice President
Rashawn Clark-El	Elected 05/22- 03/24	-	-	Disqualified

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

**Brazoria County Municipal Utility District No. 31  
Board Members, Key Personnel and Consultants  
Year Ended June 30, 2024**

**(Continued)**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
Allen Boone Humphries Robinson LLP	11/29/05	\$ 100,736 199,605	Bond Counsel General Counsel
Assessments of the Southwest, Inc.	02/02/06	25,054	Tax Assessor/ Collector
Brazoria County Appraisal District	Legislative Action	25,258	Appraiser
Elevation Land Solutions	10/27/16	256,251	Engineer
Forvis Mazars, LLP	06/28/07	46,600	Auditor
The GMS Group, L.L.C.	08/26/10	69,225	Financial Advisor
McLennan & Associates, LP	02/02/06	96,196	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/04/07	1,687	Delinquent Tax Attorney
Quiddity Engineering, LLC	01/26/17	27,554	Engineer
Si Environmental, LLC	07/20/12	746,901	Former Operator
<b>Investment Officer</b>			
Jorge Diaz	02/23/17	N/A	Bookkeeper