

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**

**FORT BEND COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2018**



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Fort Bend County Municipal Utility District No. 48  
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 48 (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.





## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

October 11, 2018



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Management’s discussion and analysis of Fort Bend County Municipal Utility District No. 48’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**FUND FINANCIAL STATEMENTS**

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$3,243,318 as of June 30, 2018.

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

The following is a comparative analysis of the Statement of Net Position as of June 30, 2018, and June 30, 2017.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

	Summary of Changes in the Statement of Net Position		
	2018	2017	Change Positive (Negative)
Current and Other Assets	\$ 6,497,811	\$ 4,556,933	\$ 1,940,878
Capital Assets (Net of Accumulated Depreciation)	20,129,924	14,264,266	5,865,658
Total Assets	<u>\$ 26,627,735</u>	<u>\$ 18,821,199</u>	<u>\$ 7,806,536</u>
Deferred Outflows of Resources	\$ 241,759	\$ 264,082	\$ (22,323)
Due to Developer	\$ 7,083,109	\$ 262,369	\$ (6,820,740)
Long -Term Liabilities	15,699,419	16,485,310	785,891
Other Liabilities	843,648	390,522	(453,126)
Total Liabilities	<u>\$ 23,626,176</u>	<u>\$ 17,138,201</u>	<u>\$ (6,487,975)</u>
Net Position:			
Net Investment in Capital Assets	\$ (1,568,742)	\$ (1,878,500)	\$ 309,758
Restricted	1,531,230	1,532,088	(858)
Unrestricted	<u>3,280,830</u>	<u>2,293,492</u>	<u>987,338</u>
Total Net Position	<u>\$ 3,243,318</u>	<u>\$ 1,947,080</u>	<u>\$ 1,296,238</u>

The District's net position increased by \$1,296,238, accounting for a 66.6% increase in net position. The following table provides a comparative analysis of the District's operations for the years ending June 30, 2018, and June 30, 2017.

	Summary of Changes in the Statement of Activities		
	2018	2017	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,545,503	\$ 2,303,554	\$ 241,949
Charges for Services	1,133,449	1,095,497	37,952
Other Revenues	76,571	34,970	41,601
Total Revenues	<u>\$ 3,755,523</u>	<u>\$ 3,434,021</u>	<u>\$ 321,502</u>
Expenses for Services	<u>2,459,285</u>	<u>2,734,454</u>	<u>275,169</u>
Change in Net Position	\$ 1,296,238	\$ 699,567	\$ 596,671
Net Position, Beginning of Year	<u>1,947,080</u>	<u>1,247,513</u>	<u>699,567</u>
Net Position, End of Year	<u>\$ 3,243,318</u>	<u>\$ 1,947,080</u>	<u>\$ 1,296,238</u>

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

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

The District's combined fund balances as of June 30, 2018, were \$5,151,205, an increase of \$935,053 from the prior year.

The General Fund fund balance increased by \$988,531, primarily due to service and tax revenues exceeding operating and capital costs.

The Debt Service Fund fund balance decreased by \$2,439, primarily due to the structure of the District's long-term debt.

The Capital Projects Fund fund balance decreased by \$51,039, primarily due to professional fees from previous year's bond proceeds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the budget during the current fiscal year. Actual excess expenditures over revenues were \$387,033 more than budgeted.

**CAPITAL ASSETS**

The District's capital assets as of June 30, 2018, amount to \$20,129,924 (net of accumulated depreciation). These capital assets include land, as well as the water, wastewater and drainage systems. Significant capital asset activity during the current fiscal year included water, wastewater and drainage facilities to serve Parks Edge, Sections 1, 2 and 3 and Dry Creek Village, Section 1; water and wastewater impact fees for Parks Edge and Dry Creek Village; offsite sanitary sewer force main for Parks Edge; and the Vicksburg railway.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2018	2017	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 905,283	\$ 905,283	\$
Construction in Progress		289,735	(289,735)
Capital Assets, Net of Accumulated Depreciation:			
Water System	3,710,110	2,467,347	1,242,763
Wastewater System	6,586,239	4,245,211	2,341,028
Drainage System	8,576,261	6,356,690	2,219,571
Walking Trail	352,031		352,031
Total Net Capital Assets	\$ 20,129,924	\$ 14,264,266	\$ 5,865,658

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**LONG-TERM DEBT ACTIVITY**

As of June 30, 2018, the District had total bond debt payable of \$15,830,000.

The changes in the debt position of the District during the fiscal year ended June 30, 2018, are summarized as follows:

Bond Debt Payable, July 1, 2017	\$ 16,630,000
Less: Bond Principal Paid	<u>800,000</u>
Bond Debt Payable, June 30, 2018	<u>\$ 15,830,000</u>

The Series 2005 bonds have no underlying rating, but carry an insured rating of “AA” by virtue of bond insurance issued by Radian Asset Assurance, Inc., now known as Assured Guaranty Corporation (AGC). The Series 2008 bonds carry an underlying rating of “BBB+” from Standard and Poor’s (S&P) and an insured rating of “AA” by virtue of bond insurance issued by AGC. The Series 2013 bonds carry an underlying rating of “BBB+” from S&P and an insured rating of “AA” by virtue of bond insurance issued by Build America Mutual (BAM). The Series 2015 and Series 2016 bonds carry an underlying rating of ‘A3’ from Moody’s and an insured rating of “AA” by virtue of bond insurance issued by BAM. The Series 2015 Refunding bonds do not carry an underlying or insured rating. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Municipal Utility District No. 48, c/o The Muller Law Group, PLLC, 202 Century Square Boulevard, Sugar Land, TX 77478.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JUNE 30, 2018**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 1,157,274	\$ 134,578
Investments	3,187,811	1,476,185
Receivables:		
Property Taxes	25,607	32,940
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Doubtful Accounts of \$1,000)	92,275	
Accrued Interest	3,118	
Other	65,485	
Due from Other Funds	4,685	
Prepaid Costs	9,288	
Land		
Capital Assets (Net of Accumulated Depreciation)		
	4,545,543	1,643,703
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
	\$ 4,545,543	\$ 1,643,703

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



<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 6,830	\$ 1,298,682	\$	\$ 1,298,682
294,044	4,958,040		4,958,040
	58,547		58,547
		12,376	12,376
	92,275		92,275
	3,118		3,118
	65,485		65,485
	4,685	(4,685)	
	9,288		9,288
		905,283	905,283
		<u>19,224,641</u>	<u>19,224,641</u>
<u>300,874</u>	<u>6,490,120</u>	<u>20,137,615</u>	<u>26,627,735</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 241,759</u>	<u>\$ 241,759</u>
<u>\$ 300,874</u>	<u>\$ 6,490,120</u>	<u>\$ 20,379,374</u>	<u>\$ 26,869,494</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JUNE 30, 2018**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 512,525	\$
Accrued Interest Payable		
Due to Developers	552,311	
Due to Other Funds		979
Due to Taxpayers		3,594
Security Deposits	199,877	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 1,264,713</b>	<b>\$ 4,573</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 25,607	\$ 32,940
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 9,288	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,606,190
Unassigned	3,245,935	
<b>TOTAL FUND BALANCES</b>	<b>\$ 3,255,223</b>	<b>\$ 1,606,190</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,545,543</b>	<b>\$ 1,643,703</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 7,376	\$ 519,901	\$	\$ 519,901
		120,276	120,276
	552,311	6,530,798	7,083,109
3,706	4,685	(4,685)	
	3,594		3,594
	199,877		199,877
		820,000	820,000
		14,879,419	14,879,419
<u>\$ 11,082</u>	<u>\$ 1,280,368</u>	<u>\$ 22,345,808</u>	<u>\$ 23,626,176</u>
<u>\$ -0-</u>	<u>\$ 58,547</u>	<u>\$ (58,547)</u>	<u>\$ -0-</u>
\$ 289,792	\$ 9,288	\$ (9,288)	\$
	289,792	(289,792)	
	1,606,190	(1,606,190)	
	3,245,935	(3,245,935)	
<u>\$ 289,792</u>	<u>\$ 5,151,205</u>	<u>\$ (5,151,205)</u>	<u>\$ -0-</u>
<u>\$ 300,874</u>	<u>\$ 6,490,120</u>		
		\$ (1,568,742)	\$ (1,568,742)
		1,531,230	1,531,230
		3,280,830	3,280,830
		<u>\$ 3,243,318</u>	<u>\$ 3,243,318</u>

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Total Fund Balances - Governmental Funds \$ 5,151,205

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

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter. 241,759

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 20,129,924

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2017 and prior tax levies became part of recognized revenue in the governmental activities of the District. 70,923

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (6,530,798)	
Accrued Interest Payable	(120,276)	
Bonds Payable	<u>(15,699,419)</u>	<u>(22,350,493)</u>

Total Net Position - Governmental Activities \$ 3,243,318

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

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**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 1,247,981	\$ 1,302,499
Water Service	259,955	
Wastewater Service	571,643	
Groundwater Reduction Fees	174,748	
Penalty and Interest	20,063	20,823
Tap Connection and Inspection Fees	85,843	
Investment Revenues	33,979	12,286
Miscellaneous Revenues	24,895	1,734
<b>TOTAL REVENUES</b>	<b>\$ 2,419,107</b>	<b>\$ 1,337,342</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 203,687	\$ 8,164
Contracted Services	245,795	37,184
Purchased Water and Wastewater Service	515,623	
Utilities	3,697	
Repairs and Maintenance	233,687	
Depreciation		
Other	144,082	3,347
Capital Outlay	1,780,871	
Debt Service:		
Bond Principal		800,000
Bond Interest		491,086
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 3,127,442</b>	<b>\$ 1,339,781</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	<b>\$ (708,335)</b>	<b>\$ (2,439)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Developer Advances	\$ 1,696,866	\$ -0-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 988,531</b>	<b>\$ (2,439)</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JULY 1, 2017</b>	2,266,692	1,608,629
<b>FUND BALANCES/NET POSITION - JUNE 30, 2018</b>	<b>\$ 3,255,223</b>	<b>\$ 1,606,190</b>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 2,550,480	\$ (4,977)	\$ 2,545,503
	259,955		259,955
	571,643		571,643
	174,748		174,748
	40,886	374	41,260
	85,843		85,843
3,677	49,942		49,942
	26,629		26,629
\$ 3,677	\$ 3,760,126	\$ (4,603)	\$ 3,755,523
\$ 54,638	\$ 266,489	\$	\$ 266,489
	282,979		282,979
	515,623		515,623
	3,697		3,697
	233,687		233,687
		486,775	486,775
78	147,507		147,507
	1,780,871	(1,780,871)	
	800,000	(800,000)	
	491,086	31,442	522,528
\$ 54,716	\$ 4,521,939	\$ (2,062,654)	\$ 2,459,285
\$ (51,039)	\$ (761,813)	\$ 2,058,051	\$ 1,296,238
\$ -0-	\$ 1,696,866	\$ (1,696,866)	\$ -0-
\$ (51,039)	\$ 935,053	\$ (935,053)	\$
		1,296,238	1,296,238
340,831	4,216,152	(2,269,072)	1,947,080
\$ 289,792	\$ 5,151,205	\$ (1,907,887)	\$ 3,243,318

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Governmental Funds	\$	935,053
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		(4,977)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		374
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(486,775)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		1,780,871
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		800,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(31,442)
Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances, net any amount paid to the developer, are recorded as a liability.		<u>(1,696,866)</u>
Change in Net Position - Governmental Activities	\$	<u>1,296,238</u>

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



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. CREATION OF DISTRICT**

Fort Bend County Municipal Utility District No. 48, located in Fort Bend County, Texas (the “District”) was created effective March 8, 1983, by an Order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on April 25, 1983, and the first bonds were issued on August 9, 1984.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

Financial Statement Presentation

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

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Governmental Funds

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

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

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of June 30, 2018, the Debt Service Fund owes the General Fund \$979 for maintenance taxes and the Capital Projects Fund owes the General Fund \$3,706 for bond issuance costs.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Capital Assets (Continued)

expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset.

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

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

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pensions

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

Measurement Focus

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Measurement Focus (Continued)

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

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

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

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

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

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

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

Accounting Estimates

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3. LONG-TERM DEBT**

	Series 2005	Series 2008	Series 2013
Amounts Outstanding – June 30, 2018	\$ 115,000	\$ 2,820,000	\$ 2,915,000
Interest Rates	4.25%	4.50% - 4.625%	2.00% - 3.375%
Maturity Dates – Serially Beginning/Ending	October 1, 2018	October 1, 2018/2032	October 1, 2018/2034
Interest Payment Dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable Dates	October 1, 2015*	October 1, 2017*	October 1, 2020*
	Refunding Series 2015	Series 2015	Series 2016
Amounts Outstanding – June 30, 2018	\$ 4,175,000	\$ 3,265,000	\$ 2,540,000
Interest Rates	2.463%	2.00% - 3.50%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	October 1, 2018/2029	October 1, 2018/2037	October 1, 2018/2037
Interest Payment Dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable Dates	October 1, 2020*	October 1, 2023*	October 1, 2023*

\* Bonds maturing on or after this date are subject to being called at par value plus accrued interest from the most recent integral payment date to the date fixed for redemption. Series 2008 term bonds maturing on October 1, 2019 and October 1, 2022, are subject to mandatory redemption on October 1, 2018 and October 1, 2020, respectively. Series 2013 term bonds maturing on October 1, 2022, October 1, 2024, October 1, 2026, October 1, 2028, October 1, 2030, and October 1, 2034, are subject to mandatory redemption on October 1, 2021, October 1, 2023, October 1, 2025, October 1, 2027, October 1, 2029, and October 1, 2031, respectively. Series 2015 term bonds maturing on October 1, 2027, October 1, 2029, October 1, 2032, October 1, 2034, and October 1, 2037, are subject to mandatory redemption on October 1, 2026, October 1, 2028, October 1, 2031, October 1, 2033, and October 1, 2035, respectively. Series 2016 term bonds maturing on October 1, 2028, October 1, 2030, October 1, 2032, October 1, 2035, and October 1, 2037, are subject to mandatory redemption on October 1, 2027, October 1, 2029, October 1, 2031, October 1, 2033, and October 1, 2036, respectively.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2018:

	July 1, 2017	Additions	Retirements	June 30, 2018
Bonds Payable	\$ 16,630,000	\$	\$ 800,000	\$ 15,830,000
Unamortized Discounts	(144,690)	—	(14,109)	(130,581)
Bonds Payable, Net	\$ 16,485,310	\$ -0-	\$ 785,891	\$ 15,699,419
			Amount Due Within One Year	\$ 820,000
			Amount Due After One Year	14,879,419
			Bonds Payable, Net	\$ 15,699,419

As of June 30, 2018, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 820,000	\$ 468,200	\$ 1,288,200
2020	840,000	443,068	1,283,068
2021	870,000	418,135	1,288,135
2022	905,000	392,066	1,297,066
2023	920,000	364,957	1,284,957
2024-2028	4,715,000	1,437,812	6,152,812
2029-2033	4,440,000	809,885	5,249,885
2034-2038	2,320,000	148,333	2,468,333
	\$ 15,830,000	\$ 4,482,456	\$ 20,312,456

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

During the year ended June 30, 2018, the District levied an ad valorem debt service tax rate of \$0.49 per \$100 of assessed valuation, which resulted in a tax levy of \$1,301,344 on the adjusted taxable valuation of \$265,580,472 for the 2017 tax year. The bond order and bond resolution require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

The District's tax calendar is as follows:

Levy Date - October 1, or as soon thereafter as practicable.

Lien Date - January 1.

Due Date - Not later than January 31.

Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

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

- A. The bond resolutions state the District will maintain insurance on the system of a kind and in amount which usually would be carried by private companies engaged in a similar type of business, but considering any governmental immunities to which the District may be entitled.
- B. The bond resolutions state that the District is required to provide continuing disclosure of certain general financial information and operating data, as well as notice of certain material events as defined by federal securities laws, with respect to the District to the Municipal Securities Rulemaking Board through its EMMA system. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

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



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Deposits (Continued)

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$1,789,184 and the bank balance was \$1,777,578. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2018, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 1,157,274	\$ 490,502	\$ 1,647,776
DEBT SERVICE FUND	134,578		134,578
CAPITAL PROJECTS FUND	6,830		6,830
<b>TOTAL DEPOSITS</b>	<b>\$ 1,298,682</b>	<b>\$ 490,502</b>	<b>\$ 1,789,184</b>

Investments

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

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Investments (Continued)

The District invests in TexPool and TexSTAR, external investment pools that are not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. Federated Investors, Inc. manages the daily operations of TexPool under a contract with the Comptroller. First Southwest Asset Management, Inc., and JPMorgan Chase manage the daily operations of TexSTAR. TexPool and TexStar meet the criteria established in GASB No. 79 and measure all of their portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool and TexSTAR at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool or TexSTAR.

As of June 30, 2018, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 1,548,574	\$ 1,548,574
TexSTAR	1,148,735	1,148,735
Certificates of Deposit	490,502	490,502
<u>DEBT SERVICE FUND</u>		
TexPool	1,476,185	1,476,185
<u>CAPITAL PROJECTS FUND</u>		
TexPool	294,044	294,044
<b>TOTAL INVESTMENTS</b>	<u><b>\$ 4,958,040</b></u>	<u><b>\$ 4,958,040</b></u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2018, the District's investments in TexPool and TexSTAR were rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with maturities of less than one year.

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

Restrictions

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018:

	July 1, 2017	Increases	Decreases	June 30, 2018
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 905,283		\$	\$ 905,283
Construction in Progress	289,735	6,352,434	6,642,169	
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 1,195,018</u>	<u>\$ 6,352,434</u>	<u>\$ 6,642,169</u>	<u>\$ 905,283</u>
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 3,430,499	\$ 1,332,666	\$	\$ 4,763,165
Wastewater System	6,044,170	2,505,051		8,549,221
Drainage System	8,529,370	2,430,712		10,960,082
Walking Trail		373,739		373,739
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 18,004,039</u>	<u>\$ 6,642,168</u>	<u>\$ -0-</u>	<u>\$ 24,646,207</u>
<b>Accumulated Depreciation</b>				
Water System	\$ 963,152	\$ 89,903	\$	\$ 1,053,055
Wastewater System	1,798,959	164,023		1,962,982
Drainage System	2,172,680	211,141		2,383,821
Walking Trail		21,708		21,708
<b>Total Accumulated Depreciation</b>	<u>\$ 4,934,791</u>	<u>\$ 486,775</u>	<u>\$ -0-</u>	<u>\$ 5,421,566</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 13,069,248</u>	<u>\$ 6,155,393</u>	<u>\$ -0-</u>	<u>\$ 19,224,641</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 14,264,266</u>	<u>\$ 12,507,827</u>	<u>\$ 6,642,169</u>	<u>\$ 20,129,924</u>

**NOTE 7. MAINTENANCE TAX**

On July 16, 1983, the voters of the District approved the levy and collection of a maintenance tax without limitation as to rate or amount on all property subject to taxation within the District. During the year ended June 30, 2018, the District levied an ad valorem maintenance tax rate of \$0.47 per \$100 of assessed valuation, which resulted in a tax levy of \$1,248,228 on the adjusted taxable valuation of \$265,580,472 for the 2017 tax year. This maintenance tax is to be used by the General Fund to pay operating and maintenance expenditures of the District.

**NOTE 8. RISK MANAGEMENT**

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

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9. REGIONAL WASTEWATER TREATMENT AND WATER SUPPLY AGREEMENT**

On October 4, 2004, the District entered into a Regional Wastewater Treatment and Water Supply Agreement (the “2004 Agreement”) with the City of Missouri City, Texas (the “City”), Fort Bend County Municipal Utility District No. 47 (“District No. 47”) and Vicksburg Joint Powers Board. The District and District No. 47 owned the Vicksburg wastewater treatment plant (“WWTP”) that had 0.35 million gallons per day (mgd) of capacity and the Vicksburg water plant that had .66 mgd of capacity. The District and District No. 47 amended the TCEQ waste discharge permit for the Vicksburg WWTP in order for an expansion of up to 0.20 mgd to be made to such facility through the use of package plants and resulting in an ultimate capacity of 0.55 mgd. This expansion was completed in December 2006 and the WWTP had capacity of 0.55 mgd, in which the City owns 0.20 mgd. The District and District No. 47 obtained a new discharge permit that allowed for an expansion of 0.40 mgd (total plant capacity of up to 0.95 mgd). This expansion was complete in December of 2009, giving the WWTP capacity of 0.95 mgd, in which the City would own 0.60 mgd. Pursuant to that certain “Regional Wastewater Treatment Facilities Agreement by and between the City of Missouri City, Texas and Fort Bend County Municipal Utility District No. 48” dated March 1, 2010 (the “2010 Agreement”), the District transferred all of its rights, title, and interest in the WWTP to the City for ownership and operation. This 2010 Agreement supersedes the 2004 Agreement.

Under the terms of the 2010 Agreement, the City is obligated to accept all domestic wastewater from the District at the WWTP. The District reserved .175 mgd of capacity in the WWTP. The District may purchase additional capacity from the City by paying a capital recovery fee established by the City in an amount equal to the per gallon capital costs of the WWTP (initial estimated fee is \$4.10 per gallon). The District has a right of first refusal to an additional .14 mgd. The WWTP currently has a capacity of .95 mgd. The City is obligated to expand the WWTP as needed to accommodate development in the area. Under the terms of the 2010 Agreement, the District is also obligated to pay a pro rata share of the operating expenses of the WWTP. During a prior fiscal year, the District purchased an additional 132,840 gpd of capacity for \$574,000, using \$467,423 of surplus funds.

Pursuant to that certain “Regional Joint Water Facilities Agreement by and between the City of Missouri City, Texas and Fort Bend Municipal Utility District No. 48” dated September 6, 2011 (the “2011 Agreement”), the District transferred all of its rights, title, and interest in the water plant to the City for ownership and operation. During the current year, the District recorded expenditures of \$515,623 for purchased water and wastewater service from the City.

Under the terms of the 2011 Agreement, the District has been allocated .38 mgd of reserved capacity. The District may not contract with any third party for water services without obtaining prior approval from the City. The District may purchase additional capacity from the City by paying a capital recovery fee. The City is obligated to expand its water production system to accommodate growth in the District as needed. The District is obligated to submit annual growth projections to the City.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9. REGIONAL WASTEWATER TREATMENT AND WATER SUPPLY AGREEMENT (Continued)**

On February 15, 2016, the District and the City entered into a Utility Agreement that modified the 2010 Agreement and the 2011 Agreement related to future development in the District. The Utility Agreement was amended on March 20, 2017. The current Agreement provides that future water and sewer customers will be served directly by the City. The City will own and operate the sewer collection system and keep all revenues of the system. Capacity will be purchased through a capital recovery fee.

**NOTE 10. CITY OF MISSOURI CITY JOINT GROUNDWATER REDUCTION PLAN PARTICIPANT AGREEMENT**

On July 1, 2008 the District executed a City of Missouri City Joint Groundwater Reduction Plan Participant Agreement for Regulatory Area A of the Fort Bend Subsidence District (the "Agreement"). The Agreement is between the District and the City of Missouri City, Texas (the "City"). Under the terms of the Agreement the City is responsible for the design, construction and operation of a project to meet compliance criteria of the Fort Bend Subsidence District (the "Subsidence District"). That criteria has deadlines as follows: January 2013 deadline to reduce groundwater withdrawals such that the City and participants, including the District, have a group withdrawal from groundwater of no more than 70% of overall demand, and a subsequent deadline in January 2025 to further reduce and maintain groundwater withdrawals to no more than 40% of overall demand.

The District must begin taking water under the Agreement, if ever, at a date to be decided by the City, or earlier if needed (and agreed to by the City). The City will determine the minimum amount of water to be taken and establish maximum peak rates of flow. The City can specify where the District will connect to the system.

The City's Groundwater Reduction Plan (GRP) was developed for itself, the District and other entities. The GRP is based upon the project to supply treated water from alternative sources and includes a plan for co-permitting all groundwater wells owned or controlled by the other participants in accordance with requirements of the Subsidence District. The City and District agree to cooperate to allow co-permitting of their wells under the Subsidence District's rules as provided in the GRP. The District agrees to pay the City a water well pumpage fee, based on the amount of water pumped from all wells owned and operated by the District. This fee will enable the City to operate and maintain the system. The current pumpage fee charged is \$1.65 per 1,000 gallons of water pumped from each well and will increase to \$1.72 per 1,000 gallons on November 1, 2018. The term of the Agreement extends until December 31, 2058, unless sooner terminated pursuant to the terms of the Agreement.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11. UNREIMBURSED COSTS**

The District has entered into development financing agreements with developers within the District. The developers have made expenditures on behalf of the District for various projects for which the District has not sold bonds. As of the balance sheet date, the District has recorded a liability in the amount of \$6,530,798 for completed projects and construction advances paid for by the developers related to construction and engineering of utilities within the District.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2018**





**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Property Taxes	\$ 1,113,000	\$ 1,247,981	\$ 134,981
Water Service	260,000	259,955	(45)
Wastewater Service	500,000	571,643	71,643
Groundwater Reduction Fees	180,000	174,748	(5,252)
Penalty and Interest	20,000	20,063	63
Tap Connection and Inspection Fees	75,000	85,843	10,843
Investment Revenues	5,000	33,979	28,979
Miscellaneous Revenues	<u>40,000</u>	<u>24,895</u>	<u>(15,105)</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,193,000</u>	<u>\$ 2,419,107</u>	<u>\$ 226,107</u>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 202,736	\$ 203,687	\$ (951)
Contracted Services	254,600	245,795	8,805
Purchased Water and Wastewater Service	525,000	515,623	9,377
Utilities	3,000	3,697	(697)
Repairs and Maintenance	418,136	233,687	184,449
Other	184,205	144,082	40,123
Capital Outlay	<u>3,825</u>	<u>1,780,871</u>	<u>(1,777,046)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,591,502</u>	<u>\$ 3,127,442</u>	<u>\$ (1,535,940)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 601,498</u>	<u>\$ (708,335)</u>	<u>\$ (1,309,833)</u>
<b>OTHER FINANCING SOURCES(USES)</b>			
Developer Advances	<u>\$ -0-</u>	<u>\$ 1,696,866</u>	<u>\$ 1,696,866</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 601,498	\$ 988,531	\$ 387,033
<b>FUND BALANCE - JULY 1, 2017</b>	<u>2,266,692</u>	<u>2,266,692</u>	<u></u>
<b>FUND BALANCE - JUNE 30, 2018</b>	<u>\$ 2,868,190</u>	<u>\$ 3,255,223</u>	<u>\$ 387,033</u>

See accompanying independent auditor's report.

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**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**JUNE 30, 2018**



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48  
SERVICES AND RATES  
FOR THE YEAR ENDED JUNE 30, 2018**

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

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

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order approved April 12, 2018.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 12.00	5,000	N	\$ 1.25	5,001 to 10,000
				\$ 1.50	10,001 to 15,000
				\$ 1.75	15,001 to 20,000
				\$ 2.00	20,001 and up
WASTEWATER:	\$ 36.64		Y		
SURCHARGE:	Fee charged by		N	\$ 1.70	1,000 and up
Surface Water	Missouri City				
Fee	plus \$0.05 per				
	1,000 gallons				
	of usage				

District employs winter averaging for wastewater usage?

_____	_____
Yes	X No

Total monthly charges per 10,000 gallons usage: Water: \$18.25 Wastewater: \$36.64 Surcharge: \$17.00

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

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

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ <sup>3</sup> / <sub>4</sub> "	<u>1,180</u>	<u>1,172</u>	x 1.0	<u>1,172</u>
1"	<u>16</u>	<u>16</u>	x 2.5	<u>40</u>
1½"	<u>1</u>	<u>1</u>	x 5.0	<u>5</u>
2"	<u>9</u>	<u>9</u>	x 8.0	<u>72</u>
3"			x 15.0	
4"	<u>1</u>	<u>1</u>	x 25.0	<u>25</u>
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>1,207</u></u>	<u><u>1,199</u></u>		<u><u>1,314</u></u>
Total Wastewater Connections	<u><u>1,187</u></u>	<u><u>1,179</u></u>	x 1.0	<u><u>1,179</u></u>

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

Gallons pumped into system:	-0-	Water Accountability Ratio: 100%
		(Gallons billed/Gallons purchased)
Gallons billed to customers:	103,119,000	
Gallons purchased:	103,119,000	From: City of Missouri City, Texas

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

Does the District have Debt Service standby fees? Yes  No

If yes, Date of the most recent Commission Order: \_\_\_\_\_

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

If yes, Date of the most recent Commission Order: \_\_\_\_\_

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County or Counties in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

City in which District is located:

City of Missouri City, Texas

Is the general membership of the Board appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROFESSIONAL FEES:	
Auditing	\$ 15,900
Engineering	83,576
Legal	<u>104,211</u>
TOTAL PROFESSIONAL FEES	<u>\$ 203,687</u>
PURCHASED SERVICES FOR RESALE:	
Water and Wastewater Service	<u>\$ 515,623</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 19,330
Operations and Billing	<u>58,070</u>
TOTAL CONTRACTED SERVICES	<u>\$ 77,400</u>
UTILITIES:	
Electricity and Telephone	<u>\$ 3,697</u>
REPAIRS AND MAINTENANCE	<u>\$ 233,687</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 27,750
Dues	650
Insurance	9,133
Legal Notices	703
Office Supplies and Postage	17,520
Payroll Taxes	2,098
Travel and Meetings	<u>11,436</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 69,290</u>

See accompanying independent auditor's report.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

CAPITAL OUTLAY:	
Capitalized Assets	\$ 1,780,871
Expenditures Not Capitalized	<u>                    </u>
TOTAL CAPITAL OUTLAY	<u>\$ 1,780,871</u>
TAP CONNECTIONS	<u>\$ 19,300</u>
SOLID WASTE DISPOSAL	<u>\$ 168,395</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 18,244
Permit Fees	4,346
Reconnection Fees	2,120
Inspection Fees	9,972
Regulatory Assessment	4,049
Other	<u>16,761</u>
TOTAL OTHER EXPENDITURES	<u>\$ 55,492</u>
TOTAL EXPENDITURES	<u><u>\$ 3,127,442</u></u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**INVESTMENTS**  
**JUNE 30, 2018**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 1,548,574	\$
TexSTAR	XXXX2000	Varies	Daily	1,148,735	
Certificate of Deposit	XXXX0632	1.25%	11/14/18	245,000	1,913
Certificate of Deposit	XXXX1617	1.60%	09/08/18	<u>245,502</u>	<u>1,205</u>
TOTAL GENERAL FUND				<u>\$ 3,187,811</u>	<u>\$ 3,118</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	<u>\$ 1,476,185</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0002	Varies	Daily	<u>\$ 294,044</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 4,958,040</u>	<u>\$ 3,118</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JULY 1, 2017	\$	26,800	\$	36,724
Adjustments to Beginning				
Balance		<u>(1,440)</u>	\$	<u>25,360</u>
			<u>(2,629)</u>	\$
				34,095
Original 2017 Tax Levy	\$	1,223,404	\$	1,275,464
Adjustment to 2017 Tax Levy		<u>24,824</u>	<u>1,248,228</u>	<u>25,880</u>
TOTAL TO BE				<u>1,301,344</u>
ACCOUNTED FOR		\$		\$
			1,273,588	1,335,439
TAX COLLECTIONS:				
Prior Years	\$	15,802	\$	17,886
Current Year		<u>1,232,179</u>	<u>1,247,981</u>	<u>1,284,613</u>
				<u>1,302,499</u>
TAXES RECEIVABLE -				
JUNE 30, 2018		<u>\$</u>	<u>25,607</u>	<u>\$</u>
				<u>32,940</u>
TAXES RECEIVABLE BY				
YEAR:				
2017	\$	16,049	\$	16,731
2016		4,632		5,474
2015		1,620		2,450
2014		1,148		2,368
2013		737		2,211
2012		358		809
2011 and prior		<u>1,063</u>		<u>2,897</u>
TOTAL	\$	<u>25,607</u>	\$	<u>32,940</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PROPERTY VALUATIONS:				
Land	\$ 56,918,470	\$ 54,449,230	\$ 51,796,390	\$ 46,951,820
Improvements	213,456,460	191,630,780	159,696,840	116,291,080
Personal Property	2,419,987	1,984,450	1,736,375	2,148,165
Exemptions	<u>(7,214,445)</u>	<u>(7,820,400)</u>	<u>(11,249,966)</u>	<u>(4,172,955)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 265,580,472</u>	<u>\$ 240,244,060</u>	<u>\$ 201,979,639</u>	<u>\$ 161,218,110</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.49	\$ 0.52	\$ 0.59	\$ 0.66
Maintenance	<u>0.47</u>	<u>0.44</u>	<u>0.39</u>	<u>0.32</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.96</u>	<u>\$ 0.96</u>	<u>\$ 0.98</u>	<u>\$ 0.98</u>
ADJUSTED TAX LEVY*	<u>\$ 2,549,572</u>	<u>\$ 2,306,343</u>	<u>\$ 1,979,400</u>	<u>\$ 1,579,937</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.71 %</u>	<u>99.56 %</u>	<u>99.79 %</u>	<u>99.78 %</u>

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

Maintenance Tax – Maximum tax rate voted without limitation as to rate or amount approved by voters on July 16, 1983.

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2018**

S E R I E S - 2 0 0 5			
Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2019	\$ 115,000	\$ 2,444	\$ 117,444
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	\$ 115,000	\$ 2,444	\$ 117,444

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2018**

S E R I E S - 2 0 0 8			
Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2019	\$ 260,000	\$ 128,337	\$ 388,337
2020	270,000	116,413	386,413
2021	270,000	104,094	374,094
2022	270,000	91,606	361,606
2023	280,000	78,887	358,887
2024	290,000	65,706	355,706
2025		59,000	59,000
2026		59,000	59,000
2027		59,000	59,000
2028		59,000	59,000
2029		59,000	59,000
2030		59,000	59,000
2031		59,000	59,000
2032	525,000	45,875	570,875
2033	655,000	16,375	671,375
2034			
2035			
2036			
2037			
2038			
	\$ 2,820,000	\$ 1,060,293	\$ 3,880,293

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2018**

S E R I E S - 2 0 1 3			
Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2019	\$ 100,000	\$ 84,288	\$ 184,288
2020	100,000	82,287	182,287
2021	125,000	80,038	205,038
2022	150,000	77,006	227,006
2023	150,000	73,444	223,444
2024	150,000	69,694	219,694
2025	150,000	65,756	215,756
2026	150,000	61,725	211,725
2027	150,000	57,600	207,600
2028	150,000	53,288	203,288
2029	150,000	48,787	198,787
2030	150,000	44,100	194,100
2031	150,000	39,225	189,225
2032	150,000	34,256	184,256
2033	50,000	30,881	80,881
2034	450,000	22,444	472,444
2035	440,000	7,425	447,425
2036			
2037			
2038			
	\$ 2,915,000	\$ 932,244	\$ 3,847,244

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2018**

REFUNDING SERIES - 2015

Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2019	\$ 70,000	\$ 101,968	\$ 171,968
2020	195,000	98,705	293,705
2021	200,000	93,840	293,840
2022	210,000	88,791	298,791
2023	215,000	83,557	298,557
2024	225,000	78,142	303,142
2025	525,000	68,902	593,902
2026	530,000	55,910	585,910
2027	530,000	42,856	572,856
2028	490,000	30,295	520,295
2029	495,000	18,165	513,165
2030	490,000	6,034	496,034
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	<u>\$ 4,175,000</u>	<u>\$ 767,165</u>	<u>\$ 4,942,165</u>

See accompanying independent auditor's report.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2018**

S E R I E S - 2 0 1 5				
Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1/ April 1	Total	
2019	\$ 150,000	\$ 89,963	\$	239,963
2020	150,000	86,963		236,963
2021	150,000	83,963		233,963
2022	150,000	80,963		230,963
2023	150,000	77,869		227,869
2024	150,000	74,494		224,494
2025	150,000	70,838		220,838
2026	150,000	66,994		216,994
2027	150,000	62,868		212,868
2028	150,000	58,556		208,556
2029	150,000	54,150		204,150
2030	150,000	49,650		199,650
2031	400,000	41,400		441,400
2032	150,000	33,056		183,056
2033	150,000	28,369		178,369
2034	150,000	23,588		173,588
2035	150,000	18,713		168,713
2036	150,000	13,650		163,650
2037	150,000	8,400		158,400
2038	165,000	2,888		167,888
	\$ 3,265,000	\$ 1,027,335	\$	4,292,335

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2018**

S E R I E S - 2 0 1 6			
Due During Fiscal Years Ending June 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2019	\$ 125,000	\$ 61,200	\$ 186,200
2020	125,000	58,700	183,700
2021	125,000	56,200	181,200
2022	125,000	53,700	178,700
2023	125,000	51,200	176,200
2024	125,000	48,700	173,700
2025	125,000	46,200	171,200
2026	125,000	43,700	168,700
2027	125,000	41,200	166,200
2028	125,000	38,388	163,388
2029	125,000	35,262	160,262
2030	125,000	31,981	156,981
2031	125,000	28,544	153,544
2032	125,000	25,106	150,106
2033	125,000	21,669	146,669
2034	125,000	18,075	143,075
2035	125,000	14,325	139,325
2036	135,000	10,425	145,425
2037	140,000	6,300	146,300
2038	140,000	2,100	142,100
	\$ 2,540,000	\$ 692,975	\$ 3,232,975

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2018**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2019	\$ 820,000	\$ 468,200	\$ 1,288,200
2020	840,000	443,068	1,283,068
2021	870,000	418,135	1,288,135
2022	905,000	392,066	1,297,066
2023	920,000	364,957	1,284,957
2024	940,000	336,736	1,276,736
2025	950,000	310,696	1,260,696
2026	955,000	287,329	1,242,329
2027	955,000	263,524	1,218,524
2028	915,000	239,527	1,154,527
2029	920,000	215,364	1,135,364
2030	915,000	190,765	1,105,765
2031	675,000	168,169	843,169
2032	950,000	138,293	1,088,293
2033	980,000	97,294	1,077,294
2034	725,000	64,107	789,107
2035	715,000	40,463	755,463
2036	285,000	24,075	309,075
2037	290,000	14,700	304,700
2038	305,000	4,988	309,988
	<u>\$ 15,830,000</u>	<u>\$ 4,482,456</u>	<u>\$ 20,312,456</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**CHANGE IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Description	Original Bonds Issued	Bonds Outstanding July 1, 2017
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Bonds - Series 2005	\$ 3,050,000	\$ 220,000
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Bonds - Series 2008	4,940,000	2,850,000
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Bonds - Series 2013	4,140,000	3,240,000
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Refunding Bonds - Series 2015	4,345,000	4,240,000
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Bonds - Series 2015	3,565,000	3,415,000
Fort Bend County Municipal Utility District No. 48 Unlimited Tax Bonds - Series 2016	<u>2,665,000</u>	<u>2,665,000</u>
<b>TOTAL</b>	<u><b>\$ 22,705,000</b></u>	<u><b>\$ 16,630,000</b></u>

Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>	<u>Tax and Refunding Bonds</u>
Amount Authorized by Voters	\$ 8,250,000	\$ 8,250,000	\$ 43,320,000
Amount Issued	<u>8,250,000</u>	<u>5,785,000</u>	<u>12,190,000</u>
Remaining to be Issued	<u>\$ - 0 -</u>	<u>\$ 2,465,000</u>	<u>\$ 31,130,000</u>

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding June 30, 2018</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 105,000	\$ 7,092	\$ 115,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	30,000	135,163	2,820,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	325,000	88,537	2,915,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	65,000	103,631	4,175,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	150,000	92,963	3,265,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	<u>125,000</u>	<u>63,700</u>	<u>2,540,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 800,000</u>	<u>\$ 491,086</u>	<u>\$ 15,830,000</u>	

Debt Service Fund cash and investment balances as of  
June 30, 2018:

\$ 1,610,763

Average annual debt service payment (principal and interest) for remaining term  
of all debt:

\$ 1,015,623

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

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2018	2017	2016
<b>REVENUES</b>			
Property Taxes	\$ 1,247,981	\$ 1,052,812	\$ 778,625
Water Service	259,955	237,379	234,687
Wastewater Service	571,643	555,570	518,292
Groundwater Reduction Fees	174,748	172,837	172,549
Penalty and Interest	20,063	25,152	23,903
Tap Connection and Inspection Fees	85,843	73,331	133,285
Investment Revenues	33,979	7,214	4,807
Miscellaneous Revenues	24,895	127,828	29,153
<b>TOTAL REVENUES</b>	<b>\$ 2,419,107</b>	<b>\$ 2,252,123</b>	<b>\$ 1,895,301</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 203,687	\$ 190,719	\$ 162,080
Purchased and Contracted Services	761,418	812,185	673,040
Utilities	3,697	3,182	2,548
Repairs and Maintenance	233,687	283,085	232,461
Other	144,082	136,787	168,793
Capital Outlay	1,780,871	387,466	194,660
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,127,442</b>	<b>\$ 1,813,424</b>	<b>\$ 1,433,582</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (708,335)</b>	<b>\$ 438,699</b>	<b>\$ 461,719</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	\$	\$ 21,614	\$ 41,320
Developer Advances	1,696,866		
Contributed by Other Governmental Unit			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 1,696,866</b>	<b>\$ 21,614</b>	<b>\$ 41,320</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 988,531</b>	<b>\$ 460,313</b>	<b>\$ 503,039</b>
<b>BEGINNING FUND BALANCE</b>	<b>2,266,692</b>	<b>1,806,379</b>	<b>1,303,340</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 3,255,223</b>	<b>\$ 2,266,692</b>	<b>\$ 1,806,379</b>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2015	2014	2018	2017	2016	2015	2014
\$ 513,195	\$ 288,821	51.8 %	46.7 %	41.1 %	33.7 %	22.3 %
189,260	187,836	10.7	10.5	12.4	12.4	14.4
450,678	398,505	23.6	24.7	27.3	29.6	30.6
128,810	120,047	7.2	7.7	9.1	8.5	9.2
25,431	15,541	0.8	1.1	1.3	1.7	1.2
140,051	216,900	3.5	3.3	7.0	9.2	16.7
3,315	2,986	1.4	0.3	0.3	0.2	0.2
72,218	70,919	1.0	5.7	1.5	4.7	5.4
<u>\$ 1,522,958</u>	<u>\$ 1,301,555</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 233,758	\$ 171,989	8.4 %	8.5 %	8.6 %	15.3 %	13.2 %
774,625	584,822	31.5	36.1	35.5	50.9	44.9
2,106	1,678	0.2	0.1	0.1	0.1	0.1
322,359	264,672	9.7	12.6	12.3	21.2	20.3
165,786	204,370	6.0	6.1	8.9	10.9	15.7
546,884	356,939	73.6	17.2	10.3	35.9	27.4
<u>\$ 2,045,518</u>	<u>\$ 1,584,470</u>	<u>129.4 %</u>	<u>80.6 %</u>	<u>75.7 %</u>	<u>134.3 %</u>	<u>121.6 %</u>
<u>\$ (522,560)</u>	<u>\$ (282,915)</u>	<u>(29.4) %</u>	<u>19.4 %</u>	<u>24.3 %</u>	<u>(34.3) %</u>	<u>(21.6) %</u>
\$	\$					
	356,939					
<u>264,424</u>						
<u>\$ 264,424</u>	<u>\$ 356,939</u>					
\$ (258,136)	\$ 74,024					
<u>1,561,476</u>	<u>1,487,452</u>					
<u>\$ 1,303,340</u>	<u>\$ 1,561,476</u>					

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2018	2017	2016
<b>REVENUES</b>			
Property Taxes	\$ 1,302,499	\$ 1,252,795	\$ 1,184,895
Penalty and Interest	20,823	35,467	21,197
Investment Revenues	12,286	2,311	1,621
Miscellaneous Revenues	1,734	10	30
<b>TOTAL REVENUES</b>	<b>\$ 1,337,342</b>	<b>\$ 1,290,583</b>	<b>\$ 1,207,743</b>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 45,945	\$ 43,791	\$ 38,277
Debt Service Principal	800,000	650,000	470,000
Debt Service Interest and Fees	493,836	471,166	395,463
Bond Issuance Costs			
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,339,781</b>	<b>\$ 1,164,957</b>	<b>\$ 903,740</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (2,439)</b>	<b>\$ 125,626</b>	<b>\$ 304,003</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-Term Debt Issued	\$	\$	\$ 97,462
Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 97,462</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (2,439)</b>	<b>\$ 125,626</b>	<b>\$ 401,465</b>
<b>BEGINNING FUND BALANCE</b>	<b>1,608,629</b>	<b>1,483,003</b>	<b>1,081,538</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 1,606,190</b>	<b>\$ 1,608,629</b>	<b>\$ 1,483,003</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>1,199</b>	<b>1,182</b>	<b>1,128</b>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>1,179</b>	<b>1,163</b>	<b>1,111</b>

See accompanying independent auditor's report.



		Percentage of Total Revenue				
2015	2014	2018	2017	2016	2015	2014
\$ 1,062,798	\$ 864,682	97.4 %	97.1 %	98.1 %	98.5 %	98.8 %
15,355	8,966	1.6	2.7	1.8	1.4	1.0
1,263	2,000	0.9	0.2	0.1	0.1	0.2
543	40	0.1				
<u>\$ 1,079,959</u>	<u>\$ 875,688</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 29,256	\$ 29,105	3.4 %	3.4 %	3.2 %	2.7 %	3.3 %
425,000	505,000	59.8	50.4	38.9	39.4	57.7
455,740	451,717	36.9	36.5	32.7	42.2	51.6
111,926					10.4	
<u>\$ 1,021,922</u>	<u>\$ 985,822</u>	<u>100.1 %</u>	<u>90.3 %</u>	<u>74.8 %</u>	<u>94.7 %</u>	<u>112.6 %</u>
<u>\$ 58,037</u>	<u>\$ (110,134)</u>	<u>(0.1) %</u>	<u>9.7 %</u>	<u>25.2 %</u>	<u>5.3 %</u>	<u>(12.6) %</u>
\$ 4,345,000	\$					
(4,232,794)						
<u>\$ 112,206</u>	<u>\$ -0-</u>					
\$ 170,243	\$ (110,134)					
911,295	1,021,429					
<u>\$ 1,081,538</u>	<u>\$ 911,295</u>					
<u>1,065</u>	<u>998</u>					
<u>1,052</u>	<u>986</u>					

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**JUNE 30, 2018**

District Mailing Address - Fort Bend County Municipal Utility District No. 48  
c/o The Muller Law Group, PLLC  
202 Century Square Boulevard  
Sugar Land, TX 77478

District Telephone Number - (281) 500-6050

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended June 30, 2018	Expense Reimbursements for the year ended June 30, 2018	Title
Donna Giblin	05/18 05/22 (Elected)	\$ 7,200	\$ 1,711	President
Jane E. Rotramel	05/18 05/22 (Elected)	\$ 6,300	\$ 2,744	Vice President
Victoria L. Burns	05/16 05/20 (Elected)	\$ 7,350	\$ 2,722	Assistant Vice President
Megan Robertson	05/18 05/22 (Elected)	\$ 4,500	\$ 2,161	Secretary
Kenneth Wiltz	04/18 05/20 (Appointed)	\$ 450	\$ 48	Assistant Secretary
Janie Guzman	05/16 04/18 (Resigned)	\$ 1,950	\$ 1,286	Former Director

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

Submission Date of most recent District Registration Form (TWC Sections 36.054 and 49.054):  
May 10, 2018.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on August 27, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year. One director was overpaid their fees due to an accounting error. The Director will forego fees in the next fiscal year to repay the overpaid amount.

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 48**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**JUNE 30, 2018**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2018</u>	<u>Title</u>
The Muller Law Group, PLLC	03/06/14	\$ 158,849	General Counsel
McCall Gibson Swedlund Barfoot PLLC	08/21/97	\$ 15,900	Auditor
Myrtle Cruz, Inc.	01/14/99	\$ 21,370	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/20/97	\$ 8,164	Delinquent Tax Attorney
Jones & Carter, Inc.	09/19/85	\$ 83,575	Engineer
Masterson Advisors LLC	05/10/18	\$ -0-	Financial Advisor
Municipal District Services, LLC	06/01/12	\$ 210,417	Operator
Bob Leared, RTA	09/01/84	\$ 20,134	Tax Assessor/ Collector

See accompanying independent auditor's report.

