

East Montgomery County Municipal Utility District No. 5 Montgomery County, Texas

**Independent Auditor's Report, Financial Statements,
and Supplementary Information**

May 31, 2025

East Montgomery County Municipal Utility District No. 5

Contents

May 31, 2025

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Statement of Net Position	10
Statement of Activities.....	12
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	14
Statement of Net Position – Proprietary Fund	15
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund.....	16
Statement of Cash Flows – Proprietary Fund	17
Notes to Financial Statements	18
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	35
Notes to Required Supplementary Information.....	36
Supplementary Information	
Other Schedules Included Within This Report	37
Schedule of Services and Rates	38
Schedule of General Fund Expenditures	39
Schedule of Temporary Investments	40
Analysis of Taxes Levied and Receivable	41
Schedule of Long-Term Debt Service Requirements by Years, Governmental Activities	42
Changes in Long-Term Bonded Debt, Governmental Activities	45
Schedule of Long-Term Debt Service Requirements by Years, Business-Type Activities	46
Changes in Long-Term Bonded Debt, Business-Type Activities	55
Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund.....	56
Board Members, Key Personnel, and Consultants	58

Independent Auditor's Report

Board of Directors
East Montgomery County Municipal Utility District No. 5
Montgomery County, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of East Montgomery County Municipal Utility District No. 5 (District), as of and for the year ended May 31, 2025, 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, the business-type activities, and each major fund of the District, as of May 31, 2025, and the respective changes in financial position and, where applicable, cash flows 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 schedule, 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 GAAS, 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
October 10, 2025

East Montgomery County Municipal Utility District No. 5
Management's Discussion and Analysis
Year Ended May 31, 2025

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 the 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 (Commission).

The District also serves as the Master District for East Montgomery County Municipal Utility District No. 6 (District No. 6), East Montgomery County Municipal Utility District No. 7 (District No. 7), and itself (Internal District) (collectively, Participants) to provide, or cause to be provided, the regional water supply and delivery facilities and the regional waste collection, treatment, and disposal facilities, as well as drainage, parks, and other services and facilities permitted by law, necessary to serve the Participants.

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 look 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 the 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 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

East Montgomery County Municipal Utility District No. 5
Management's Discussion and Analysis
Year Ended May 31, 2025

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.

Proprietary Funds

Proprietary funds, in general, charge customers for the services that are provided. These funds use a long-term financial accounting approach, full accrual basis, and provide additional information in the statement of cash flows. The proprietary fund statements provide the same information as the business-type activities portion of the government-wide financial statements, only in more detail.

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:

2025 Summary of Net Position

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 2,123,135	\$ 7,221,799	\$ 9,344,934
Capital and lease assets	<u>15,010,675</u>	<u>50,585,512</u>	<u>65,596,187</u>
Total assets	\$ 17,133,810	\$ 57,807,311	\$ 74,941,121
Long-term liabilities	\$ 29,425,998	\$ 59,261,848	\$ 88,687,846
Other liabilities	<u>389,525</u>	<u>1,160,076</u>	<u>1,549,601</u>
Total liabilities	<u>29,815,523</u>	<u>60,421,924</u>	<u>90,237,447</u>
Net position			
Net investment in capital assets	(1,280,670)	(6,801,099)	(8,081,769)
Restricted	54,402	4,367,986	4,422,388
Unrestricted	<u>(11,455,445)</u>	<u>(181,500)</u>	<u>(11,636,945)</u>
Total net position	<u>\$ (12,681,713)</u>	<u>\$ (2,614,613)</u>	<u>\$ (15,296,326)</u>

East Montgomery County Municipal Utility District No. 5
Management's Discussion and Analysis
Year Ended May 31, 2025

2024 Summary of Net Position

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 589,917	\$ 3,910,776	\$ 4,500,693
Capital and lease assets	<u>6,807,629</u>	<u>50,396,811</u>	<u>57,204,440</u>
Total assets	\$ 7,397,546	\$ 54,307,587	\$ 61,705,133
Long-term liabilities	\$ 10,035,037	\$ 55,941,388	\$ 65,976,425
Other liabilities	<u>113,322</u>	<u>647,603</u>	<u>760,925</u>
Total liabilities	10,148,359	56,588,991	66,737,350
Net position			
Net investment in capital assets	(154,719)	(5,096,927)	(5,251,646)
Restricted	-	2,990,197	2,990,197
Unrestricted	<u>(2,596,094)</u>	<u>(174,674)</u>	<u>(2,770,768)</u>
Total net position	\$ (2,750,813)	\$ (2,281,404)	\$ (5,032,217)

The net position of the District's governmental activities decreased by \$9,930,900. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity for maintenance and ownership.

The total net position of the District's business-type activities decreased by \$333,209, or about 15%. The majority of the decrease in net position is related to services, depreciation and amortization, and debt service expenses exceeding charges for services revenues.

Although the District's investment in its capital 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 May 31, 2025, the governmental activities' net investment in capital assets was \$(1,280,670). This amount was negative because not all expenditures from long-term debt were for the acquisition of capital assets. Within Montgomery County, the county government assumes the maintenance and other incidents of ownership of most road facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District.

2025 Summary of Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Program revenues			
Charges for services	\$ 1,887,537	\$ 7,547,669	\$ 9,435,206
General revenues			
Property taxes	437,375	-	437,375
Other revenues	<u>51,608</u>	<u>144,243</u>	<u>195,851</u>
Total revenues	2,376,520	7,691,912	10,068,432

East Montgomery County Municipal Utility District No. 5
Management's Discussion and Analysis
Year Ended May 31, 2025

2025 Summary of Changes in Net Position (Continued)

	Governmental Activities	Business-Type Activities	Total
Expenses			
Services	\$ 1,960,192	\$ 3,612,203	\$ 5,572,395
Depreciation and amortization	344,828	1,279,700	1,624,528
Conveyance of capital assets	9,038,449	-	9,038,449
Debt service and contractual payments	<u>963,951</u>	<u>3,133,218</u>	<u>4,097,169</u>
Total expenses	<u>12,307,420</u>	<u>8,025,121</u>	<u>20,332,541</u>
Change in net position	(9,930,900)	(333,209)	(10,264,109)
Net position, beginning of year	<u>(2,750,813)</u>	<u>(2,281,404)</u>	<u>(5,032,217)</u>
Net position, end of year	<u>\$ (12,681,713)</u>	<u>\$ (2,614,613)</u>	<u>\$ (15,296,326)</u>

2024 Summary of Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Program revenues			
Charges for services	\$ 1,066,054	\$ 6,241,063	\$ 7,307,117
General revenues			
Property taxes	8,156	-	8,156
Other revenues	<u>3,899</u>	<u>57,312</u>	<u>61,211</u>
Total revenues	<u>1,078,109</u>	<u>6,298,375</u>	<u>7,376,484</u>
Expenses			
Services	582,938	3,006,488	3,589,426
Depreciation and amortization	154,719	1,268,729	1,423,448
Conveyance of capital assets	3,012,439	-	3,012,439
Debt service and contractual payments	<u>30,152</u>	<u>2,307,983</u>	<u>2,338,135</u>
Total expenses	<u>3,780,248</u>	<u>6,583,200</u>	<u>10,363,448</u>
Change in net position	(2,702,139)	(284,825)	(2,986,964)
Net position, beginning of year	<u>(48,674)</u>	<u>(1,996,579)</u>	<u>(2,045,253)</u>
Net position, end of year	<u>\$ (2,750,813)</u>	<u>\$ (2,281,404)</u>	<u>\$ (5,032,217)</u>

Financial Analysis of the District's Funds

Governmental Activities

The general fund's fund balance increased by \$165,127. This increase was primarily related to property taxes and services revenues and tap connection and inspection fees revenue exceeding service operations expenditures.

The debt service fund's fund balance increased by \$955,247 due to property tax revenues and proceeds received from the sale of bonds exceeding bond interest and fees and contractual obligation expenditures.

East Montgomery County Municipal Utility District No. 5
Management's Discussion and Analysis
Year Ended May 31, 2025

The capital projects fund's fund balance increased by \$233,112 due to net proceeds received from the sale of bonds exceeding capital outlay expenditures and debt issuance costs.

Business-Type Activities

The enterprise fund's net position decreased by \$333,209 due to operating, depreciation and amortization, and interest expenses and debt issuance costs exceeding charges for services revenues.

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 property taxes, services, and tap connection and inspection fees revenues, as well as purchased services, contracted services, and tap connections expenditures being greater than anticipated. The fund balance as of May 31, 2025 was expected to be \$482,817, and the actual end-of-year fund balance was \$641,679.

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)

	2025	2024
Governmental activities		
Water facilities	\$ 2,882,383	\$ 1,213,754
Wastewater facilities	4,315,700	2,115,486
Drainage facilities	<u>7,812,592</u>	<u>3,478,389</u>
Total capital assets	<u>\$ 15,010,675</u>	<u>\$ 6,807,629</u>
Business-type activities		
Land and improvements	\$ 27,551,686	\$ 26,707,993
Construction in progress	443,359	153,498
Water facilities	9,404,022	9,485,606
Wastewater facilities	6,108,843	6,314,944
Drainage facilities	5,817,708	5,856,817
Lease assets	<u>1,259,894</u>	<u>1,877,953</u>
Total capital and lease assets	<u>\$ 50,585,512</u>	<u>\$ 50,396,811</u>

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

Governmental activities

Water, sewer, and drainage facilities to serve Tavola West,
Sections 1, 5-7, 9-10, Tavola West Reserves, Sections 1-2,
Tavola West Via Corsica Drive street dedication, Section 1,
and the recreational center

\$ 8,547,874

East Montgomery County Municipal Utility District No. 5
Management's Discussion and Analysis
Year Ended May 31, 2025

Business-type activities

Land improvements including Tavola West detention, Phases 1 and 2 and Tavola West clearing and grubbing, Phase 8	\$ 843,693
Construction in progress for the water supply plant No. 2, Phase 2	289,861
Tavola West drainage improvements, Phase 1	41,291
Tavola control structures	64,576
Water supply plant No. 2, Phase 1	216,202
US 59 water line crossing	12,778
	<hr/>
Total additions to capital and lease assets	<u>\$ 1,468,401</u>

Debt

The changes in the debt position of the District during the fiscal year ended May 31, 2025 are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Long-term liabilities, beginning of year	\$ 10,035,037	\$ 55,941,388	\$ 65,976,425
Increases in long-term debt	23,806,926	16,174,750	39,981,676
Decreases in long-term debt	(4,415,965)	(12,854,290)	(17,270,255)
	<hr/>	<hr/>	<hr/>
Long-term liabilities, end of year	<u>\$ 29,425,998</u>	<u>\$ 59,261,848</u>	<u>\$ 88,687,846</u>

At May 31, 2025, the Master District had \$166,580,000 of contract revenue bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the regional facilities constructed to serve all participants. The Internal District had \$235,704,262 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the Internal District; \$114,029,430 of unlimited tax bonds authorized, but unissued, for the purpose of constructing road and paving facilities within the Internal District; and \$24,600,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing park and recreational facilities within the Internal District.

The District's bonds carry an underlying rating of "Baa2" from Moody's Investors Service. The Series 2023 and Series 2024 Contract Revenue Bonds, Series 2024, and Series 2025 Road bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Subsequent Events

On August 28, 2025, the District sold its Unlimited Tax Contract Revenue Bonds, Series 2025, in the amount of \$8,450,000 at a net effective interest rate of approximately 4.849%. The bonds were sold to reimburse the developer for construction projects within the Master District.

East Montgomery County Municipal Utility District No. 5
Management's Discussion and Analysis
Year Ended May 31, 2025

On August 28, 2025, the District sold its Unlimited Tax Bonds, Series 2025, in the amount of \$4,500,000 at a net effective interest rate of approximately 5.075%. The bonds were sold to reimburse the developer for construction projects within the Internal District.

Contingencies

The developer of the District is constructing both governmental activities and business-type activities facilities within the boundaries of the District. The District has agreed to reimburse the developer for these costs plus interest from the proceeds of future bond sales, to the extent approved by the Commission, if required. Current construction contract amounts are approximately \$3,113,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

East Montgomery County Municipal Utility District No. 5
Statement of Net Position
May 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,324,684	\$ 4,611,611	\$ 6,936,295
Receivables			
Property taxes receivable	35,034	-	35,034
Service accounts receivable	137,351	-	137,351
Due from other districts	-	2,194,151	2,194,151
Due from others	-	3,188	3,188
Internal balances	(412,849)	412,849	-
Total Current Assets	<u>2,084,220</u>	<u>7,221,799</u>	<u>9,306,019</u>
Noncurrent Assets			
Operating reserve	38,915	-	38,915
Capital and lease assets (net of accumulated depreciation and amortization)			
Land and improvements	-	27,551,686	27,551,686
Construction in progress	-	443,359	443,359
Infrastructure	15,010,675	21,330,573	36,341,248
Lease assets	-	1,259,894	1,259,894
Total Noncurrent Assets	<u>15,049,590</u>	<u>50,585,512</u>	<u>65,635,102</u>
Total Assets	<u><u>\$ 17,133,810</u></u>	<u><u>\$ 57,807,311</u></u>	<u><u>\$ 74,941,121</u></u>

East Montgomery County Municipal Utility District No. 5

Statement of Net Position

May 31, 2025

(Continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ 206,821	\$ 368,277	\$ 575,098
Retainage payable	-	13,500	13,500
Accrued interest payable	54,119	-	54,119
Customer deposits	100,525	-	100,525
Due to others	8,215	-	8,215
Unearned tap connection fees	19,845	-	19,845
Long-term liabilities, due within one year	-	2,012,284	2,012,284
Total Current Liabilities	389,525	2,394,061	2,783,586
Noncurrent Liabilities			
Operating deposits	-	778,299	778,299
Long-term liabilities, due after one year	29,425,998	57,249,564	86,675,562
Total Noncurrent Liabilities	29,425,998	58,027,863	87,453,861
Total Liabilities	29,815,523	60,421,924	90,237,447
Net Position			
Net investment in capital assets	(1,280,670)	(6,801,099)	(8,081,769)
Restricted for debt service	49,926	4,265,734	4,315,660
Restricted for capital projects	4,476	102,252	106,728
Unrestricted	(11,455,445)	(181,500)	(11,636,945)
Total Net Position	(12,681,713)	(2,614,613)	(15,296,326)
Total Liabilities and Net Position	\$ 17,133,810	\$ 57,807,311	\$ 74,941,121

East Montgomery County Municipal Utility District No. 5
Statement of Activities
Year Ended May 31, 2025

							Net Revenue (Expense) and Changes in Net Position		
	Program Revenue			Primary Government					
	Expenses	Charges for Services	Charges for Regional Services	Governmental Activities	Business- Type Activities	Total			
Government/Programs									
Primary Government									
Governmental activities									
Service operations	\$ 1,960,192	\$ 1,887,537	\$ -	\$ (72,655)	\$ -	\$ (72,655)			
Depreciation	344,828	-	-	(344,828)	-	(344,828)			
Conveyance of capital assets	9,038,449	-	-	(9,038,449)	-	(9,038,449)			
Interest expense on long-term liabilities	115,389	-	-	(115,389)	-	(115,389)			
Contractual obligation	156,209	-	-	(156,209)	-	(156,209)			
Debt issuance costs	692,353	-	-	(692,353)	-	(692,353)			
Total governmental activities	12,307,420	1,887,537	-	(10,419,883)	-	(10,419,883)			
Business-type activities									
Regional service operations	3,612,203	-	7,547,669	-	3,935,466	3,935,466			
Depreciation and amortization	1,279,700	-	-	-	(1,279,700)	(1,279,700)			
Interest expense on long-term liabilities	2,266,548	-	-	-	(2,266,548)	(2,266,548)			
Debt issuance costs on long-term liabilities	866,670	-	-	-	(866,670)	(866,670)			
Total business-type activities	8,025,121	-	7,547,669	-	(477,452)	(477,452)			
Total Government/Programs									
Primary Government	\$ 20,332,541	\$ 1,887,537	\$ 7,547,669	(10,419,883)	(477,452)	(10,897,335)			
General Revenues and Transfers									
Property taxes				437,375	-	437,375			
Penalty and interest				21,380	-	21,380			
Investment income				22,341	144,243	166,584			
Other income				7,887	-	7,887			
Total General Revenues and Transfers				488,983	144,243	633,226			
Change in Net Position									
Beginning of year				(9,930,900)	(333,209)	(10,264,109)			
End of year				\$ (12,681,713)	\$ (2,614,613)	\$ (15,296,326)			

East Montgomery County Municipal Utility District No. 5

Balance Sheet – Governmental Funds

May 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 970,694	\$ 1,025,921	\$ 328,069	\$ 2,324,684
Property taxes receivable	14,014	21,020	-	35,034
Service accounts receivable	137,351	-	-	137,351
Interfund receivable	165,631	-	-	165,631
Operating deposit	38,915	-	-	38,915
Internal balances	(335,506)	-	-	(335,506)
Total Assets	\$ 991,099	\$ 1,046,941	\$ 328,069	\$ 2,366,109
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 206,821	\$ -	\$ -	\$ 206,821
Customer deposits	100,525	-	-	100,525
Due to others	8,215	-	-	8,215
Interfund payables	-	70,674	94,957	165,631
Unearned tap connection fees	19,845	-	-	19,845
Total Liabilities	335,406	70,674	94,957	501,037
Deferred Inflows of Resources				
Deferred property tax revenues	14,014	21,020	-	35,034
Fund Balances				
Restricted				
Unlimited tax bonds	-	353,014	-	353,014
Unlimited tax road bonds	-	602,233	-	602,233
Water, sewer, and drainage	-	-	104,764	104,764
Roads	-	-	128,348	128,348
Assigned, operating reserve	38,915	-	-	38,915
Unassigned	602,764	-	-	602,764
Total Fund Balances	641,679	955,247	233,112	1,830,038
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 991,099	\$ 1,046,941	\$ 328,069	\$ 2,366,109

East Montgomery County Municipal Utility District No. 5
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
Year Ended May 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Property taxes	\$ 160,964	\$ 241,420	\$ -	\$ 402,384
Water service	186,773	-	-	186,773
Sewer service	379,620	-	-	379,620
Regional water fee	187,086	-	-	187,086
Security service	125,736	-	-	125,736
Penalty and interest	16,519	4,861	-	21,380
Tap connection and inspection fees	1,008,322	-	-	1,008,322
Investment income	7,826	10,029	4,486	22,341
Other income	5,788	2,099	-	7,887
Total Revenues	2,078,634	258,409	4,486	2,341,529
Expenditures				
Service operations				
Purchased services	836,725	-	-	836,725
Professional fees	13,667	-	-	13,667
Contracted services	295,660	18,823	-	314,483
Repairs and maintenance	184,230	-	-	184,230
Tap connections	557,849	-	-	557,849
Other expenditures	51,102	2,126	10	53,238
Capital outlay	-	-	9,840,380	9,840,380
Debt service				
Interest and fees	-	59,505	-	59,505
Contractual obligation	1,404	77,462	-	78,866
Debt issuance costs	-	-	692,353	692,353
Total Expenditures	1,940,637	157,916	10,532,743	12,631,296
Excess (Deficiency) of Revenues Over Expenditures	137,997	100,493	(10,528,257)	(10,289,767)
Other Financing Sources (Uses)				
Interfund transfers in (out)	27,130	370	(27,500)	-
General obligation bonds issued	-	854,384	11,145,616	12,000,000
Discount on bonds	-	-	(356,747)	(356,747)
Total Other Financing Sources	27,130	854,754	10,761,369	11,643,253
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	165,127	955,247	233,112	1,353,486
Fund Balance, Beginning of Year	476,552	-	-	476,552
Fund Balance, End of Year	\$ 641,679	\$ 955,247	\$ 233,112	\$ 1,830,038

East Montgomery County Municipal Utility District No. 5
Statement of Net Position – Proprietary Fund
May 31, 2025

	Business-Type Activities – Enterprise Fund
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 4,611,611
Due from other districts	2,194,151
Due from others	3,188
Internal balances	<u>412,849</u>
Total Current Assets	<u>7,221,799</u>
Noncurrent Assets	
Capital and lease assets, net of accumulated depreciation and amortization	<u>50,585,512</u>
Total Assets	<u>\$ 57,807,311</u>
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable	\$ 368,277
Retainage payable	13,500
Long-term liabilities, current portion	<u>2,012,284</u>
Total Current Liabilities	<u>2,394,061</u>
Noncurrent Liabilities	
Operating deposits	778,299
Long-term liabilities, net of unamortized discount	<u>57,249,564</u>
Total Noncurrent Liabilities	<u>58,027,863</u>
Total Liabilities	<u>60,421,924</u>
Net Position	
Net investment in capital assets	(6,801,099)
Restricted	
Debt service	4,265,734
Capital projects	102,252
Unrestricted	<u>(181,500)</u>
Total Net Position	<u>(2,614,613)</u>
Total Liabilities and Net Position	<u>\$ 57,807,311</u>

East Montgomery County Municipal Utility District No. 5
Statement of Revenues, Expenses, and Changes
in Net Position – Proprietary Fund
Year Ended May 31, 2025

	Business-Type Activities – Enterprise Fund
Operating Revenues	
Charges for services	<u>\$ 7,547,669</u>
Operating Expenses	
Purchased services	34,250
Regional water authority	778,468
Professional fees	136,623
Contracted services	191,523
Utilities	254,667
Repairs and maintenance	2,159,556
Other expenditures	57,116
Depreciation and amortization	<u>1,279,700</u>
Total Operating Expenses	<u>4,891,903</u>
Operating Income	<u>2,655,766</u>
Nonoperating Revenues (Expenses)	
Investment income	144,243
Interest expense	(2,266,548)
Debt issuance costs	<u>(866,670)</u>
Total Nonoperating Expenses	<u>(2,988,975)</u>
Change in Net Position	(333,209)
Net Position	
Beginning of year	<u>(2,281,404)</u>
End of year	<u>\$ (2,614,613)</u>

East Montgomery County Municipal Utility District No. 5
Statement of Cash Flows – Proprietary Fund
Year Ended May 31, 2025

	Business-Type Activities – Enterprise Fund
Operating Activities	
Receipts from contract payments	\$ 3,784,373
Payments for service operations	(3,568,483)
Receipts for service operations	3,271,079
Other operating receipts	<u>117,957</u>
Net Cash Provided by Operating Activities	<u>3,604,926</u>
Capital and Related Financing Activities	
Proceeds from the issuance of contract revenue bonds	16,174,750
Principal payments on long-term liabilities	(1,140,351)
Payments to developer	(11,744,976)
Interest and agent fees paid on long-term liabilities	(2,235,511)
Debt issuance costs	(866,670)
Purchase of capital assets	<u>(1,454,901)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(1,267,659)</u>
Investing Activity	
Investment income	<u>144,243</u>
Net Increase in Cash and Cash Equivalents	2,481,510
Cash and Cash Equivalents, Beginning of Year	<u>2,130,101</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,611,611</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 2,655,766
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization expense	1,279,700
Change in assets and liabilities	
Receivables, net	(830,513)
Prepaid expenses	1,000
Accounts payable	42,720
Other liabilities	<u>456,253</u>
Net Cash Provided by Operating Activities	<u>\$ 3,604,926</u>

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2025

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

East Montgomery County Municipal Utility District No. 5 (District) was created by House Bill Number 3546 (Bill) of the 79th Legislature of the State of Texas, effective September 1, 2005, in accordance with the provisions of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of Texas Commission on Environmental Quality (Commission). The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, drainage, parks and recreational, and road and paving facilities. The District also serves as the "Master District" as discussed in Note 8 to the financial statements.

The District is governed by a Board of Directors (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

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 Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through intergovernmental revenues and reimbursements from participants. Business-type activities are financed by fees charged to external parties for goods and services.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as investment earnings, are presented as general revenues.

Fund Financial Statements

Fund financial statements of the District are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or if it meets certain other criteria.

East Montgomery County Municipal Utility District No. 5
Notes to Financial Statements
May 31, 2025

Governmental Funds

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.

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 are 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.

Proprietary Fund

Enterprise Fund – The enterprise fund accounts for the operations of the regional facilities. These facilities provide water supply and delivery, wastewater collection, treatment, and disposal facilities to participants.

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

In the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item (B) as shown below.

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2025

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used as appropriate:

- (A) All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- (B) The proprietary funds utilize an 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 (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting and Presentation

All governmental funds use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (*i.e.*, when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

All primary sources of the District's revenue are susceptible to accrual. Examples of revenue accrued are taxes, fees for services, charges to participants based on cost-reimbursement contracts, and earnings from investments.

Deferred inflows of resources is recorded when the potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received before earned.

Expenditures and liabilities are recognized when the related fund obligations are incurred as a result of receipt of goods and services.

All proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services, along with penalties and fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2025

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 and liabilities 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.

Cash and Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents consist primarily of money market accounts with brokers.

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 and 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.

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 May 31, 2025 include collections during the current period or within 60 days of year-end related to the 2024 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 May 31, 2025, the 2024 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

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Capital assets of proprietary funds are reported in both the government-wide and fund financial statements. All other capital assets of the governmental unit are general capital assets. They are not reported as assets in governmental funds, but are reported in the governmental activities column in the government-wide statement of net position.

Capital assets are recorded at historical cost and depreciated over their estimated useful lives unless they are inexhaustible, such as land. Depreciation expense is reported in the government-wide statement of activities and the proprietary fund statement of revenues, expenses, and changes in net position.

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2025

Within Montgomery County, the county government assumes the maintenance and other incidents of ownership of most road facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District.

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

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

Water production and distribution facilities	10–45 years
Wastewater collection and treatment facilities	10–45 years
Drainage facilities	10–45 years

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.

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, it is generally 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 of the following items.

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2025

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 15,010,675
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	35,034
Internal balances not payable in the current period are not reported in the funds.	(77,343)
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(54,119)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(29,425,998)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (14,511,751)</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:

Change in fund balances.	\$ 1,353,486
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 expense. This is the amount by which capital outlay expenditures exceeded depreciation expense and conveyance of capital assets in the current year.	457,103
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.	356,747
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.	(12,000,000)
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.	34,991
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.	<u>(133,227)</u>
Change in net position of governmental activities.	<u>\$ (9,930,900)</u>

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2025

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 May 31, 2025, none of the District's bank balances were exposed to custodial credit risk.

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 money market treasury funds. These investments are reported at net asset value and may be redeemed at any time.

At May 31, 2025, the District had the following investments and maturities:

Type	Maturities in Years			
	Fair Value	Less Than 1	1-5	6-10
Government money market funds	\$ 2,374,998	\$ 2,374,998	\$ -	\$ -

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 government money market funds are presented as investments with a maturity of less than one year because they are 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 May 31, 2025, the District's investments in government money market funds were rated "AAAm" by Standard & Poor's.

Concentration of Credit Risk. The District places no limit on the amount that may be invested in any one issuer. At May 31, 2025, the District's investment in government money market funds constituted 100% of its total investments.

East Montgomery County Municipal Utility District No. 5
Notes to Financial Statements
May 31, 2025

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the statement of net position at May 31, 2025 as follows:

Carrying value	
Deposits	\$ 4,561,297
Investments	<u>2,374,998</u>
 Total	 <u>\$ 6,936,295</u>

Included in the following captions:

Governmental activities	
Cash and cash equivalents	\$ 2,324,684
Business-type activities	
Cash and cash equivalents	<u>4,611,611</u>
 Total	 <u>\$ 6,936,295</u>

Investment Income

Investment income of \$22,341 in governmental activities and \$144,243 in business-type activities for the year ended May 31, 2025 consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of May 31, 2025:

- Government money market funds of \$2,374,998 are valued at fair value per share of the fund's underlying portfolio.

Note 3. Capital and Lease Assets

A summary of changes in capital and lease assets for the year ended May 31, 2025 is presented below:

Governmental Activities	Balances, Beginning of Year	Balances, End of Year	
	Additions		
Capital assets, depreciable			
Water production and distribution facilities	\$ 1,241,340	\$ 1,734,811	\$ 2,976,151
Wastewater collection and treatment facilities	2,163,565	2,299,435	4,463,000
Drainage facilities	<u>3,557,443</u>	<u>4,513,628</u>	<u>8,071,071</u>
Total capital assets, depreciable	<u>6,962,348</u>	<u>8,547,874</u>	<u>15,510,222</u>

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2025

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Balances, End of Year
Less accumulated depreciation			
Water production and distribution facilities	\$ (27,586)	\$ (66,182)	\$ (93,768)
Wastewater collection and treatment facilities	(48,079)	(99,221)	(147,300)
Drainage facilities	(79,054)	(179,425)	(258,479)
Total accumulated depreciation	(154,719)	(344,828)	(499,547)
Total governmental activities, net	\$ 6,807,629	\$ 8,203,046	\$ 15,010,675
Business-Type Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable			
Land and improvements	\$ 26,707,993	\$ 843,693	\$ 27,551,686
Construction in progress	153,498	289,861	443,359
Total capital assets, non-depreciable	26,861,491	1,133,554	27,995,045
Capital and lease assets, depreciable and amortizable			
Water production and distribution facilities	10,985,128	228,979	11,214,107
Wastewater collection and treatment facilities	7,308,827	-	7,308,827
Drainage facilities	6,378,673	105,868	6,484,541
Lease assets – equipment	2,795,616	-	2,795,616
Total capital and lease assets, depreciable and amortizable	27,468,244	334,847	27,803,091
Less accumulated depreciation and amortization			
Water production and distribution facilities	(1,499,522)	(310,563)	(1,810,085)
Wastewater collection and treatment facilities	(993,883)	(206,101)	(1,199,984)
Drainage facilities	(521,856)	(144,977)	(666,833)
Lease assets – equipment	(917,663)	(618,059)	(1,535,722)
Total accumulated depreciation and amortization	(3,932,924)	(1,279,700)	(5,212,624)
Total business-type activities, net	\$ 50,396,811	\$ 188,701	\$ 50,585,512

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended May 31, 2025 were as follows.

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2025

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable					
General obligation bonds	\$ -	\$ 12,000,000	\$ -	\$ 12,000,000	\$ -
Less discounts on bonds	-	356,747	1,765	354,982	-
Due to developer, construction	-	11,643,253	(1,765)	11,645,018	-
Due to developer, advances	9,974,787	12,163,673	4,417,730	17,720,730	-
	60,250	-	-	60,250	-
Total governmental activities					
long-term liabilities	<u>\$ 10,035,037</u>	<u>\$ 23,806,926</u>	<u>\$ 4,415,965</u>	<u>\$ 29,425,998</u>	<u>\$ -</u>
Business-Type Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable					
Contract revenue bonds	\$ 38,510,000	\$ 16,675,000	\$ 890,000	\$ 54,295,000	\$ 1,415,000
Less discounts on bonds	997,732	500,250	31,037	1,466,945	-
Due to developer, construction	37,512,268	16,174,750	858,963	52,828,055	1,415,000
Due to developer, advances	16,020,891	-	11,744,976	4,275,915	-
	949	-	-	949	-
	2,407,280	-	250,351	2,156,929	597,284
Total business-type activities					
long-term liabilities	<u>\$ 55,941,388</u>	<u>\$ 16,174,750</u>	<u>\$ 12,854,290</u>	<u>\$ 59,261,848</u>	<u>\$ 2,012,284</u>

Governmental-Type Activities

General Obligation Bonds

	Series 2024	Road Series 2025
Amounts outstanding, May 31, 2025	\$4,000,000	\$8,000,000
Interest rates	3.50% to 6.00%	4.50% to 7.00%
Maturity dates, serially beginning/ending	September 1, 2026/2049	September 1, 2026/2050
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2030	September 1, 2030

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

East Montgomery County Municipal Utility District No. 5
Notes to Financial Statements
May 31, 2025

Business-Type Activities

Contract Revenue Bonds

	Series 2016	Series 2017
Amounts outstanding, May 31, 2025	\$5,330,000	\$2,285,000
Interest rates	1.250% to 3.625%	2.00% to 4.00%
Maturity dates, serially beginning/ending	December 1, 2025/2041	December 1, 2025/2042
Interest payment dates	December 1/June 1	December 1/June 1
Callable dates*	December 1, 2024	December 1, 2024
	Series 2018	Series 2019
Amounts outstanding, May 31, 2025	\$4,005,000	\$4,325,000
Interest rates	2.25% to 4.00%	2.10% to 3.75%
Maturity dates, serially beginning/ending	December 1, 2025/2042	December 1, 2025/2044
Interest payment dates	December 1/June 1	December 1/June 1
Callable dates*	December 1, 2023	December 1, 2024
	Series 2021	Series 2022
Amounts outstanding, May 31, 2025	\$3,725,000	\$4,600,000
Interest rates	2.00% to 3.00%	4.000% to 4.375%
Maturity dates, serially beginning/ending	December 1, 2025/2045	December 1, 2025/2046
Interest payment dates	December 1/June 1	December 1/June 1
Callable dates*	December 1, 2026	May 1, 2027
	Series 2023	Series 2024
Amounts outstanding, May 31, 2025	\$13,350,000	\$16,675,000
Interest rates	5.00% to 7.50%	4.00% to 5.50%
Maturity dates, serially beginning/ending	December 1, 2025/2048	December 1, 2025/2049
Interest payment dates	December 1/June 1	December 1/June 1
Callable dates*	November 1, 2030	December 1, 2030

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

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2025

Annual Debt Service Requirements

Governmental-Type Activities

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at May 31, 2025:

Year	Principal	Interest	Total
2026	\$ -	\$ 483,009	\$ 483,009
2027	270,000	562,406	832,406
2028	280,000	544,131	824,131
2029	295,000	525,031	820,031
2030	310,000	504,931	814,931
2031–2035	1,775,000	2,222,450	3,997,450
2036–2040	2,230,000	1,778,532	4,008,532
2041–2045	2,795,000	1,235,941	4,030,941
2046–2050	3,515,000	535,167	4,050,167
2051	530,000	12,588	542,588
Total	\$ 12,000,000	\$ 8,404,186	\$ 20,404,186

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.

Business-Type Activities

The following schedule shows the annual debt service requirements to pay principal and interest on contract revenue bonds outstanding at May 31, 2025:

Year	Principal	Interest	Total
2026	\$ 1,415,000	\$ 2,239,425	\$ 3,654,425
2027	1,545,000	2,176,219	3,721,219
2028	1,605,000	2,107,693	3,712,693
2029	1,675,000	2,035,155	3,710,155
2030	1,745,000	1,957,623	3,702,623
2031–2035	9,890,000	8,533,311	18,423,311
2036–2040	12,030,000	6,287,986	18,317,986
2041–2045	14,735,000	3,564,146	18,299,146
2046–2050	9,655,000	849,044	10,504,044
Total	\$ 54,295,000	\$ 29,750,602	\$ 84,045,602

Principal and interest on the bonds are payable from and secured by an unconditional obligation to make certain payments by the participating districts in the applicable service area pursuant to the contracts described in Note 8. The participants have each agreed to pay a pro rata share of the debt service of the bonds based on the certified assessed valuation of each participant as a percentage of the total assessed valuation of all participating districts.

Under the terms of the contract, the Master District shall calculate and bill on or before September 1 of each year, or as soon thereafter as practical, the amount of contract tax payments due from each participant for the following year. The contract tax payments are payable by the participants semiannually, on May 15 and November 15 of

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2025

each year, for the June 1 and December 1 debt service requirements. A summary of the participants and their assessed valuations and contract tax payments for the 2025 calendar year is shown as follows:

	Assessed Valuations	Contractual Payments
The District	\$ 33,639,126	\$ 154,805
East Montgomery County Municipal Utility District No. 6	434,081,930	2,012,004
East Montgomery County Municipal Utility District No. 7	<u>354,338,117</u>	<u>1,617,564</u>
	<u><u>\$ 822,059,173</u></u>	<u><u>\$ 3,784,373</u></u>
Master District contract revenue bonds authorized	\$ 225,000,000	
Master District contract revenue bonds sold	58,420,000	
Internal District tax bonds authorized		
Water, sewer, and drainage	239,704,262	
Road and paving	122,029,430	
Park and recreational facilities	24,600,000	
Refunding	386,333,692	
Internal District tax bonds sold		
Water, sewer, and drainage	4,000,000	
Road and paving	8,000,000	

Governmental Activities

Due to Developer – Construction

The developer of the Internal District has constructed facilities on behalf of the Internal District. The Internal District is maintaining and operating the facilities and has agreed to reimburse the developer for these construction costs, plus interest, to the extent approved by the Commission from the proceeds of tax bond sales. The District's engineer estimates reimbursable costs for completed projects are \$17,720,730. These amounts have been recorded in the financial statements as long-term liabilities.

Due to Developer – Advances

The developer of the Internal District has advanced \$60,250 to the Internal District for operations. These advances have been recorded as liabilities in the government-wide financial statements.

Business-Type Activities

Due to Developer – Construction

The developer of the Master District has constructed regional facilities on behalf of the Master District. The Master District is maintaining and operating the facilities and has agreed to reimburse the developer for these construction costs, plus interest, to the extent approved by the Commission from the proceeds of contract revenue bond sales. The District's engineer estimates reimbursable costs for completed projects are \$4,275,915. These amounts have been recorded in the financial statements as long-term liabilities.

Due to Developer – Advances

The developer of the Master District has advanced \$949 to the Master District for operations. These advances have been recorded as liabilities in the government-wide financial statements.

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2025

Lease Liability

The following schedule shows the annual lease requirements to pay principal and interest on the lease liability outstanding at May 31, 2025:

Year	Principal	Interest	Total
2026	\$ 597,284	\$ 179,401	\$ 776,685
2027	222,252	142,848	365,100
2028	796,043	92,964	889,007
2029	541,350	3,759	545,109
Total	\$ 2,156,929	\$ 418,972	\$ 2,575,901

On October 23, 2019, as subsequently amended, the Master District entered into an equipment lease agreement for a 150,000 gallon-per-day (gpd) sewage treatment plant and certain other equipment. The agreement will remain in effect for 60 months and will begin on the first day of the month following substantial completion of the leased equipment. Monthly payments are \$9,250 for the first 60 months. After the first 60 months, the agreement automatically extends under the original terms and conditions until the District gives 90-day written notice of its intent to cancel and terminate the lease and the monthly payments will be \$8,200. During a prior year, the District paid \$17,600 for the first and last month's deposit. The lease commenced in fiscal year 2021, and the Master District paid \$111,000 in monthly lease payments in the current year.

On August 25, 2021, the Master District entered into an equipment lease agreement for a 150,000 gpd sewage treatment plant and certain other equipment. The agreement will remain in effect for 60 months and will begin on the first day of the month following substantial completion of the leased equipment. Monthly payments are \$18,125 for the first 60 months. After the first 60 months, the agreement automatically extends under the original terms and conditions until the District gives 90-day written notice of its intent to cancel and terminate the lease and the monthly payments will be \$14,250. During a prior year, the District paid \$36,250 for the first and last month's deposit. The lease commenced in fiscal year 2023, and the Master District paid \$217,500 in monthly lease payments in the current year.

On January 20, 2022, the Master District entered into an equipment lease agreement for a 165,000 gpd sewage treatment plant. The agreement will remain in effect for 60 months and will begin on the first day of the month following substantial completion of the leased equipment. A set up and installation fee of \$50,000 is due on the date the installation of the leased equipment is substantially complete. Monthly payments are \$12,300 for the first 60 months. After the first 60 months, the agreement automatically extends under the original terms and conditions until the District gives 90-day written notice of its intent to cancel and terminate the lease and the monthly payments are \$11,100. During the prior year, the Master District paid \$24,600 for the first and last month's deposit. The lease commenced in the current fiscal year, and the Master District paid \$147,600 in monthly lease payments in the current year.

On May 29, 2025, the Master District entered into an equipment lease agreement for a 675,000 gpd sewage treatment plant. The agreement will remain in effect for 60 months and will begin on the first day of the month following substantial completion of the leased equipment. Monthly payments will be \$20,740 for the first 60 months. After the first 60 months, the agreement automatically extends under the original terms and conditions until the District gives 90-day written notice of its intent to cancel and terminate the lease and the monthly payments will be \$13,740. As of year-end, no payments have been made in accordance with this agreement.

On May 29, 2025, the Master District entered into an equipment lease agreement for a 330,000 gpd sewage treatment plant. The agreement will remain in effect for 60 months and will begin on the first day of the month following substantial completion of the leased equipment. Monthly payments will be \$17,520 for the first 60 months. After the first 60 months, the agreement automatically extends under the original terms and conditions until the

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2025

District gives 90-day written notice of its intent to cancel and terminate the lease and the monthly payments will be \$14,210. As of year-end, no payments have been made in accordance with this agreement.

Note 5. Significant Bond Order and Commission Requirements

(A) The Bond Order requires 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 May 31, 2025, the District levied an ad valorem debt service tax at the rate of \$0.310 per \$100 of assessed valuation, which resulted in a tax levy of \$104,297 on the taxable valuation of \$33,644,169 for the 2024 tax year. The interest requirements to be paid from the tax revenues and available debt service fund resources are \$143,842 of which \$59,505 has been paid and \$84,337 is due on September 1, 2025.

(B) The Road Bond Order requires that the District levy and collect an ad valorem road debt service tax sufficient to pay interest and principal on road bonds when due. During the year ended May 31, 2025, the District did not levy an ad valorem road debt service tax. The road bond interest requirements to be paid from available road debt service fund resources is \$112,981, which is due on September 1, 2025.

(C) In accordance with Series 2024 and Road Series 2025 unlimited tax bond orders, a portion of the bond proceeds was deposited with the debt service fund for the payment of bond interest during the construction period. The bond interest reserve is reduced as interest is paid.

Bond interest reserve, beginning of year	\$	-
Additions – Interest appropriated from bond proceeds		
Series 2024	253,013	
Road Series 2025	601,371	
Deductions – Appropriation from bond interest paid,		
Series 2024	<u>(59,505)</u>	
Bond interest reserve, end of year	\$	<u>794,879</u>

Note 6. Maintenance Taxes

At an election held May 12, 2007, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the Internal District subject to taxation. During the year ended May 31, 2025, the District levied a total ad valorem maintenance tax at the rate of \$0.5200 per \$100 of assessed valuation, which resulted in a tax levy of \$174,950 on the taxable valuation of \$33,644,169 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the Internal District.

At an election held May 6, 2023, voters authorized a road maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the Internal District subject to taxation. During the year ended May 31, 2025, the District did not levy an ad valorem road maintenance tax. The road maintenance tax, when levied, will be used to pay expenditures for maintaining certain roads within the Internal District.

At an election held May 6, 2023, voters authorized a park and recreational facilities maintenance tax not to exceed \$0.10 per \$100 of assessed valuation on all property within the Internal District subject to taxation. During the year ended May 31, 2025, the District did not levy an ad valorem park and recreational facilities maintenance tax. The park and recreational facilities maintenance tax, when levied, will be used to pay expenditures for maintaining the park and recreational facilities within the Internal District.

East Montgomery County Municipal Utility District No. 5
Notes to Financial Statements
May 31, 2025

Note 7. Contract Tax

At an election held May 12, 2007, voters authorized a contract tax on all property within the Internal District subject to taxation. During the year ended May 31, 2025, the District levied an ad valorem contract tax at the rate of \$0.4700 per \$100 of assessed valuation, which resulted in a tax levy of \$158,127 on the taxable valuation of \$33,644,169 for the 2024 tax year. The contract tax is used to pay for its pro rata share of principal and interest on the District's contract revenue bonds as described in Note 8.

Note 8. Financing and Operation of Regional Facilities

As of February 23, 2007, and as amended, East Montgomery County Municipal Utility District No. 7 (District No. 7) entered into regional contracts with the District, East Montgomery County Municipal Utility District No. 6 (District No. 6), and itself, District No. 7 (collectively, Participants), whereby District No. 7 would act as a Master District to provide, or cause to be provided, the regional water supply and delivery facilities and the regional waste collection, treatment, and disposal facilities, as well as drainage, parks, and other services and facilities permitted by law necessary to serve the Participants. As of October 1, 2015, each participant authorized an assignment and assumption of the regional contract whereby District No. 7 assigned its right, title, and interest in the regional contracts and the District accepted title as Master District and began operating and providing services as Master District.

Under the terms of the regional contract, which is in effect for 50 years, monthly operating charges will be determined by dividing the total number of equivalent single-family residential connections for all participants by the number of equivalent single-family residential connections for each district, as of the first day of the month, and then multiplying that share by the actual expenses. The District received \$1,513,657, \$1,406,179, and \$836,725 of operating revenues attributable to this contract for the year ended May 31, 2025 from District No. 6, District No. 7, and the District, respectively. The District is to maintain an operation and maintenance reserve equivalent to three months of budgeted operation and maintenance expenses.

In addition, the District is authorized to issue Master District bonds sufficient for the acquisition, construction, or improvement of regional facilities as needed to serve the Participants. Each participant is obligated to pay its pro rata share of the debt service requirements on the Master District bonds.

Note 9. Water Supply Contract

On March 19, 2013, District No. 7 entered into a water supply contract with the City of Woodbranch Village (City). The City owns and operates a water production and supply system and has sufficient surplus water capacity to provide emergency water service. District No. 7 paid to construct and maintain a water line interconnect with the City's system. The City will make available capacity sufficient to serve up to 250 connections and will charge a rate of \$2.75 per 1,000 gallons plus the applicable fees charged by the Lone Star Groundwater Conservation District and San Jacinto River Authority. On October 1, 2015, the District approved an assignment and assumption of contract with District No. 7, where District No. 7 assigned its right, title, and interest in the contract to the District. During the current year, no water was provided to the District through the emergency water line interconnect.

Note 10. Regional Water Authority

The District is within the boundaries of the Lone Star Groundwater Conservation District (Conservation District), which was created by the Texas Legislature. The Conservation District was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2025

meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. During the year ended May 31, 2025, the District paid \$34,250 to the Conservation District.

Note 11. Groundwater Reduction Agreement

The District has entered into a Contract for Groundwater Reduction Planning, Alternative Water Supply and Related Goods and Services (GRP Contract) with the San Jacinto River Authority (Authority) in order to meet the Conservation District's requirements. As a participant in the Authority's GRP Contract, the District has complied with all current Conservation District requirements for surface water conversion and is obligated to pay to the Authority a groundwater withdrawal fee for all groundwater produced and used by the District and will be required to pay a water purchase fee for any water actually purchased from the Authority in the future. As of May 31, 2025, the Authority was billing the Master District \$2.67 per 1,000 gallons of water pumped. This amount is subject to future adjustments. During the year ended May 31, 2025, the Master District recorded expenses of \$778,468 under the GRP Contract.

Note 12. 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 that exceeded coverage amounts in the past three fiscal years.

Note 13. Subsequent Events

On August 28, 2025, the District sold its Unlimited Tax Contract Revenue Bonds, Series 2025, in the amount of \$8,450,000 at a net effective interest rate of approximately 4.849%. The bonds were sold to reimburse the developer for construction projects within the Master District.

On August 28, 2025, the District sold its Unlimited Tax Bonds, Series 2025, in the amount of \$4,500,000 at a net effective interest rate of approximately 5.075%. The bonds were sold to reimburse the developer for construction projects within the Internal District.

Note 14. Contingencies

The developer of the District is constructing both governmental activities and business-type activities facilities within the boundaries of the District. The District has agreed to reimburse the developer for these costs plus interest from the proceeds of future bond sales, to the extent approved by the Commission, if required. Current construction contract amounts are approximately \$3,113,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Required Supplementary Information

East Montgomery County Municipal Utility District No. 5
Budgetary Comparison Schedule – General Fund
Year Ended May 31, 2025

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 5,000	\$ 160,964	\$ 155,964
Water service	40,000	186,773	146,773
Sewer service	52,000	379,620	327,620
Regional water fee	23,000	187,086	164,086
Service to other districts	3,000	125,736	122,736
Penalty and interest	1,000	16,519	15,519
Tap connection and inspection fees	358,500	1,008,322	649,822
Investment income	1,500	7,826	6,326
Other income	1,000	5,788	4,788
Total Revenues	485,000	2,078,634	1,593,634
Expenditures			
Service operations			
Purchased services	155,660	836,725	(681,065)
Professional fees	59,000	13,667	45,333
Contracted services	7,000	295,660	(288,660)
Repairs and maintenance	141,050	184,230	(43,180)
Other expenditures	26,025	51,102	(25,077)
Tap connections	90,000	557,849	(467,849)
Debt service, contractual obligations	-	1,404	(1,404)
Total Expenditures	478,735	1,940,637	(1,461,902)
Excess of Revenues Over Expenditures	6,265	137,997	131,732
Other Financing Sources			
Interfund transfers in	-	27,130	27,130
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	6,265	165,127	158,862
Fund Balance, Beginning of Year	476,552	476,552	-
Fund Balance, End of Year	\$ 482,817	\$ 641,679	\$ 158,862

East Montgomery County Municipal Utility District No. 5
Notes to Required Supplementary Information
May 31, 2025

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2025.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule – General 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

East Montgomery County Municipal Utility District No. 5

Other Schedules Included Within This Report

May 31, 2025

(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 18–34
- [X] Schedule of Services and Rates
- [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, Governmental Activities
- [X] Changes in Long-Term Bonded Debt, Governmental Activities
- [X] Schedule of Long-Term Debt Service Requirements by Years, Business-Type Activities
- [X] Changes in Long-Term Bonded Debt, Business-Type Activities
- [X] Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund
- [X] Board Members, Key Personnel, and Consultants

East Montgomery County Municipal Utility District No. 5

Schedule of Services and Rates

Year Ended May 31, 2025

1. Services provided by the District

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input checked="" 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 checked="" type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input checked="" type="checkbox"/> Roads
<input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other		

2. Retail service providers

a. Retail rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 12.00	5,000	N	\$ 2.50 \$ 2.70 \$ 2.90 \$ 3.05 \$ 4.00	5,001 to 10,000 10,001 to 15,000 15,001 to 20,000 20,001 to 30,000 30,001 to No Limit
Wastewater:	\$ 20.00	10,000	N	\$ 2.25	10,001 to No Limit
Regional water fee:	\$ 3.03	1,000	N	\$ 3.03	1,001 to No Limit
Garbage:	\$ 25.08 *	N/A	Y		
Law enforcement fee:	\$ 13.00	N/A	Y		

Does the District employ winter averaging for wastewater usage?

Yes No

Total charges per 10,000 gallons usage (including fees):

Water \$ 54.84

Wastewater \$ 45.08

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC**</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	1,044	1,041	x1.0	1,041
1"	-	-	x2.5	-
1 1/2"	2	2	x5.0	10
2"	6	6	x8.0	48
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	1	1	x80.0	80
10"	-	-	x115.0	-
Total water	1,053	1,050		1,179
Total wastewater	1,046	1,043	x1.0	1,043

3. Total water consumption (in thousands) during the fiscal year

Gallons pumped into the system:	318,663
Gallons billed to customers:	307,061
Water accountability ratio (gallons billed/gallons pumped):	96.36%

*Included with minimum wastewater service charge

**"ESFC" means equivalent single-family connections

East Montgomery County Municipal Utility District No. 5
Schedule of General Fund Expenditures
Year Ended May 31, 2025

Personnel (including benefits)	\$	-
Professional Fees		
Auditing	\$	6,500
Legal		7,167
Engineering		-
Financial advisor		-
		13,667
Purchased Services for Resale		
Bulk water and wastewater service purchases		836,725
Regional Water Authority		-
Contracted Services		
Bookkeeping		5,082
General manager		-
Appraisal district		-
Tax collector		-
Security		125,762
Other contracted services		-
		130,844
Utilities		-
Repairs and Maintenance		184,230
Administrative Expenditures		
Directors' fees		-
Office supplies		-
Insurance		-
Other administrative expenditures		51,102
		51,102
Capital Outlay		
Capitalized assets		-
Expenditures not capitalized		-
Tap Connection Expenditures		557,849
Solid Waste Disposal		164,816
Fire Fighting		-
Parks and Recreation		-
Contractual Obligations		1,404
Debt Issuance Costs		-
Total Expenditures	\$	1,940,637

East Montgomery County Municipal Utility District No. 5**Schedule of Temporary Investments****May 31, 2025**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Reivable</u>
Business-Type Activities				
Proprietary Fund				
Fidelity Money Market Fund	3.94%	Demand	\$ 2,374,998	\$ -

East Montgomery County Municipal Utility District No. 5
Analysis of Taxes Levied and Receivable
Year Ended May 31, 2025

	Maintenance Taxes	Contract Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 28	\$ 15	\$ -
2024 Original Tax Levy	174,278	157,520	103,896
Additions and corrections	672	607	401
Adjusted tax levy	174,950	158,127	104,297
Total to Be Accounted For	174,978	158,142	104,297
Tax Collections: Current year	(160,936)	(145,461)	(95,943)
Prior years	(28)	(15)	-
Receivable, End of Year	\$ 14,014	\$ 12,666	\$ 8,354
Receivable, by Years			
2024	\$ 14,014	\$ 12,666	\$ 8,354
	2024	2023	2022
Property Valuations			
Land	\$ 29,931,367	\$ 2,206,400	\$ 2,342,180
Improvements	7,922,419	-	-
Personal property	19,500	-	-
Exemptions	(4,229,117)	(1,579,070)	(1,707,740)
Total Property Valuations	\$ 33,644,169	\$ 627,330	\$ 634,440
Tax Rates Per \$100 Valuation			
Debt service tax rates	\$ 0.3100	\$ -	\$ -
Contract tax rates	0.4700	0.4600	0.4100
Maintenance tax rates*	0.5200	0.8400	0.8900
Total Tax Rates Per \$100 Valuation	\$ 1.3000	\$ 1.3000	\$ 1.3000
Tax Levy	\$ 437,374	\$ 8,156	\$ 8,249
Percent of Taxes Collected to Taxes Levied**	<u>92%</u>	<u>100%</u>	<u>100%</u>

*Maximum tax rate approved by voters: \$1.50 for maintenance on May 12, 2007

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

East Montgomery County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years,
Governmental Activities
May 31, 2025

Due During Fiscal Years Ending May 31	Series 2024			Total	
	Principal Due September 1	Interest Due September 1, March 1			
		\$	\$		
2026	\$ -	\$ 168,675	\$ 168,675		
2027	95,000	165,825	260,825		
2028	100,000	159,975	259,975		
2029	105,000	153,825	258,825		
2030	110,000	147,375	257,375		
2031	115,000	140,626	255,626		
2032	120,000	134,175	254,175		
2033	125,000	128,987	253,987		
2034	130,000	124,525	254,525		
2035	135,000	119,887	254,887		
2036	140,000	115,075	255,075		
2037	150,000	109,812	259,812		
2038	155,000	103,900	258,900		
2039	165,000	97,500	262,500		
2040	170,000	90,800	260,800		
2041	180,000	83,800	263,800		
2042	185,000	76,500	261,500		
2043	195,000	68,900	263,900		
2044	205,000	60,900	265,900		
2045	210,000	52,600	262,600		
2046	220,000	44,000	264,000		
2047	230,000	35,000	265,000		
2048	240,000	25,600	265,600		
2049	255,000	15,700	270,700		
2050	265,000	5,300	270,300		
Totals	\$ 4,000,000	\$ 2,429,262	\$ 6,429,262		

East Montgomery County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years,
Governmental Activities
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Road Series 2025			Total	
	Principal Due September 1	Interest Due September 1, March 1			
		September 1	March 1		
2026	\$ -	\$ 314,334	\$ 314,334		
2027	175,000	396,581	571,581		
2028	180,000	384,156	564,156		
2029	190,000	371,206	561,206		
2030	200,000	357,556	557,556		
2031	210,000	343,206	553,206		
2032	220,000	328,156	548,156		
2033	230,000	313,125	543,125		
2034	240,000	300,394	540,394		
2035	250,000	289,369	539,369		
2036	265,000	277,781	542,781		
2037	275,000	265,631	540,631		
2038	290,000	252,919	542,919		
2039	305,000	239,532	544,532		
2040	315,000	225,582	540,582		
2041	330,000	211,069	541,069		
2042	345,000	195,882	540,882		
2043	365,000	179,678	544,678		
2044	380,000	162,450	542,450		
2045	400,000	144,162	544,162		
2046	420,000	124,687	544,687		
2047	440,000	104,262	544,262		
2048	460,000	82,887	542,887		
2049	480,000	60,562	540,562		
2050	505,000	37,169	542,169		
2051	530,000	12,588	542,588		
Totals	\$ 8,000,000	\$ 5,974,924	\$ 13,974,924		

East Montgomery County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years,
Governmental Activities
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ -	\$ 483,009	\$ 483,009
2027	270,000	562,406	832,406
2028	280,000	544,131	824,131
2029	295,000	525,031	820,031
2030	310,000	504,931	814,931
2031	325,000	483,832	808,832
2032	340,000	462,331	802,331
2033	355,000	442,112	797,112
2034	370,000	424,919	794,919
2035	385,000	409,256	794,256
2036	405,000	392,856	797,856
2037	425,000	375,443	800,443
2038	445,000	356,819	801,819
2039	470,000	337,032	807,032
2040	485,000	316,382	801,382
2041	510,000	294,869	804,869
2042	530,000	272,382	802,382
2043	560,000	248,578	808,578
2044	585,000	223,350	808,350
2045	610,000	196,762	806,762
2046	640,000	168,687	808,687
2047	670,000	139,262	809,262
2048	700,000	108,487	808,487
2049	735,000	76,262	811,262
2050	770,000	42,469	812,469
2051	530,000	12,588	542,588
Totals	\$ 12,000,000	\$ 8,404,186	\$ 20,404,186

East Montgomery County Municipal Utility District No. 5
Changes in Long-Term Bonded Debt, Governmental Activities
Year Ended May 31, 2025

	Bond Issues		
	Road		Totals
	Series 2024	Series 2025	
Interest rates	3.50% to 6.00%	4.50% to 7.00%	
Dates interest payable	September 1/ March 1	September 1/ March 1	
Maturity dates	September 1, 2026/2049	September 1, 2026/2050	
Bonds outstanding, beginning of current year	\$ -	\$ -	\$ -
Bonds sold during current year	4,000,000	8,000,000	12,000,000
Retirements, principal	-	-	-
Bonds outstanding, end of current year	<u>\$ 4,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ 12,000,000</u>
Interest paid during current year	<u>\$ 59,505</u>	<u>\$ -</u>	<u>\$ 59,505</u>

Paying agent's name and address

Series 2024 – Zions Bancorporation, N.A., Houston, Texas
Road Series 2025 – Zions Bancorporation, N.A., Houston, Texas

Bond authority

	Tax Revenue Bonds	Tax Revenue Road Bonds	Tax Revenue Park Bonds	Tax Refunding Bonds
Amount authorized by voters	\$ 239,704,262	\$ 122,029,430	\$ 24,600,000	\$ 386,333,692
Amount issued	\$ 4,000,000	\$ 8,000,000	\$ -	\$ -
Remaining to be issued	<u>\$ 235,704,262</u>	<u>\$ 114,029,430</u>	<u>\$ 24,600,000</u>	<u>\$ 386,333,692</u>

Debt service fund cash and temporary investment balances as of May 31, 2025:

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

East Montgomery County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years,
Business-Type Activities
May 31, 2025

Due During Fiscal Years Ending May 31	Series 2016			Total
	Principal Due December 1	Interest Due December 1, June 1		
2026	\$ 225,000	\$ 172,310		\$ 397,310
2027	235,000	166,213		401,213
2028	245,000	159,610		404,610
2029	255,000	152,483		407,483
2030	265,000	144,810		409,810
2031	275,000	136,710		411,710
2032	285,000	128,168		413,168
2033	295,000	118,956		413,956
2034	305,000	109,206		414,206
2035	320,000	98,850		418,850
2036	330,000	87,881		417,881
2037	345,000	76,275		421,275
2038	360,000	63,937		423,937
2039	375,000	50,841		425,841
2040	390,000	36,975		426,975
2041	405,000	22,566		427,566
2042	420,000	7,612		427,612
Totals	\$ 5,330,000	\$ 1,733,403		\$ 7,063,403

The District pays the amount due June 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

East Montgomery County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years,
Business-Type Activities
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Series 2017		
	Principal Due December 1	Interest Due December 1, June 1	Total
2026	\$ 105,000	\$ 81,500	\$ 186,500
2027	105,000	78,350	183,350
2028	105,000	75,200	180,200
2029	110,000	71,838	181,838
2030	110,000	68,194	178,194
2031	110,000	64,413	174,413
2032	115,000	60,475	175,475
2033	120,000	56,363	176,363
2034	125,000	51,997	176,997
2035	125,000	47,387	172,387
2036	130,000	42,606	172,606
2037	130,000	37,730	167,730
2038	135,000	32,762	167,762
2039	135,000	27,616	162,616
2040	140,000	22,200	162,200
2041	145,000	16,500	161,500
2042	155,000	10,500	165,500
2043	185,000	3,700	188,700
Totals	\$ 2,285,000	\$ 849,331	\$ 3,134,331

The District pays the amount due June 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

East Montgomery County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years,
Business-Type Activities
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Series 2018			Total	
	Principal Due December 1	Interest Due December 1, June 1			
		Interest Due June 1			
2026	\$ 155,000	\$ 145,990	\$	300,990	
2027	160,000	141,088		301,088	
2028	165,000	135,906		300,906	
2029	175,000	130,272		305,272	
2030	180,000	123,719		303,719	
2031	190,000	116,319		306,319	
2032	195,000	109,106		304,106	
2033	205,000	101,978		306,978	
2034	215,000	94,365		309,365	
2035	220,000	86,344		306,344	
2036	230,000	77,906		307,906	
2037	240,000	69,094		309,094	
2038	250,000	59,906		309,906	
2039	260,000	50,181		310,181	
2040	275,000	39,816		314,816	
2041	285,000	28,966		313,966	
2042	295,000	17,728		312,728	
2043	310,000	6,006		316,006	
Totals	\$ 4,005,000	\$ 1,534,690	\$	5,539,690	

The District pays the amount due June 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

East Montgomery County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years,
Business-Type Activities
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Series 2019			Total	
	Principal Due December 1	Interest Due December 1, June 1			
		December 1	June 1		
2026	\$ 145,000	\$ 147,569	\$ 147,569	292,569	
2027	150,000	143,549	143,549	293,549	
2028	160,000	139,246	139,246	299,246	
2029	165,000	134,531	134,531	299,531	
2030	170,000	129,506	129,506	299,506	
2031	175,000	124,330	124,330	299,330	
2032	185,000	118,700	118,700	303,700	
2033	190,000	112,488	112,488	302,488	
2034	200,000	105,906	105,906	305,906	
2035	205,000	98,944	98,944	303,944	
2036	215,000	91,594	91,594	306,594	
2037	225,000	83,894	83,894	308,894	
2038	235,000	75,697	75,697	310,697	
2039	240,000	66,938	66,938	306,938	
2040	250,000	57,750	57,750	307,750	
2041	260,000	48,188	48,188	308,188	
2042	270,000	38,250	38,250	308,250	
2043	285,000	27,844	27,844	312,844	
2044	295,000	16,969	16,969	311,969	
2045	305,000	5,719	5,719	310,719	
Totals	\$ 4,325,000	\$ 1,767,612	\$ 1,767,612	\$ 6,092,612	

The District pays the amount due June 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

East Montgomery County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years,
Business-Type Activities
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Series 2021			Total
	Principal Due December 1	Interest Due December 1, June 1		
2026	\$ 150,000	\$ 97,700		\$ 247,700
2027	150,000	94,700		244,700
2028	150,000	91,700		241,700
2029	145,000	88,750		233,750
2030	150,000	85,613		235,613
2031	155,000	81,987		236,987
2032	155,000	78,113		233,113
2033	155,000	74,237		229,237
2034	150,000	70,425		220,425
2035	160,000	66,550		226,550
2036	160,000	62,550		222,550
2037	160,000	58,350		218,350
2038	160,000	53,950		213,950
2039	170,000	49,200		219,200
2040	170,000	44,100		214,100
2041	175,000	38,925		213,925
2042	175,000	33,675		208,675
2043	240,000	27,450		267,450
2044	255,000	20,025		275,025
2045	265,000	12,225		277,225
2046	275,000	4,125		279,125
Totals	\$ 3,725,000	\$ 1,234,350		\$ 4,959,350

The District pays the amount due June 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

East Montgomery County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years,
Business-Type Activities
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Series 2022			Total
	Principal Due December 1	Interest Due December 1, June 1		
2026	\$ 135,000	\$ 189,306	\$	324,306
2027	140,000	183,807		323,807
2028	140,000	178,206		318,206
2029	145,000	172,506		317,506
2030	150,000	166,606		316,606
2031	150,000	160,606		310,606
2032	155,000	154,506		309,506
2033	160,000	148,207		308,207
2034	170,000	141,606		311,606
2035	170,000	134,806		304,806
2036	175,000	127,906		302,906
2037	185,000	120,591		305,591
2038	190,000	112,856		302,856
2039	195,000	104,915		299,915
2040	200,000	96,644		296,644
2041	205,000	88,038		293,038
2042	215,000	79,113		294,113
2043	565,000	62,538		627,538
2044	270,000	44,625		314,625
2045	285,000	32,484		317,484
2046	295,000	19,797		314,797
2047	305,000	6,672		311,672
Totals	\$ 4,600,000	\$ 2,526,341	\$	7,126,341

The District pays the amount due June 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

East Montgomery County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years,
Business-Type Activities
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Series 2023			Total
	Principal Due December 1	Interest Due December 1, June 1		
2026	\$ 300,000	\$ 712,250		\$ 1,012,250
2027	315,000	689,187		1,004,187
2028	330,000	665,000		995,000
2029	345,000	639,688		984,688
2030	365,000	613,062		978,062
2031	385,000	584,938		969,938
2032	400,000	558,000		958,000
2033	420,000	535,000		955,000
2034	445,000	513,375		958,375
2035	465,000	490,625		955,625
2036	490,000	466,750		956,750
2037	515,000	441,625		956,625
2038	540,000	415,250		955,250
2039	565,000	387,625		952,625
2040	595,000	358,625		953,625
2041	625,000	328,125		953,125
2042	655,000	296,125		951,125
2043	690,000	262,500		952,500
2044	720,000	227,250		947,250
2045	760,000	190,250		950,250
2046	795,000	151,375		946,375
2047	835,000	110,625		945,625
2048	875,000	67,875		942,875
2049	920,000	23,000		943,000
Totals	\$ 13,350,000	\$ 9,728,125		\$ 23,078,125

The District pays the amount due June 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

East Montgomery County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years,
Business-Type Activities
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Series 2024			Total	
	Principal Due December 1	Interest Due December 1, June 1			
		\$	\$		
2026	\$ 200,000	\$ 692,800	\$ 892,800		
2027	290,000	679,325	969,325		
2028	310,000	662,825	972,825		
2029	335,000	645,087	980,087		
2030	355,000	626,113	981,113		
2031	380,000	605,900	985,900		
2032	410,000	584,175	994,175		
2033	435,000	560,937	995,937		
2034	445,000	536,738	981,738		
2035	470,000	511,575	981,575		
2036	490,000	488,850	978,850		
2037	510,000	468,850	978,850		
2038	530,000	448,050	978,050		
2039	560,000	426,250	986,250		
2040	580,000	403,450	983,450		
2041	610,000	379,650	989,650		
2042	640,000	354,650	994,650		
2043	665,000	328,550	993,550		
2044	1,525,000	284,750	1,809,750		
2045	1,580,000	222,650	1,802,650		
2046	960,000	171,850	1,131,850		
2047	1,010,000	132,450	1,142,450		
2048	1,070,000	90,850	1,160,850		
2049	1,125,000	52,575	1,177,575		
2050	1,190,000	17,850	1,207,850		
Totals	\$ 16,675,000	\$ 10,376,750	\$ 27,051,750		

The District pays the amount due June 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

East Montgomery County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years,
Business-Type Activities
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 1,415,000	\$ 2,239,425	\$ 3,654,425
2027	1,545,000	2,176,219	3,721,219
2028	1,605,000	2,107,693	3,712,693
2029	1,675,000	2,035,155	3,710,155
2030	1,745,000	1,957,623	3,702,623
2031	1,820,000	1,875,203	3,695,203
2032	1,900,000	1,791,243	3,691,243
2033	1,980,000	1,708,166	3,688,166
2034	2,055,000	1,623,618	3,678,618
2035	2,135,000	1,535,081	3,670,081
2036	2,220,000	1,446,043	3,666,043
2037	2,310,000	1,356,409	3,666,409
2038	2,400,000	1,262,408	3,662,408
2039	2,500,000	1,163,566	3,663,566
2040	2,600,000	1,059,560	3,659,560
2041	2,710,000	950,958	3,660,958
2042	2,825,000	837,653	3,662,653
2043	2,940,000	718,588	3,658,588
2044	3,065,000	593,619	3,658,619
2045	3,195,000	463,328	3,658,328
2046	2,325,000	347,147	2,672,147
2047	2,150,000	249,747	2,399,747
2048	1,945,000	158,725	2,103,725
2049	2,045,000	75,575	2,120,575
2050	1,190,000	17,850	1,207,850
Totals	\$ 54,295,000	\$ 29,750,602	\$ 84,045,602

East Montgomery County Municipal Utility District No. 5
Changes in Long-Term Bonded Debt, Business-Type Activities
Year Ended May 31, 2025

	Bond			
	Series 2016	Series 2017	Series 2018	Series 2019
Interest rates	1.250% to 3.625%	2.00% to 4.00%	2.25% to 4.00%	2.10% to 3.75%
Dates interest payable	December 1/ June 1	December 1/ June 1	December 1/ June 1	December 1/ June 1
Maturity dates	December 1, 2025/2041	December 1, 2025/2042	December 1, 2025/2042	December 1, 2025/2044
Bonds outstanding, beginning of current year	\$ 5,545,000	\$ 2,390,000	\$ 4,150,000	\$ 4,465,000
Bonds sold during current year	-	-	-	-
Retirements, principal	<u>215,000</u>	<u>105,000</u>	<u>145,000</u>	<u>140,000</u>
Bonds outstanding, end of current year	<u>\$ 5,330,000</u>	<u>\$ 2,285,000</u>	<u>\$ 4,005,000</u>	<u>\$ 4,325,000</u>
Interest paid during current year	<u>\$ 177,922</u>	<u>\$ 84,650</u>	<u>\$ 150,568</u>	<u>\$ 151,346</u>

Paying agent's name and address

Series 2016	– Amegy Bank, a division of ZB, N.A., Houston, Texas
Series 2017	– Amegy Bank, a division of ZB, N.A., Houston, Texas
Series 2018	– Amegy Bank, a division of ZB, N.A., Houston, Texas
Series 2019	– Zions Bancorporation, N.A., Houston, Texas
Series 2021	– Zions Bancorporation, N.A., Houston, Texas
Series 2022	– Zions Bancorporation, N.A., Houston, Texas
Series 2023	– Zions Bancorporation, N.A., Houston, Texas
Series 2024	– Zions Bancorporation, N.A., Houston, Texas

Bond authority

	Contract Revenue Bonds
Amount authorized by voters	\$ 225,000,000
Amount issued	<u>\$ 58,420,000</u>
Remaining to be issued	<u>\$ 166,580,000</u>
Debt service fund cash and temporary investment balances as of May 31, 2025:	<u>\$ 2,374,998</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 3,361,824</u>

Issues

Series 2021	Series 2022	Series 2023	Series 2024	Totals
2.00% to 3.00%	4.000% to 4.375%	5.00% to 7.50%	4.00% to 5.50%	
December 1/ June 1	December 1/ June 1	December 1/ June 1	December 1/ June 1	
December 1, 2025/2045	December 1, 2025/2046	December 1, 2025/2048	December 1, 2025/2049	
\$ 3,880,000	\$ 4,730,000	\$ 13,350,000	\$ -	\$ 38,510,000
-	-	-	16,675,000	16,675,000
<u>155,000</u>	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>890,000</u>
<u>\$ 3,725,000</u>	<u>\$ 4,600,000</u>	<u>\$ 13,350,000</u>	<u>\$ 16,675,000</u>	<u>\$ 54,295,000</u>
<u>\$ 100,750</u>	<u>\$ 194,606</u>	<u>\$ 723,500</u>	<u>\$ 420,920</u>	<u>\$ 2,004,262</u>

East Montgomery County Municipal Utility District No. 5
Comparative Schedule of Revenues and Expenditures – General Fund
Three Years Ended May 31,

	Amounts		
	2025	2024	2023
General Fund			
Revenues			
Property taxes	\$ 160,964	\$ 8,113	\$ 8,249
Water service	186,773	12,828	-
Sewer service	379,620	38,062	-
Regional water fee	187,086	12,324	-
Security service	125,736	9,997	-
Penalty and interest	16,519	1,044	-
Tap connection and inspection fees	1,008,322	554,782	-
Capital recovery fee	-	438,061	-
Investment income	7,826	2,395	7
Other income	5,788	460	80
Total Revenues	2,078,634	1,078,066	8,336
Expenditures			
Service operations			
Purchased services	836,725	-	-
Professional fees	13,667	12,497	54,409
Contracted services	295,660	18,983	500
Repairs and maintenance	184,230	200,677	-
Tap connections	557,849	315,465	-
Other expenditures	51,102	35,316	2,101
Debt service			
Contractual obligations	1,404	2,652	-
Debt issuance costs	-	27,500	-
Total Expenditures	1,940,637	613,090	57,010
Excess (Deficiency) of Revenues Over Expenditures	137,997	464,976	(48,674)
Other Financing Sources			
Interfund transfer in	27,130	-	-
Developer advances received	-	15,000	45,250
Total Other Financing Sources	27,130	15,000	45,250
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	165,127	479,976	(3,424)
Fund Balance (Deficit), Beginning of Year	476,552	(3,424)	-
Fund Balance (Deficit), End of Year	\$ 641,679	\$ 476,552	\$ (3,424)
Total Active Retail Water Connections	1,050	457	-
Total Active Retail Wastewater Connections	1,043	451	-

Percent of Fund Total Revenues		
2025	2024	2023
7.7 %	0.8 %	99.0 %
9.0	1.2	-
18.3	3.5	-
9.0	1.1	-
6.0	0.9	-
0.8	0.1	-
48.5	51.5	-
-	40.6	-
0.4	0.2	0.1
0.3	0.1	0.9
<hr/> 100.0	<hr/> 100.0	<hr/> 100.0
40.2	-	-
0.7	1.2	652.7
14.2	1.0	6.0
8.9	18.6	-
26.8	29.3	-
2.5	4.0	25.2
0.1	0.3	-
-	2.5	-
<hr/> 93.4	<hr/> 56.9	<hr/> 683.9
<hr/> 6.6 %	<hr/> 43.1 %	<hr/> (583.9) %

East Montgomery County Municipal Utility District No. 5
Schedule of Revenues and Expenditures – Debt Service Fund
Year Ended May 31, 2025

	<u>Amounts</u>	<u>Percent of Fund Total Revenues</u>
Debt Service Fund		
Revenues		
Property taxes	\$ 241,420	93.4 %
Penalty and interest	4,861	1.9
Investment income	10,029	3.9
Other income	<u>2,099</u>	<u>0.8</u>
Total Revenues	<u>258,409</u>	<u>100.0</u>
Expenditures		
Current		
Contracted services	18,823	7.3
Other expenditures	2,126	0.8
Debt service		
Interest	59,505	23.0
Contractual obligation	<u>77,462</u>	<u>30.0</u>
Total Expenditures	<u>157,916</u>	<u>61.1</u>
Excess of Revenues Over Expenditures	<u>100,493</u>	<u>38.9</u> %
Other Financing Sources		
Interfund transfers in	370	
General obligation bonds issued	<u>854,384</u>	
Total Other Financing Sources	<u>854,754</u>	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	955,247	
Fund Balance, Beginning of Year	<u>–</u>	
Fund Balance, End of Year	<u>\$ 955,247</u>	

East Montgomery County Municipal Utility District No. 5
Board Members, Key Personnel, and Consultants
Year Ended May 31, 2025

Complete District mailing address:	East Montgomery County Municipal Utility District No. 5 c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, TX 77046-0307
District business telephone number:	713.651.0111
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 16, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-End
John G. Patterson	Elected 05/25– 05/29	\$ 884	\$ 153	President
Jeffrey Campbell	Elected 05/25– 05/29	3,315	1,270	Vice President
Charles L. Prause	Elected 05/23– 05/27	1,768	151	Secretary
Lauren Furlow	Appointed 11/24– 05/27	442	49	Assistant Secretary
Nancy Walker	Appointed 10/23– 05/27	1,989	42	Assistant Secretary
Brian Mashburn	Elected 05/23– 08/24	221	48	Resigned

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

East Montgomery County Municipal Utility District No. 5
Board Members, Key Personnel, and Consultants
Year Ended May 31, 2025

(Continued)

Consultants	Date Hired	Fees and Expense	Reimbursements	Title
Assessments of the Southwest, Inc.	10/28/15	\$ 14,206		Tax Assessor/ Collector
Coats Rose, P.C.	02/23/07	627,865 53,472		Bond Counsel General Counsel
Forvis Mazars, LLP	09/28/15	81,000		Auditor
H ₂ O Innovation	09/28/15	2,242,636		Operator
L & S District Services, LLC	05/18/07	20,926		Bookkeeper
LJA Engineering, Inc.	09/28/15	234,932		Engineer
Montgomery Central Appraisal District	Legislative Action	5,682		Appraiser
Robert W. Baird & Co. Incorporated	09/28/15	580,650		Financial Advisor
<hr/>				
Investment Officer				
Debra R. Loggins	04/27/16		N/A	Bookkeeper