

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

Independent Auditor's Report and Financial Statements

May 31, 2022

East Montgomery County Municipal Utility District No. 5
May 31, 2022

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of East Montgomery County Municipal Utility District No. 5 (the District) as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of May 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 opinion.

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

Supplementary Information (Not Subjected to Audit Procedures)

Our audit was performed for the purpose of forming opinions on the basic financial statements as a whole. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for the purposes of additional analysis and are not a required part of 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, LLP

Houston, Texas
October 12, 2022

East Montgomery County Municipal Utility District No. 5

Management's Discussion and Analysis

May 31, 2022

Introduction

This management's discussion and analysis of the financial performance of East Montgomery County Municipal Utility District No. 5 (the District) provides an overview of the District's financial activities for the year ended May 31, 2022. It should be read in conjunction with the accompanying financial statements of the District. This report also contains other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the 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, "the 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.

Using These Financial Statements

The District's financial statements consist of three statements – a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the District, including resources held by the District but restricted for specific purposes by creditors or participating entities. The District is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Statements of Net Position and Revenues, Expenses and Changes in Net Position

One of the most important questions about the District's finances is, "Is the District as a whole better or worse off as a result of the year's activities?" The statements of net position and revenues, expenses and changes in net position report information about the District's resources and its activities in a way that helps answer the question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The District's total net position—the difference between assets and liabilities—is one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's service area, changes in legislation and regulations, measures of the quantity and quality of services provided to its participants, and local economic factors should also be considered to assess the overall financial health of the District.

East Montgomery County Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
May 31, 2022

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

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 financial statements.

The District's Net Position

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

Summary of Net Position

	2022	2021
Current and other assets	\$ 1,868,030	\$ 1,304,905
Capital assets	27,181,137	25,979,588
Total assets	\$ 29,049,167	\$ 27,284,493
Long-term liabilities	\$ 31,550,862	\$ 29,485,551
Other liabilities	338,492	299,629
Total liabilities	31,889,354	29,785,180
Net position:		
Net investment in capital assets	(3,822,767)	(3,342,773)
Restricted	909,494	802,850
Unrestricted	73,086	39,236
Total net position	\$ (2,840,187)	\$ (2,500,687)

Operating Results and Changes in Net Position

The total net position of the District decreased by \$339,500, or about 14 percent. The majority of the decrease in net position is related to depreciation expense on the District's capital assets. 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 assets themselves cannot be used to liquidate these liabilities.

East Montgomery County Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
May 31, 2022

Summary of Changes in Net Position

	2022	2021
Operating revenues:		
Charges for services	\$ 2,886,604	\$ 2,271,476
Operating expenses:		
Services	1,544,933	1,179,349
Depreciation	405,003	386,726
Total operating expenses	1,949,936	1,566,075
Operating income	936,668	705,401
Nonoperating revenues (expenses):		
Investment income	379	329
Interest expense	(748,996)	(646,367)
Debt issuance costs	(527,551)	(56,534)
Total nonoperating expenses	(1,276,168)	(702,572)
Change in net position	(339,500)	2,829
Net position, beginning of year	(2,500,687)	(2,503,516)
Net position, end of year	\$ (2,840,187)	\$ (2,500,687)

Operating Income

The first component of the overall change in the District's net position is its operating income or loss – generally, the difference between charges to participants and the expenses incurred to perform services.

The primary components of the operating income or loss are related to charges to participants to pay the operating expenses of the District.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of investment income, interest expense and debt issuance costs.

East Montgomery County Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
May 31, 2022

Capital Transactions

The developer within the District has constructed regional facilities on behalf of the Master District under the terms of contracts with the Master District. The Master District is maintaining and operating the regional facilities and has agreed to reimburse the cost of these facilities, plus interest, from proceeds of contract revenue bonds subject to the approval of the Commission. At May 31, 2022, a liability for developer-constructed capital assets of \$5,444,046 was recorded in the financial statements.

The District's Cash Flows

Changes in the District's cash flows are consistent with changes in operating income and nonoperating revenues and expenses, as discussed earlier.

Capital Assets and Debt Administration

Capital Assets

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>	
	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 13,446,451	\$ 12,319,281
Construction in progress	-	65,374
Water facilities	7,322,087	7,076,195
Wastewater facilities	4,450,620	4,516,628
Drainage facilities	1,961,979	2,002,110
Total capital assets	<u>\$ 27,181,137</u>	<u>\$ 25,979,588</u>

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

Land additions and improvements, including excavation of Peach Creek, Phase 1A; Southwest Pocket Ditch to serve Tavola; Peach Creek and Caney Creek channel improvements; regional detention pond A; clearing and grubbing for Tavola, Phases 5, 6 and 7 and Phase 1, Sections 1-4; Tavola north detention pond and Section 36 outfall stabilization rehabilitation	\$ 1,127,170
Water plant No. 1, Phase 4, collection waterline facilities from water plant No. 2 to Roman Forest Boulevard and water plant No. 2 water well	469,884
Concrete box culverts at Southwest Pocket Ditch	9,498
Total additions to capital assets	<u>\$ 1,606,552</u>

East Montgomery County Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
May 31, 2022

Debt

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

Long-term debt payable, beginning of year	\$ 29,485,551
Increases in long-term debt	12,015,050
Decreases in long-term debt	<u>(9,949,739)</u>
Long-term debt payable, end of year	<u>\$ 31,550,862</u>

At May 31, 2022, the Master District had \$196,605,000 of contract revenue bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the regional facilities constructed to serve all participants, and the Internal District had \$82,004,262 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the Internal District, and \$63,529,430 of unlimited tax bonds authorized, but unissued, for the purpose of constructing road and paving facilities within the Internal District.

The District's bonds carry an underlying rating of "Baa3" from Moody's Investors Service, Inc.

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 (the 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.

Contingencies

The developer of the District is constructing regional facilities within the boundaries of the District and within the Master District's service area, as well as Internal District facilities. The Master District and Internal District have agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future contract revenue bonds and tax bonds, respectively, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$7,248,000. 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, 2022

Assets

Current Assets

Cash and cash equivalents	\$	1,604,760
Due from other districts		191,561
Due from others		609
Prepaid expenses		71,100
		1,868,030
Total current assets		1,868,030

Noncurrent Assets

Capital assets (net of accumulated depreciation):		
Land and improvements		13,446,451
Infrastructure		13,734,686
		27,181,137
Total noncurrent assets		27,181,137
Total assets	\$	29,049,167

Liabilities

Current Liabilities

Accounts payable	\$	127,966
Long-term debt, due within one year		720,000
		847,966
Total current liabilities		847,966

Noncurrent Liabilities

Customer deposits		210,526
Long-term debt, due after one year		30,830,862
		31,041,388
Total noncurrent liabilities		31,041,388
Total liabilities		31,889,354

Net Position

Net investment in capital assets		(3,822,767)
Restricted for debt service		900,013
Restricted for capital projects		9,481
Unrestricted		73,086
		(2,840,187)
Total net position		(2,840,187)
Total liabilities and net position	\$	29,049,167

East Montgomery County Municipal Utility District No. 5
Statement of Revenues, Expenses and Changes in Net Position
Year Ended May 31, 2022

Operating Revenues		
Charges for services	\$	2,886,604
Operating Expenses		
Purchased services		15,045
Regional water fee		429,565
Professional fees		158,788
Contracted services		69,104
Repairs and maintenance		738,958
Other expenditures		22,473
Lease expense		111,000
Depreciation		405,003
Total operating expenses		1,949,936
Operating Income		936,668
Nonoperating Revenues (Expenses)		
Investment income		379
Interest expense		(748,996)
Debt issuance costs		(527,551)
Total nonoperating expenses		(1,276,168)
Change in Net Position		(339,500)
Net Position		
Beginning of Year		(2,500,687)
End of Year	\$	(2,840,187)

East Montgomery County Municipal Utility District No. 5
Statement of Cash Flows
Year Ended May 31, 2022

Operating Activities	
Receipts from contract payments	\$ 1,316,504
Payments for service operations	(1,535,219)
Receipts for service operations	1,483,383
Other operating receipts	<u>1,096</u>
Net cash provided by operating activities	<u>1,265,764</u>
Capital and Related Financing Activities	
Proceeds from the issuance of contract revenue bonds and bond anticipation notes	11,584,540
Principal payments on bonds and bond anticipation notes	(5,579,000)
Principal payment to developer	(4,384,873)
Interest and agent fees paid on bonds and bond anticipation notes	(748,063)
Debt issuance costs	(527,551)
Purchase of capital assets	<u>(1,176,042)</u>
Net cash used in capital and related financing activities	<u>(830,989)</u>
Investing Activity	
Interest and other income	<u>379</u>
Net Increase in Cash and Cash Equivalents	435,154
Cash and Cash Equivalents, Beginning of Year	<u>1,169,606</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,604,760</u></u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating income	\$ 936,668
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	405,003
Change in assets and liabilities:	
Receivables, net	(85,621)
Prepaid expenses and other assets	(42,350)
Accounts payable	<u>52,064</u>
Net cash provided by operating activities	<u><u>\$ 1,265,764</u></u>
Noncash Activity	
Assets acquired by debt incurred to developer	\$ 430,510

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2022

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

East Montgomery County Municipal Utility District No. 5 (the District) was created by House Bill Number 3546 (the 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 (the 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 5 to the financial statements.

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

Reporting Entity

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.

Basis of Accounting and Presentation

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place. Operating revenues and expenses include exchange transactions. Investment income and interest expense on capital assets-related debt are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

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, 2022

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.

Investments and Investment Income

Investments in certificates of deposit, mutual funds, 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.

Capital Assets

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

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

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

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45

East Montgomery County Municipal Utility District No. 5
Notes to Financial Statements
May 31, 2022

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 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.

Net Position

Net position of the District is classified in three components. Net position net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted for capital acquisitions net position is made up of noncapital assets that must be used for a particular purpose, as specified by the Commission, reduced by the outstanding balances of any related borrowings. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investments in capital assets. When both restricted and unrestricted resources are available for use, generally, it is the District's policy to use restricted resources first.

The components of net investment in capital assets as of May 31, 2022, are as follows:

Capital assets, net	\$ 27,181,137
Long-term debt	(31,550,862)
Unexpended bond proceeds	449,858
Bond interest reserve	<u>97,100</u>
Total	<u><u>\$ (3,822,767)</u></u>

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.

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2022

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, 2022, 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.

At May 31, 2022, the District had no investments.

Investment Income

Investment income of \$379 for the year ended May 31, 2022, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended May 31, 2022, is presented below:

	Balances, Beginning of Year	Additions	Reclassifi- cations	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	\$ 12,319,281	\$ 1,127,170	\$ -	\$ 13,446,451
Construction in progress	65,374	-	(65,374)	-
Total capital assets, non-depreciable	<u>12,384,655</u>	<u>1,127,170</u>	<u>(65,374)</u>	<u>13,446,451</u>

East Montgomery County Municipal Utility District No. 5
Notes to Financial Statements
May 31, 2022

	Balances, Beginning of Year	Additions	Reclassifi- cations	Balances, End of Year
Capital assets, depreciable:				
Water production and distribution facilities	\$ 7,767,920	\$ 469,884	\$ -	\$ 8,237,804
Wastewater collection and treatment facilities	5,039,150	-	65,374	5,104,524
Drainage facilities	2,198,694	9,498	-	2,208,192
Total capital assets, depreciable	<u>15,005,764</u>	<u>479,382</u>	<u>65,374</u>	<u>15,550,520</u>
Less accumulated depreciation:				
Water production and distribution facilities	(691,725)	(223,992)	-	(915,717)
Wastewater collection and treatment facilities	(522,522)	(131,382)	-	(653,904)
Drainage facilities	(196,584)	(49,629)	-	(246,213)
Total accumulated depreciation	<u>(1,410,831)</u>	<u>(405,003)</u>	<u>0</u>	<u>(1,815,834)</u>
Total capital assets activities, net	<u>\$ 25,979,588</u>	<u>\$ 1,201,549</u>	<u>\$ 0</u>	<u>\$ 27,181,137</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended May 31, 2022, were as follows:

	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
Contract revenue bonds	\$ 18,250,000	\$ 9,045,000	\$ 550,000	\$ 26,745,000	\$ 720,000
Less discounts on bonds	425,858	226,460	14,134	638,184	-
	17,824,142	8,818,540	535,866	26,106,816	720,000
Bond anticipation note	2,263,000	2,766,000	5,029,000	-	-
Due to developer, construction	9,384,009	430,510	4,370,473	5,444,046	-
Due to developer, advances	14,400	-	14,400	-	-
Total business-type activities long-term liabilities	<u>\$ 29,485,551</u>	<u>\$ 12,015,050</u>	<u>\$ 9,949,739</u>	<u>\$ 31,550,862</u>	<u>\$ 720,000</u>

East Montgomery County Municipal Utility District No. 5
Notes to Financial Statements
May 31, 2022

Contract Revenue Bonds

	Series 2016	Series 2017
Amounts outstanding, May 31, 2022	\$5,950,000	\$2,595,000
Interest rates	1.250% to 3.625%	2.00% to 4.00%
Maturity dates, serially beginning/ending	December 1, 2022/2041	December 1, 2022/2042
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, 2022	\$4,425,000	\$4,730,000
Interest rates	2.25% to 4.00%	2.10% to 3.75%
Maturity dates, serially beginning/ending	December 1, 2022/2042	December 1, 2022/2044
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, 2022	\$4,190,000	\$4,855,000
Interest rates	2.00% to 3.00%	4.000% to 4.375%
Maturity dates, serially beginning/ending	December 1, 2022/2045	December 1, 2023/2046
Interest payment dates	December 1/June 1	December 1/June 1
Callable dates*	December 1, 2026	May 1, 2027

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on contract revenue bonds outstanding at May 31, 2022.

East Montgomery County Municipal Utility District No. 5
Notes to Financial Statements
May 31, 2022

Year	Principal	Interest	Total
2023	\$ 720,000	\$ 907,167	\$ 1,627,167
2024	865,000	884,003	1,749,003
2025	890,000	859,842	1,749,842
2026	915,000	834,375	1,749,375
2027	940,000	807,707	1,747,707
2028-2032	5,130,000	3,582,129	8,712,129
2033-2037	6,015,000	2,654,992	8,669,992
2038-2042	7,135,000	1,476,345	8,611,345
2043-2047	<u>4,135,000</u>	<u>290,179</u>	<u>4,425,179</u>
Total	<u>\$ 26,745,000</u>	<u>\$ 12,296,739</u>	<u>\$ 39,041,739</u>

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 5. 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 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 2022 calendar year is shown as follows:

	Assessed Valuations	Contractual Payments
The District	\$ 96,640	\$ 464
East Montgomery County Municipal Utility District No. 6	223,186,975	1,088,270
East Montgomery County Municipal Utility District No. 7	<u>72,164,576</u>	<u>348,426</u>
	<u>\$ 295,448,191</u>	<u>\$ 1,437,160</u>

East Montgomery County Municipal Utility District No. 5
Notes to Financial Statements
May 31, 2022

Master District Contract revenue bonds authorized	\$ 225,000,000
Master District Contract revenue bonds sold	28,395,000
Internal District Tax bonds authorized:	
Water, sewer and drainage	82,004,262
Road and paving	63,529,430

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 \$5,444,046. These amounts have been recorded in the financial statements as long-term liabilities.

Bond Anticipation Note

On September 29, 2021, the District issued is Series 2021 Bond Anticipation Note in the amount of \$2,766,000. The note is dated September 29, 2021, and bears interest at the rate of 0.940 percent and matures September 28, 2022, unless called for early redemption. During the current year, the District issued bonds and early redeemed the bond anticipation note.

Note 5: 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, the 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 \$1,062,635 and \$507,465 of operating costs attributable to this contract for the year

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2022

ended May 31, 2022, from District No. 6 and District No. 7, 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 all participants. Each participant is obligated to pay its pro rata share of the debt service requirements on the master district bonds.

Note 6: Water Supply Contract

On March 19, 2013, District No. 7 entered into a water supply contract with the City of Woodbranch Village (the 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.

Note 7: Operating Lease Agreements

On October 23, 2019, as subsequently amended, the 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 District paid \$111,000 in monthly lease payments in the current year. Future minimum lease payments under the lease agreement are \$111,000 for fiscal years 2023, 2024 and 2025 and \$37,000 for fiscal year 2026.

On August 25, 2021, the 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 \$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 the current year, the District paid \$36,250 for the first and last month's deposit. The lease has not commenced as of year-end.

East Montgomery County Municipal Utility District No. 5

Notes to Financial Statements

May 31, 2022

On January 20, 2022, the District entered into an equipment lease agreement for a 165,000 gallon-per-day (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 current year, the District paid \$24,600 for the first and last month's deposit. The lease has not commenced as of year-end.

Note 8: Regional Water Authority

The District is within the boundaries of the Lone Star Groundwater Conservation District (the 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 meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. During the year ended May 31, 2022, the District paid \$15,045 to the Conservation District.

Note 9: 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 (the 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, 2022, the Authority was billing the District \$2.88 per 1,000 gallons of water pumped. This amount is subject to future increases. During the year ended May 31, 2022, the District recorded expenses of \$429,565 under the GRP Contract.

Note 10: 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 District subject to taxation. During the year ended May 31, 2022, the District did not levy an ad valorem maintenance tax.

East Montgomery County Municipal Utility District No. 5
Notes to Financial Statements
May 31, 2022

Note 11: Risk Management

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

Note 12: Contingencies

The developer of the District is constructing regional facilities within the boundaries of the District and within the Master District's service area, as well as Internal District facilities. The Master District and Internal District have agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future contract revenue bonds and tax bonds, respectively, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$7,248,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

**Supplementary Information
(Not Subjected to Audit Procedures)**

East Montgomery County Municipal Utility District No. 5
Other Schedules Included Within This Report
May 31, 2022

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

- Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 12-22
- Schedule of Services and Rates
- Schedule of General Fund Expenditures – Not Applicable
- Schedule of Temporary Investments – Not Applicable
- Analysis of Taxes Levied and Receivable – Not Applicable
- Schedule of Long-term Debt Service Requirements by Years, Business-type Activities
- Changes in Long-term Bonded Debt, Business-type Activities
- Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years – Not Applicable
- Board Members, Key Personnel and Consultants

East Montgomery County Municipal Utility District No. 5

Schedule of Services and Rates

Year Ended May 31, 2022

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

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
Water:	\$ 12.00	5,000	N	\$ 2.50	5,001 to 10,000
				\$ 2.70	10,001 to 15,000
				\$ 2.90	15,001 to 20,000
				\$ 3.05	20,001 to 30,000
				\$ 4.00	30,001 to No Limit
Wastewater:	\$ 36.00	10,000	N	\$ 2.25	10,001 to No Limit
Regional water fee:	\$ 3.26	1,000	N	\$ 3.26	1,001 to No Limit

Does the District employ winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage (including fees): Water \$ 57.10 Wastewater \$ 36.00

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"	-	-	x1.0	-
1"	-	-	x2.5	-
1 1/2"	-	-	x5.0	-
2"	-	-	x8.0	-
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	-	-		-
Total wastewater	-	-	x1.0	-

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

Gallons pumped into the system:	131,820
Gallons billed to customers:	125,769
Water accountability ratio (gallons billed/gallons pumped):	95.41%

*"ESFC" means equivalent single-family connections

East Montgomery County Municipal Utility District No. 5
Schedule of Long-term Debt Service Requirements by Years,
Business-type Activities
May 31, 2022

Due During Fiscal Years Ending May 31	Series 2016		
	Principal Due December 1	Interest Due December 1, June 1	Total
2023	\$ 200,000	\$ 187,627	\$ 387,627
2024	205,000	183,019	388,019
2025	215,000	177,922	392,922
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	<u>\$ 5,950,000</u>	<u>\$ 2,281,971</u>	<u>\$ 8,231,971</u>

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 (Continued)
May 31, 2022

Due During Fiscal Years Ending May 31	Series 2017		
	Principal Due December 1	Interest Due December 1, June 1	Total
2023	\$ 100,000	\$ 90,875	\$ 190,875
2024	105,000	87,800	192,800
2025	105,000	84,650	189,650
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	\$ 2,595,000	\$ 1,112,656	\$ 3,707,656

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 (Continued)
May 31, 2022

Due During Fiscal Years Ending May 31	Series 2018		
	Principal Due December 1	Interest Due December 1, June 1	Total
2023	\$ 135,000	\$ 158,799	\$ 293,799
2024	140,000	154,842	294,842
2025	145,000	150,568	295,568
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	<u>\$ 4,425,000</u>	<u>\$ 1,998,899</u>	<u>\$ 6,423,899</u>

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 (Continued)
May 31, 2022

Due During Fiscal Years Ending May 31	Series 2019		
	Principal Due December 1	Interest Due December 1, June 1	Total
2023	\$ 130,000	\$ 157,901	\$ 287,901
2024	135,000	154,786	289,786
2025	140,000	151,346	291,346
2026	145,000	147,569	292,569
2027	150,000	143,549	293,549
2028	160,000	139,246	299,246
2029	165,000	134,531	299,531
2030	170,000	129,506	299,506
2031	175,000	124,330	299,330
2032	185,000	118,700	303,700
2033	190,000	112,488	302,488
2034	200,000	105,906	305,906
2035	205,000	98,944	303,944
2036	215,000	91,594	306,594
2037	225,000	83,894	308,894
2038	235,000	75,697	310,697
2039	240,000	66,938	306,938
2040	250,000	57,750	307,750
2041	260,000	48,188	308,188
2042	270,000	38,250	308,250
2043	285,000	27,844	312,844
2044	295,000	16,969	311,969
2045	305,000	5,719	310,719
Totals	<u>\$ 4,730,000</u>	<u>\$ 2,231,645</u>	<u>\$ 6,961,645</u>

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 (Continued)
May 31, 2022

Due During Fiscal Years Ending May 31	Series 2021		
	Principal Due December 1	Interest Due December 1, June 1	Total
2023	\$ 155,000	\$ 106,950	\$ 261,950
2024	155,000	103,850	258,850
2025	155,000	100,750	255,750
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	<u>\$ 4,190,000</u>	<u>\$ 1,545,900</u>	<u>\$ 5,735,900</u>

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 (Continued)
May 31, 2022

Due During Fiscal Years Ending May 31	Series 2022		
	Principal Due December 1	Interest Due December 1, June 1	Total
2023	\$ -	\$ 205,015	\$ 205,015
2024	125,000	199,706	324,706
2025	130,000	194,606	324,606
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	\$ 4,855,000	\$ 3,125,668	\$ 7,980,668

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 (Continued)
May 31, 2022

Due During Fiscal Years Ending May 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	\$ 720,000	\$ 907,167	\$ 1,627,167
2024	865,000	884,003	1,749,003
2025	890,000	859,842	1,749,842
2026	915,000	834,375	1,749,375
2027	940,000	807,707	1,747,707
2028	965,000	779,868	1,744,868
2029	995,000	750,380	1,745,380
2030	1,025,000	718,448	1,743,448
2031	1,055,000	684,365	1,739,365
2032	1,090,000	649,068	1,739,068
2033	1,125,000	612,229	1,737,229
2034	1,165,000	573,505	1,738,505
2035	1,200,000	532,881	1,732,881
2036	1,240,000	490,443	1,730,443
2037	1,285,000	445,934	1,730,934
2038	1,330,000	399,108	1,729,108
2039	1,375,000	349,691	1,724,691
2040	1,425,000	297,485	1,722,485
2041	1,475,000	243,183	1,718,183
2042	1,530,000	186,878	1,716,878
2043	1,585,000	127,538	1,712,538
2044	820,000	81,619	901,619
2045	855,000	50,428	905,428
2046	570,000	23,922	593,922
2047	305,000	6,672	311,672
Totals	<u>\$ 26,745,000</u>	<u>\$ 12,296,739</u>	<u>\$ 39,041,739</u>

East Montgomery County Municipal Utility District No. 5
Changes in Long-term Bonded Debt, Business-type Activities
Year Ended May 31, 2022

	Bond		
	Series 2016	Series 2017	Series 2018
Interest rates	1.250% to 3.625%	2.00% to 4.00%	2.25% to 4.00%
Dates interest payable	December 1/ June 1	December 1/ June 1	December 1/ June 1
Maturity dates	December 1, 2022/2041	December 1, 2022/2042	December 1, 2022/2042
Bonds outstanding, beginning of current year	\$ 6,140,000	\$ 2,700,000	\$ 4,555,000
Bonds sold during current year	-	-	-
Retirements, principal	190,000	105,000	130,000
Bonds outstanding, end of current year	<u>\$ 5,950,000</u>	<u>\$ 2,595,000</u>	<u>\$ 4,425,000</u>
Interest paid during current year	<u>\$ 191,728</u>	<u>\$ 93,950</u>	<u>\$ 162,377</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

Bond authority:

	Contract Revenue Bonds	Tax Revenue Bonds	Tax Revenue Road Bonds
Amount authorized by voters	\$ 225,000,000	\$ 82,004,262	\$ 63,529,430
Amount issued	\$ 28,395,000	\$ -	\$ -
Remaining to be issued	<u>\$ 196,605,000</u>	<u>\$ 82,004,262</u>	<u>\$ 63,529,430</u>

Debt service fund cash and temporary investment balances as of May 31, 2022: \$ 997,113

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,561,670

Issues

Series 2019	Series 2021	Series 2022	Total
2.10% to 3.75%	2.00% to 3.00%	4.000% to 4.375%	
December 1/ June 1	December 1/ June 1	December 1/ June 1	
December 1, 2022/2044	December 1, 2022/2045	December 1, 2023/2046	
\$ 4,855,000	\$ -	\$ -	\$ 18,250,000
-	4,190,000	4,855,000	9,045,000
125,000	-	-	550,000
<u>\$ 4,730,000</u>	<u>\$ 4,190,000</u>	<u>\$ 4,855,000</u>	<u>\$ 26,745,000</u>
<u>\$ 160,771</u>	<u>\$ 108,500</u>	<u>\$ 0</u>	<u>\$ 717,326</u>

East Montgomery County Municipal Utility District No. 5
Board Members, Key Personnel and Consultants
Year Ended May 31, 2022

Complete District mailing address:	East Montgomery County Municipal Utility District No. 5 c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 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):	June 11, 2021
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 05/21- 05/25	\$ 1,200	\$ 192	President
Larry Kijewski	Elected 05/21- 05/25	1,350	213	Vice President
Brian Mashburn	Elected 05/19- 05/23	1,200	244	Secretary
Charles L. Prause	Elected 05/19- 05/23	600	64	Assistant Secretary
Joe Carranza	Elected 05/19- 09/21	0	0	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 (Continued)
Year Ended May 31, 2022

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Assessments of the Southwest, Inc.	10/28/15	\$ 0	Tax Assessor
BKD, LLP	09/28/15	37,400	Auditor
Coats Rose, P.C.	02/23/07	217,640 46,525	Bond Counsel General Counsel
H2O Innovation	09/28/15	327,613	Operator
L & S District Services, LLC	05/18/07	14,693	Bookkeeper
LJA Engineering, Inc.	09/28/15	80,627	Engineer
Montgomery Central Appraisal District	Legislative Action	0	Appraiser
Robert W. Baird & Co. Incorporated	09/28/15	216,523	Financial Advisor
Investment Officer			
Debra R. Loggins	04/27/16	N/A	Bookkeeper