




Fort Bend County Municipal Utility District No. 5 Fort Bend County, Texas

Independent Auditor's Report and Financial Statements

July 31, 2023



Fort Bend County Municipal Utility District No. 5
July 31, 2023

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Independent Auditor's Report

Opinions

We have audited the financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 5 (the District), as of and for the year ended July 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of July 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance

and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

FORVIS,LLP

Houston, Texas
December 6, 2023

Fort Bend County Municipal Utility District No. 5

Management's Discussion and Analysis

July 31, 2023

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

Fort Bend County Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
July 31, 2023

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Fort Bend County Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
July 31, 2023

Financial Analysis of the District as a Whole

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

Summary of Net Position

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 7,508,880	\$ 5,575,167
Capital and lease assets	<u>43,107,165</u>	<u>35,988,503</u>
Total assets	<u>50,616,045</u>	<u>41,563,670</u>
Deferred outflows of resources	<u>104,398</u>	<u>110,895</u>
Total assets and deferred outflows of resources	<u>\$ 50,720,443</u>	<u>\$ 41,674,565</u>
Long-term liabilities	\$ 51,392,839	\$ 42,887,802
Other liabilities	<u>875,667</u>	<u>801,129</u>
Total liabilities	<u>52,268,506</u>	<u>43,688,931</u>
Net position:		
Net investment in capital assets	(7,838,671)	(6,828,459)
Restricted	2,748,818	1,743,909
Unrestricted	<u>3,541,790</u>	<u>3,070,184</u>
Total net position	<u>\$ (1,548,063)</u>	<u>\$ (2,014,366)</u>

The total net position of the District increased by \$466,303, or about 23 percent. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. 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.

Fort Bend County Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
July 31, 2023

	<u>2023</u>	<u>2022</u>
Revenues:		
Property taxes	\$ 4,359,671	\$ 3,487,247
Charges for services	1,216,715	1,118,604
Other revenues	<u>343,054</u>	<u>159,291</u>
Total revenues	<u>5,919,440</u>	<u>4,765,142</u>
Expenses:		
Services	2,223,846	1,988,854
Depreciation and amortization	1,066,871	911,806
Debt service	<u>2,162,420</u>	<u>1,372,778</u>
Total expenses	<u>5,453,137</u>	<u>4,273,438</u>
Change in net position	466,303	491,704
Net position, beginning of year	<u>(2,014,366)</u>	<u>(2,506,070)</u>
Net position, end of year	<u><u>\$ (1,548,063)</u></u>	<u><u>\$ (2,014,366)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended July 31, 2023, were \$7,132,945, an increase of \$1,965,276 from the prior year.

The general fund's fund balance increased by \$481,119. This increase was primarily related to property taxes and service revenues and investment income exceeding of service operation, capital outlay and lease payment expenditures.

The debt service fund's fund balance increased by \$1,111,915 because property tax revenues were greater than bond principal and interest requirements.

The capital project fund's fund balance increased by \$372,242, primarily due to proceeds from the sales of bonds and a bond anticipation note exceeding capital outlay expenditures, debt issuance costs, and the repayment of a bond anticipation note.

Fort Bend County Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
July 31, 2023

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 regional water fee revenues and investment income being greater than anticipated and property tax revenues and lease payments being less than anticipated. In addition, capital outlay expenditures incurred were not included in the budget. The fund balance as of July 31, 2023, was expected to be \$3,584,153 and the actual end-of-year fund balance was \$3,523,756.

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 as follows:

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

	2023	2022
Land and improvements	\$ 9,127,049	\$ 7,254,205
Construction in progress	48,665	524,990
Water facilities	7,935,365	6,698,204
Wastewater facilities	10,247,716	9,535,257
Drainage facilities	15,170,967	11,254,093
Lease assets	577,403	721,754
Total capital and lease assets	\$ 43,107,165	\$ 35,988,503

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

Construction of water, sewer and drainage facilities to serve Briarwood Crossing, Sections 7, 9, 10, 11, and 15	\$ 3,653,620
Construction of water, sewer and drainage facilities to serve Fairpark Village, Sections 5, 8, and 9	866,998
Construction of water, sewer and drainage facilities to serve Briarwood Crossing Drive, Phases 1-2 and Learning Tree Lane	1,045,957
Land additions related to Briarwood Crossing, Detention Basin No. 4, Phases 1-2, and Briarwood Crossing Clearing, Phases 1-2	1,872,844
Drainage facilities to serve Briarwood Crossing, Detention Basin No. 4, Phases 1-2	282,459

Fort Bend County Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
July 31, 2023

Water plant No. 1, expansion No. 1	\$ 95,859
Water plant No. 1, expansion No. 2	65,355
Construction in progress related to City of Rosenberg interconnect waterline	48,665
Briarwood commercial utility extension, Phase 2	97,723
Lift Station No. 3	142,119
Interim wastewater treatment plant, expansion No. 2	13,934
Total additions to capital and lease assets	\$ 8,185,533

The developer of the District has constructed water, sewer and drainage facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission. At July 31, 2023, a liability for developer-constructed capital assets of \$7,092,903 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended July 31, 2023, are summarized as follows:

Long-term debt payable, beginning of year	\$ 42,887,802
Increases in long-term debt	24,692,234
Decreases in long-term debt	(16,187,197)
Long-term debt payable, end of year	\$ 51,392,839

At July 31, 2023, the District had \$38,430,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems, \$10,000,000 authorized, but unissued, for road facilities and refunding, and \$3,000,000 authorized, but unissued, for recreational facilities within the District.

The District's bonds carry an underlying rating of "Baa2" from Moody's Investors Service (Moody's). The Series 2018, 2021 refunding, 2021 and 2022 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Co. The Series 2019, 2019 refunding, 2020 and 2023 bonds carry a "AA" rating from Standard & Poor's and an "A1" rating from Moody's by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

Fort Bend County Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
July 31, 2023

Other Relevant Factors

Relationship to the Village of Pleak

Under existing Texas law, since the District lies within the extraterritorial jurisdiction of the Village of Pleak (the Village), the District must conform to the Village ordinance consenting to the creation of the District.

Contingencies

The developer of the District is constructing water, sewer and drainage facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$2,730,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Subsequent Event

On November 9, 2023, the District issued its Unlimited Tax Bonds, Series 2023A, in the amount of \$7,120,000, at a net effective interest rate of approximately 4.92 percent. The bonds were sold to repay the District's developer for facilities constructed within the District.

Fort Bend County Municipal Utility District No. 5
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 78,857	\$ 45,672	\$ 905	\$ 125,434	\$ -	\$ 125,434
Short-term investments	3,533,848	3,197,001	385,651	7,116,500	-	7,116,500
Receivables:						
Property taxes	18,034	34,416	-	52,450	-	52,450
Service accounts	198,205	-	-	198,205	-	198,205
Accrued penalty and interest	-	-	-	-	11,491	11,491
Interfund receivables	12,687	-	-	12,687	(12,687)	-
Due from others	4,800	-	-	4,800	-	4,800
Prepaid expenditures	36,100	-	-	36,100	(36,100)	-
Capital and lease assets (net of accumulated depreciation and amortization):						
Land and improvements	-	-	-	-	9,127,049	9,127,049
Construction in progress	-	-	-	-	48,665	48,665
Infrastructure	-	-	-	-	33,354,048	33,354,048
Lease assets	-	-	-	-	577,403	577,403
Total assets	3,882,531	3,277,089	386,556	7,546,176	43,069,869	50,616,045
Deferred Outflows of Resources						
Deferred amount on debt refundings	0	0	0	0	104,398	104,398
Total assets and deferred outflows of resources	\$ 3,882,531	\$ 3,277,089	\$ 386,556	\$ 7,546,176	\$ 43,174,267	\$ 50,720,443

Fort Bend County Municipal Utility District No. 5
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
July 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 199,749	\$ 6,815	\$ 538	\$ 207,102	\$ -	\$ 207,102
Accrued interest payable	-	-	-	-	527,573	527,573
Customer deposits	138,695	-	-	138,695	-	138,695
Due to others	2,297	-	-	2,297	-	2,297
Interfund payables	-	12,687	-	12,687	(12,687)	-
Long-term liabilities:						
Due within one year	-	-	-	-	1,253,171	1,253,171
Due after one year	-	-	-	-	50,139,668	50,139,668
Total liabilities	340,741	19,502	538	360,781	51,907,725	52,268,506
Deferred Inflows of Resources						
Deferred property tax revenues	18,034	34,416	0	52,450	(52,450)	0
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	36,100	-	-	36,100	(36,100)	-
Restricted:						
Unlimited tax bonds	-	3,223,171	-	3,223,171	(3,223,171)	-
Water, sewer and drainage	-	-	386,018	386,018	(386,018)	-
Unassigned	3,487,656	-	-	3,487,656	(3,487,656)	-
Total fund balances	3,523,756	3,223,171	386,018	7,132,945	(7,132,945)	0
Total liabilities, deferred inflows of resources and fund balances	\$ 3,882,531	\$ 3,277,089	\$ 386,556	\$ 7,546,176		
Net position:						
Net investment in capital assets					(7,838,671)	(7,838,671)
Restricted for debt service					2,741,505	2,741,505
Restricted for capital assets					7,313	7,313
Unrestricted					3,541,790	3,541,790
Total net position					\$ (1,548,063)	\$ (1,548,063)

Fort Bend County Municipal Utility District No. 5
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended July 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,323,011	\$ 3,015,050	\$ -	\$ 4,338,061	\$ 21,610	\$ 4,359,671
Water service	228,998	-	-	228,998	-	228,998
Sewer service	581,330	-	-	581,330	-	581,330
Regional water fee	406,387	-	-	406,387	-	406,387
Penalty and interest	21,942	9,663	-	31,605	5,317	36,922
Tap connection and inspection fees	68,621	-	-	68,621	-	68,621
Investment income	134,758	85,894	4,583	225,235	-	225,235
Other income	12,276	-	-	12,276	-	12,276
Total revenues	2,777,323	3,110,607	4,583	5,892,513	26,927	5,919,440
Expenditures/Expenses						
Service operations:						
Regional water fee	419,602	-	-	419,602	-	419,602
Professional fees	115,623	913	-	116,536	157,397	273,933
Contracted services	496,152	57,207	-	553,359	-	553,359
Utilities	109,632	-	-	109,632	-	109,632
Repairs and maintenance	722,005	-	-	722,005	8,351	730,356
Other expenditures	81,408	11,655	740	93,803	-	93,803
Tap connections	43,161	-	-	43,161	-	43,161
Capital outlay	126,221	-	11,570,616	11,696,837	(11,696,837)	-
Depreciation and amortization	-	-	-	-	1,066,871	1,066,871
Debt service:						
Principal retirement	-	925,000	6,975,000	7,900,000	(7,900,000)	-
Interest and fees	-	1,003,917	183,002	1,186,919	214,820	1,401,739
Lease payments	182,400	-	-	182,400	(182,400)	-
Debt issuance costs	-	-	760,681	760,681	-	760,681
Total expenditures/expenses	2,296,204	1,998,692	19,490,039	23,784,935	(18,331,798)	5,453,137
Excess (Deficiency) of Revenues Over Expenditures	481,119	1,111,915	(19,485,456)	(17,892,422)	18,358,725	

Fort Bend County Municipal Utility District No. 5
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances (Continued)
Year Ended July 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
General obligation bonds issued	\$ -	\$ -	\$ 13,280,000	\$ 13,280,000	\$ (13,280,000)	
Discount on debt issued	-	-	(397,302)	(397,302)	397,302	
Bond anticipation note issued	-	-	6,975,000	6,975,000	(6,975,000)	
	<u>0</u>	<u>0</u>	<u>19,857,698</u>	<u>19,857,698</u>	<u>(19,857,698)</u>	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses						
	481,119	1,111,915	372,242	1,965,276	(1,965,276)	
Change in Net Position						
					466,303	\$ 466,303
Fund Balances/Net Position						
Beginning of year	<u>3,042,637</u>	<u>2,111,256</u>	<u>13,776</u>	<u>5,167,669</u>	<u>-</u>	<u>(2,014,366)</u>
End of year	<u>\$ 3,523,756</u>	<u>\$ 3,223,171</u>	<u>\$ 386,018</u>	<u>\$ 7,132,945</u>	<u>\$ 0</u>	<u>\$ (1,548,063)</u>

Fort Bend County Municipal Utility District No. 5

Notes to Financial Statements

July 31, 2023

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

Fort Bend County Municipal Utility District No. 5 (the District) was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective August 5, 1974, in accordance with the Texas Water Code, Chapter 54. The District began active operations at an organization meeting of the Board of Directors (the Board) on May 23, 2006 (inception). The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities, road facilities, and parks and recreational facilities and to provide such facilities and services to the customers of the District.

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

Fort Bend County Municipal Utility District No. 5

Notes to Financial Statements

July 31, 2023

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2023

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2023

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

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 July 31, 2023, include collections during the current period or within 60 days of year-end related to the 2022 and prior years' tax levies.

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2023

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 July 31, 2023, the 2022 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45

Lease Assets

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

Deferred Amount on Debt Refundings

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

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2023

Debt Issuance Costs

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

Long-term Obligations

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

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

Net Position/Fund Balances

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

Capital and lease assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 43,107,165
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	52,450
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	11,491
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	104,398

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2023

Prepaid lease expenditures are not reported as assets in the statement of net position.	\$ (36,100)
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(527,573)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(51,392,839)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (8,681,008)</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.	\$ 1,965,276
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay expenditures exceeded depreciation expense and noncapitalized costs in the current year.	10,464,218
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.	397,302
Governmental funds report proceeds from sales of bonds and bond anticipation notes because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any affect on net position.	(12,172,600)
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.	26,927
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>(214,820)</u>
Change in net position of governmental activities.	<u>\$ 466,303</u>

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2023

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 July 31, 2023, 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 TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool.

At July 31, 2023, the District had the following investments and maturities:

Maturities in Years

Type	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 7,116,500	\$ 7,116,500	\$ 0	\$ 0	\$ 0

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2023

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2023, the District's investments in TexPool were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at July 31, 2023, as follows:

Carrying value:			
Deposits	\$	125,434	
Investments		7,116,500	
Total	\$	7,241,934	

Investment Income

Investment income of \$225,235 for the year ended July 31, 2023, consisted of interest income.

Note 3: Capital and Lease Assets

A summary of changes in capital and lease assets for the year ended July 31, 2023, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Reclassi- fications	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	\$ 7,254,205	\$ 1,872,844	\$ -	\$ 9,127,049
Construction in progress	524,990	48,665	(524,990)	48,665
Total capital assets, non-depreciable	7,779,195	1,921,509	(524,990)	9,175,714

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2023

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Reclassi- fications	Balances, End of Year
Capital and lease assets, depreciable:				
Water production and distribution facilities	\$ 8,458,059	\$ 941,177	\$ 524,990	\$ 9,924,226
Wastewater collection and treatment facilities	12,043,485	1,014,799	-	13,058,284
Drainage facilities	13,052,581	4,308,048	-	17,360,629
Lease assets - equipment	866,105	-	-	866,105
	<u>34,420,230</u>	<u>6,264,024</u>	<u>524,990</u>	<u>41,209,244</u>
Total capital and lease assets, depreciable/amortizable				
Less accumulated depreciation and amortization:				
Water production and distribution facilities	(1,759,855)	(229,006)	-	(1,988,861)
Wastewater collection and treatment facilities	(2,508,228)	(302,340)	-	(2,810,568)
Drainage facilities	(1,798,488)	(391,174)	-	(2,189,662)
Lease assets - equipment	(144,351)	(144,351)	-	(288,702)
	<u>(6,210,922)</u>	<u>(1,066,871)</u>	<u>0</u>	<u>(7,277,793)</u>
Total accumulated depreciation and amortization				
Total governmental activities, net	<u>\$ 35,988,503</u>	<u>\$ 7,118,662</u>	<u>\$ 0</u>	<u>\$ 43,107,165</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended July 31, 2023, were as shown below:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 32,570,000	\$ 13,280,000	\$ 925,000	\$ 44,925,000	\$ 1,110,000
Add premium on bonds	7,171	-	370	6,801	-
Less discounts on bonds	828,650	397,302	26,137	1,199,815	-
	<u>31,748,521</u>	<u>12,882,698</u>	<u>899,233</u>	<u>43,731,986</u>	<u>1,110,000</u>
Lease liability	700,822	-	132,872	567,950	143,171
Bond anticipation note	-	6,975,000	6,975,000	-	-
Due to developer	10,438,459	4,834,536	8,180,092	7,092,903	-
	<u>10,438,459</u>	<u>4,834,536</u>	<u>8,180,092</u>	<u>7,092,903</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 42,887,802</u>	<u>\$ 24,692,234</u>	<u>\$ 16,187,197</u>	<u>\$ 51,392,839</u>	<u>\$ 1,253,171</u>

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2023

General Obligation Bonds

	Series 2015	Series 2016
Amounts outstanding, July 31, 2023	\$2,305,000	\$3,960,000
Interest rates	1.75% to 4.00%	2.000% to 4.125%
Maturity dates, serially beginning/ending	September 1, 2023/2040	September 1, 2023/2041
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2023	September 1, 2024
	Series 2018	Series 2019
Amounts outstanding, July 31, 2023	\$2,715,000	\$5,950,000
Interest rates	3.00% to 4.50%	2.125% to 4.625%
Maturity dates, serially beginning/ending	September 1, 2023/2043	September 1, 2023/2044
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2023	September 1, 2024
	Refunding Series 2019	Series 2020
Amounts outstanding, July 31, 2023	\$2,540,000	\$4,770,000
Interest rates	2.00% to 3.00%	2.25% to 4.75%
Maturity dates, serially beginning/ending	September 1, 2023/2035	September 1, 2023/2045
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2025	September 1, 2025

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

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2023

	Refunding Series 2021	Series 2021
Amounts outstanding, July 31, 2023	\$1,355,000	\$2,990,000
Interest rates	2.00% to 3.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2023/2038	September 1, 2023/2046
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2025	September 1, 2026
	Series 2022	Series 2023
Amounts outstanding, July 31, 2023	\$5,060,000	\$13,280,000
Interest rates	3.00% to 5.50%	3.25% to 5.75%
Maturity dates, serially beginning/ending	September 1, 2023/2046	September 1, 2024/2047
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	May 1, 2027	May 1, 2028

*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 general obligation bonds outstanding at July 31, 2023.

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2023

Year	Principal	Interest	Total
2024	\$ 1,110,000	\$ 1,433,313	\$ 2,543,313
2025	1,445,000	1,513,803	2,958,803
2026	1,505,000	1,453,867	2,958,867
2027	1,565,000	1,394,465	2,959,465
2028	1,620,000	1,336,374	2,956,374
2029-2033	9,055,000	5,778,274	14,833,274
2034-2038	10,320,000	4,184,331	14,504,331
2039-2043	10,620,000	2,348,246	12,968,246
2044-2048	<u>7,685,000</u>	<u>621,366</u>	<u>8,306,366</u>
Total	<u>\$ 44,925,000</u>	<u>\$ 20,064,039</u>	<u>\$ 64,989,039</u>

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

Utility bonds voted	\$ 87,000,000
Utility bonds sold	48,570,000
Refunding bonds voted	60,000,000
Refunding bonds authorization used	310,000
Park bonds voted	3,000,000
Road bonds voted	10,000,000

Lease Liability

The following schedule shows the annual lease requirements to pay principal and interest on the lease liability outstanding at July 31, 2023:

Year	Principal	Interest	Total
2024	\$ 143,171	\$ 39,229	\$ 182,400
2025	154,269	28,131	182,400
2026	141,258	16,942	158,200
2027	<u>129,252</u>	<u>6,148</u>	<u>135,400</u>
Total	<u>\$ 567,950</u>	<u>\$ 90,450</u>	<u>\$ 658,400</u>

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2023

Due to Developer

The developer of the District has constructed underground utilities on behalf of the District. The District has agreed to reimburse the developer for these construction costs, and interest, to the extent approved by the Commission from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are \$7,092,903. These amounts have been recorded in the financial statements as long-term liabilities.

Bond Anticipation Note

On October 12, 2022, the District issued its Series 2022 Bond Anticipation Note in the amount of \$6,975,000. The note is dated October 12, 2022, bears interest at the rate of 4.22 percent and matures October 11, 2023, unless called for early redemption. The note is a special limited obligation of the District and is payable solely from proceeds from the sale of bonds and was redeemed with proceeds from the Series 2023 bonds prior to year-end.

Note 5: Significant Bond Resolution and Commission Requirements

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended July 31, 2023, the District levied an ad valorem debt service tax rate of \$0.9250 per \$100 of assessed valuation, which resulted in a tax levy of \$3,031,324 on the taxable valuation of \$327,710,712 for the 2022 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$2,285,301, of which \$513,927 has been paid and \$1,771,374 is due September 1, 2023.

Note 6: Maintenance Taxes

At an election held on November 7, 2006, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended July 31, 2023, the District levied an ad valorem maintenance tax at the rate of \$0.4050 per \$100 of assessed valuation, which resulted in a tax levy of \$1,327,229 on the taxable valuation of \$327,710,712 for the 2022 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Wastewater Treatment Plant Leases

On February 7, 2007, the District entered into a lease of a 175,000 gallons-per-day (gpd) wastewater treatment plant. The original lease term was for 60 months and, during a prior year, was extended on a month-to-month basis. Payments were \$5,000 per month during the current year. During the current year, the District incurred expenditures of \$60,000 related to this lease.

Fort Bend County Municipal Utility District No. 5

Notes to Financial Statements

July 31, 2023

In June 2015, the District entered into a lease of an additional 175,000 gpd wastewater treatment plant. The lease term is for 60 months with monthly payments of \$4,800 upon substantial completion of the installation, which occurred in October 2016. After the initial term, which concluded during the prior year, the lease continues on a month-to-month basis with monthly payments of \$4,500. During the current year, the District incurred expenditures of \$54,000 related to this lease.

In March 2020, the District entered into a lease of additional equipment for use with the existing wastewater treatment plant expansions. The lease term is for 60 months with monthly payments of \$5,700 upon substantial completion of the installation, which occurred in August 2020. After the initial term, the lease continues on a month-to-month basis with monthly payments of \$3,500. During the current year, the District incurred expenditures of \$68,400 related to this lease.

Note 8: Groundwater Reduction Plan Agreement

The District is within the boundaries of the Fort Bend Subsidence District (the Subsidence District), which regulates groundwater withdrawal. The District's authority to pump groundwater from its well is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations required for reduction of groundwater withdrawals through conversion to alternate source water (*e.g.*, surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. The District has entered into a Groundwater Reduction Plan Participation Agreement (GRPPA) with the City of Rosenberg (the City) in order to meet the Subsidence District's requirements. As a participant in the GRPPA, the District has complied with all Subsidence District requirements for surface water conversion, but is obligated to pay to the City a groundwater withdrawal fee for all groundwater produced and used by the District and a water purchase fee for any water actually purchased from the City in the future. For the year ended July 31, 2023, the District incurred fees totaling \$419,602 for groundwater withdrawal.

Note 9: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. To provide coverage for itself, the District participates, along with other Texas municipalities, in the Texas Municipal League's Intergovernmental Risk Pool (the Pool). Under the fund agreement, the District pays regular insurance premium payments, based on estimated claims, into a joint risk pool. All claims and expenses for all members of the fund are paid from a joint risk pool. The District has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums.

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2023

Note 10: Contingencies

The developer of the District is constructing water, sewer and drainage facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$2,730,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 11: Subsequent Event

On November 9, 2023, the District issued its Unlimited Tax Bonds, Series 2023A, in the amount of \$7,120,000, at a net effective interest rate of approximately 4.92 percent. The bonds were sold to repay the District's developer for facilities constructed within the District.

Required Supplementary Information

Fort Bend County Municipal Utility District No. 5
Budgetary Comparison Schedule – General Fund
Year Ended July 31, 2023

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,459,130	\$ 1,323,011	\$ (136,119)
Water service	204,000	228,998	24,998
Sewer service	540,000	581,330	41,330
Regional water fee	276,000	406,387	130,387
Penalty and interest	14,400	21,942	7,542
Tap connection and inspection fees	29,400	68,621	39,221
Investment income	6,000	134,758	128,758
Other income	10,800	12,276	1,476
Total revenues	<u>2,539,730</u>	<u>2,777,323</u>	<u>237,593</u>
Expenditures			
Service operations:			
Regional water fee	336,000	419,602	(83,602)
Professional fees	128,000	115,623	12,377
Contracted services	425,750	496,152	(70,402)
Utilities	104,400	109,632	(5,232)
Repairs and maintenance	637,131	722,005	(84,874)
Other expenditures	77,733	81,408	(3,675)
Tap connections	16,800	43,161	(26,361)
Capital outlay	-	126,221	(126,221)
Debt service, lease payments	272,400	182,400	90,000
Total expenditures	<u>1,998,214</u>	<u>2,296,204</u>	<u>(297,990)</u>
Excess of Revenues Over Expenditures	541,516	481,119	(60,397)
Fund Balance, Beginning of Year	<u>3,042,637</u>	<u>3,042,637</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,584,153</u>	<u>\$ 3,523,756</u>	<u>\$ (60,397)</u>

Fort Bend County Municipal Utility District No. 5
Notes to Required Supplementary Information
July 31, 2023

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 of Directors 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 2023.

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

Fort Bend County Municipal Utility District No. 5
Other Schedules Included Within This Report
July 31, 2023

(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 15-30
- [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
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Fort Bend County Municipal Utility District No. 5

Schedule of Services and Rates

Year Ended July 31, 2023

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 checked="" type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input 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:	\$ 9.50	6,000	N	\$ 1.25	6,001 to 10,000
				\$ 1.50	10,001 to 15,000
				\$ 1.75	15,001 to 20,000
				\$ 2.00	20,001 to No Limit
Wastewater:	\$ 36.00	1	Y		
City of Rosenberg GRP fee:	\$ 2.86	1	N	\$ 2.86	1 to No Limit

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

Total charges per 10,000 gallons usage (including fees): Water \$ 43.10 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"	1,398	1,384	x1.0	1,384
1"	13	13	x2.5	33
1 1/2"	4	4	x5.0	20
2"	24	22	x8.0	176
3"	-	-	x15.0	-
4"	2	2	x25.0	50
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	1,441	1,425		1,663
Total wastewater	1,409	1,393	x1.0	1,393

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

Gallons pumped into the system:	154,903
Gallons billed to customers:	152,704
Water accountability ratio (gallons billed/gallons pumped):	98.58%

*"ESFC" means equivalent single-family connections

Fort Bend County Municipal Utility District No. 5
Schedule of General Fund Expenditures
Year Ended July 31, 2023

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 23,400	
Legal	63,229	
Engineering	28,994	
Financial advisor	-	
	-	115,623
Purchased Services for Resale		
Bulk water and wastewater service purchases		-
Regional Water Fee		419,602
Contracted Services		
Bookkeeping	23,637	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	154,083	
	154,083	177,720
Utilities		109,632
Repairs and Maintenance		722,005
Administrative Expenditures		
Directors' fees	10,902	
Office supplies	3,074	
Insurance	31,962	
Other administrative expenditures	35,470	
	35,470	81,408
Capital Outlay		
Capitalized assets	114,020	
Expenditures not capitalized	12,201	
	12,201	126,221
Tap Connection Expenditures		43,161
Solid Waste Disposal		318,432
Fire Fighting		-
Parks and Recreation		-
Lease Payments		182,400
		182,400
Total expenditures		\$ 2,296,204

Fort Bend County Municipal Utility District No. 5
Schedule of Temporary Investments
July 31, 2023

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	5.32%	Demand	\$ 3,533,848	\$ -
Debt Service Fund				
TexPool	5.32%	Demand	3,197,001	-
Capital Projects Fund				
TexPool	5.32%	Demand	<u>385,651</u>	<u>-</u>
Totals			<u>\$ 7,116,500</u>	<u>\$ 0</u>

Fort Bend County Municipal Utility District No. 5
Analysis of Taxes Levied and Receivable
Year Ended July 31, 2023

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 13,286	\$ 17,554
Additions and corrections to prior years' taxes	530	588
Adjusted receivable, beginning of year	13,816	18,142
 2022 Original Tax Levy	 1,334,802	 3,048,621
Additions and corrections	(7,573)	(17,297)
Adjusted tax levy	1,327,229	3,031,324
Total to be accounted for	1,341,045	3,049,466
Tax collections: Current year	(1,316,045)	(3,005,782)
Prior years	(6,966)	(9,268)
Receivable, end of year	\$ 18,034	\$ 34,416
 Receivable, by Year		
2022	\$ 11,184	\$ 25,542
2021	3,361	4,537
2020	2,440	3,109
2019	1,049	1,228
Receivable, end of year	\$ 18,034	\$ 34,416

Fort Bend County Municipal Utility District No. 5
Analysis of Taxes Levied and Receivable (Continued)
Year Ended July 31, 2023

	2022	2021	2020	2019
Property Valuations				
Land	\$ 58,526,880	\$ 53,417,870	\$ 47,697,120	\$ 44,728,130
Improvements	296,575,370	217,001,191	196,878,201	145,187,275
Personal property	1,618,527	1,427,690	1,254,920	873,430
Exemptions	<u>(29,010,065)</u>	<u>(24,466,014)</u>	<u>(25,341,717)</u>	<u>(5,159,201)</u>
 Total property valuations	 <u>\$ 327,710,712</u>	 <u>\$ 247,380,737</u>	 <u>\$ 220,488,524</u>	 <u>\$ 185,629,634</u>
 Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.9250	\$ 0.8100	\$ 0.7900	\$ 0.7600
Maintenance tax rates*	<u>0.4050</u>	<u>0.6000</u>	<u>0.6200</u>	<u>0.6500</u>
 Total tax rates per \$100 valuation	 <u>\$ 1.3300</u>	 <u>\$ 1.4100</u>	 <u>\$ 1.4100</u>	 <u>\$ 1.4100</u>
 Tax Levy	 <u>\$ 4,358,553</u>	 <u>\$ 3,488,068</u>	 <u>\$ 3,108,888</u>	 <u>\$ 2,617,377</u>
 Percent of Taxes Collected to Taxes Levied**	 <u>99%</u>	 <u>99%</u>	 <u>99%</u>	 <u>99%</u>

*Maximum tax rate approved by voters: \$1.50 on November 7, 2006

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

Fort Bend County Municipal Utility District No. 5
Schedule of Long-term Debt Service Requirements by Years
July 31, 2023

Due During Fiscal Years Ending July 31	Series 2015		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 90,000	\$ 85,780	\$ 175,780
2025	90,000	83,080	173,080
2026	95,000	80,234	175,234
2027	100,000	77,112	177,112
2028	105,000	73,650	178,650
2029	110,000	69,833	179,833
2030	115,000	65,725	180,725
2031	115,000	61,499	176,499
2032	120,000	57,000	177,000
2033	125,000	52,100	177,100
2034	135,000	46,900	181,900
2035	140,000	41,400	181,400
2036	145,000	35,700	180,700
2037	150,000	29,800	179,800
2038	155,000	23,700	178,700
2039	165,000	17,300	182,300
2040	170,000	10,600	180,600
2041	180,000	3,600	183,600
Totals	<u>\$ 2,305,000</u>	<u>\$ 915,013</u>	<u>\$ 3,220,013</u>

Fort Bend County Municipal Utility District No. 5
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2023

Due During Fiscal Years Ending July 31	Series 2016		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 145,000	\$ 145,519	\$ 290,519
2025	150,000	141,093	291,093
2026	160,000	136,443	296,443
2027	165,000	131,362	296,362
2028	170,000	125,812	295,812
2029	175,000	119,881	294,881
2030	185,000	113,581	298,581
2031	190,000	106,900	296,900
2032	195,000	99,922	294,922
2033	205,000	92,544	297,544
2034	210,000	84,763	294,763
2035	220,000	76,563	296,563
2036	230,000	67,700	297,700
2037	235,000	58,400	293,400
2038	245,000	48,800	293,800
2039	255,000	38,800	293,800
2040	265,000	28,400	293,400
2041	275,000	17,428	292,428
2042	285,000	5,878	290,878
Totals	<u>\$ 3,960,000</u>	<u>\$ 1,639,789</u>	<u>\$ 5,599,789</u>

Fort Bend County Municipal Utility District No. 5
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2023

Due During Fiscal Years Ending July 31	Series 2018		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 90,000	\$ 93,181	\$ 183,181
2025	90,000	89,356	179,356
2026	95,000	85,656	180,656
2027	100,000	82,256	182,256
2028	100,000	79,256	179,256
2029	105,000	76,116	181,116
2030	110,000	72,756	182,756
2031	115,000	69,169	184,169
2032	120,000	65,350	185,350
2033	120,000	61,375	181,375
2034	125,000	57,241	182,241
2035	130,000	52,856	182,856
2036	135,000	48,219	183,219
2037	140,000	43,406	183,406
2038	145,000	38,419	183,419
2039	150,000	33,256	183,256
2040	155,000	27,822	182,822
2041	165,000	22,022	187,022
2042	170,000	15,950	185,950
2043	175,000	9,697	184,697
2044	180,000	3,263	183,263
Totals	<u>\$ 2,715,000</u>	<u>\$ 1,126,622</u>	<u>\$ 3,841,622</u>

Fort Bend County Municipal Utility District No. 5
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2023

Due During Fiscal Years Ending July 31	Series 2019		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 185,000	\$ 178,003	\$ 363,003
2025	190,000	169,330	359,330
2026	195,000	162,865	357,865
2027	205,000	158,615	363,615
2028	210,000	154,075	364,075
2029	220,000	149,237	369,237
2030	225,000	143,387	368,387
2031	235,000	136,487	371,487
2032	240,000	129,363	369,363
2033	250,000	122,013	372,013
2034	260,000	114,363	374,363
2035	270,000	106,413	376,413
2036	280,000	98,163	378,163
2037	290,000	89,613	379,613
2038	295,000	80,838	375,838
2039	310,000	71,763	381,763
2040	320,000	62,113	382,113
2041	330,000	51,956	381,956
2042	340,000	41,275	381,275
2043	355,000	29,981	384,981
2044	365,000	18,281	383,281
2045	380,000	6,175	386,175
Totals	<u>\$ 5,950,000</u>	<u>\$ 2,274,309</u>	<u>\$ 8,224,309</u>

Fort Bend County Municipal Utility District No. 5
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2023

Due During Fiscal Years Ending July 31	Refunding Series 2019		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 170,000	\$ 66,737	\$ 236,737
2025	175,000	62,438	237,438
2026	180,000	57,987	237,987
2027	180,000	53,488	233,488
2028	190,000	49,787	239,787
2029	195,000	45,694	240,694
2030	195,000	40,575	235,575
2031	205,000	34,575	239,575
2032	215,000	28,275	243,275
2033	220,000	21,750	241,750
2034	230,000	15,000	245,000
2035	230,000	8,100	238,100
2036	155,000	2,325	157,325
Totals	<u>\$ 2,540,000</u>	<u>\$ 486,731</u>	<u>\$ 3,026,731</u>

Fort Bend County Municipal Utility District No. 5
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2023

Due During Fiscal Years Ending July 31	Series 2020		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 145,000	\$ 151,206	\$ 296,206
2025	145,000	144,319	289,319
2026	150,000	137,313	287,313
2027	155,000	130,069	285,069
2028	160,000	122,588	282,588
2029	165,000	114,869	279,869
2030	175,000	106,794	281,794
2031	180,000	100,613	280,613
2032	185,000	96,507	281,507
2033	190,000	92,169	282,169
2034	195,000	87,475	282,475
2035	205,000	82,219	287,219
2036	210,000	76,512	286,512
2037	215,000	70,668	285,668
2038	225,000	64,618	289,618
2039	230,000	58,362	288,362
2040	240,000	51,600	291,600
2041	245,000	44,325	289,325
2042	255,000	36,825	291,825
2043	260,000	29,100	289,100
2044	270,000	21,150	291,150
2045	280,000	12,900	292,900
2046	290,000	4,350	294,350
Totals	<u>\$ 4,770,000</u>	<u>\$ 1,836,551</u>	<u>\$ 6,606,551</u>

Fort Bend County Municipal Utility District No. 5
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2023

Due During Fiscal Years Ending July 31	Refunding Series 2021		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 65,000	\$ 28,125	\$ 93,125
2025	65,000	26,175	91,175
2026	70,000	24,150	94,150
2027	75,000	22,350	97,350
2028	75,000	20,850	95,850
2029	80,000	19,300	99,300
2030	80,000	17,700	97,700
2031	85,000	16,050	101,050
2032	90,000	14,300	104,300
2033	85,000	12,550	97,550
2034	90,000	10,800	100,800
2035	95,000	8,950	103,950
2036	100,000	7,000	107,000
2037	95,000	5,050	100,050
2038	100,000	3,100	103,100
2039	105,000	1,050	106,050
Totals	<u>\$ 1,355,000</u>	<u>\$ 237,500</u>	<u>\$ 1,592,500</u>

Fort Bend County Municipal Utility District No. 5
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2023

Due During Fiscal Years Ending July 31	Series 2021		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 85,000	\$ 64,450	\$ 149,450
2025	90,000	62,250	152,250
2026	90,000	59,550	149,550
2027	95,000	56,775	151,775
2028	100,000	54,350	154,350
2029	100,000	52,350	152,350
2030	105,000	50,300	155,300
2031	105,000	48,200	153,200
2032	110,000	46,050	156,050
2033	115,000	43,800	158,800
2034	115,000	41,500	156,500
2035	120,000	39,150	159,150
2036	125,000	36,700	161,700
2037	130,000	34,150	164,150
2038	130,000	31,550	161,550
2039	135,000	28,900	163,900
2040	140,000	26,150	166,150
2041	145,000	23,119	168,119
2042	150,000	19,800	169,800
2043	155,000	16,369	171,369
2044	155,000	12,881	167,881
2045	160,000	9,337	169,337
2046	165,000	5,681	170,681
2047	170,000	1,913	171,913
Totals	<u>\$ 2,990,000</u>	<u>\$ 865,275</u>	<u>\$ 3,855,275</u>

Fort Bend County Municipal Utility District No. 5
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2023

Due During Fiscal Years Ending July 31	Series 2022		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 135,000	\$ 193,494	\$ 328,494
2025	140,000	185,931	325,931
2026	145,000	178,094	323,094
2027	150,000	169,981	319,981
2028	155,000	163,531	318,531
2029	160,000	158,806	318,806
2030	165,000	153,931	318,931
2031	175,000	148,831	323,831
2032	180,000	143,281	323,281
2033	185,000	137,235	322,235
2034	195,000	130,700	325,700
2035	200,000	123,788	323,788
2036	205,000	116,572	321,572
2037	215,000	108,959	323,959
2038	225,000	100,844	325,844
2039	230,000	92,312	322,312
2040	240,000	83,200	323,200
2041	250,000	73,400	323,400
2042	260,000	63,200	323,200
2043	270,000	52,600	322,600
2044	280,000	41,600	321,600
2045	290,000	30,200	320,200
2046	300,000	18,400	318,400
2047	310,000	6,200	316,200
Totals	<u>\$ 5,060,000</u>	<u>\$ 2,675,090</u>	<u>\$ 7,735,090</u>

Fort Bend County Municipal Utility District No. 5
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2023

Due During Fiscal Years Ending July 31	Series 2023		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ -	\$ 426,818	\$ 426,818
2025	310,000	549,831	859,831
2026	325,000	531,575	856,575
2027	340,000	512,457	852,457
2028	355,000	492,475	847,475
2029	370,000	472,093	842,093
2030	390,000	451,681	841,681
2031	405,000	431,319	836,319
2032	425,000	414,288	839,288
2033	445,000	400,150	845,150
2034	470,000	384,693	854,693
2035	490,000	367,894	857,894
2036	515,000	349,019	864,019
2037	540,000	327,919	867,919
2038	565,000	305,819	870,819
2039	590,000	282,718	872,718
2040	620,000	258,519	878,519
2041	645,000	233,219	878,219
2042	680,000	206,719	886,719
2043	710,000	178,918	888,918
2044	745,000	149,819	894,819
2045	780,000	119,319	899,319
2046	815,000	87,419	902,419
2047	855,000	54,019	909,019
2048	895,000	18,459	913,459
Totals	<u>\$ 13,280,000</u>	<u>\$ 8,007,159</u>	<u>\$ 21,287,159</u>

Fort Bend County Municipal Utility District No. 5
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2023

Due During Fiscal Years Ending July 31	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 1,110,000	\$ 1,433,313	\$ 2,543,313
2025	1,445,000	1,513,803	2,958,803
2026	1,505,000	1,453,867	2,958,867
2027	1,565,000	1,394,465	2,959,465
2028	1,620,000	1,336,374	2,956,374
2029	1,680,000	1,278,179	2,958,179
2030	1,745,000	1,216,430	2,961,430
2031	1,810,000	1,153,643	2,963,643
2032	1,880,000	1,094,336	2,974,336
2033	1,940,000	1,035,686	2,975,686
2034	2,025,000	973,435	2,998,435
2035	2,100,000	907,333	3,007,333
2036	2,100,000	837,910	2,937,910
2037	2,010,000	767,965	2,777,965
2038	2,085,000	697,688	2,782,688
2039	2,170,000	624,461	2,794,461
2040	2,150,000	548,404	2,698,404
2041	2,235,000	469,069	2,704,069
2042	2,140,000	389,647	2,529,647
2043	1,925,000	316,665	2,241,665
2044	1,995,000	246,994	2,241,994
2045	1,890,000	177,931	2,067,931
2046	1,570,000	115,850	1,685,850
2047	1,335,000	62,132	1,397,132
2048	895,000	18,459	913,459
Totals	<u>\$ 44,925,000</u>	<u>\$ 20,064,039</u>	<u>\$ 64,989,039</u>

Fort Bend County Municipal Utility District No. 5
Changes in Long-term Bonded Debt
Year Ended July 31, 2023

	Bond			
	Series 2015	Series 2016	Series 2018	Series 2019
Interest rates	1.75% to 4.00%	2.000% to 4.125%	3.00% to 4.50%	2.125% to 4.625%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2023/2040	September 1, 2023/2041	September 1, 2023/2043	September 1, 2023/2044
Bonds outstanding, beginning of current year	\$ 2,390,000	\$ 4,100,000	\$ 2,800,000	\$ 6,130,000
Bonds sold during current year	-	-	-	-
Retirements, principal	85,000	140,000	85,000	180,000
Bonds outstanding, end of current year	\$ 2,305,000	\$ 3,960,000	\$ 2,715,000	\$ 5,950,000
Interest paid during current year	\$ 88,278	\$ 149,794	\$ 97,119	\$ 186,444

Paying agent's name and address:

Series 2015 - Regions Bank, Houston, Texas
Series 2016 - Regions Bank, Houston, Texas
Series 2018 - Regions Bank, Houston, Texas
Series 2019 - Regions Bank, Houston, Texas
Series 2019R - Regions Bank, Houston, Texas
Series 2020 - Regions Bank, Houston, Texas
Series 2021R - Regions Bank, Houston, Texas
Series 2021 - Regions Bank, Houston, Texas

Bond authority:

	Utility Bonds	Park Bonds	Road Bonds	Refunding Bonds
Amount authorized by voters	\$ 87,000,000	\$ 3,000,000	\$ 10,000,000	\$ 60,000,000
Amount issued	\$ 48,570,000	\$ -	\$ -	\$ 310,000
Remaining to be issued	\$ 38,430,000	\$ 3,000,000	\$ 10,000,000	\$ 59,690,000
Debt service fund cash and temporary investment balances as of July 31, 2023:				\$ 3,242,673
Average annual debt service payment (principal and interest) for remaining term of all debt:				\$ 2,599,562

Issues

Refunding Series 2019	Series 2020	Refunding Series 2021	Series 2021
2.00% to 3.00%	2.25% to 4.75%	2.00% to 3.00%	2.00% to 3.00%
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
September 1, 2023/2035	September 1, 2023/2045	September 1, 2023/2038	September 1, 2023/2046
\$ 2,700,000	\$ 4,910,000	\$ 1,420,000	\$ 3,060,000
-	-	-	-
<u>160,000</u>	<u>140,000</u>	<u>65,000</u>	<u>70,000</u>
<u>\$ 2,540,000</u>	<u>\$ 4,770,000</u>	<u>\$ 1,355,000</u>	<u>\$ 2,990,000</u>
<u>\$ 71,688</u>	<u>\$ 157,975</u>	<u>\$ 30,075</u>	<u>\$ 66,000</u>

Fort Bend County Municipal Utility District No. 5
Changes in Long-term Bonded Debt (Continued)
Year Ended July 31, 2023

	Bond Issues		
	Series 2022	Series 2023	Totals
Interest rates	3.00% to 5.50%	3.25% to 5.75%	
Dates interest payable	September 1/ March 1	September 1/ March 1	
Maturity dates	September 1, 2023/2046	September 1, 2024/2047	
Bonds outstanding, beginning of current year	\$ 5,060,000	\$ -	\$ 32,570,000
Bonds sold during current year	-	13,280,000	13,280,000
Retirements, principal	-	-	925,000
Bonds outstanding, end of current year	\$ 5,060,000	\$ 13,280,000	\$ 44,925,000
Interest paid during current year	\$ 150,096	\$ 0	\$ 997,469
Paying agent's name and address:			
Series 2022	- <u>Regions Bank, Houston, Texas</u>		
Series 2023	- <u>Regions Bank, Houston, Texas</u>		

Fort Bend County Municipal Utility District No. 5
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended July 31,

	Amounts				
	2023	2022	2021	2020	2019
General Fund					
Revenues					
Property taxes	\$ 1,323,011	\$ 1,482,326	\$ 1,365,963	\$ 1,204,233	\$ 1,165,096
Water service	228,998	224,144	178,152	155,116	135,035
Sewer service	581,330	551,752	493,005	427,305	380,775
Regional water fee	406,387	342,708	291,157	269,467	195,899
Penalty and interest	21,942	16,697	12,686	14,992	13,776
Tap connection and inspection fees	68,621	96,251	100,347	78,015	143,502
Investment income	134,758	10,191	1,779	22,242	29,036
Other income	12,276	13,784	11,877	8,748	9,682
Total revenues	<u>2,777,323</u>	<u>2,737,853</u>	<u>2,454,966</u>	<u>2,180,118</u>	<u>2,072,801</u>
Expenditures					
Service operations:					
Regional water fee	419,602	375,988	291,429	279,581	205,938
Professional fees	115,623	115,834	126,587	123,198	176,281
Contracted services	496,152	427,784	359,534	310,833	295,251
Utilities	109,632	103,906	101,991	87,104	90,024
Repairs and maintenance	722,005	672,022	551,143	483,851	416,244
Other expenditures	81,408	77,981	93,165	95,254	90,073
Tap connections	43,161	69,334	64,675	55,625	103,325
Capital outlay	126,221	529,964	55,810	27,556	19,060
Debt service, lease payments	182,400	183,000	180,300	117,600	117,600
Total expenditures	<u>2,296,204</u>	<u>2,555,813</u>	<u>1,824,634</u>	<u>1,580,602</u>	<u>1,513,796</u>
Excess of Revenues Over Expenditures	<u>481,119</u>	<u>182,040</u>	<u>630,332</u>	<u>599,516</u>	<u>559,005</u>
Other Financing Sources (Uses)					
Interfund transfers in (out)	-	-	-	-	47,230
Repayment of developer advances	-	-	-	(116,000)	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(116,000)</u>	<u>47,230</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	481,119	182,040	630,332	483,516	606,235
Fund Balance, Beginning of Year	<u>3,042,637</u>	<u>2,860,597</u>	<u>2,230,265</u>	<u>1,746,749</u>	<u>1,140,514</u>
Fund Balance, End of Year	<u>\$ 3,523,756</u>	<u>\$ 3,042,637</u>	<u>\$ 2,860,597</u>	<u>\$ 2,230,265</u>	<u>\$ 1,746,749</u>
Total Active Retail Water Connections	<u>1,425</u>	<u>1,355</u>	<u>1,243</u>	<u>1,097</u>	<u>1,002</u>
Total Active Retail Wastewater Connections	<u>1,393</u>	<u>1,323</u>	<u>1,218</u>	<u>1,074</u>	<u>981</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
47.6 %	54.1 %	55.6 %	55.2 %	56.2 %
8.3	8.2	7.2	7.1	6.5
20.9	20.2	20.1	19.6	18.4
14.6	12.5	11.9	12.4	9.5
0.8	0.6	0.5	0.7	0.6
2.5	3.5	4.1	3.6	6.9
4.9	0.4	0.1	1.0	1.4
0.4	0.5	0.5	0.4	0.5
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
15.1	13.7	11.9	12.8	9.9
4.2	4.2	5.2	5.4	8.4
17.9	15.6	14.6	14.3	14.2
3.9	3.8	4.2	4.0	4.3
26.0	24.5	22.4	22.2	20.1
2.9	2.9	3.8	4.6	5.2
1.6	2.5	2.6	2.5	5.0
4.5	19.4	2.3	1.3	0.2
6.6	6.7	7.3	5.4	5.7
<u>82.7</u>	<u>93.3</u>	<u>74.3</u>	<u>72.5</u>	<u>73.0</u>
<u>17.3 %</u>	<u>6.7 %</u>	<u>25.7 %</u>	<u>27.5 %</u>	<u>27.0 %</u>

Fort Bend County Municipal Utility District No. 5
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended July 31,

	Amounts				
	2023	2022	2021	2020	2019
Debt Service Fund					
Revenues					
Property taxes	\$ 3,015,050	\$ 2,000,597	\$ 1,738,890	\$ 1,406,212	\$ 1,027,981
Penalty and interest	9,663	13,879	14,352	10,289	10,407
Investment income	85,894	6,747	906	10,433	22,862
Total revenues	<u>3,110,607</u>	<u>2,021,223</u>	<u>1,754,148</u>	<u>1,426,934</u>	<u>1,061,250</u>
Expenditures					
Current:					
Professional fees	913	4,373	4,334	2,603	4,231
Contracted services	57,207	50,532	41,418	34,419	37,716
Other expenditures	11,655	8,932	6,658	3,364	3,072
Debt service:					
Principal retirement	925,000	810,000	645,000	460,000	340,000
Interest and fees	1,003,917	855,725	825,169	643,442	520,635
Debt issuance costs	-	-	128,818	-	147,519
Debt defeasance	-	-	-	-	20,000
Total expenditures	<u>1,998,692</u>	<u>1,729,562</u>	<u>1,651,397</u>	<u>1,143,828</u>	<u>1,073,173</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,111,915</u>	<u>291,661</u>	<u>102,751</u>	<u>283,106</u>	<u>(11,923)</u>
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	1,458,350	-	2,830,000
Premium on debt issued	-	-	7,188	-	384
Deposit with escrow agent	-	-	(1,303,898)	-	(2,682,018)
Total other financing sources	<u>0</u>	<u>0</u>	<u>161,640</u>	<u>0</u>	<u>148,366</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,111,915	291,661	264,391	283,106	136,443
Fund Balance, Beginning of Year	<u>2,111,256</u>	<u>1,819,595</u>	<u>1,555,204</u>	<u>1,272,098</u>	<u>1,135,655</u>
Fund Balance, End of Year	<u>\$ 3,223,171</u>	<u>\$ 2,111,256</u>	<u>\$ 1,819,595</u>	<u>\$ 1,555,204</u>	<u>\$ 1,272,098</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
96.9 %	99.0 %	99.1 %	98.6 %	96.9 %
0.3	0.7	0.8	0.7	0.9
2.8	0.3	0.1	0.7	2.2
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.0	0.2	0.2	0.2	0.4
1.8	2.5	2.4	2.4	3.5
0.4	0.5	0.4	0.2	0.3
29.7	40.1	36.8	32.2	32.0
32.3	42.3	47.0	45.1	49.1
-	-	7.3	-	13.9
-	-	-	-	1.9
<u>64.2</u>	<u>85.6</u>	<u>94.1</u>	<u>80.1</u>	<u>101.1</u>
<u><u>35.8 %</u></u>	<u><u>14.4 %</u></u>	<u><u>5.9 %</u></u>	<u><u>19.9 %</u></u>	<u><u>(1.1) %</u></u>

Fort Bend County Municipal Utility District No. 5
Board Members, Key Personnel and Consultants
Year Ended July 31, 2023

Complete District mailing address:	Fort Bend County Municipal Utility District No. 5 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 26, 2022
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
Margaret F. Greenwood	Elected 05/20- 05/24	\$ 1,192	\$ 270	President
Gary P. Smith	Elected 05/20- 05/24	3,355	1,837	Vice President
Bobby J. Adams	Elected 05/22- 05/26	2,471	893	Secretary
Nancy E. Hedrick	Elected 05/22- 05/26	1,942	463	Assistant Vice President
John Metzger	Elected 05/22- 05/26	1,942	546	Assistant Secretary

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

Fort Bend County Municipal Utility District No. 5
Board Members, Key Personnel and Consultants (Continued)
Year Ended July 31, 2023

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	05/23/06	\$ 137,638 306,069	Attorney Bond Counsel
Fort Bend Central Appraisal District	Legislative Action	30,808	Appraiser
FORVIS, LLP	07/29/08	51,400	Auditor
McLennan & Associates, LP	06/16/06	33,818	Bookkeeper
Municipal Operations & Consulting, Inc.	09/22/11	602,313	Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/19/07	913	Delinquent Tax Attorney
R.G. Miller Engineers, Inc.	05/23/06	157,900	Engineer
Robert W. Baird and Company, Inc.	02/26/15	337,842	Financial Advisor
Tax Tech, Inc.	06/16/06	36,004	Tax Assessor/ Collector
Investment Officer			
Jorge Diaz	01/30/17	N/A	Bookkeeper