




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

Independent Auditor's Report and Financial Statements

July 31, 2024



Fort Bend County Municipal Utility District No. 5
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July 31, 2024

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Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 5
Fort Bend County, Texas

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of July 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 Mazars, LLP

**Houston, Texas
December 10, 2024**

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 8,771,271	\$ 7,508,880
Capital and lease assets	<u>48,989,595</u>	<u>43,107,165</u>
Total assets	<u>57,760,866</u>	<u>50,616,045</u>
Deferred outflows of resources	<u>97,725</u>	<u>104,398</u>
Total assets and deferred outflows of resources	<u>\$ 57,858,591</u>	<u>\$ 50,720,443</u>
Long-term liabilities	\$ 57,398,735	\$ 51,392,839
Other liabilities	<u>1,168,170</u>	<u>875,667</u>
Total liabilities	<u>58,566,905</u>	<u>52,268,506</u>

Summary of Net Position (Continued)

	<u>2024</u>	<u>2023</u>
Net position:		
Net investment in capital assets	\$ (8,300,399)	\$ (7,838,671)
Restricted	3,337,234	2,748,818
Unrestricted	<u>4,254,851</u>	<u>3,541,790</u>
Total net position	<u>\$ (708,314)</u>	<u>\$ (1,548,063)</u>

The total net position of the District increased by \$839,749, or about 54%. 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.

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 5,031,453	\$ 4,359,671
Charges for services	1,344,393	1,216,715
Other revenues	<u>494,854</u>	<u>343,054</u>
Total revenues	<u>6,870,700</u>	<u>5,919,440</u>
Expenses:		
Services	2,486,303	2,219,700
Depreciation and amortization	1,221,980	1,066,871
Debt service	<u>2,322,668</u>	<u>2,166,566</u>
Total expenses	<u>6,030,951</u>	<u>5,453,137</u>
Change in net position	839,749	466,303
Net position, beginning of year	<u>(1,548,063)</u>	<u>(2,014,366)</u>
Net position, end of year	<u>\$ (708,314)</u>	<u>\$ (1,548,063)</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, 2024, were \$8,340,909, an increase of \$1,207,964 from the prior year.

The general fund's fund balance increased by \$701,513. This increase was primarily related to property tax and service revenues and investment income exceeding of service operation and lease payments expenditures.

The debt service fund's fund balance increased by \$829,438 primarily due to property tax revenues and investment income exceeding bond principal and interest requirements and contracted services expenditures.

The capital project fund's fund balance decreased by \$322,987, primarily due to capital outlay expenditures and debt issuance costs exceeding proceeds from the sale of the Series 2023A bonds.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to regional water fee revenues and related expenditures, property tax revenues, investment income and contracted services and repairs and maintenance expenditures being greater than anticipated and capital outlay expenditures being less than anticipated. The fund balance as of July 31, 2024, was expected to be \$3,749,796 and the actual end-of-year fund balance was \$4,225,269 .

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)

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 9,346,901	\$ 9,127,049
Construction in progress	60,895	48,665
Water facilities	8,736,369	7,935,365
Wastewater facilities	11,197,312	10,247,716
Drainage facilities	19,215,065	15,170,967
Lease assets	<u>433,053</u>	<u>577,403</u>
Total capital and lease assets	<u>\$ 48,989,595</u>	<u>\$ 43,107,165</u>

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 10, 11, 12, 14, 15 and 16	\$ 5,381,862
Construction of water, sewer and drainage facilities to serve Fairpark Village, Sections 10 and 11	239,941
Construction of water, sewer and drainage facilities to serve Briarwood Crossing Drive, Phases 1-2	1,165,253
Land additions related to Briarwood Crossing, Detention Basin No. 4, Phase 2	219,852
Water plant No. 1, expansion No. 2	85,272
Construction in progress related to City of Rosenberg interconnect water line	<u>12,230</u>
Total additions to capital and lease assets	<u>\$ 7,104,410</u>

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, 2024 , a liability for developer-constructed capital assets of \$7,333,200 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, 2024, are summarized as follows:

Long-term debt payable, beginning of year	\$ 51,392,839
Increases in long-term debt	13,139,438
Decreases in long-term debt	<u>(7,133,542)</u>
Long-term debt payable, end of year	<u>\$ 57,398,735</u>

At July 31, 2024, the District had \$31,310,000 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 Ratings (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, 2023 and 2023A 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, Inc.

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 \$5,008,600. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Subsequent Event

On October 30, 2024, the District issued its Unlimited Tax Bonds, Series 2024, in the amount of \$6,635,000 at a net effective interest rate of approximately 4.049%. 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, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets						
Cash	\$ 42,533	\$ 45,731	\$ 805	\$ 89,069	\$ -	\$ 89,069
Short-term investments	4,301,142	4,028,953	62,226	8,392,321	-	8,392,321
Receivables:						
Property taxes	29,582	56,358	-	85,940	-	85,940
Service accounts	199,141	-	-	199,141	-	199,141
Interfund receivables	11,097	-	-	11,097	(11,097)	-
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	-	-	-	-	9,346,901	9,346,901
Construction in progress	-	-	-	-	60,895	60,895
Infrastructure	-	-	-	-	39,148,746	39,148,746
Lease assets	-	-	-	-	433,053	433,053
Total assets	<u>4,624,395</u>	<u>4,131,042</u>	<u>63,031</u>	<u>8,818,468</u>	<u>48,942,398</u>	<u>57,760,866</u>
Deferred Outflows of Resources						
Deferred amount on debt refundings	-	-	-	-	97,725	97,725
Total assets and deferred outflows of resources	<u>\$ 4,624,395</u>	<u>\$ 4,131,042</u>	<u>\$ 63,031</u>	<u>\$ 8,818,468</u>	<u>\$ 49,040,123</u>	<u>\$ 57,858,591</u>

Fort Bend County Municipal Utility District No. 5
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2024

(Continued)

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 211,633	\$ 10,978	\$ -	\$ 222,611	\$ -	\$ 222,611
Accrued interest payable	-	-	-	-	787,648	787,648
Customer deposits	155,600	-	-	155,600	-	155,600
Due to others	2,311	-	-	2,311	-	2,311
Interfund payables	-	11,097	-	11,097	(11,097)	-
Long-term liabilities:						
Due within one year	-	-	-	-	1,599,269	1,599,269
Due after one year	-	-	-	-	55,799,466	55,799,466
Total liabilities	<u>369,544</u>	<u>22,075</u>	<u>-</u>	<u>391,619</u>	<u>58,175,286</u>	<u>58,566,905</u>
Deferred Inflows of Resources						
Deferred property tax revenues	<u>29,582</u>	<u>56,358</u>	<u>-</u>	<u>85,940</u>	<u>(85,940)</u>	<u>-</u>
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	36,100	-	-	36,100	(36,100)	-
Restricted:						
Unlimited tax bonds	-	4,052,609	-	4,052,609	(4,052,609)	-
Assigned, future expenditures	34,795	-	-	34,795	(34,795)	-
Unassigned	<u>4,154,374</u>	<u>-</u>	<u>-</u>	<u>4,154,374</u>	<u>(4,154,374)</u>	<u>-</u>
Total fund balances	<u>4,225,269</u>	<u>4,052,609</u>	<u>63,031</u>	<u>8,340,909</u>	<u>(8,340,909)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,624,395</u>	<u>\$ 4,131,042</u>	<u>\$ 63,031</u>	<u>\$ 8,818,468</u>		
Net position:						
Net investment in capital assets					(8,300,399)	(8,300,399)
Restricted for debt service					3,321,319	3,321,319
Restricted for capital assets					15,915	15,915
Unrestricted					<u>4,254,851</u>	<u>4,254,851</u>
Total net position					<u>\$ (708,314)</u>	<u>\$ (708,314)</u>

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, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,625,915	\$ 3,372,048	\$ -	\$ 4,997,963	\$ 33,490	\$ 5,031,453
Water service	234,793	-	-	234,793	-	234,793
Sewer service	617,297	-	-	617,297	-	617,297
Regional water fee	492,303	-	-	492,303	-	492,303
Penalty and interest	33,316	18,666	-	51,982	(11,491)	40,491
Tap connection and inspection fees	89,341	-	-	89,341	-	89,341
Investment income	206,242	148,663	9,397	364,302	-	364,302
Other income	720	-	-	720	-	720
Total revenues	3,299,927	3,539,377	9,397	6,848,701	21,999	6,870,700
Expenditures/Expenses						
Service operations:						
Regional water fee	465,182	-	-	465,182	-	465,182
Professional fees	107,331	5,211	-	112,542	12,204	124,746
Contracted services	631,375	67,604	-	698,979	-	698,979
Utilities	116,681	-	-	116,681	-	116,681
Repairs and maintenance	890,680	-	-	890,680	-	890,680
Other expenditures	125,641	8,909	795	135,345	-	135,345
Tap connections	54,690	-	-	54,690	-	54,690
Capital outlay	24,434	-	6,851,883	6,876,317	(6,876,317)	-
Depreciation and amortization	-	-	-	-	1,221,980	1,221,980
Debt service:						
Principal retirement	-	1,110,000	-	1,110,000	(1,110,000)	-
Interest and fees	-	1,518,215	-	1,518,215	347,147	1,865,362
Lease payments	182,400	-	-	182,400	(182,400)	-
Debt issuance costs	-	-	457,306	457,306	-	457,306
Total expenditures/expenses	2,598,414	2,709,939	7,309,984	12,618,337	(6,587,386)	6,030,951
Excess (Deficiency) of Revenues Over Expenditures	701,513	829,438	(7,300,587)	(5,769,636)	6,609,385	
Other Financing Sources (Uses)						
General obligation bonds issued	-	-	7,120,000	7,120,000	(7,120,000)	
Discount on debt issued	-	-	(142,400)	(142,400)	142,400	
Total other financing sources	-	-	6,977,600	6,977,600	(6,977,600)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	701,513	829,438	(322,987)	1,207,964	(1,207,964)	
Change in Net Position					839,749	839,749
Fund Balances/Net Position						
Beginning of year	3,523,756	3,223,171	386,018	7,132,945	-	(1,548,063)
End of year	\$ 4,225,269	\$ 4,052,609	\$ 63,031	\$ 8,340,909	\$ -	\$ (708,314)

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.

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.

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2024

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2024

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2024

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, 2024, include collections during the current period or within 60 days of year-end related to the 2023 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended July 31, 2024, the 2023 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

Lease Assets

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

Deferred Amount on Debt Refundings

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

Debt Issuance Costs

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

Long-Term Obligations

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

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2024

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.	\$ 48,989,595
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	85,940
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	97,725
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.	(787,648)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(57,398,735)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (9,049,223)</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.	\$ 1,207,964
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 and amortization expense and noncapitalized costs in the current period.	5,642,133

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2024

Governmental funds report lease payments as expenditures. For the statement of activities, these are reported as a reduction of lease liability and interest expense.	\$ 182,400
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.	142,400
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any affect on net position.	(6,010,000)
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities. Some revenues previously reported in the statement of activities are reported as revenues in the governmental funds.	21,999
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 the governmental funds.	<u>(347,147)</u>
Change in net position of governmental activities.	<u><u>\$ 839,749</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.

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, 2024, 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.

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2024

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. The District's investments in TexPool are reported at amortized cost.

At July 31, 2024, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 8,392,321	\$ 8,392,321	\$ -	\$ -	\$ -

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, 2024, the District's investments in TexPool were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at July 31, 2024, as follows:

Carrying value:	
Deposits	\$ 89,069
Investments	<u>8,392,321</u>
Total	<u>\$ 8,481,390</u>

Investment Income

Investment income of \$364,302 for the year ended July 31, 2024, 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, 2024, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 9,127,049	\$ 219,852	\$ 9,346,901
Construction in progress	<u>48,665</u>	<u>12,230</u>	<u>60,895</u>
Total capital assets, non-depreciable	<u>9,175,714</u>	<u>232,082</u>	<u>9,407,796</u>

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2024

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Balances, End of Year
Capital and lease assets, depreciable:			
Water production and distribution facilities	\$ 9,924,226	\$ 1,053,839	\$ 10,978,065
Wastewater collection and treatment facilities	13,058,284	1,280,883	14,339,167
Drainage facilities	17,360,629	4,537,606	21,898,235
Lease assets - equipment	866,105	-	866,105
Total capital and lease assets, depreciable/amortizable	<u>41,209,244</u>	<u>6,872,328</u>	<u>48,081,572</u>
Less accumulated depreciation and amortization:			
Water production and distribution facilities	(1,988,861)	(252,835)	(2,241,696)
Wastewater collection and treatment facilities	(2,810,568)	(331,287)	(3,141,855)
Drainage facilities	(2,189,662)	(493,508)	(2,683,170)
Lease assets - equipment	(288,702)	(144,350)	(433,052)
Total accumulated depreciation and amortization	<u>(7,277,793)</u>	<u>(1,221,980)</u>	<u>(8,499,773)</u>
Total governmental activities, net	<u>\$ 43,107,165</u>	<u>\$ 5,882,430</u>	<u>\$ 48,989,595</u>

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended July 31, 2024, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 44,925,000	\$ 7,120,000	\$ 1,110,000	\$ 50,935,000	\$ 1,445,000
Add premium on bonds	6,801	-	377	6,424	-
Less discounts on bonds	1,199,815	142,400	41,547	1,300,668	-
	43,731,986	6,977,600	1,068,830	49,640,756	1,445,000
Lease liability	567,950	-	143,171	424,779	154,269
Due to developer	7,092,903	6,161,838	5,921,541	7,333,200	-
Total governmental activities long-term liabilities	<u>\$ 51,392,839</u>	<u>\$ 13,139,438</u>	<u>\$ 7,133,542</u>	<u>\$ 57,398,735</u>	<u>\$ 1,599,269</u>

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2024

General Obligation Bonds

	Series 2015	Series 2016
Amounts outstanding, July 31, 2024	\$2,215,000	\$3,815,000
Interest rates	1.75% to 4.00%	2.000% to 4.125%
Maturity dates, serially beginning/ending	September 1, 2024/2040	September 1, 2024/2041
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, 2024	\$2,625,000	\$5,765,000
Interest rates	3.00% to 4.50%	2.125% to 4.625%
Maturity dates, serially beginning/ending	September 1, 2024/2043	September 1, 2024/2044
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, 2024	\$2,370,000	\$4,625,000
Interest rates	2.00% to 3.00%	2.25% to 4.75%
Maturity dates, serially beginning/ending	September 1, 2024/2035	September 1, 2024/2045
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2025	September 1, 2025
	Refunding Series 2021	Series 2021
Amounts outstanding, July 31, 2024	\$1,290,000	\$2,905,000
Interest rates	2.00% to 3.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2024/2038	September 1, 2024/2046
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2025	September 1, 2026

*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, 2024

	<u>Series 2022</u>	<u>Series 2023</u>
Amounts outstanding, July 31, 2024	\$4,925,000	\$13,280,000
Interest rates	3.00% to 5.50%	3.25% to 5.75%
Maturity dates, serially beginning/ending	September 1, 2024/2046	September 1, 2024/2047
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	May 1, 2027	May 1, 2028
		<u>Series 2023A</u>
Amount outstanding, July 31, 2024		\$7,120,000
Interest rates		4.00% to 6.50%
Maturity dates, serially beginning/ending		September 1, 2025/2048
Interest payment dates		September 1/ March 1
Callable date*		September 1, 2029

*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, 2024:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,445,000	\$ 1,860,278	\$ 3,305,278
2026	1,660,000	1,795,304	3,455,304
2027	1,730,000	1,725,503	3,455,503
2028	1,790,000	1,656,524	3,446,524
2029	1,860,000	1,586,954	3,446,954
2030-2034	10,455,000	6,864,971	17,319,971
2035-2039	11,825,000	4,969,870	16,794,870
2040-2044	12,205,000	2,751,368	14,956,368
2045-2049	7,965,000	669,735	8,634,735
Total	<u>\$ 50,935,000</u>	<u>\$ 23,880,507</u>	<u>\$ 74,815,507</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.

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2024

Utility bonds voted	\$ 87,000,000
Utility bonds sold	55,690,000
Refunding bonds voted	60,000,000
Refunding bonds authorization used	310,000
Park bonds voted	3,000,000
Road and refunding 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, 2024:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 154,269	\$ 28,131	\$ 182,400
2026	141,258	16,942	158,200
2027	129,252	6,148	135,400
Total	<u>\$ 424,779</u>	<u>\$ 51,221</u>	<u>\$ 476,000</u>

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 \$7,333,200. These amounts have been recorded in the financial statements as long-term liabilities.

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, 2024, the District levied an ad valorem debt service tax rate of \$0.8500 per \$100 of assessed valuation, which resulted in a tax levy of \$3,403,329 on the taxable valuation of \$400,391,698 for the 2023 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$3,238,150 of which \$847,972 has been paid and \$2,390,178 is due September 1, 2024.

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, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.4100 per \$100 of assessed valuation, which resulted in a tax levy of \$1,641,606 on the taxable valuation of \$400,391,698 for the 2023 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.

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, the lease was extended 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, 2024, the District incurred fees totaling \$465,182 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.

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 \$5,008,600. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Fort Bend County Municipal Utility District No. 5
Notes to Financial Statements
July 31, 2024

Note 11. Subsequent Event

On October 30, 2024, the District issued its Unlimited Tax Bonds, Series 2024, in the amount of \$6,635,000 at a net effective interest rate of approximately 4.049%. 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, 2024**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 1,308,106	\$ 1,625,915	\$ 317,809
Water service	216,000	234,793	18,793
Sewer service	570,000	617,297	47,297
Regional water fee	366,000	492,303	126,303
Penalty and interest	18,000	33,316	15,316
Tap connection and inspection fees	46,800	89,341	42,541
Investment income	110,400	206,242	95,842
Other income	11,400	720	(10,680)
	<u>2,646,706</u>	<u>3,299,927</u>	<u>653,221</u>
Expenditures			
Service operations:			
Regional water fee	372,000	465,182	(93,182)
Professional fees	131,400	107,331	24,069
Contracted services	536,400	631,375	(94,975)
Utilities	103,200	116,681	(13,481)
Repairs and maintenance	773,345	890,680	(117,335)
Other expenditures	104,721	125,641	(20,920)
Tap connections	25,200	54,690	(29,490)
Capital outlay	192,000	24,434	167,566
Debt service, lease payments	182,400	182,400	-
	<u>2,420,666</u>	<u>2,598,414</u>	<u>(177,748)</u>
Excess of Revenues Over Expenditures	226,040	701,513	475,473
Fund Balance, Beginning of Year	<u>3,523,756</u>	<u>3,523,756</u>	-
Fund Balance, End of Year	<u><u>\$ 3,749,796</u></u>	<u><u>\$ 4,225,269</u></u>	<u><u>\$ 475,473</u></u>

Fort Bend County Municipal Utility District No. 5
Notes to Required Supplementary Information
July 31, 2024

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 2024.

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, 2024

(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 11-23
- [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, 2024

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:	\$ 3.02	1	N	\$ 3.02	1 to No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 44.70	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"	1,541	1,511	x1.0	1,511
1"	15	15	x2.5	38
1 1/2"	4	4	x5.0	20
2"	26	26	x8.0	208
3"	-	-	x15.0	-
4"	2	2	x25.0	50
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	1,588	1,558		1,827
Total wastewater	1,526	1,496	x1.0	1,496

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

Gallons pumped into the system:	176,320
Gallons billed to customers:	167,190
Water accountability ratio (gallons billed/gallons pumped):	94.82%

*"ESFC" means equivalent single-family connections

**Fort Bend County Municipal Utility District No. 5
Schedule of General Fund Expenditures
Year Ended July 31, 2024**

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	23,400	
Legal		65,528	
Engineering		18,403	
Financial advisor		-	107,331
		<u> </u>	
Purchased Services for Resale			
Bulk water and wastewater service purchases			
Regional Water Fee			465,182
Contracted Services			
Bookkeeping		25,025	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		224,078	249,103
		<u> </u>	
Utilities			116,681
Repairs and Maintenance			890,680
Administrative Expenditures			
Directors' fees		17,901	
Office supplies		2,391	
Insurance		37,783	
Other administrative expenditures		67,566	125,641
		<u> </u>	
Capital Outlay			
Capitalized assets		12,230	
Expenditures not capitalized		12,204	24,434
		<u> </u>	
Tap Connection Expenditures			54,690
Solid Waste Disposal			382,272
Fire Fighting			-
Parks and Recreation			-
Lease Payments			<u>182,400</u>
Total expenditures			<u><u>\$ 2,598,414</u></u>

Fort Bend County Municipal Utility District No. 5
Schedule of Temporary Investments
July 31, 2024

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
General Fund				
TexPool	5.33%	Demand	\$ 4,301,142	\$ -
Debt Service Fund				
TexPool	5.33%	Demand	4,028,953	-
Capital Projects Fund				
TexPool	5.33%	Demand	13,899	-
TexPool	5.33%	Demand	48,327	-
			<u>62,226</u>	<u>-</u>
Totals			<u>\$ 8,392,321</u>	<u>\$ -</u>

**Fort Bend County Municipal Utility District No. 5
 Analysis of Taxes Levied and Receivable
 Year Ended July 31, 2024**

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 18,034	\$ 34,416
Additions and corrections to prior years' taxes	(4,143)	(9,339)
Adjusted receivable, beginning of year	<u>13,891</u>	<u>25,077</u>
2023 Original Tax Levy	1,638,315	3,396,506
Additions and corrections	3,291	6,823
Adjusted tax levy	<u>1,641,606</u>	<u>3,403,329</u>
Total to be accounted for	1,655,497	3,428,406
Tax collections: Current year	(1,624,703)	(3,368,285)
Prior years	(1,212)	(3,763)
Receivable, end of year	<u>\$ 29,582</u>	<u>\$ 56,358</u>
Receivable, by Year		
2023	\$ 16,903	\$ 35,044
2022	4,886	11,159
2021	4,427	5,977
2020	2,316	2,951
2019	1,050	1,227
Receivable, end of year	<u>\$ 29,582</u>	<u>\$ 56,358</u>

**Fort Bend County Municipal Utility District No. 5
Analysis of Taxes Levied and Receivable
Year Ended July 31, 2024**

(Continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property Valuations				
Land	\$ 64,090,898	\$ 58,526,880	\$ 53,417,870	\$ 47,697,120
Improvements	370,604,228	296,575,370	217,001,191	196,878,201
Personal property	2,132,633	1,618,527	1,427,690	1,254,920
Exemptions	<u>(36,436,061)</u>	<u>(29,010,065)</u>	<u>(24,466,014)</u>	<u>(25,341,717)</u>
Total property valuations	<u>\$ 400,391,698</u>	<u>\$ 327,710,712</u>	<u>\$ 247,380,737</u>	<u>\$ 220,488,524</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.8500	\$ 0.9250	\$ 0.8100	\$ 0.7900
Maintenance tax rates*	<u>0.4100</u>	<u>0.4050</u>	<u>0.6000</u>	<u>0.6200</u>
Total tax rates per \$100 valuation	<u>\$ 1.2600</u>	<u>\$ 1.3300</u>	<u>\$ 1.4100</u>	<u>\$ 1.4100</u>
Tax Levy	<u>\$ 5,044,935</u>	<u>\$ 4,358,553</u>	<u>\$ 3,488,068</u>	<u>\$ 3,108,888</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, 2024

Due During Fiscal Years Ending July 31	Series 2015		
	Principal Due September 1	Interest Due September 1, March 1	Total
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>\$ 2,215,000</u>	<u>\$ 829,233</u>	<u>\$ 3,044,233</u>

**Fort Bend County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024**

(Continued)

Due During Fiscal Years Ending July 31	Series 2016		
	Principal Due September 1	Interest Due September 1, March 1	Total
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	\$ 3,815,000	\$ 1,494,270	\$ 5,309,270

**Fort Bend County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024**

(Continued)

Due During Fiscal Years Ending July 31	Series 2018		
	Principal Due September 1	Interest Due September 1, March 1	Total
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>\$ 2,625,000</u>	<u>\$ 1,033,441</u>	<u>\$ 3,658,441</u>

**Fort Bend County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024**

(Continued)

Due During Fiscal Years Ending July 31	Series 2019		
	Principal Due September 1	Interest Due September 1, March 1	Total
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>\$ 5,765,000</u>	<u>\$ 2,096,306</u>	<u>\$ 7,861,306</u>

**Fort Bend County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024**

(Continued)

Due During Fiscal Years Ending July 31	Refunding Series 2019		
	Principal Due September 1	Interest Due September 1, March 1	Total
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	\$ 2,370,000	\$ 419,994	\$ 2,789,994

**Fort Bend County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024**

(Continued)

Due During Fiscal Years Ending July 31	Series 2020		
	Principal Due September 1	Interest Due September 1, March 1	Total
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	\$ 4,625,000	\$ 1,685,345	\$ 6,310,345

Fort Bend County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024

(Continued)

Due During Fiscal Years Ending July 31	Refunding Series 2021		
	Principal Due September 1	Interest Due September 1, March 1	Total
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	\$ 1,290,000	\$ 209,375	\$ 1,499,375

**Fort Bend County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024**

(Continued)

Due During Fiscal Years Ending July 31	Series 2021		
	Principal Due September 1	Interest Due September 1, March 1	Total
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	\$ 2,905,000	\$ 800,825	\$ 3,705,825

**Fort Bend County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024**

(Continued)

Due During Fiscal Years Ending July 31	Series 2022		
	Principal Due September 1	Interest Due September 1, March 1	Total
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>\$ 4,925,000</u>	<u>\$ 2,481,596</u>	<u>\$ 7,406,596</u>

Fort Bend County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024

(Continued)

Due During Fiscal Years Ending July 31	Series 2023		
	Principal Due September 1	Interest Due September 1, March 1	Total
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>\$ 7,580,341</u>	<u>\$ 20,860,341</u>

**Fort Bend County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024**

(Continued)

Due During Fiscal Years Ending July 31	Series 2023A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ -	\$ 346,475	\$ 346,475
2026	155,000	341,437	496,437
2027	165,000	331,038	496,038
2028	170,000	320,150	490,150
2029	180,000	308,775	488,775
2030	190,000	296,750	486,750
2031	200,000	286,574	486,574
2032	210,000	278,375	488,375
2033	220,000	269,636	489,636
2034	235,000	260,106	495,106
2035	245,000	249,906	494,906
2036	260,000	239,175	499,175
2037	270,000	227,744	497,744
2038	285,000	215,425	500,425
2039	300,000	202,263	502,263
2040	315,000	188,228	503,228
2041	335,000	173,197	508,197
2042	350,000	157,138	507,138
2043	370,000	140,038	510,038
2044	390,000	121,988	511,988
2045	410,000	102,988	512,988
2046	430,000	82,500	512,500
2047	455,000	60,375	515,375
2048	480,000	37,000	517,000
2049	500,000	12,500	512,500
Totals	\$ 7,120,000	\$ 5,249,781	\$ 12,369,781

**Fort Bend County Municipal Utility District No. 5
Schedule of Long-Term Debt Service Requirements by Years
July 31, 2024**

(Continued)

Due During Fiscal Years Ending July 31	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 1,445,000	\$ 1,860,278	\$ 3,305,278
2026	1,660,000	1,795,304	3,455,304
2027	1,730,000	1,725,503	3,455,503
2028	1,790,000	1,656,524	3,446,524
2029	1,860,000	1,586,954	3,446,954
2030	1,935,000	1,513,180	3,448,180
2031	2,010,000	1,440,217	3,450,217
2032	2,090,000	1,372,711	3,462,711
2033	2,160,000	1,305,322	3,465,322
2034	2,260,000	1,233,541	3,493,541
2035	2,345,000	1,157,239	3,502,239
2036	2,360,000	1,077,085	3,437,085
2037	2,280,000	995,709	3,275,709
2038	2,370,000	913,113	3,283,113
2039	2,470,000	826,724	3,296,724
2040	2,465,000	736,632	3,201,632
2041	2,570,000	642,266	3,212,266
2042	2,490,000	546,785	3,036,785
2043	2,295,000	456,703	2,751,703
2044	2,385,000	368,982	2,753,982
2045	2,300,000	280,919	2,580,919
2046	2,000,000	198,350	2,198,350
2047	1,790,000	122,507	1,912,507
2048	1,375,000	55,459	1,430,459
2049	500,000	12,500	512,500
Totals	\$ 50,935,000	\$ 23,880,507	\$ 74,815,507

**Fort Bend County Municipal Utility District No. 5
Changes in Long-Term Bonded Debt
Year Ended July 31, 2024**

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, 2024/2040	September 1, 2024/2041	September 1, 2024/2043	September 1, 2024/2044
Bonds outstanding, beginning of current year	\$ 2,305,000	\$ 3,960,000	\$ 2,715,000	\$ 5,950,000
Bonds sold during current year	-	-	-	-
Retirements, principal	90,000	145,000	90,000	185,000
Bonds outstanding, end of current year	<u>\$ 2,215,000</u>	<u>\$ 3,815,000</u>	<u>\$ 2,625,000</u>	<u>\$ 5,765,000</u>
Interest paid during current year	<u>\$ 85,780</u>	<u>\$ 145,519</u>	<u>\$ 93,181</u>	<u>\$ 178,003</u>

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
Series 2022 - Regions Bank, Houston, Texas

Bond authority:

	Utility Bonds	Park Bonds	Road and Refunding Bonds	Refunding Bonds
Amount authorized by voters	\$ 87,000,000	\$ 3,000,000	\$ 10,000,000	\$ 60,000,000
Amount issued	\$ 55,690,000	\$ -	\$ -	\$ 310,000
Remaining to be issued	<u>\$ 31,310,000</u>	<u>\$ 3,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 59,690,000</u>

Debt service fund cash and temporary investment balances as of July 31, 2024: \$ 4,074,684

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 2,992,620

Issues

Refunding Series 2019	Series 2020	Refunding Series 2021	Series 2021	Series 2022
2.00% to 3.00%	2.25% to 4.75%	2.00% to 3.00%	2.00% to 3.00%	3.00% to 5.50%
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
September 1, 2024/2035	September 1, 2024/2045	September 1, 2024/2038	September 1, 2024/2046	September 1, 2024/2046
\$ 2,540,000	\$ 4,770,000	\$ 1,355,000	\$ 2,990,000	\$ 5,060,000
-	-	-	-	-
170,000	145,000	65,000	85,000	135,000
<u>\$ 2,370,000</u>	<u>\$ 4,625,000</u>	<u>\$ 1,290,000</u>	<u>\$ 2,905,000</u>	<u>\$ 4,925,000</u>
<u>\$ 66,737</u>	<u>\$ 151,206</u>	<u>\$ 28,125</u>	<u>\$ 64,450</u>	<u>\$ 193,494</u>

**Fort Bend County Municipal Utility District No. 5
 Changes in Long-Term Bonded Debt
 Year Ended July 31, 2024**

(Continued)

	Bond Issues		
	Series 2023	Series 2023A	Totals
Interest rates	3.25% to 5.75%	4.00% to 6.50%	
Dates interest payable	September 1/ March 1	September 1/ March 1	
Maturity dates	September 1, 2024/2047	September 1, 2025/2048	
Bonds outstanding, beginning of current year	\$ 13,280,000	\$ -	\$ 44,925,000
Bonds sold during current year	-	7,120,000	7,120,000
Retirements, principal	-	-	1,110,000
Bonds outstanding, end of current year	<u>\$ 13,280,000</u>	<u>\$ 7,120,000</u>	<u>\$ 50,935,000</u>
Interest paid during current year	<u>\$ 426,818</u>	<u>\$ 76,032</u>	<u>\$ 1,509,345</u>
Paying agent's name and address:			
	Series 2023 - Regions Bank, Houston, Texas		
	Series 2023A - BOKF, NA, Dallas, Texas		

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

	Amounts				
	2024	2023	2022	2021	2020
General Fund					
Revenues					
Property taxes	\$ 1,625,915	\$ 1,323,011	\$ 1,482,326	\$ 1,365,963	\$ 1,204,233
Water service	234,793	228,998	224,144	178,152	155,116
Sewer service	617,297	581,330	551,752	493,005	427,305
Regional water fee	492,303	406,387	342,708	291,157	269,467
Penalty and interest	33,316	21,942	16,697	12,686	14,992
Tap connection and inspection fees	89,341	68,621	96,251	100,347	78,015
Investment income	206,242	134,758	10,191	1,779	22,242
Other income	720	12,276	13,784	11,877	8,748
Total revenues	3,299,927	2,777,323	2,737,853	2,454,966	2,180,118
Expenditures					
Service operations:					
Regional water fee	465,182	419,602	375,988	291,429	279,581
Professional fees	107,331	115,623	115,834	126,587	123,198
Contracted services	631,375	496,152	427,784	359,534	310,833
Utilities	116,681	109,632	103,906	101,991	87,104
Repairs and maintenance	890,680	722,005	672,022	551,143	483,851
Other expenditures	125,641	81,408	77,981	93,165	95,254
Tap connections	54,690	43,161	69,334	64,675	55,625
Capital outlay	24,434	126,221	529,964	55,810	27,556
Debt service, lease payments	182,400	182,400	183,000	180,300	117,600
Total expenditures	2,598,414	2,296,204	2,555,813	1,824,634	1,580,602
Excess of Revenues Over Expenditures	701,513	481,119	182,040	630,332	599,516
Other Financing Uses					
Repayment of developer advances	-	-	-	-	(116,000)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	701,513	481,119	182,040	630,332	483,516
Fund Balance, Beginning of Year	3,523,756	3,042,637	2,860,597	2,230,265	1,746,749
Fund Balance, End of Year	\$ 4,225,269	\$ 3,523,756	\$ 3,042,637	\$ 2,860,597	\$ 2,230,265
Total Active Retail Water Connections	1,558	1,425	1,355	1,243	1,097
Total Active Retail Wastewater Connections	1,496	1,393	1,323	1,218	1,074

Percent of Fund Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
49.3 %	47.6 %	54.1 %	55.6 %	55.2 %
7.1	8.3	8.2	7.2	7.1
18.7	20.9	20.2	20.1	19.6
14.9	14.6	12.5	11.9	12.4
1.0	0.8	0.6	0.5	0.7
2.7	2.5	3.5	4.1	3.6
6.3	4.9	0.4	0.1	1.0
0.0	0.4	0.5	0.5	0.4
100.0	100.0	100.0	100.0	100.0
14.1	15.1	13.7	11.9	12.8
3.2	4.2	4.2	5.2	5.4
19.1	17.9	15.6	14.6	14.3
3.5	3.9	3.8	4.2	4.0
27.0	26.0	24.5	22.4	22.2
3.9	2.9	2.9	3.8	4.6
1.7	1.6	2.5	2.6	2.5
0.7	4.5	19.4	2.3	1.3
5.5	6.6	6.7	7.3	5.4
78.7	82.7	93.3	74.3	72.5
21.3 %	17.3 %	6.7 %	25.7 %	27.5 %

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

	Amounts				
	2024	2023	2022	2021	2020
Debt Service Fund					
Revenues					
Property taxes	\$ 3,372,048	\$ 3,015,050	\$ 2,000,597	\$ 1,738,890	\$ 1,406,212
Penalty and interest	18,666	9,663	13,879	14,352	10,289
Investment income	148,663	85,894	6,747	906	10,433
Total revenues	<u>3,539,377</u>	<u>3,110,607</u>	<u>2,021,223</u>	<u>1,754,148</u>	<u>1,426,934</u>
Expenditures					
Current:					
Professional fees	5,211	913	4,373	4,334	2,603
Contracted services	67,604	57,207	50,532	41,418	34,419
Other expenditures	8,909	11,655	8,932	6,658	3,364
Debt service:					
Principal retirement	1,110,000	925,000	810,000	645,000	460,000
Interest and fees	1,518,215	1,003,917	855,725	825,169	643,442
Debt issuance costs	-	-	-	128,818	-
Total expenditures	<u>2,709,939</u>	<u>1,998,692</u>	<u>1,729,562</u>	<u>1,651,397</u>	<u>1,143,828</u>
Excess of Revenues Over Expenditures	<u>829,438</u>	<u>1,111,915</u>	<u>291,661</u>	<u>102,751</u>	<u>283,106</u>
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	-	1,458,350	-
Premium on debt issued	-	-	-	7,188	-
Deposit with escrow agent	-	-	-	(1,303,898)	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,640</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>829,438</u>	<u>1,111,915</u>	<u>291,661</u>	<u>264,391</u>	<u>283,106</u>
Fund Balance, Beginning 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>
Fund Balance, End of Year	<u>\$ 4,052,609</u>	<u>\$ 3,223,171</u>	<u>\$ 2,111,256</u>	<u>\$ 1,819,595</u>	<u>\$ 1,555,204</u>

Percent of Fund Total Revenues

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
95.3 %	96.9 %	99.0 %	99.1 %	98.6 %
0.5	0.3	0.7	0.8	0.7
<u>4.2</u>	<u>2.8</u>	<u>0.3</u>	<u>0.1</u>	<u>0.7</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.1	0.0	0.2	0.2	0.2
1.9	1.8	2.5	2.4	2.4
0.3	0.4	0.5	0.4	0.2
31.3	29.7	40.1	36.8	32.2
42.9	32.3	42.3	47.0	45.1
<u>-</u>	<u>-</u>	<u>-</u>	<u>7.3</u>	<u>-</u>
<u>76.5</u>	<u>64.2</u>	<u>85.6</u>	<u>94.1</u>	<u>80.1</u>
<u>23.5 %</u>	<u>35.8 %</u>	<u>14.4 %</u>	<u>5.9 %</u>	<u>19.9 %</u>

**Fort Bend County Municipal Utility District No. 5
Board Members, Key Personnel and Consultants
Year Ended July 31, 2024**

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 28, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected & Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
Nancy E. Hedrick	Elected 05/22- 05/26	\$ 2,210	\$ 398	President
John Metzger	Elected 05/22- 05/26	2,431	512	Vice President
Bobby J. Adams	Elected 05/22- 05/26	3,094	1,324	Secretary
LaToya Phillips	Elected 05/24- 05/28	2,652	1,264	Assistant Vice President
Carol Walker	Elected 05/24- 05/28	2,652	2,383	Assistant Secretary
Margaret F. Greenwood	Elected 05/20- 05/24	2,210	398	Term Expired
Gary P. Smith	Elected 05/20- 05/24	2,652	650	Term Expired

*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
Year Ended July 31, 2024**

(Continued)

<u>Consultants</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	05/23/06	\$ 77,732 182,422	Attorney Bond Counsel
Fort Bend Central Appraisal District	Legislative Action	41,746	Appraiser
Forvis Mazars, LLP	07/29/08	34,400	Auditor
McLennan & Associates, LP	06/16/06	32,569	Bookkeeper
Municipal Operations & Consulting, Inc.	09/22/11	768,892	Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/19/07	5,211	Delinquent Tax Attorney
R.G. Miller Engineers, Inc.	05/23/06	80,803	Engineer
Robert W. Baird and Co. Incorporated	02/26/15	144,837	Financial Advisor
Tax Tech, Inc.	06/16/06	32,717	Tax Assessor/ Collector
<u>Investment Officer</u>			
Jorge Diaz	01/30/17	N/A	Bookkeeper