




Montgomery County Municipal Utility District No. 88 Montgomery County, Texas

Independent Auditor's Report and Financial Statements

August 31, 2024



Montgomery County Municipal Utility District No. 88
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August 31, 2024

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Independent Auditor's Report

Board of Directors
Montgomery County Municipal Utility District No. 88
Montgomery County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 88 (the District), as of and for the year ended August 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 August 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
January 6, 2025

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to 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	\$ 19,667,332	\$ 18,971,873
Capital and lease assets	<u>15,757,301</u>	<u>15,774,455</u>
Total assets	<u>35,424,633</u>	<u>34,746,328</u>
Deferred outflows of resources	<u>39,293</u>	<u>42,250</u>
Total assets and deferred outflows of resources	<u>\$ 35,463,926</u>	<u>\$ 34,788,578</u>
Long-term liabilities	\$ 28,362,279	\$ 29,454,129
Other liabilities	<u>455,303</u>	<u>661,661</u>
Total liabilities	<u>28,817,582</u>	<u>30,115,790</u>

Summary of Net Position (Continued)

	<u>2024</u>	<u>2023</u>
Net position:		
Net investment in capital assets	\$ (2,650,177)	\$ (3,280,847)
Restricted	2,113,498	1,950,207
Unrestricted	<u>7,183,023</u>	<u>6,003,428</u>
Total net position	<u>\$ 6,646,344</u>	<u>\$ 4,672,788</u>

The total net position of the District increased by \$1,973,556 or about 42%. The majority of the increase in net position is related to property 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.

Summary of Changes in Net Position

	<u>2024</u>	<u>2023</u>
Revenues:		
Property taxes	\$ 3,896,483	\$ 4,068,462
Charges for services	1,148,016	1,101,288
Other revenues	<u>884,838</u>	<u>473,048</u>
Total revenues	<u>5,929,337</u>	<u>5,642,798</u>
Expenses:		
Services	2,044,680	2,165,555
Depreciation and amortization	734,700	790,572
Debt service	<u>1,176,401</u>	<u>1,554,143</u>
Total expenses	<u>3,955,781</u>	<u>4,510,270</u>
Change in net position	1,973,556	1,132,528
Net position, beginning of year	<u>4,672,788</u>	<u>3,540,260</u>
Net position, end of year	<u>\$ 6,646,344</u>	<u>\$ 4,672,788</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended August 31, 2024, were \$19,220,039, an increase of \$862,897 from the prior year.

The general fund's fund balance increased by \$1,177,815, primarily due to property tax and service revenues and investment income exceeding service operation and lease payments expenditures.

The debt service fund's fund balance increased by \$25,552 due to property tax revenues and investment income exceeding bond principal and interest requirements and contracted services expenditures.

The capital projects fund's fund balance decreased by \$340,470 due to capital outlay expenditures exceeding investment income.

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 investment income and contracted services and repairs and maintenance expenditures being greater than anticipated, as well as property tax revenues and purchased services and capital outlay expenditures being less than anticipated. In addition, tap connection expenditures budgeted for were not incurred. The fund balance as of August 31, 2024, was expected to be \$6,715,927 and the actual end-of-year fund balance was \$7,177,906.

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 as follows:

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

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 775,109	\$ 745,024
Construction in progress	1,153,240	465,779
Water facilities	2,548,840	2,673,887
Wastewater facilities	5,278,485	5,515,432
Drainage facilities	5,507,046	5,652,389
Recreational facilities	45,171	47,828
Lease assets	449,410	674,116
	<u>15,757,301</u>	<u>15,774,455</u>
Total capital and lease assets	<u>\$ 15,757,301</u>	<u>\$ 15,774,455</u>

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

Construction in progress related to the 0.3 MGD wastewater treatment plant replacement	\$ 687,461
Land addition, 1.34-acre tract for landscape set back area	30,085
	<u>717,546</u>
Total additions to capital and lease assets	<u>\$ 717,546</u>

Debt

The changes in the debt position of the District during the fiscal year ended August 31, 2024, are summarized as follows:

Long-term debt payable, beginning of year	\$ 29,454,129
Decreases in long-term debt	<u>(1,091,850)</u>
Long-term debt payable, end of year	<u>\$ 28,362,279</u>

At August 31, 2024, the District had \$27,770,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's bonds carry an underlying rating of "Baa2" from Moody's Investors Service (Moody's). The Series 2016, 2018, 2020 refunding, 2021 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, Inc. The Series 2017 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies partially within the extraterritorial jurisdiction (ETJ) of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. After it was created, a portion of the District later fell within the ETJ of the City of Conroe, but was subsequently converted to the City at the District's option under applicable law. The District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Montgomery County Municipal Utility District No. 88
Statement of Net Position and Governmental Funds Balance Sheet
August 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 273,857	\$ 86,219	\$ 4,891,693	\$ 5,251,769	\$ -	\$ 5,251,769
Certificates of deposit	230,000	-	5,223,031	5,453,031	-	5,453,031
Short-term investments	6,864,790	1,556,948	188,588	8,610,326	-	8,610,326
Receivables:						
Property taxes	5,117	4,873	-	9,990	-	9,990
Service accounts	94,654	-	-	94,654	-	94,654
Accrued interest	9,878	-	102,386	112,264	-	112,264
Interfund receivables	-	4,690	88,736	93,426	(93,426)	-
Due from others	118,490	-	-	118,490	-	118,490
Prepaid expenditures	34,808	-	-	34,808	(18,000)	16,808
Capital and lease assets (net of accumulated depreciation and amortization):						
Land and improvements	-	-	-	-	775,109	775,109
Construction in progress	-	-	-	-	1,153,240	1,153,240
Infrastructure	-	-	-	-	13,334,371	13,334,371
Recreational facilities	-	-	-	-	45,171	45,171
Lease assets	-	-	-	-	449,410	449,410
Total assets	<u>7,631,594</u>	<u>1,652,730</u>	<u>10,494,434</u>	<u>19,778,758</u>	<u>15,645,875</u>	<u>35,424,633</u>
Deferred Outflows of Resources						
Deferred amount on debt refundings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,293</u>	<u>39,293</u>
Total assets and deferred outflows of resources	<u>\$ 7,631,594</u>	<u>\$ 1,652,730</u>	<u>\$ 10,494,434</u>	<u>\$ 19,778,758</u>	<u>\$ 15,685,168</u>	<u>\$ 35,463,926</u>

Montgomery County Municipal Utility District No. 88
Statement of Net Position and Governmental Funds Balance Sheet
August 31, 2024

(Continued)

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 186,055	\$ 53,835	\$ 46,323	\$ 286,213	\$ -	\$ 286,213
Customer deposits	129,003	-	-	129,003	-	129,003
Due to others	40,087	-	-	40,087	-	40,087
Interfund payables	93,426	-	-	93,426	(93,426)	-
Long-term liabilities:						
Due within one year	-	-	-	-	1,132,894	1,132,894
Due after one year	-	-	-	-	27,229,385	27,229,385
Total liabilities	<u>448,571</u>	<u>53,835</u>	<u>46,323</u>	<u>548,729</u>	<u>28,268,853</u>	<u>28,817,582</u>
Deferred Inflows of Resources						
Deferred property tax revenues	<u>5,117</u>	<u>4,873</u>	<u>-</u>	<u>9,990</u>	<u>(9,990)</u>	<u>-</u>
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	34,808	-	-	34,808	(34,808)	-
Restricted:						
Unlimited tax bonds	-	1,594,022	-	1,594,022	(1,594,022)	-
Water, sewer and drainage	-	-	10,448,111	10,448,111	(10,448,111)	-
Assigned, operating reserve	118,840	-	-	118,840	(118,840)	-
Unassigned	<u>7,024,258</u>	<u>-</u>	<u>-</u>	<u>7,024,258</u>	<u>(7,024,258)</u>	<u>-</u>
Total fund balances	<u>7,177,906</u>	<u>1,594,022</u>	<u>10,448,111</u>	<u>19,220,039</u>	<u>(19,220,039)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,631,594</u>	<u>\$ 1,652,730</u>	<u>\$ 10,494,434</u>	<u>\$ 19,778,758</u>		
Net position:						
Net investment in capital assets					(2,650,177)	(2,650,177)
Restricted for debt service					1,598,895	1,598,895
Restricted for capital projects					514,603	514,603
Unrestricted					<u>7,183,023</u>	<u>7,183,023</u>
Total net position					<u>\$ 6,646,344</u>	<u>\$ 6,646,344</u>

Montgomery County Municipal Utility District No. 88
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended August 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,907,593	\$ 1,984,770	\$ -	\$ 3,892,363	\$ 4,120	\$ 3,896,483
Water service	301,352	-	-	301,352	-	301,352
Sewer service	477,220	-	-	477,220	-	477,220
Regional water fee	369,444	-	-	369,444	-	369,444
Penalty and interest	13,606	10,483	-	24,089	-	24,089
Tap connection and inspection fees	10,680	-	-	10,680	-	10,680
Investment income	351,539	124,844	358,351	834,734	-	834,734
Other income	15,315	20	-	15,335	-	15,335
Total revenues	3,446,749	2,120,117	358,351	5,925,217	4,120	5,929,337
Expenditures/Expenses						
Service operations:						
Purchased services	546,802	-	-	546,802	-	546,802
Professional fees	291,234	6,018	-	297,252	11,301	308,553
Contracted services	514,309	51,088	-	565,397	-	565,397
Utilities	91,480	-	-	91,480	-	91,480
Repairs and maintenance	411,162	-	-	411,162	-	411,162
Other expenditures	115,562	5,665	59	121,286	-	121,286
Capital outlay	30,085	-	698,762	728,847	(728,847)	-
Depreciation and amortization	-	-	-	-	734,700	734,700
Debt service:						
Principal retirement	-	930,000	-	930,000	(930,000)	-
Interest and fees	-	1,101,794	-	1,101,794	39,107	1,140,901
Lease payments	232,800	-	-	232,800	(232,800)	-
Debt issuance costs	35,500	-	-	35,500	-	35,500
Total expenditures/expenses	2,268,934	2,094,565	698,821	5,062,320	(1,106,539)	3,955,781
Excess (Deficiency) of Revenues Over Expenditures	1,177,815	25,552	(340,470)	862,897	(862,897)	
Change in Net Position					1,973,556	1,973,556
Fund Balances/Net Position						
Beginning of year	6,000,091	1,568,470	10,788,581	18,357,142	-	4,672,788
End of year	\$ 7,177,906	\$ 1,594,022	\$ 10,448,111	\$ 19,220,039	\$ -	\$ 6,646,344

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

Montgomery County Municipal Utility District No. 88 (the District) was created by an order of the Texas Natural Resource Conservation Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective December 29, 2000, in accordance with the Texas Water Code, Chapter 54. 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 and to provide such facilities and services to the customers of the District.

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

Reporting Entity

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.

Montgomery County Municipal Utility District No. 88
Notes to Financial Statements
August 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.

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 prices.

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.

Montgomery County Municipal Utility District No. 88
Notes to Financial Statements
August 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 August 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 August 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
Recreational facilities	10-25

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.

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 fund financial statements.	\$ 15,757,301
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	9,990
Prepaid lease expenditures are not reported as assets in the statement of net position.	(18,000)
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the fund financial statements.	39,293
Long-term debt obligations are not due and payable in the current period and are not reported in the fund financial statements.	(28,362,279)
Adjustment to fund balances to arrive at net position.	<u>\$ (12,573,695)</u>

Montgomery County Municipal Utility District No. 88
Notes to Financial Statements
August 31, 2024

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.	\$ 862,897
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 depreciation and amortization expense and noncapitalized costs exceeded capital outlay expenditures in the current period.	(17,154)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	930,000
Governmental funds report lease payments as expenditures. For the statement of activities, these are reported as a reduction of lease liability and interest expense.	232,800
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statements of activities.	4,120
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.	(39,107)
Change in net position of governmental activities.	<u>\$ 1,973,556</u>

Note 2. Deposits and Investments

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 August 31, 2024, none of the District's bank balances were exposed to custodial credit risk.

Montgomery County Municipal Utility District No. 88
Notes to Financial Statements
August 31, 2024

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 TexSTAR, an external investment pool that is not registered with the Securities and Exchange Commission. TexSTAR is governed by a Board of Directors, made up of participants and representatives of the administrator and investment manager.

At August 31, 2024, the District has the following investments and maturities:

Type	Amortized Cost	Maturities in Years			
		Less Than 1	1 5	6 10	More Than 10
TexSTAR	\$ 8,610,326	\$ -	\$ -	\$ -	\$ -

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 August 31, 2024, the District's investments in TexSTAR 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 at August 31, 2024, as follows:

Carrying value:	
Deposits	\$ 10,704,800
Investments	8,610,326
Total	<u>\$ 19,315,126</u>

Included in the following statement of net position captions:

Cash	\$ 5,251,769
Certificates of deposit	5,453,031
Short-term investments	8,610,326
Total	<u>\$ 19,315,126</u>

Montgomery County Municipal Utility District No. 88
Notes to Financial Statements
August 31, 2024

Investment Income

Investment income of \$834,734 for the year ended August 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 August 31, 2024, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 745,024	\$ 30,085	\$ 775,109
Construction in progress	465,779	687,461	1,153,240
Total capital assets, non-depreciable	1,210,803	717,546	1,928,349
Capital and lease assets, depreciable and amortizable:			
Water production and distribution facilities	3,877,738	-	3,877,738
Wastewater collection and treatment facilities	7,708,683	-	7,708,683
Drainage facilities	7,756,946	-	7,756,946
Recreational facilities	66,427	-	66,427
Lease asset - equipment	1,123,526	-	1,123,526
Total capital and lease assets, depreciable and amortizable	20,533,320	-	20,533,320
Less accumulated depreciation and amortization:			
Water production and distribution facilities	(1,203,851)	(125,047)	(1,328,898)
Wastewater collection and treatment facilities	(2,193,251)	(236,947)	(2,430,198)
Drainage facilities	(2,104,557)	(145,343)	(2,249,900)
Recreational facilities	(18,599)	(2,657)	(21,256)
Lease asset - equipment	(449,410)	(224,706)	(674,116)
Total accumulated depreciation and amortization	(5,969,668)	(734,700)	(6,704,368)
Total governmental activities, net	\$ 15,774,455	\$ (17,154)	\$ 15,757,301

Note 4. Long-Term Liabilities

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

Montgomery County Municipal Utility District No. 88
Notes to Financial Statements
August 31, 2024

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
General obligation bonds	\$ 29,650,000	\$ 930,000	\$ 28,720,000	\$ 945,000
Less discounts on bonds	777,708	26,372	751,336	-
	28,872,292	903,628	27,968,664	945,000
Lease liability	581,837	188,222	393,615	187,894
Total governmental activities long-term liabilities	<u>\$ 29,454,129</u>	<u>\$ 1,091,850</u>	<u>\$ 28,362,279</u>	<u>\$ 1,132,894</u>

General Obligation Bonds

	Series 2014	Series 2016
Amounts outstanding, August 31, 2024	\$1,750,000	\$3,775,000
Interest rates	2.000% to 4.125%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2025/2036	September 1, 2025/2039
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2022	September 1, 2023
	Series 2017	Series 2018
Amounts outstanding, August 31, 2024	\$3,400,000	\$4,850,000
Interest rates	2.00% to 3.50%	4.00% to 6.00%
Maturity dates, serially beginning/ending	September 1, 2025/2040	September 1, 2025/2042
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2024	September 1, 2024

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

Montgomery County Municipal Utility District No. 88
Notes to Financial Statements
August 31, 2024

	Refunding Series 2020	Series 2021
Amounts outstanding, August 31, 2024	\$1,695,000	\$2,050,000
Interest rates	2.00% to 3.00%	1.000% to 2.125%
Maturity dates, serially beginning/ending	September 1, 2025/2035	September 1, 2025/2042
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2026	September 1, 2026
		Series 2023
Amount outstanding, August 31, 2024		\$11,200,000
Interest rates		4.00% to 6.50%
Maturity dates, serially beginning/ending		September 1, 2027/2049
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 District has been paying the amount due September 1 within the fiscal year preceding this due date, and the following schedule has been prepared assuming that this practice will be followed in future years. The schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at August 31, 2024:

Year	Principal	Interest	Total
2025	\$ 945,000	\$ 1,071,619	\$ 2,016,619
2026	960,000	1,047,469	2,007,469
2027	1,050,000	1,022,193	2,072,193
2028	1,060,000	986,070	2,046,070
2029	1,075,000	948,943	2,023,943
2030-2034	5,585,000	4,167,658	9,752,658
2035-2039	6,070,000	3,171,694	9,241,694
2040-2044	5,975,000	2,032,313	8,007,313
2045-2049	6,000,000	792,000	6,792,000
Total	<u>\$ 28,720,000</u>	<u>\$ 15,239,959</u>	<u>\$ 43,959,959</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.

Montgomery County Municipal Utility District No. 88
Notes to Financial Statements
August 31, 2024

Bonds voted	\$ 63,090,000
Bonds sold	35,320,000
Refunding bonds voted	41,000,000
Refunding bonds authorization used	120,000

Lease Liability

The following schedule shows the annual lease requirements to pay principal and interest on the lease liability outstanding at August 31, 2024:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 187,894	\$ 28,106	\$ 216,000
2026	205,720	10,280	216,000
Total	<u>\$ 393,614</u>	<u>\$ 38,386</u>	<u>\$ 432,000</u>

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 August 31, 2024, the District levied an ad valorem debt service tax at the rate of \$0.5600 per \$100 of assessed valuation, which resulted in a tax levy of \$2,015,696 on the taxable valuation of \$359,945,769 for the 2023 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$2,026,169.

Note 6. Maintenance Taxes

At an election held May 3, 2003, 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 August 31, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.5400 per \$100 of assessed valuation, which resulted in a tax levy of \$1,943,707 on the taxable valuation of \$359,945,769 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 Lease

On November 10, 2017, the District, entered into an agreement for the lease of a wastewater treatment plant expansion to 0.3 MGD. The cost of the lease is \$26,400 per month. The initial term of the lease is 60 months following substantial completion of installation and startup of the equipment, which began November 1, 2018. After the initial term, the lease was extended on a month-to-month basis with monthly lease payments of \$18,000. Lease expenditures during the fiscal year ended August 31, 2024, were \$232,800. In connection with this lease, at August 31, 2024, the District has prepaid \$18,000 for future rent.

Note 8. Contracts With Other Districts

Storm Water Facilities Agreement

On April 15, 2003, and as amended on April 20, 2020, the District, Montgomery County Municipal Utility District No. 89 (District No. 89) and Spring Creek Utility District (Spring Creek) entered into a cost-sharing agreement for the construction and financing of drainage and detention facilities. District No. 89 was responsible for the design and construction of the facilities, and Spring Creek owns and operates the facilities on behalf of the participants. Pump station facilities will be allocated based on each district's pro rata share of the ultimate acreage to be served by the facilities. Detention facilities will be allocated based upon platted acreage. Pro rata shares are as follows:

	Pump Station Facilities	Detention Facilities
The District	31.248 %	26.834 %
District No. 89	41.634	42.809
Spring Creek	<u>27.118</u>	<u>30.357</u>
Totals	<u>100.000 %</u>	<u>100.000 %</u>

The District incurred costs of \$72,657 during the current year. The District has contributed \$9,780 as its share of an operating reserve.

Water Supply Agreement

On October 7, 2004, the District and District No. 89 entered into a water facilities contract for the financing and construction of a second water plant and water well. Construction of the second water plant was completed during a prior year. On August 15, 2008, the District, District No. 89 and Spring Creek (collectively, "the Districts") entered into a First Amendment to Water Facilities Contract for expansion of District No. 89's Water Plant No. 2. On September 19, 2011, the Districts entered into a Second Amendment to Water Facilities Contract to allow construction to begin and to provide for the District to reimburse Spring Creek for its share of construction costs. On December 6, 2012, the Districts entered into a Third Amendment to Water Facilities Contract, to reduce Spring Creek's ultimate capacity in the facilities. On June 14, 2018, the Districts entered into a Fourth Amendment to the Water Facilities Contract, to allocate a portion of capacity from Spring Creek and District No. 89 to the District.

On October 4, 2018, the Districts entered into a Fifth Amendment to the Water Facilities Contract, to amend the treatment of and allocation of costs of operations and maintenance. On October 13, 2022, the Districts entered into a Sixth Amendment to the Water Facilities Contract in order for the District to purchase additional capacity in certain facilities from Spring Creek and District No. 89. Following this amendment, the District's ownership in the capacity of the plant is 29.1%, District No. 89's capacity is 14.0% and Spring Creek's capacity is 56.9%.

District No. 89 is responsible for the operation and maintenance of the plant for the benefit of the participants. The participants share fixed operating costs, based on allocated capacity and variable costs based on each district's pro rata share of metered monthly usage. For the year ended August 31, 2024, the District's share of operating costs was \$181,010. The District has contributed \$109,060 as its share of an operating reserve.

Groundwater Reduction Agreement

District No. 89 has entered into a Contract for Groundwater Reduction Planning, Alternative Water Supply and Related Goods and Services (GRP Contract) with the San Jacinto River Authority (the Authority) in order to meet the Lone Star Groundwater Conservation District (the Conservation District) requirements. As a participant in the Authority's Groundwater Reduction Plan, District No. 89 has complied with all current Conservation District

Montgomery County Municipal Utility District No. 88
Notes to Financial Statements
August 31, 2024

requirements for surface water conversion and is obligated to pay to the Authority a groundwater withdrawal fee for all groundwater produced and used by District No. 89, and will be required to pay a water purchase fee for any water actually purchased from the Authority in the future. As of August 31, 2024, the Authority was billing District No. 89 \$2.67 per 1,000 gallons of water pumped. This rate is subject to future adjustments. The District pays its Authority fees indirectly through its Water Facilities Contract with District No. 89. District No. 89 began billing the participants in July 2010. During the year ended August 31, 2024, the District incurred \$293,135 for groundwater withdrawal fees.

Regional Water Authority

The District is within the boundaries of the Conservation District, which was created by the Texas Legislature. The Conservation District was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of August 31, 2024, the Conservation District was billing District No. 89 \$0.085 per 1,000 gallons of water pumped from its wells. The District pays its Conservation District fees indirectly through its Water Facilities Contract with District No. 89. The Conservation District fee is subject to future adjustments.

Road Utilities Agreement

On August 4, 2005, the District entered into an agreement with District No. 89 for the purpose of sharing the cost of constructing and maintaining utilities located in roadways located in or adjacent to the District. The contract is for a period of 40 years.

District No. 89 holds title for the benefit of the participants. The District's share of construction costs of the road utilities were funded by contribution of funds from developers within the District. At August 31, 2024, the District's 50% ownership of the road utilities is recorded as a capital asset of the District.

Operating costs are to be shared based on ownership. During the fiscal year ended August 31, 2024, the District was not billed for operating expenditures under the terms of the agreement.

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 for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Required Supplementary Information

Montgomery County Municipal Utility District No. 88
Budgetary Comparison Schedule – General Fund
Year Ended August 31, 2024

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 2,200,000	\$ 2,200,000	\$ 1,907,593	\$ (292,407)
Water service	300,000	300,000	301,352	1,352
Sewer service	485,000	485,000	477,220	(7,780)
Regional water fee	348,000	348,000	369,444	21,444
Penalty and interest	8,500	8,500	13,606	5,106
Tap connection and inspection fees	40,000	40,000	10,680	(29,320)
Investment income	3,300	3,300	351,539	348,239
Other	-	-	15,315	15,315
Total revenues	3,384,800	3,384,800	3,446,749	61,949
Expenditures				
Service operations:				
Purchased services	999,384	999,384	546,802	452,582
Professional fees	252,500	252,500	291,234	(38,734)
Contracted services	399,955	399,955	514,309	(114,354)
Utilities	45,000	45,000	91,480	(46,480)
Repairs and maintenance	304,025	304,025	411,162	(107,137)
Other expenditures	194,100	197,100	115,562	81,538
Tap connections	55,000	55,000	-	55,000
Capital outlay	200,000	200,000	30,085	169,915
Debt service:				
Debt issuance costs	-	-	35,500	(35,500)
Lease payments	316,800	216,000	232,800	(16,800)
Total expenditures	2,766,764	2,668,964	2,268,934	400,030
Excess of Revenues Over Expenditures	618,036	715,836	1,177,815	461,979
Fund Balance, Beginning of Year	6,000,091	6,000,091	6,000,091	-
Fund Balance, End of Year	\$ 6,618,127	\$ 6,715,927	\$ 7,177,906	\$ 461,979

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 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

Montgomery County Municipal Utility District No. 88
Other Schedules Included Within This Report
August 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

Montgomery County Municipal Utility District No. 88
Schedule of Services and Rates
Year Ended August 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 type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input checked="" type="checkbox"/> Security
<input checked="" type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other _____		

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels	
Water:	\$ 12.00	6,999	N	\$ 1.50	7,000	to 12,999
				\$ 1.75	13,000	to 20,000
				\$ 5.00	20,001	to No Limit
Wastewater:	\$ 38.14	0	Y			
Regional water fee:	\$ 0.085	1	N	\$ 0.085	1	to No Limit
SJRA fee	\$ 2.937	1	N	\$ 2.937	1	to No Limit
Does the District employ winter averaging for wastewater usage?				Yes _____	No <input checked="" type="checkbox"/>	
Total charges per 10,000 gallons usage (including fees):				Water \$ 48.22	Wastewater	\$ 38.14

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	1,065	1,057	x1.0	1,057
1"	6	6	x2.5	15
1 1/2"	-	-	x5.0	-
2"	9	9	x8.0	72
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	1,080	1,072		1,144
Total wastewater	1,064	1,056	x1.0	1,056

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

Gallons pumped into the system:	162,503
Gallons billed to customers:	151,480
Water accountability ratio (gallons billed/gallons pumped):	93.22%

**"ESFC" means equivalent single-family connections

Montgomery County Municipal Utility District No. 88
Schedule of General Fund Expenditures
Year Ended August 31, 2024

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	21,500	
Legal		107,298	
Engineering		158,936	
Financial advisor		3,500	291,234
Purchased Services for Resale			
Bulk water and wastewater service purchases			546,802
Regional Water Fee			-
Contracted Services			
Bookkeeping		21,250	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		201,330	
Other contracted services		45,777	268,357
Utilities			91,480
Repairs and Maintenance			411,162
Administrative Expenditures			
Directors' fees		11,050	
Office supplies		62,727	
Insurance		14,044	
Other administrative expenditures		27,741	115,562
Capital Outlay			
Capitalized assets		30,085	
Expenditures not capitalized		-	30,085
Tap Connection Expenditures			-
Solid Waste Disposal			245,952
Debt Service, Lease Payments			232,800
Parks and Recreation			-
Other Expenditures			35,500
Total expenditures		\$	<u>2,268,934</u>

Montgomery County Municipal Utility District No. 88
Schedule of Temporary Investments
August 31, 2024

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
General Fund				
Certificate of Deposit				
No. 95900012127827	5.35%	11/12/24	\$ 230,000	\$ 9,878
TexSTAR	5.29%	Demand	6,864,790	-
			<u>7,094,790</u>	<u>9,878</u>
Debt Service Fund				
TexSTAR	5.29%	Demand	<u>1,556,948</u>	<u>-</u>
Capital Projects Fund				
Certificate of Deposit				
No. 66001094	5.30%	10/15/24	5,223,031	102,386
TexSTAR	5.29%	Demand	<u>188,588</u>	<u>-</u>
			<u>5,411,619</u>	<u>102,386</u>
Totals			<u>\$ 14,063,357</u>	<u>\$ 112,264</u>

Montgomery County Municipal Utility District No. 88
Analysis of Taxes Levied and Receivable
Year Ended August 31, 2024

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 3,337	\$ 2,533
Additions and corrections to prior years' taxes	(34,334)	(28,586)
Adjusted receivable, beginning of year	(30,997)	(26,053)
2023 Original Tax Levy	1,784,298	1,850,384
Additions and corrections	159,409	165,312
Adjusted tax levy	1,943,707	2,015,696
Total to be accounted for	1,912,710	1,989,643
Tax (collections) repayments: Current year	(1,940,265)	(2,012,127)
Prior years	32,672	27,357
Receivable, end of year	<u>\$ 5,117</u>	<u>\$ 4,873</u>
Receivable, by Years		
2023	\$ 3,442	\$ 3,569
2022	1,549	1,217
2021	126	87
Receivable, end of year	<u>\$ 5,117</u>	<u>\$ 4,873</u>

Montgomery County Municipal Utility District No. 88
Analysis of Taxes Levied and Receivable
Year Ended August 31, 2024

(Continued)

	2023	2022	2021	2020
Property Valuations				
Land	\$ 37,658,720	\$ 37,835,080	\$ 37,590,800	\$ 37,488,320
Improvements	366,567,760	324,139,930	247,458,040	209,769,130
Personal property	2,193,909	1,901,352	1,820,014	2,576,109
Exemptions	<u>(46,474,620)</u>	<u>(37,770,449)</u>	<u>(10,120,379)</u>	<u>(7,955,534)</u>
Total property valuations	<u><u>\$ 359,945,769</u></u>	<u><u>\$ 326,105,913</u></u>	<u><u>\$ 276,748,475</u></u>	<u><u>\$ 241,878,025</u></u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.5600	\$ 0.5500	\$ 0.5500	\$ 0.7100
Maintenance tax rates*	<u>0.5400</u>	<u>0.7000</u>	<u>0.8000</u>	<u>0.6600</u>
Total tax rates per \$100 valuation	<u><u>\$ 1.1000</u></u>	<u><u>\$ 1.2500</u></u>	<u><u>\$ 1.3500</u></u>	<u><u>\$ 1.3700</u></u>
Tax Levy	<u><u>\$ 3,959,403</u></u>	<u><u>\$ 4,076,326</u></u>	<u><u>\$ 3,736,107</u></u>	<u><u>\$ 3,313,729</u></u>
Percent of Taxes Collected to Taxes Levied**	<u><u>99%</u></u>	<u><u>99%</u></u>	<u><u>99%</u></u>	<u><u>100%</u></u>

*Maximum tax rate approved by voters: \$1.50 on May 3, 2003

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

Montgomery County Municipal Utility District No. 88
Schedule of Long-Term Debt Service Requirements by Years
August 31, 2024

Due During Fiscal Years Ending August 31	Series 2014		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 125,000	\$ 65,906	\$ 190,906
2026	130,000	62,156	192,156
2027	130,000	57,931	187,931
2028	130,000	53,381	183,381
2029	130,000	48,831	178,831
2030	130,000	44,120	174,120
2031	130,000	39,244	169,244
2032	130,000	34,370	164,370
2033	130,000	29,494	159,494
2034	130,000	24,131	154,131
2035	130,000	18,770	148,770
2036	325,000	13,406	338,406
Totals	<u>\$ 1,750,000</u>	<u>\$ 491,740</u>	<u>\$ 2,241,740</u>

The District pays the amount due September 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

Montgomery County Municipal Utility District No. 88
Schedule of Long-Term Debt Service Requirements by Years
August 31, 2024

(Continued)

Due During Fiscal Years Ending August 31	Series 2016		Total
	Principal Due September 1	Interest Due September 1, March 1	
2025	\$ 190,000	\$ 121,563	\$ 311,563
2026	195,000	116,813	311,813
2027	205,000	111,938	316,938
2028	210,000	105,787	315,787
2029	220,000	99,488	319,488
2030	230,000	92,887	322,887
2031	240,000	85,988	325,988
2032	250,000	78,487	328,487
2033	255,000	70,363	325,363
2034	270,000	62,075	332,075
2035	280,000	53,300	333,300
2036	290,000	43,850	333,850
2037	300,000	33,700	333,700
2038	315,000	23,200	338,200
2039	325,000	11,781	336,781
Totals	<u>\$ 3,775,000</u>	<u>\$ 1,111,220</u>	<u>\$ 4,886,220</u>

The District pays the amount due September 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

Montgomery County Municipal Utility District No. 88
Schedule of Long-Term Debt Service Requirements by Years
August 31, 2024

(Continued)

Due During Fiscal Years Ending August 31	Series 2017		Total
	Principal Due September 1	Interest Due September 1, March 1	
2025	\$ 300,000	\$ 103,875	\$ 403,875
2026	300,000	97,125	397,125
2027	200,000	90,000	290,000
2028	200,000	84,750	284,750
2029	200,000	78,750	278,750
2030	200,000	72,750	272,750
2031	200,000	66,500	266,500
2032	200,000	60,250	260,250
2033	200,000	54,000	254,000
2034	200,000	47,500	247,500
2035	200,000	41,000	241,000
2036	200,000	34,500	234,500
2037	200,000	28,000	228,000
2038	200,000	21,000	221,000
2039	200,000	14,000	214,000
2040	200,000	7,000	207,000
Totals	<u>\$ 3,400,000</u>	<u>\$ 901,000</u>	<u>\$ 4,301,000</u>

The District pays the amount due September 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

Montgomery County Municipal Utility District No. 88
Schedule of Long-Term Debt Service Requirements by Years
August 31, 2024

(Continued)

Due During Fiscal Years Ending August 31	Series 2018		Total
	Principal Due September 1	Interest Due September 1, March 1	
2025	\$ 100,000	\$ 198,563	\$ 298,563
2026	100,000	194,562	294,562
2027	100,000	190,562	290,562
2028	100,000	186,563	286,563
2029	100,000	182,562	282,562
2030	100,000	178,563	278,563
2031	100,000	174,563	274,563
2032	100,000	170,563	270,563
2033	100,000	166,562	266,562
2034	100,000	162,562	262,562
2035	100,000	158,563	258,563
2036	100,000	154,562	254,562
2037	450,000	150,562	600,562
2038	450,000	132,000	582,000
2039	450,000	113,438	563,438
2040	750,000	94,875	844,875
2041	775,000	63,937	838,937
2042	775,000	31,969	806,969
Totals	<u>\$ 4,850,000</u>	<u>\$ 2,705,531</u>	<u>\$ 7,555,531</u>

The District pays the amount due September 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

Montgomery County Municipal Utility District No. 88
Schedule of Long-Term Debt Service Requirements by Years
August 31, 2024

(Continued)

Due During Fiscal Years Ending August 31	Refunding Series 2020		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ 130,000	\$ 39,150	\$ 169,150
2026	135,000	35,250	170,250
2027	140,000	31,200	171,200
2028	145,000	28,400	173,400
2029	150,000	25,500	175,500
2030	150,000	22,500	172,500
2031	160,000	19,500	179,500
2032	160,000	16,300	176,300
2033	170,000	12,700	182,700
2034	175,000	8,875	183,875
2035	180,000	4,500	184,500
Totals	<u>\$ 1,695,000</u>	<u>\$ 243,875</u>	<u>\$ 1,938,875</u>

The District pays the amount due September 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

Montgomery County Municipal Utility District No. 88
Schedule of Long-Term Debt Service Requirements by Years
August 31, 2024

(Continued)

Due During Fiscal Years Ending August 31	Series 2021		Total
	Principal Due September 1	Interest Due September 1, March 1	
2025	\$ 100,000	\$ 39,562	\$ 139,562
2026	100,000	38,563	138,563
2027	100,000	37,562	137,562
2028	100,000	35,563	135,563
2029	100,000	33,562	133,562
2030	100,000	31,563	131,563
2031	100,000	29,562	129,562
2032	100,000	27,563	127,563
2033	100,000	25,562	125,562
2034	100,000	23,563	123,563
2035	100,000	21,562	121,562
2036	100,000	19,563	119,563
2037	100,000	17,562	117,562
2038	100,000	15,563	115,563
2039	100,000	13,562	113,562
2040	100,000	11,563	111,563
2041	225,000	9,562	234,562
2042	225,000	4,781	229,781
Totals	<u>\$ 2,050,000</u>	<u>\$ 436,343</u>	<u>\$ 2,486,343</u>

The District pays the amount due September 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

Montgomery County Municipal Utility District No. 88
Schedule of Long-Term Debt Service Requirements by Years
August 31, 2024

(Continued)

Due During Fiscal Years Ending August 31	Series 2023		Total
	Principal Due September 1	Interest Due September 1, March 1	
2025	\$ -	\$ 503,000	\$ 503,000
2026	-	503,000	503,000
2027	175,000	503,000	678,000
2028	175,000	491,626	666,626
2029	175,000	480,250	655,250
2030	175,000	468,874	643,874
2031	175,000	457,500	632,500
2032	175,000	446,124	621,124
2033	175,000	434,750	609,750
2034	175,000	427,750	602,750
2035	175,000	420,750	595,750
2036	175,000	413,750	588,750
2037	175,000	406,750	581,750
2038	175,000	399,750	574,750
2039	175,000	392,750	567,750
2040	175,000	385,312	560,312
2041	175,000	377,876	552,876
2042	175,000	370,438	545,438
2043	1,200,000	363,000	1,563,000
2044	1,200,000	312,000	1,512,000
2045	1,200,000	261,000	1,461,000
2046	1,200,000	210,000	1,410,000
2047	1,200,000	159,000	1,359,000
2048	1,200,000	108,000	1,308,000
2049	1,200,000	54,000	1,254,000
Totals	<u>\$ 11,200,000</u>	<u>\$ 9,350,250</u>	<u>\$ 20,550,250</u>

The District pays the amount due September 1 prior to that date. This schedule has been prepared assuming this practice will continue in the future.

Montgomery County Municipal Utility District No. 88
Schedule of Long-Term Debt Service Requirements by Years
August 31, 2024

(Continued)

Due During Fiscal Years Ending August 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 945,000	\$ 1,071,619	\$ 2,016,619
2026	960,000	1,047,469	2,007,469
2027	1,050,000	1,022,193	2,072,193
2028	1,060,000	986,070	2,046,070
2029	1,075,000	948,943	2,023,943
2030	1,085,000	911,257	1,996,257
2031	1,105,000	872,857	1,977,857
2032	1,115,000	833,657	1,948,657
2033	1,130,000	793,431	1,923,431
2034	1,150,000	756,456	1,906,456
2035	1,165,000	718,445	1,883,445
2036	1,190,000	679,631	1,869,631
2037	1,225,000	636,574	1,861,574
2038	1,240,000	591,513	1,831,513
2039	1,250,000	545,531	1,795,531
2040	1,225,000	498,750	1,723,750
2041	1,175,000	451,375	1,626,375
2042	1,175,000	407,188	1,582,188
2043	1,200,000	363,000	1,563,000
2044	1,200,000	312,000	1,512,000
2045	1,200,000	261,000	1,461,000
2046	1,200,000	210,000	1,410,000
2047	1,200,000	159,000	1,359,000
2048	1,200,000	108,000	1,308,000
2049	1,200,000	54,000	1,254,000
Totals	<u>\$ 28,720,000</u>	<u>\$ 15,239,959</u>	<u>\$ 43,959,959</u>

Montgomery County Municipal Utility District No. 88
Changes in Long-Term Bonded Debt
Year Ended August 31, 2024

	Bond		
	Series 2014	Series 2016	Series 2017
Interest rates	2.000% to 4.125%	2.00% to 4.00%	2.00% to 3.50%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2025/2036	September 1, 2025/2039	September 1, 2025/2040
Bonds outstanding, beginning of current year	\$ 1,875,000	\$ 3,955,000	\$ 3,700,000
Retirements, principal	125,000	180,000	300,000
Bonds outstanding, end of current year	\$ 1,750,000	\$ 3,775,000	\$ 3,400,000
Interest paid during current year	\$ 69,656	\$ 125,613	\$ 109,875
Paying agent's name and address:			
Series 2014	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas		
Series 2016	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas		
Series 2017	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas		
Series 2018	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas		
Series 2020	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas		
Series 2021	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas		
Series 2023	- The Bank of New York Mellon Trust Company, N.A., Houston, Texas		
Bond authority:			
	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 63,090,000	\$ -	\$ 41,000,000
Amount issued	\$ 35,320,000	\$ -	\$ 120,000
Remaining to be issued	\$ 27,770,000	\$ -	\$ 40,880,000
Debt service fund cash and temporary investment balances as of August 31, 2024:			\$ 1,643,167
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 1,758,398

Issues

Series 2018	Refunding Series 2020	Series 2021	Series 2023	Totals
4.00% to 6.00%	2.00% to 3.00%	1.000% to 2.125%	4.00% to 6.50%	
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	
September 1, 2025/2042	September 1, 2025/2035	September 1, 2025/2042	September 1, 2027/2049	
\$ 4,950,000	\$ 1,820,000	\$ 2,150,000	\$ 11,200,000	\$ 29,650,000
100,000	125,000	100,000	-	930,000
<u>\$ 4,850,000</u>	<u>\$ 1,695,000</u>	<u>\$ 2,050,000</u>	<u>\$ 11,200,000</u>	<u>\$ 28,720,000</u>
<u>\$ 204,562</u>	<u>\$ 42,900</u>	<u>\$ 40,563</u>	<u>\$ 503,000</u>	<u>\$ 1,096,169</u>

Montgomery County Municipal Utility District No. 88
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended August 31,

	Amounts				
	2024	2023	2022	2021	2020
General Fund					
Revenues					
Property taxes	\$ 1,907,593	\$ 2,281,242	\$ 2,217,795	\$ 1,584,783	\$ 1,349,693
Water service	301,352	244,009	256,392	162,308	228,835
Sewer service	477,220	449,826	399,017	345,994	374,811
Regional water fees	369,444	407,453	430,819	344,124	351,419
Penalty and interest	13,606	11,763	11,296	6,282	5,702
Tap connection and inspection fees	10,680	14,370	-	25,610	118,160
Investment income	351,539	191,138	1,674	5,505	24,203
Other income	15,315	12,560	25,199	21,093	26,490
Total revenues	<u>3,446,749</u>	<u>3,612,361</u>	<u>3,342,192</u>	<u>2,495,699</u>	<u>2,479,313</u>
Expenditures					
Service operations:					
Purchased services	546,802	801,328	747,073	560,336	458,651
Professional fees	291,234	243,194	202,346	181,709	172,360
Contracted services	514,309	526,939	487,112	295,270	286,083
Utilities	91,480	82,021	45,612	43,908	42,381
Repairs and maintenance	411,162	352,046	359,779	257,279	707,999
Other expenditures	115,562	95,267	94,984	78,278	77,431
Tap connections	-	-	40	27,440	59,830
Capital outlay	30,085	121,364	20,593	35,819	60,653
Debt service:					
Lease payments	232,800	316,800	316,800	316,800	268,800
Debt issuance costs	35,500	4,250	4,250	3,500	45,030
Total expenditures	<u>2,268,934</u>	<u>2,543,209</u>	<u>2,278,589</u>	<u>1,800,339</u>	<u>2,179,218</u>
Excess of Revenues Over Expenditures	<u>1,177,815</u>	<u>1,069,152</u>	<u>1,063,603</u>	<u>695,360</u>	<u>300,095</u>
Other Financing Sources					
Interfund transfers in	<u>-</u>	<u>4,250</u>	<u>-</u>	<u>455,480</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>1,177,815</u>	<u>1,073,402</u>	<u>1,063,603</u>	<u>1,150,840</u>	<u>300,095</u>
Fund Balance, Beginning of Year	<u>6,000,091</u>	<u>4,926,689</u>	<u>3,863,086</u>	<u>2,712,246</u>	<u>2,412,151</u>
Fund Balance, End of Year	<u>\$ 7,177,906</u>	<u>\$ 6,000,091</u>	<u>\$ 4,926,689</u>	<u>\$ 3,863,086</u>	<u>\$ 2,712,246</u>
Total Active Retail Water Connections	<u>1,072</u>	<u>1,118</u>	<u>1,070</u>	<u>1,072</u>	<u>1,059</u>
Total Active Retail Wastewater Connections	<u>1,056</u>	<u>1,118</u>	<u>1,052</u>	<u>1,052</u>	<u>1,043</u>

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
55.4 %	63.2 %	66.3 %	63.5 %	54.4 %
8.7	6.8	7.7	6.5	9.2
13.9	12.4	12.0	13.9	15.1
10.7	11.3	12.9	13.8	14.2
0.4	0.3	0.3	0.3	0.2
0.3	0.4	-	1.0	4.8
10.2	5.3	0.1	0.2	1.0
0.4	0.3	0.7	0.8	1.1
100.0	100.0	100.0	100.0	100.0
15.9	22.2	22.4	22.4	18.5
8.4	6.7	6.0	7.3	7.0
14.9	14.6	14.6	11.8	11.5
2.7	2.3	1.4	1.8	1.7
11.9	9.7	10.8	10.3	28.6
3.3	2.6	2.8	3.1	3.1
-	-	0.0	1.1	2.4
0.9	3.4	0.6	1.4	2.5
6.8	8.8	9.5	12.7	10.8
1.0	0.1	0.1	0.2	1.8
65.8	70.4	68.2	72.1	87.9
34.2 %	29.6 %	31.8 %	27.9 %	12.1 %

Montgomery County Municipal Utility District No. 88
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended August 31,

	Amounts				
	2024	2023	2022	2021	2020
Debt Service Fund					
Revenues					
Property taxes	\$ 1,984,770	\$ 1,791,784	\$ 1,531,472	\$ 1,703,977	\$ 1,561,575
Penalty and interest	10,483	22,800	27,967	8,212	23,490
Investment income	124,844	86,569	592	2,280	9,416
Other income	20	-	-	-	-
Total revenues	2,120,117	1,901,153	1,560,031	1,714,469	1,594,481
Expenditures					
Current:					
Professional fees	6,018	4,884	9,192	1,152	4,320
Contracted services	51,088	43,326	43,088	40,579	36,590
Other expenditures	5,665	5,158	4,473	6,084	4,440
Debt service:					
Principal retirement	930,000	920,000	905,000	790,000	770,000
Interest and fees	1,101,794	814,867	651,626	647,141	661,641
Debt issuance costs	-	-	-	-	115,173
Debt defeasance	-	-	-	-	20,000
Total expenditures	2,094,565	1,788,235	1,613,379	1,484,956	1,612,164
Excess (Deficiency) of Revenues Over Expenditures	25,552	112,918	(53,348)	229,513	(17,683)
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	-	-	1,965,000
Discount on debt issued	-	-	-	-	(4,378)
Deposit with escrow agent	-	-	-	-	(1,839,986)
Total other financing sources	-	-	-	-	120,636
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	25,552	112,918	(53,348)	229,513	102,953
Fund Balance, Beginning of Year	1,568,470	1,455,552	1,508,900	1,279,387	1,176,434
Fund Balance, End of Year	\$ 1,594,022	\$ 1,568,470	\$ 1,455,552	\$ 1,508,900	\$ 1,279,387

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
93.6 %	94.2 %	98.2 %	99.4 %	97.9 %
0.5	1.2	1.8	0.5	1.5
5.9	4.6	0.0	0.1	0.6
0.0	-	-	-	-
100.0	100.0	100.0	100.0	100.0
0.3	0.2	0.6	0.1	0.3
2.4	2.3	2.7	2.4	2.3
0.3	0.3	0.3	0.3	0.3
43.8	48.4	58.0	46.1	48.3
52.0	42.9	41.8	37.7	41.5
-	-	-	-	7.2
-	-	-	-	1.2
98.8	94.1	103.4	86.6	101.1
1.2 %	5.9 %	(3.4) %	13.4 %	(1.1) %

Montgomery County Municipal Utility District No. 88
Board Members, Key Personnel and Consultants
Year Ended August 31, 2024

Complete District mailing address:	Montgomery County Municipal Utility District No. 88 c/o Mitchell, Zientek & Scruggs, LLP 24624 Interstate 45 North, Suite 200 The Woodlands, Texas 77386
District business telephone number:	281.719.1990
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	August 12, 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>
Ryan Tsamouris	Elected 05/22- 05/26	\$ 2,652	\$ -	President
Kent Doerries	Elected 05/22- 05/26	2,652	-	Vice President
Jeremy Davis	Elected 05/24- 05/28	3,315	-	Secretary
Sidney Mealey	Appointed 05/24- 05/28	-	-	Director
Jacqueline Voss	Elected 05/22- 06/24	1,768	-	Resigned
Ryan Temple	Elected 05/20- 03/24	663	-	Resigned

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

Montgomery County Municipal Utility District No. 88
Board Members, Key Personnel and Consultants
Year Ended August 31, 2024

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Bob Leared Interests	11/01/01	\$ 22,907	Tax Assessor/ Collector
Forvis Mazars, LLP	07/07/11	21,500	Auditor
Masterson Advisors LLC	05/10/18	3,500	Financial Advisor
Mitchell, Zientek & Scruggs, LLP	08/13/20	131,264	General Counsel
Montgomery Central Appraisal District	Legislative Action	33,596	Appraiser
Municipal Operations & Consulting, Inc.	06/04/15	247,130	Operator
Myrtle Cruz, Inc.	11/01/01	22,131	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/01/07	6,018	Delinquent Tax Attorney
Quiddity Engineering, LLC	07/05/12	894,660	Engineer
Investment Officer			
Mary Jarmon	11/01/01	N/A	Bookkeeper