

**HARRIS - WALLER COUNTIES
MUNICIPAL UTILITY DISTRICT NO. 5
HARRIS AND WALLER COUNTIES, TEXAS
FINANCIAL REPORT
April 30, 2025**

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Certified Public Accountants

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Houston, Texas 77092

Independent Auditor's Report

Board of Directors

Harris - Waller Counties Municipal Utility District No. 5

Harris and Waller Counties, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris - Waller Counties Municipal Utility District No. 5 (the "District"), as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Harris - Waller Counties Municipal Utility District No. 5, as of April 30, 2025, 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. 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the District implemented GASB Implementation Guide 2021-1, Question 5.1 during the current fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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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 twelve 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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

***Board of Directors
Harris - Waller Counties Municipal Utility District No. 5
Harris and Waller Counties, Texas***

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Texas Supplementary Information schedules 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

WCG & Co, PLLC

Houston, Texas
August 21, 2025

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Management's Discussion and Analysis

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***Harris - Waller Counties Municipal Utility District No. 5
Management's Discussion and Analysis
April 30, 2025***

Using this Annual Report

This section of the financial report of Harris - Waller Counties Municipal Utility District No. 5 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Harris - Waller Counties Municipal Utility District No. 5
Management's Discussion and Analysis
April 30, 2025***

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. 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, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at April 30, 2025, was negative \$27,150,051. The District's net position is negative because the District incurs debt to construct public roads which it conveys to Waller County. A comparative summary of the District's overall financial position, as of April 30, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 11,303,531	\$ 7,729,660
Capital assets	30,105,679	24,325,863
Total assets	<u>41,409,210</u>	<u>32,055,523</u>
Current liabilities	4,937,244	9,896,162
Long-term liabilities	63,622,017	43,488,201
Total liabilities	<u>68,559,261</u>	<u>53,384,363</u>
Net position		
Net investment in capital assets	(9,041,716)	(6,031,026)
Restricted	3,143,927	2,149,062
Unrestricted	(21,252,262)	(17,446,876)
Total net position	<u>\$ (27,150,051)</u>	<u>\$ (21,328,840)</u>

During the current fiscal year, the District implemented GASB Implementation Guide ("GASBIG") 2021-1, Question 5.1, which requires the capitalization of a group of individual assets that are below the capitalization threshold when the cost of the acquisition of the assets in the aggregate is significant. In accordance with this standard, the District recognized, as infrastructure capital assets, water meters that were previously expensed in prior fiscal years, net of related accumulated depreciation, as of the

Harris - Waller Counties Municipal Utility District No. 5
Management's Discussion and Analysis
April 30, 2025

beginning of the current fiscal year. Prior year data has not been restated to include values for these infrastructure assets and, as a result, the presentation of prior year data as it relates to these assets is not consistent with the current year presentation (see Notes 3 and 6).

The total net position of the District decreased during the current fiscal year by \$6,612,650. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Property taxes, penalties and interest	\$ 7,304,431	\$ 5,446,799
Water and sewer service	2,360,743	1,901,682
Other	1,009,516	1,142,660
Total revenues	<u>10,674,690</u>	<u>8,491,141</u>
Expenses		
Current service operations	1,398,214	1,709,972
Debt interest and fees	2,191,626	1,327,976
Developer interest	1,490,880	1,309,068
Debt issuance costs	1,866,483	2,041,975
Intergovernmental	5,359,017	4,424,949
Depreciation	1,162,675	731,028
Total expenses	<u>13,468,895</u>	<u>11,544,968</u>
Change in net position before other item	(2,794,205)	(3,053,827)
Other item		
Transfers to other governments	<u>(3,818,445)</u>	<u>(2,132,503)</u>
Change in net position	(6,612,650)	(5,186,330)
Net position, beginning of year (2025 restated)	<u>(20,537,401)</u>	<u>(16,142,510)</u>
Net position, end of year	<u><u>\$ (27,150,051)</u></u>	<u><u>\$ (21,328,840)</u></u>

As previously noted, the District implemented GASBIG 2021-1, Question 5.1 during the current year and, as a result, has restated its beginning net position for the current fiscal year. Prior year data is not consistent with current year data due to the recognition of certain capital assets and the related accumulated depreciation at the beginning of the current fiscal year (See Notes 3 and 6).

Financial Analysis of the District's Funds

The District's combined fund balances, as of April 30, 2025, were \$7,328,729, which consists of \$2,654,408 in the General Fund, \$3,435,404 in the Debt Service Fund and \$1,238,917 in the Capital Projects Fund.

***Harris - Waller Counties Municipal Utility District No. 5
Management's Discussion and Analysis
April 30, 2025***

General Fund

A comparative summary of the General Fund's financial position as of April 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 3,837,210</u>	<u>\$ 2,901,463</u>
Total liabilities	\$ 1,148,767	\$ 917,642
Total deferred inflows	34,035	47,874
Total fund balance	<u>2,654,408</u>	<u>1,935,947</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,837,210</u>	<u>\$ 2,901,463</u>

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 4,882,396	\$ 5,241,451
Total expenditures	<u>(4,163,935)</u>	<u>(3,765,278)</u>
Revenues over expenditures	<u>\$ 718,461</u>	<u>\$ 1,476,173</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District and tap connection fees charged to homebuilders in the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.
- Water and sewer revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.

***Harris - Waller Counties Municipal Utility District No. 5
Management's Discussion and Analysis
April 30, 2025***

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of April 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 6,223,691</u>	<u>\$ 4,194,899</u>
Total liabilities	\$ 2,664,889	\$ 2,045,837
Total deferred inflows	123,398	77,652
Total fund balance	<u>3,435,404</u>	<u>2,071,410</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 6,223,691</u>	<u>\$ 4,194,899</u>

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 5,741,331	\$ 3,148,694
Total expenditures	<u>(4,868,237)</u>	<u>(3,134,176)</u>
Revenues over expenditures	873,094	14,518
Other changes in fund balance	<u>490,900</u>	<u>1,353,800</u>
Net change in fund balance	<u>\$ 1,363,994</u>	<u>\$ 1,368,318</u>

The District's financial resources in the Debt Service Fund in both the current and prior fiscal year are from property tax revenues and capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of April 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 1,242,630</u>	<u>\$ 633,298</u>
Total liabilities	\$ 3,713	\$ 1,299
Total fund balance	<u>1,238,917</u>	<u>631,999</u>
Total liabilities and fund balance	<u>\$ 1,242,630</u>	<u>\$ 633,298</u>

***Harris - Waller Counties Municipal Utility District No. 5
Management's Discussion and Analysis
April 30, 2025***

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 19,057	\$ 25,282
Total expenditures	(15,578,655)	(21,291,276)
Revenues under expenditures	(15,559,598)	(21,265,994)
Other changes in fund balance	16,166,516	21,440,087
Net change in fund balance	\$ 606,918	\$ 174,093

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2024 Unlimited Tax Bonds, Series 2024 Unlimited Tax Road Bonds and Series 2024 Unlimited Tax Park Bonds in the current fiscal year and issuance of its Series 2023 Unlimited Tax Bonds, Series 2023 Tax Road Bonds, Series 2023 Bond Anticipation Note and Series 2023 Park Bond Anticipation in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$144,523 greater than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

***Harris - Waller Counties Municipal Utility District No. 5
Management's Discussion and Analysis
April 30, 2025***

Capital assets held by the District at April 30, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Construction in progress	\$ -	\$ 258,008
Capital assets being depreciated		
Infrastructure	20,721,155	19,457,534
Other facilities	12,098,149	5,972,735
	<u>32,819,304</u>	<u>25,430,269</u>
Less accumulated depreciation		
Infrastructure	(1,754,932)	(1,008,629)
Other facilities	(958,693)	(353,785)
	<u>(2,713,625)</u>	<u>(1,362,414)</u>
Depreciable capital assets, net	<u>30,105,679</u>	<u>24,067,855</u>
Capital assets, net	<u>\$ 30,105,679</u>	<u>\$ 24,325,863</u>

As previously noted, the District implemented GASBIG 2021-1, Question 5.1 during the current year. As a result, prior year data is not consistent with current year data due to the recognition of certain capital assets and the related accumulated depreciation at the beginning of the current fiscal year (See Notes 3 and 6).

Capital asset additions during the current fiscal year include the following:

- Sunterra Section 21 landscaping improvements
- Sunterra Section 34 landscaping improvements
- Sunterra Sol Club West amenity improvements
- Sunterra Beach Corner Park improvements
- Water meters

Waller County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of Waller County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended April 30, 2025, capital assets in the amount of \$3,818,445 have been recorded as transfers to other governments in the government-wide statements.

Long-Term Debt and Related Liabilities

As of April 30, 2025, the District owes approximately \$8,637,017 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 8, the District has an additional commitment in the amount of \$1,030,000 for projects under construction by the

***Harris - Waller Counties Municipal Utility District No. 5
Management's Discussion and Analysis
April 30, 2025***

developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers is trued up when the developer is reimbursed.

At April 30, 2025 and 2024, the District had total bonded debt outstanding as shown below:

Series	2025	2024
2022	\$ 9,030,000	\$ 9,215,000
2023	12,350,000	12,350,000
2023 Road	11,275,000	11,275,000
2024	3,700,000	
2024 Road	10,035,000	
2024 Park	9,300,000	
	<u>\$ 55,690,000</u>	<u>\$ 32,840,000</u>

During the current fiscal year, the District issued \$3,700,000 in unlimited tax bonds, \$10,035,000 in unlimited road tax bonds and \$9,300,000 in unlimited tax park bonds. At April 30, 2025, the District had \$109,565,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$40,449,000 for the refunding of such bonds; \$40,480,000 authorized, but unissued, for parks and recreational facilities and \$14,934,000 for the refunding of such bonds; and \$105,935,000 authorized, but unissued, for road improvements and \$38,174,000 for the refunding of such bonds.

Property Taxes

The District's property tax base increased approximately \$113,220,000 for the 2025 tax year from \$477,580,786 to \$590,800,998, based on preliminary and certified values. This increase was primarily due to new construction in the District and increase property values.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	2025 Actual	2026 Budget
Total revenues	\$ 4,882,396	\$ 3,959,542
Total expenditures	(4,163,935)	(3,840,064)
Revenues over expenditures	718,461	119,478
Beginning fund balance	1,935,947	2,654,408
Ending fund balance	<u>\$ 2,654,408</u>	<u>\$ 2,773,886</u>

Basic Financial Statements

Harris - Waller Counties Municipal Utility District No. 5
Statement of Net Position and Governmental Funds Balance Sheet
April 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Assets				
Cash	\$ 229,473	\$ 154,762	\$ 1,036,353	\$ 1,420,588
Investments	3,120,593	5,979,185	264,570	9,364,348
Taxes receivable	34,035	123,398		157,433
Customer service receivables, net	300,468			300,468
Internal balances	91,947	(33,654)	(58,293)	
Prepaid items	896			896
Other receivables	59,798			59,798
Capital assets, net				
Total Assets	<u>\$ 3,837,210</u>	<u>\$ 6,223,691</u>	<u>\$ 1,242,630</u>	<u>\$ 11,303,531</u>
Liabilities				
Accounts payable	\$ 454,335	\$ -	\$ 3,713	\$ 458,048
Other payables	3,556	40,268		43,824
Customer deposits	629,404			629,404
Builder deposits	42,525			42,525
Unearned revenue	18,947			18,947
Due to Master District		2,624,621		2,624,621
Accrued interest payable				
Due to developers				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	<u>1,148,767</u>	<u>2,664,889</u>	<u>3,713</u>	<u>3,817,369</u>
Deferred Inflows of Resources				
Deferred property taxes	<u>34,035</u>	<u>123,398</u>		<u>157,433</u>
Fund Balances/Net Position				
Fund Balances				
Nonspendable	896			896
Restricted		3,435,404	1,238,917	4,674,321
Unassigned	<u>2,653,512</u>			<u>2,653,512</u>
Total Fund Balances	<u>2,654,408</u>	<u>3,435,404</u>	<u>1,238,917</u>	<u>7,328,729</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,837,210</u>	<u>\$ 6,223,691</u>	<u>\$ 1,242,630</u>	<u>\$ 11,303,531</u>
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Adjustments	Statement of Net Position
\$ -	\$ 1,420,588
	9,364,348
	157,433
	300,468
	896
	59,798
30,105,679	30,105,679
<u>30,105,679</u>	<u>41,409,210</u>
	458,048
	43,824
	629,404
	42,525
	18,947
	2,624,621
414,875	414,875
8,637,017	8,637,017
705,000	705,000
54,985,000	54,985,000
<u>64,741,892</u>	<u>68,559,261</u>
<u>(157,433)</u>	
(896)	
(4,674,321)	
<u>(2,653,512)</u>	
<u>(7,328,729)</u>	
(9,041,716)	(9,041,716)
3,143,927	3,143,927
(21,252,262)	(21,252,262)
<u>\$ (27,150,051)</u>	<u>\$ (27,150,051)</u>

Harris - Waller Counties Municipal Utility District No. 5

**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Water service	\$ 1,498,889	\$ -	\$ -	\$ 1,498,889
Sewer service	861,854			861,854
Property taxes	1,605,258	5,512,744		7,118,002
Penalties and interest	61,811	92,712		154,523
Tap connection and inspection	662,629			662,629
Miscellaneous	76,336			76,336
Investment earnings	115,619	135,875	19,057	270,551
Total Revenues	4,882,396	5,741,331	19,057	10,642,784
Expenditures/Expenses				
Current service operations				
Professional fees	150,695	7,017	99,635	257,347
Contracted services	751,516	107,875		859,391
Repairs and maintenance	241,475			241,475
Administrative	18,906	7,387		26,293
Other	11,503	940	1,265	13,708
Capital outlay	255,444		11,847,653	12,103,097
Debt service				
Principal		185,000		185,000
Interest and fees		1,935,397	272,739	2,208,136
Developer interest			1,490,880	1,490,880
Debt issuance costs			1,866,483	1,866,483
Intergovernmental				
Master District connection fees	2,419,891			2,419,891
Maintenance charges	314,505			314,505
Contractual obligations		2,624,621		2,624,621
Depreciation				
Total Expenditures/Expenses	4,163,935	4,868,237	15,578,655	24,610,827
Revenues Over (Under) Expenditures/Expenses	718,461	873,094	(15,559,598)	(13,968,043)
Other Financing Sources/(Uses)				
Proceeds from sale of bonds		490,900	22,544,100	23,035,000
Repayment of bond anticipation notes			(6,315,000)	(6,315,000)
Repayment of operating advances			(62,584)	(62,584)
Other Items				
Transfers to other governments				
Net Change in Fund Balances Change in Net Position	718,461	1,363,994	606,918	2,689,373
Fund Balance/Net Position				
Beginning of the year, as reported	1,935,947	2,071,410	631,999	4,639,356
Change due to new accounting guidance (See Note 3)				
Beginning of the year, as restated	1,935,947	2,071,410	631,999	4,639,356
End of the year	<u>\$ 2,654,408</u>	<u>\$ 3,435,404</u>	<u>\$ 1,238,917</u>	<u>\$ 7,328,729</u>

See notes to basic financial statements.

Adjustments	Statement of Activities
\$ -	\$ 1,498,889
	861,854
27,291	7,145,293
4,615	159,138
	662,629
	76,336
	270,551
<u>31,906</u>	<u>10,674,690</u>
	257,347
	859,391
	241,475
	26,293
	13,708
(12,103,097)	
(185,000)	
(16,510)	2,191,626
	1,490,880
	1,866,483
	2,419,891
	314,505
	2,624,621
<u>1,162,675</u>	<u>1,162,675</u>
<u>(11,141,932)</u>	<u>13,468,895</u>
11,173,838	(2,794,205)
(23,035,000)	
6,315,000	
62,584	
<u>(3,818,445)</u>	<u>(3,818,445)</u>
(2,689,373)	
(6,612,650)	(6,612,650)
(25,968,196)	(21,328,840)
<u>791,439</u>	<u>791,439</u>
<u>(25,176,757)</u>	<u>(20,537,401)</u>
<u>\$ (34,478,780)</u>	<u>\$ (27,150,051)</u>

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Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Harris - Waller Counties Municipal Utility District No. 5 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

Harris - Waller Counties Municipal Utility District No. 4 (“MUD 4”) was organized, created, and established pursuant to House Bill No. 4520, 86th Session of the Texas Legislature, Regular Session, codified as Chapter 8047, Texas Special District Local Law Code (the “Act”), effective May 3, 2019. On July 30, 2020, the voters of MUD 4 approved a proposition dividing MUD 4 into three districts: the District, MUD 4 and Waller County Municipal Utility District No. 37 (“MUD 37”). As a result of the division, the District operates in accordance with Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution, and the Texas Water Code, Chapters 49 and 54. On November 3, 2020, the voters of the District voted to confirm the creation of the District. The Board of Directors held its first meeting on August 11, 2020, and the first bonds were issued on November 22, 2022.

The District’s primary activities include construction, maintenance and operation of water, sewer and drainage facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District’s water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District’s water, sewer, drainage, and park and recreational facilities and road improvements.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At April 30, 2025, an allowance of \$17,000 was provided for possible uncollectible water/sewer accounts. An allowance for uncollectible property taxes was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is \$50,000. The threshold for subscription-based information technology arrangements (SBITAs) is \$250,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	10-45 years
Landscaping improvements	20 years

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District’s nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and capitalized interest from the sale of bonds and property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned - all other spendable amounts in the General Fund.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets transferred to Waller County and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds	\$ 7,328,729
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 32,819,304	
Less accumulated depreciation	<u>(2,713,625)</u>	
		30,105,679

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

The difference consists of:

Accrued interest payable	(414,875)	
Due to developers	(8,637,017)	
Bonds payable, net	<u>(55,690,000)</u>	
		(64,741,892)

Deferred inflows in the fund statements consist of property taxes receivable that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.

157,433

Total net position - governmental activities	<u><u>\$ (27,150,051)</u></u>
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Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds	\$ 2,689,373
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Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and penalties and interest.

31,906

Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:

Capital outlays	\$ 12,103,097	
Transfers to other governments	(3,818,445)	
Depreciation expense	(1,162,675)	
	<hr/>	7,121,977

Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:

Issuance of long-term debt	(23,035,000)	
Repayment of bond anticipation note	6,315,000	
Repayment of developer advances	62,584	
Principal payments	185,000	
Interest expense accrual	16,510	
	<hr/>	(16,455,906)

Change in net position of governmental activities	<hr/> <hr/> \$ (6,612,650) <hr/> <hr/>
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Note 3 – Implementation of New Accounting Guidance

During the current fiscal year, the District implemented GASB Implementation Guide (“GASBIG”) 2021-1, Question 5.1, which requires the capitalization of the acquisition of a group of individual capital assets whose individual acquisition costs are less than the capitalization threshold when the cost of the acquisition of the assets in the aggregate is significant. Under this new guidance, the District’s acquisition of water meters that exceeds the capitalization threshold in the aggregate should be recorded as Capital outlays instead of Contracted services in the *Statement of Revenues, Expenditures and Changes in Fund Balances*. On the government-wide statements, the acquisition of water meters should not be recorded as an expense on the *Statement of Activities* but should be recorded as capital assets on the *Statement of Net Position*.

GASBIG 2021-1, Question 5.1 is required to be retroactively implemented, which means the District is required to record the acquisition of water meters that were expensed in previous fiscal years as infrastructure capital assets and to record the related accumulated depreciation at the beginning of the current fiscal year. Accordingly, the District has recorded a restatement to recognize \$791,439 in depreciable capital assets, which were measured at net book value (i.e., cost less accumulated depreciation) as of the beginning of the current fiscal year and increased its beginning net position by the same amount. Prior year amounts in the Management’s Discussion and Analysis and supplementary schedules were not restated.

Note 4 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or 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, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers’ acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less,

Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

(11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of April 30, 2025, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	<u>\$ 230,000</u>	2%	N/A	N/A
TexSTAR	General	2,890,593			
	Debt Service	5,979,185			
	Capital Projects	<u>264,570</u>			
		<u>9,134,348</u>	98%	AAAm	40 days
Total		<u>\$ 9,364,348</u>	100%		

The District's investments in certificates of deposit are reported at cost.

TexSTAR

The Texas Short Term Asset Reserve fund ("TexSTAR") is managed by Hilltop Securities, and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

TexSTAR uses amortized cost rather than fair value to report net assets to compute share price. Accordingly, investments in TexSTAR are stated at amortized cost which approximates fair value. Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

Note 5 – Interfund Balances and Transactions

Amounts due to/from other funds at April 30, 2025, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	\$ 33,654	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	58,293	Bond application fees paid by the General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Note 6 – Capital Assets

A summary of changes in capital assets, for the year ended April 30, 2025, is as follows:

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Construction in progress	\$ 258,008	\$ -	\$ (258,008)	\$ -
Capital assets being depreciated				
Infrastructure	20,437,509	283,646		20,721,155
Landscaping improvements	5,972,735	6,125,414		12,098,149
	<u>26,410,244</u>	<u>6,409,060</u>		<u>32,819,304</u>
Less accumulated depreciation				
Infrastructure	(1,197,165)	(557,767)		(1,754,932)
Landscaping improvements	(353,785)	(604,908)		(958,693)
	<u>(1,550,950)</u>	<u>(1,162,675)</u>		<u>(2,713,625)</u>
Subtotal depreciable capital assets, net	<u>24,859,294</u>	<u>5,246,385</u>		<u>30,105,679</u>
Capital assets, net	<u>\$ 25,117,302</u>	<u>\$ 5,246,385</u>	<u>\$ (258,008)</u>	<u>\$ 30,105,679</u>

Depreciation expense for the current fiscal year was \$1,162,675.

As discussed in Note 3, the District recorded a restatement to capitalize the acquisition of certain capital assets and accumulated depreciation at the beginning of the current fiscal year. In previous years, these costs were expensed. As a result, beginning balances for infrastructure capital assets in the current fiscal year are not consistent with prior year data.

Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

Note 7 – Bond Anticipation Note

The District uses a bond anticipation note (“BAN”) to provide short-term financing for reimbursements to its developers. Despite its short-term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long-term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

At the beginning of the fiscal year, the District had two BANs outstanding in the amount of \$6,315,000. These BANs were repaid on September 26, 2024, with proceeds from the issuance of the District’s Series 2024 Unlimited Tax Bonds and Series 2024 Unlimited Tax Park Bonds.

The effect of these transactions on the District’s short-term obligations are as follows:

Beginning balance	\$ 6,315,000
Amounts repaid	(6,315,000)
Ending balance	<u><u>\$ -</u></u>

Note 8 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developers will construct facilities on behalf of the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

Changes in the estimated amounts due to developers during the fiscal year are as follows:

Due to developers, beginning of year	\$ 10,833,201
Developer reimbursements	(11,847,653)
Developer funded construction and adjustments	9,714,053
Repayment of operating advances	(62,584)
Due to developers, end of year	<u><u>\$ 8,637,017</u></u>

Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

In addition, the District will owe the developers approximately \$1,030,000, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount**
Phase 1-4 park enhancements*	\$ 250,000
Phase 1-4 playground improvements*	440,000
Sections 27 and 40 parks*	340,000
	<u>\$ 1,030,000</u>

*District's estimated share of contract

**Rounded to the nearest \$10,000

Note 9 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u>\$ 55,690,000</u>
Due within one year	<u>\$ 705,000</u>

The District's bonds payable at April 30, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2022	\$ 9,030,000	\$ 9,215,000	4.00% - 5.00%	September 1, 2024/2048	September 1, March 1	September 1, 2029
2023	12,350,000	12,350,000	3.50% - 5.00%	September 1, 2025/2049	September 1, March 1	September 1, 2030
2023 Road	11,275,000	11,275,000	5.00%	September 1, 2025/2049	September 1, March 1	September 1, 2030
2024	3,700,000	3,700,000	4.00% - 6.00%	September 1, 2026/2050	September 1, March 1	September 1, 2030
2024 Road	10,035,000	10,035,000	4.00% - 6.00%	September 1, 2026/2050	September 1, March 1	September 1, 2030
2024 Park	9,300,000	9,300,000	4.00% - 6.50%	September 1, 2026/2050	September 1, March 1	September 1, 2030
	<u>\$ 55,690,000</u>					

Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At April 30, 2025, the District had authorized but unissued bonds in the amount of \$109,565,000 for water, sanitary sewer and drainage systems within the District and \$40,449,000 for the refunding of such bonds; \$40,480,000 for park and recreational facilities and \$14,934,000 for the refunding of such bonds; and \$105,935,000 for road improvements and \$38,174,000 for the refunding of such bonds.

On September 26, 2024, the District issued its \$3,700,000 Series 2024 Unlimited Tax Bonds at a net effective interest rate of 4.289980%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and to repay portion of \$1,980,000 BAN issued in the previous fiscal year.

On September 26, 2024, the District issued its \$10,035,000 Series 2024 Unlimited Tax Road Bonds at a net effective interest rate of 4.246272%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

On September 26, 2024, the District issued its \$9,300,000 Series 2024 Unlimited Tax Park Bonds at a net effective interest rate of 4.256798%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and to repay a \$4,335,000 BAN issued in the previous fiscal year.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	\$ 32,840,000
Bonds issued	23,035,000
Bonds retired	(185,000)
Bonds payable, end of year	<u>\$ 55,690,000</u>

Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

As of April 30, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	\$ 705,000	\$ 2,472,600	\$ 3,177,600
2027	1,255,000	2,422,475	3,677,475
2028	1,320,000	2,353,850	3,673,850
2029	1,370,000	2,282,407	3,652,407
2030	1,440,000	2,208,088	3,648,088
2031	1,515,000	2,130,543	3,645,543
2032	1,580,000	2,058,112	3,638,112
2033	1,655,000	1,990,713	3,645,713
2034	1,735,000	1,919,681	3,654,681
2035	1,810,000	1,844,612	3,654,612
2036	1,910,000	1,765,412	3,675,412
2037	2,000,000	1,681,856	3,681,856
2038	2,095,000	1,593,737	3,688,737
2039	2,190,000	1,500,575	3,690,575
2040	2,295,000	1,402,425	3,697,425
2041	2,405,000	1,299,526	3,704,526
2042	2,520,000	1,191,651	3,711,651
2043	2,640,000	1,078,576	3,718,576
2044	2,770,000	959,951	3,729,951
2045	2,905,000	835,076	3,740,076
2046	3,040,000	703,713	3,743,713
2047	3,195,000	565,788	3,760,788
2048	3,345,000	420,607	3,765,607
2049	3,505,000	268,044	3,773,044
2050	3,000,000	124,938	3,124,938
2051	1,490,000	29,950	1,519,950
	<u>\$ 55,690,000</u>	<u>\$ 37,104,906</u>	<u>\$ 92,794,906</u>

Note 10 – Property Taxes

On November 3, 2020, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value and a road maintenance tax limited to \$0.25 per \$100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Harris Central and Waller County Appraisal Districts. Assessed values are determined as of January 1 of each year, at which time a tax

Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of \$1.50 per \$100 of assessed value, of which \$0.335 was allocated to maintenance and operations, \$0.390 was allocated to debt service, \$0.220 was allocated to road debt service, and \$0.555 was allocated to contract tax. The resulting tax levy was \$7,163,712 on the adjusted taxable value of \$477,580,786.

Property taxes receivable, at April 30, 2025, consisted of the following:

Current year taxes receivable	\$ 126,942
Prior years taxes receivable	13,430
	<hr/> 140,372
Penalty and interest receivable	17,061
Property taxes receivable	<hr/> <u>\$ 157,433</u>

Note 11 – Transfers to Other Governments

Waller County assumes responsibility for the maintenance of public roads constructed within Waller County limits. Accordingly, road facilities are considered to be capital assets of Waller County, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended April 30, 2025, the District recorded transfers to other governments in the amount of \$3,818,445 for road facilities constructed by a developer within the District.

Note 12 – Master District

On November 17, 2020, the District entered into a Contract for Financing, Operation and Maintenance of Regional Facilities (the "Contract") with MUD 4 (the "Master District"), as subsequently amended, whereby the Master District agrees to provide or cause to be provided the regional water, wastewater, drainage and road facilities necessary to serve all participating districts located within the Master District's service area.

Operating and Maintenance Reserve

The Contract authorizes the establishment of an operating and maintenance reserve by the Master District equivalent to three months' operating and maintenance expenses, as set forth in the Master District's annual budget. Prior to commencement of services, the Master District shall bill the District to provide the initial funding required to establish the reserve. The Master District shall adjust the reserve as needed, not less than annually. As of April 30, 2025, the District has paid \$251,294 to the Master District for its share of the operating and maintenance reserve.

Harris - Waller Counties Municipal Utility District No. 5
Notes to Financial Statements
April 30, 2025

Monthly Connection Fees for Operating Expenses

Upon commencement of services, the Master District will charge each participating district a monthly fee for Master District operating and maintenance expenses based on the unit cost per connection multiplied by the number of equivalent single-family connections reserved to the District. The term of the Contract is 40 years.

Master District Debt

The Master District is authorized to issue contract revenue bonds for the purpose of acquiring and constructing regional water, wastewater, drainage, and road facilities needed to provide services to all participating districts in the service area. The District shall contribute annually to the payment of debt service requirements based on its pro rata share of the total certified assessed valuation of all participating districts. For the 2024 tax year, the District's pro rata share is 49.03%. The District levied a contract tax rate of \$0.555 per \$100 of assessed valuation to pay for its pro rata share of Master District debt service requirements. As of April 30, 2025, the Master District has \$84,915,000 in contract revenue bonds outstanding.

Summary of Charges

For the fiscal year ended April 30, 2025, the District incurred the following costs pursuant to the Contract with the Master District:

- Monthly connection fees for operating expenses in the amount of \$2,419,891;
- Monthly charges for mowing expenses in the amount of \$314,505; and
- Contractual obligations for Master District debt service requirements in the amount of \$2,419,891.

Note 13 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 14 – Subsequent Events

On July 17, 2025, the Master District, approved the sale of its \$17,425,000 Series 2025 Contract Revenue Bonds at a net effective rate of 4.936681%. Proceeds from the bonds were used to reimburse the Master District's developers for infrastructure improvements in the District.

On July 17, 2025, the Master District, approved the sale of its \$16,135,000 Series 2025 Contract Revenue Road Bonds at a net effective rate of 4.939333%. Proceeds from the bonds were used to reimburse the Master District's developers for infrastructure improvements in the District.

Required Supplementary Information

Harris - Waller Counties Municipal Utility District No. 5
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	\$ 1,900,000	\$ 2,300,000	\$ 1,498,889	\$ (801,111)
Sewer service	90,000	90,000	861,854	771,854
Property taxes	2,200,000	1,570,000	1,605,258	35,258
Penalties and interest	20,000	20,000	61,811	41,811
Tap connection and inspection	463,500	463,500	662,629	199,129
Miscellaneous			76,336	76,336
Investment earnings			115,619	115,619
Total Revenues	<u>4,673,500</u>	<u>4,443,500</u>	<u>4,882,396</u>	<u>438,896</u>
Expenditures				
Current service operations				
Professional fees	153,000	155,000	150,695	4,305
Contracted services	2,563,544	3,044,794	751,516	2,293,278
Repairs and maintenance	620,500	472,784	241,475	231,309
Administrative	28,484	28,484	18,906	9,578
Other	14,000	14,000	11,503	2,497
Capital outlay	154,500	154,500	255,444	(100,944)
Intergovernmental				
Master District connection fees			2,419,891	(2,419,891)
Maintenance charges			314,505	(314,505)
Total Expenditures	<u>3,534,028</u>	<u>3,869,562</u>	<u>4,163,935</u>	<u>(294,373)</u>
Revenues Over Expenditures	1,139,472	573,938	718,461	144,523
Fund Balance				
Beginning of the year	<u>1,935,947</u>	<u>1,935,947</u>	<u>1,935,947</u>	
End of the year	<u>\$ 3,075,419</u>	<u>\$ 2,509,885</u>	<u>\$ 2,654,408</u>	<u>\$ 144,523</u>

Harris - Waller Counties Municipal Utility District No. 5
Notes to Required Supplementary Information
April 30, 2025

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

Harris - Waller Counties Municipal Utility District No. 5
TSI-1. Services and Rates
April 30, 2025

1. Services provided by the District During the Fiscal Year:

- ☒ Retail Water ☐ Wholesale Water ☒ Solid Waste / Garbage ☒ Drainage
☒ Retail Wastewater ☐ Wholesale Wastewater ☐ Flood Control ☐ Irrigation
☒ Parks / Recreation ☐ Fire Protection ☐ Roads ☒ Security
☒ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
☐ Other (Specify): _____

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	Usage Levels
Water:	\$ 57.00	10,000	N	\$ 4.30	10,001 to no limit
Wastewater:	\$ 47.50		Y		

District employs winter averaging for wastewater usage? ☐ Yes ☒ No

Total charges per 10,000 gallons usage: Water \$ 57.00 Wastewater \$ 47.50

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1,720	1,703	x 1.0	1,703
1"	1	1	x 2.5	3
1.5"			x 5.0	
2"	43	43	x 8.0	344
3"			x 15.0	
4"	2	2	x 25.0	50
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	1,766	1,749		2,100
Total Wastewater	1,722	1,705	x 1.0	1,705

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 5
TSI-1. Services and Rates
April 30, 2025

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons purchased:	<u>216,917,000</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>216,917,000</u>	(Gallons billed / Gallons pumped)
		<u>100.00%</u>

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☐ No ☒

If yes, Date of the most recent commission Order: _____

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

If yes, Date of the most recent commission Order: _____

5. Location of District

Is the District located entirely within one county? Yes ☐ No ☒

County(ies) in which the District is located: Harris and Waller Counties

Is the District located within a city? Entirely ☐ Partly ☐ Not at all ☒

City(ies) in which the District is located: _____

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely ☒ Partly ☐ Not at all ☐

ETJs in which the District is located: City of Houston

Are Board members appointed by an office outside the district? Yes ☐ No ☒

If Yes, by whom? _____

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 5
TSI-2. General Fund Expenditures
For the Year Ended April 30, 2025

Professional fees	
Legal	\$ 135,695
Audit	15,000
	<u>150,695</u>
Contracted services	
Bookkeeping	25,700
Operator	135,776
Garbage collection	404,721
Inspection	86,662
Security Service	98,657
	<u>751,516</u>
Repairs and maintenance	<u>241,475</u>
Administrative	
Directors fees	11,713
Printing and office supplies	1,777
Insurance	3,161
Other	2,255
	<u>18,906</u>
Other	<u>11,503</u>
Capital outlay	<u>255,444</u>
Intergovernmental	
Master District connection fees	2,419,891
Maintenance charges	314,505
	<u>2,734,396</u>
Total expenditures	<u><u>\$ 4,163,935</u></u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 5
TSI-3. Investments
April 30, 2025

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Interest Receivable</u>
General				
TexSTAR	Variable	N/A	\$ 2,890,593	\$ -
Certificates of deposit	5.15%	06/18/25	230,000	4,316
			<u>3,120,593</u>	<u>4,316</u>
Debt Service				
TexSTAR	Variable	N/A	2,091,635	
TexSTAR	Variable	N/A	1,236,342	
TexSTAR	Variable	N/A	2,651,208	
			<u>5,979,185</u>	
Capital Projects				
TexSTAR	Variable	N/A	264,570	
Total - All Funds			<u>\$ 9,364,348</u>	<u>\$ 4,316</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 5
TSI-4. Taxes Levied and Receivable
April 30, 2025

	Maintenance Taxes	W-S-D Debt Service Taxes	Road Debt Service Taxes	Contract Taxes
Beginning Taxes Receivable	\$ 47,874	\$ 21,487	\$ -	\$ 43,724
Adjustments	(8,240)	(3,687)		(7,496)
Adjusted Receivable	39,634	17,800		36,228
2024 Original Tax Levy	1,574,623	1,833,143	1,034,081	2,608,703
Adjustments	25,273	29,422	16,597	41,870
Adjusted Tax Levy	1,599,896	1,862,565	1,050,678	2,650,573
Total to be accounted for	1,639,530	1,880,365	1,050,678	2,686,801
Tax collections:				
Current year	1,571,545	1,829,560	1,032,060	2,603,605
Prior years	33,950	15,248		31,034
Total Collections	1,605,495	1,844,808	1,032,060	2,634,639
Taxes Receivable, End of Year	\$ 34,035	\$ 35,557	\$ 18,618	\$ 52,162
Taxes Receivable, By Years				
2024	\$ 28,351	\$ 33,005	\$ 18,618	\$ 46,968
2023	5,679	2,551		5,192
2022	5	1		2
Taxes Receivable, End of Year	\$ 34,035	\$ 35,557	\$ 18,618	\$ 52,162
	2024	2023	2022	2021
Property Valuations:				
Land	\$ 105,130,735	\$ 109,365,068	\$ 55,871,227	\$ 10,036,475
Improvements	399,494,051	262,715,550	8,733,418	440,490
Personal Property	3,007,313	2,555,290	277,369	75,854
Exemptions	(30,051,313)	(17,786,281)	(635,792)	(99,673)
Total Property Valuations	\$ 477,580,786	\$ 356,849,627	\$ 64,246,222	\$ 10,453,146
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.335	\$ 0.635	\$ 0.87	\$ 1.50
W-S-D debt service tax rates	0.390	0.285	0.22	
Road debt service tax rates	0.220			
Contract tax rates	0.555	0.580	0.41	
Total Tax Rates per \$100 Valuation	\$ 1.500	\$ 1.500	\$ 1.50	\$ 1.50
Adjusted Tax Levy:	\$ 7,163,712	\$ 5,352,744	\$ 963,693	\$ 156,797
Percentage of Taxes Collected to Taxes Levied **	98.23%	99.75%	99.99%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 3, 2020

** Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on November 3, 2020

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

See accompanying auditor's report.

Totals	
\$	113,085
	(19,423)
	<u>93,662</u>
	7,050,550
	<u>113,162</u>
	<u>7,163,712</u>
	<u>7,257,374</u>
	7,036,770
	<u>80,232</u>
	<u>7,117,002</u>
\$	<u><u>140,372</u></u>
\$	126,942
	13,422
	<u>8</u>
\$	<u><u>140,372</u></u>

Harris - Waller Counties Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2022--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 195,000	\$ 431,625	\$ 626,625
2027	205,000	423,625	628,625
2028	220,000	415,125	635,125
2029	230,000	406,125	636,125
2030	240,000	396,575	636,575
2031	255,000	386,206	641,206
2032	265,000	374,825	639,825
2033	280,000	362,563	642,563
2034	295,000	349,256	644,256
2035	310,000	334,500	644,500
2036	330,000	318,500	648,500
2037	345,000	301,625	646,625
2038	365,000	283,875	648,875
2039	380,000	265,250	645,250
2040	400,000	245,750	645,750
2041	425,000	225,125	650,125
2042	445,000	203,375	648,375
2043	470,000	180,500	650,500
2044	495,000	156,375	651,375
2045	520,000	131,000	651,000
2046	545,000	104,375	649,375
2047	575,000	76,375	651,375
2048	605,000	46,875	651,875
2049	635,000	15,875	650,875
	<u>\$ 9,030,000</u>	<u>\$ 6,435,300</u>	<u>\$ 15,465,300</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 280,000	\$ 501,175	\$ 781,175
2027	290,000	486,925	776,925
2028	305,000	472,050	777,050
2029	315,000	456,550	771,550
2030	330,000	440,425	770,425
2031	345,000	423,550	768,550
2032	360,000	408,625	768,625
2033	375,000	395,763	770,763
2034	395,000	382,288	777,288
2035	410,000	368,200	778,200
2036	430,000	353,500	783,500
2037	450,000	337,819	787,819
2038	470,000	320,850	790,850
2039	490,000	302,238	792,238
2040	515,000	282,138	797,138
2041	535,000	261,138	796,138
2042	560,000	239,238	799,238
2043	585,000	216,338	801,338
2044	610,000	192,438	802,438
2045	640,000	167,038	807,038
2046	670,000	140,019	810,019
2047	700,000	111,763	811,763
2048	730,000	81,813	811,813
2049	765,000	50,044	815,044
2050	795,000	16,894	811,894
	<u>\$ 12,350,000</u>	<u>\$ 7,408,819</u>	<u>\$ 19,758,819</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 230,000	\$ 558,000	\$ 788,000
2027	240,000	546,250	786,250
2028	255,000	533,875	788,875
2029	265,000	520,875	785,875
2030	280,000	507,250	787,250
2031	295,000	492,875	787,875
2032	310,000	477,750	787,750
2033	325,000	461,875	786,875
2034	345,000	445,125	790,125
2035	360,000	427,500	787,500
2036	380,000	409,000	789,000
2037	400,000	389,500	789,500
2038	420,000	369,000	789,000
2039	445,000	347,375	792,375
2040	465,000	324,625	789,625
2041	490,000	300,750	790,750
2042	515,000	275,625	790,625
2043	545,000	249,125	794,125
2044	575,000	221,125	796,125
2045	605,000	191,625	796,625
2046	635,000	160,625	795,625
2047	670,000	128,000	798,000
2048	705,000	93,625	798,625
2049	740,000	57,500	797,500
2050	780,000	19,500	799,500
	<u>\$ 11,275,000</u>	<u>\$ 8,508,375</u>	<u>\$ 19,783,375</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ -	\$ 156,425	\$ 156,425
2027	85,000	153,875	238,875
2028	85,000	148,775	233,775
2029	90,000	143,694	233,694
2030	95,000	138,788	233,788
2031	100,000	133,912	233,912
2032	105,000	129,312	234,312
2033	110,000	125,012	235,012
2034	110,000	120,612	230,612
2035	115,000	116,112	231,112
2036	125,000	111,312	236,312
2037	130,000	106,212	236,212
2038	135,000	100,912	235,912
2039	140,000	95,412	235,412
2040	145,000	89,712	234,712
2041	155,000	83,713	238,713
2042	160,000	77,413	237,413
2043	165,000	70,913	235,913
2044	175,000	64,113	239,113
2045	185,000	56,913	241,913
2046	190,000	49,294	239,294
2047	200,000	41,250	241,250
2048	210,000	32,794	242,794
2049	220,000	23,925	243,925
2050	230,000	14,644	244,644
2051	240,000	4,950	244,950
	<u>\$ 3,700,000</u>	<u>\$ 2,389,999</u>	<u>\$ 6,089,999</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2024 Road--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ -	\$ 426,000	\$ 426,000
2027	225,000	419,250	644,250
2028	235,000	405,450	640,450
2029	245,000	391,050	636,050
2030	255,000	376,050	631,050
2031	270,000	360,300	630,300
2032	280,000	346,600	626,600
2033	295,000	335,100	630,100
2034	305,000	323,100	628,100
2035	320,000	310,600	630,600
2036	335,000	297,500	632,500
2037	350,000	283,800	633,800
2038	365,000	269,500	634,500
2039	380,000	254,600	634,600
2040	400,000	239,000	639,000
2041	415,000	222,700	637,700
2042	435,000	205,700	640,700
2043	455,000	187,900	642,900
2044	475,000	169,300	644,300
2045	495,000	149,900	644,900
2046	520,000	129,600	649,600
2047	545,000	108,300	653,300
2048	570,000	86,000	656,000
2049	595,000	62,700	657,700
2050	620,000	38,400	658,400
2051	650,000	13,000	663,000
	<u>\$ 10,035,000</u>	<u>\$ 6,411,400</u>	<u>\$ 16,446,400</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2024 Park--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ -	\$ 399,375	\$ 399,375
2027	210,000	392,550	602,550
2028	220,000	378,575	598,575
2029	225,000	364,113	589,113
2030	240,000	349,000	589,000
2031	250,000	333,700	583,700
2032	260,000	321,000	581,000
2033	270,000	310,400	580,400
2034	285,000	299,300	584,300
2035	295,000	287,700	582,700
2036	310,000	275,600	585,600
2037	325,000	262,900	587,900
2038	340,000	249,600	589,600
2039	355,000	235,700	590,700
2040	370,000	221,200	591,200
2041	385,000	206,100	591,100
2042	405,000	190,300	595,300
2043	420,000	173,800	593,800
2044	440,000	156,600	596,600
2045	460,000	138,600	598,600
2046	480,000	119,800	599,800
2047	505,000	100,100	605,100
2048	525,000	79,500	604,500
2049	550,000	58,000	608,000
2050	575,000	35,500	610,500
2051	600,000	12,000	612,000
	<u>\$ 9,300,000</u>	<u>\$ 5,951,013</u>	<u>\$ 15,251,013</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 705,000	\$ 2,472,600	\$ 3,177,600
2027	1,255,000	2,422,475	3,677,475
2028	1,320,000	2,353,850	3,673,850
2029	1,370,000	2,282,407	3,652,407
2030	1,440,000	2,208,088	3,648,088
2031	1,515,000	2,130,543	3,645,543
2032	1,580,000	2,058,112	3,638,112
2033	1,655,000	1,990,713	3,645,713
2034	1,735,000	1,919,681	3,654,681
2035	1,810,000	1,844,612	3,654,612
2036	1,910,000	1,765,412	3,675,412
2037	2,000,000	1,681,856	3,681,856
2038	2,095,000	1,593,737	3,688,737
2039	2,190,000	1,500,575	3,690,575
2040	2,295,000	1,402,425	3,697,425
2041	2,405,000	1,299,526	3,704,526
2042	2,520,000	1,191,651	3,711,651
2043	2,640,000	1,078,576	3,718,576
2044	2,770,000	959,951	3,729,951
2045	2,905,000	835,076	3,740,076
2046	3,040,000	703,713	3,743,713
2047	3,195,000	565,788	3,760,788
2048	3,345,000	420,607	3,765,607
2049	3,505,000	268,044	3,773,044
2050	3,000,000	124,938	3,124,938
2051	1,490,000	29,950	1,519,950
	<u>\$ 55,690,000</u>	<u>\$ 37,104,906</u>	<u>\$ 92,794,906</u>

See accompanying auditor's report.

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Harris - Waller Counties Municipal Utility District No. 5
TSI-6. Change in Long-Term Bonded Debt
April 30, 2025

	Bond Issue			
	Series 2022	Series 2023	Series 2023 Road	Series 2024
Interest rate	4.00% - 5.00%	3.50% - 5.00%	5.00%	4.00% - 6.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/24 - 9/1/48	9/1/25 - 9/1/49	9/1/25 - 9/1/49	9/1/26 - 9/1/50
Beginning bonds outstanding	\$ 9,215,000	\$ 12,350,000	\$ 11,275,000	\$ -
Bonds issued				3,700,000
Bonds retired	(185,000)			
Ending bonds outstanding	\$ 9,030,000	\$ 12,350,000	\$ 11,275,000	\$ 3,700,000
Interest paid during fiscal year	\$ 439,225	\$ 508,175	\$ 563,750	\$ 67,350
Paying agent's name and city				
Series 2022	Regions Bank, Houston, Texas			
All Series	BOKF, N.A., Dallas, Texas			
Bond Authority:	Water, Sewer and Drainage Bonds	Water, Sewer and Drainage Refunding Bonds	Road Bonds	Road Refunding Bonds
Amount Authorized by Voters	\$ 134,830,000	\$ 40,449,000	\$ 127,245,000	\$ 38,174,000
Amount Issued	(25,265,000)		(21,310,000)	
Remaining To Be Issued	\$ 109,565,000	\$ 40,449,000	\$ 105,935,000	\$ 38,174,000
Bond Authority:	Park and Recreation Facilities Bonds	Park and Recreation Facilities Refunding Bonds		
Amount Authorized by Voters	\$ 49,780,000	\$ 14,934,000		
Amount Issued	(9,300,000)			
Remaining To Be Issued	\$ 40,480,000	\$ 14,934,000		

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balance as of April 30, 2025: \$ 6,133,947

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 3,569,035

See accompanying auditor's report.

Bond Issue		
Series 2023 Road	Series 2024 Park	Totals
4.00% - 6.00%	4.00% - 6.50%	
9/1; 3/1	9/1; 3/1	
9/1/26 - 9/1/50	9/1/26 - 9/1/50	
\$ -	\$ -	\$ 32,840,000
10,035,000	9,300,000	23,035,000
		(185,000)
<u>\$ 10,035,000</u>	<u>\$ 9,300,000</u>	<u>\$ 55,690,000</u>
<u>\$ 183,417</u>	<u>\$ 171,953</u>	<u>\$ 1,933,870</u>

Harris - Waller Counties Municipal Utility District No. 5
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Water service	\$ 1,498,889	\$ 1,259,073	\$ 741,594	\$ 27,381	\$ -
Sewer service	861,854	642,609	351,303	9,520	
Property taxes	1,605,258	2,252,131	534,350	156,797	
Penalties and interest	61,811	45,609	31,619	1,569	
Tap connection and inspection	662,629	976,199	1,211,705	952,845	
Miscellaneous	76,336	18,735	20,441	340	
Investment earnings	115,619	47,095	8,815	93	13
Total Revenues	4,882,396	5,241,451	2,899,827	1,148,545	13
Expenditures					
Current service operations					
Purchased services				223,041	
Professional fees	150,695	166,474	86,762	95,630	155,968
Contracted services	751,516	1,009,592	1,051,560	389,411	6,000
Repairs and maintenance	241,475	322,739	173,423	20,587	
Administrative	18,906	20,010	19,372	17,364	9,904
Other	11,503	10,270	21,071	1,570	1,036
Capital outlay	255,444	1,573	207,738		
Intergovernmental					
Master District connection fees	2,419,891	1,950,052	1,354,012		
Maintenance charges	314,505	284,568	150,925		
Total Expenditures	4,163,935	3,765,278	3,064,863	747,603	172,908
Revenues Over (Under) Expenditures	\$ 718,461	\$ 1,476,173	\$ (165,036)	\$ 400,942	\$ (172,895)
Total Active Retail Water Connections	1,749	1,499	1,175	614	N/A
Total Active Retail Wastewater Connections	1,705	1,461	1,147	606	N/A

*Percentage is negligible
See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
31%	24%	26%	2%	-%
18%	12%	12%	1%	-
33%	43%	18%	14%	-
1%	1%	1%	*	-
14%	19%	42%	83%	-
2%	*	1%	*	-
2%	1%	*	*	-
101%	100%	100%	100%	-
			19%	-
3%	3%	3%	8%	-
15%	19%	36%	34%	-
5%	6%	6%	2%	
*	*	1%	2%	-
*	*	1%	*	-
5%	*	7%		-
				-
50%	37%	47%		-
6%	5%	5%		-
89%	70%	106%	65%	-
12%	30%	(6%)	35%	-

Harris - Waller Counties Municipal Utility District No. 5
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Three Fiscal Years

	Amounts		
	2025	2024	2023
Revenues			
Property taxes	\$ 5,512,744	\$ 3,050,531	\$ 387,122
Penalties and interest	92,712	22,814	7,054
Miscellaneous		109	4,217
Investment earnings	135,875	75,240	10,605
Total Revenues	5,741,331	3,148,694	408,998
Expenditures			
Tax collection services	122,279	75,726	30,311
Other	940	1,001	976
Debt service			
Principal	185,000		
Interest and fees	1,935,397	867,120	121,804
Intergovernmental			
Contractual obligations	2,624,621	2,190,329	105,715
Total Expenditures	4,868,237	3,134,176	258,806
Revenues Over Expenditures	\$ 873,094	\$ 14,518	\$ 150,192

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues		
2025	2024	2023
96%	97%	94%
2%	1%	2%
	*	1%
2%	2%	3%
100%	100%	100%
2%	2%	7%
*	*	*
3%		
34%	28%	30%
46%	70%	26%
39%	100%	63%
61%	-	37%

Harris - Waller Counties Municipal Utility District No. 5
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended April 30, 2025

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, TX 77027

District Business Telephone Number: (713) 860-6400

Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): April 17, 2025

Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Chelsea Taylor	03/24 - 05/28	\$ 2,210	\$ 89	President
Wes Simon	07/23 - 05/26	2,652	68	Vice President
Olga M. Strong	05/24 - 05/28	2,210	77	Secretary
Cailin Loyd	03/25 - 05/28			Assistant Vice President
Hannah Gay	04/25 - 05/26			Assistant Secretary
Richard Jenks	03/24 - 03/25	2,431	24	Former Director
Cindy Morrow	05/22 - 04/25	2,210	136	Former Director
Consultants				
Allen Boone Humphries Robinson LLP	2020	Amounts Paid		Attorney
<i>General legal fees</i>		\$ 86,347		
<i>Bond counsel</i>		596,767		
Municipal District Services	2020	818,922		Operator
Myrtle Cruz, Inc.	2020	38,938		Bookkeeper
Bob Leared Interests	2020	27,559		Tax Collector
Waller County Appraisal District	Legislation	68,465		Property Valuation
Harris Central Appraisal District	Legislation	7,436		Property Valuation
Perdue Brandon Fielder Collins & Mott, LLP	2020	7,017		Delinquent Tax Attorney
Quiddity Engineering, LLC	2020	80,439		Engineer
Kimley-Horn & Associates, Inc.	2020	3,513		Landscape Architect
McGrath & Co., PLLC	2020	41,500		Auditor
R.W. Baird & Co., Inc.	2020	463,153		Financial Advisor

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

See accompanying auditor's report.