

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
East Montgomery County Improvement District
Montgomery County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of East Montgomery County Improvement District (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2024, and the respective changes in financial position 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.

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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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.

Board of Directors
East Montgomery County Improvement District

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 supplementary information is presented for purposes of additional analysis and is 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 supplementary 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 22, 2024

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Management’s discussion and analysis of the financial performance of East Montgomery County Improvement District (the “District”) provides an overview of the District’s financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s annual report includes two financial statements combining the governmental-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District’s assets, liabilities, deferred inflows of resources, and deferred outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District’s net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has four governmental fund types. The General Fund accounts for resources not accounted for in another fund, sales and hotel tax receipts, economic development expenditures and administrative expenditures. The Blended Component Units-Economic Development Zones Fund accounts for sales tax receipts and economic development expenditures within the Zones. The Debt Service Fund accounts for transfers from the General Fund that are restricted for servicing bond debt. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for the acquisition or construction of major capital facilities and related costs.

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). RSI includes the budgetary comparison schedule for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47,945,368 as of June 30, 2024.

The table on the following page provides a comparative summary of the District's Statement of Net Position as of June 30, 2024 and June 30, 2023.

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

| | Summary of Changes in the Statement of Net Position | | |
|--------------------------------------|---|----------------------|----------------------------------|
| | 2024 | 2023 | Change Positive (Negative) |
| Current and Other Assets | \$ 19,756,866 | \$ 15,338,925 | \$ 4,417,941 |
| Capital Assets (Net of Depreciation) | <u>48,065,623</u> | <u>41,119,302</u> | <u>6,946,321</u> |
| Total Assets | <u>\$ 67,822,489</u> | <u>\$ 56,458,227</u> | <u>\$ 11,364,262</u> |
| Deferred Outflows of Resources | <u>\$ 753,229</u> | <u>\$ 803,063</u> | <u>\$ (49,834)</u> |
| Bonds Payable | \$ 7,035,000 | \$ 7,340,000 | \$ 305,000 |
| Notes Payable | 6,080,740 | 5,461,496 | (619,244) |
| Grants and Other Liabilities | <u>4,804,487</u> | <u>1,701,866</u> | <u>(3,102,621)</u> |
| Total Liabilities | <u>\$ 17,920,227</u> | <u>\$ 14,503,362</u> | <u>\$ (3,416,865)</u> |
| Deferred Inflows of Resources | <u>\$ 2,710,123</u> | <u>\$ 1,862,196</u> | <u>\$ (847,927)</u> |
| Net Position: | | | |
| Net Investment in Capital Assets | \$ 36,904,341 | \$ 29,226,055 | \$ 7,678,286 |
| Restricted | 2,914,232 | 2,325,861 | 588,371 |
| Unrestricted | <u>8,126,795</u> | <u>9,343,816</u> | <u>(1,217,021)</u> |
| Total Net Position | <u>\$ 47,945,368</u> | <u>\$ 40,895,732</u> | <u>\$ 7,049,636</u> |

The following table provides a comparative summary of the District's operations for the years ended June 30, 2024, and June 30, 2023.

| | Summary of Changes in the Statement of Activities | | |
|---------------------------------|---|----------------------|----------------------------------|
| | 2024 | 2023 | Change Positive (Negative) |
| Revenues: | | | |
| Sales and Hotel Tax Revenues | \$ 23,554,847 | \$ 21,581,752 | \$ 1,973,095 |
| Rents, Leases, and Events | 924,201 | 1,060,888 | (136,687) |
| Grant and Other | <u>349,418</u> | <u>463,841</u> | <u>(114,423)</u> |
| Total Revenues | <u>\$ 24,828,466</u> | <u>\$ 23,106,481</u> | <u>\$ 1,721,985</u> |
| Total Expenses | <u>17,778,830</u> | <u>13,073,406</u> | <u>(4,705,424)</u> |
| Change in Net Position | \$ 7,049,636 | \$ 10,033,075 | \$ (2,983,439) |
| Net Position, Beginning of Year | <u>40,895,732</u> | <u>30,862,657</u> | <u>10,033,075</u> |
| Net Position, End of Year | <u>\$ 47,945,368</u> | <u>\$ 40,895,732</u> | <u>\$ 7,049,636</u> |

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2024, were \$11,953,629, a decrease of \$470,431 from prior year.

The General Fund fund balance decreased by \$1,063,576, primarily due to sales tax revenues, hotel and motel tax revenues, rent revenues, event revenues, interest revenues and loan proceeds being less than operating, capital outlay, debt service costs and transfers out to other funds.

The Blended Component Units include the activities of the Economic Development Zone Nos. 1, 2, 3 and 4. This fund balance increased by \$506,102 primarily due to sales tax revenues and transfers which exceeded current year economic development expenditures.

The Debt Service Fund fund balance increased by \$81,125 primarily due to the structure of the District's outstanding debt and transfers from the General Fund.

The Capital Projects Fund fund balance increased by \$5,918 due to investment revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund for the current fiscal year. Actual revenues were \$476,291 less than budgeted revenues, actual expenditures were \$4,685,721 more than budgeted expenditures, and other financing sources exceeded budgeted amounts by \$2,098,436 which resulted in a negative variance of \$3,063,576.

CAPITAL ASSETS

Capital assets as of June 30, 2024, total \$48,065,623 (net of accumulated depreciation) and include land, buildings, equipment, and detention facilities. Current year activity included various land purchases and Atrium Center building improvements.

| Capital Assets At Year-End | | | |
|---|---------------|---------------|----------------------------------|
| | 2024 | 2023 | Change Positive (Negative) |
| Capital Assets Not Being Depreciated: | | | |
| Land and Land Improvements | \$ 18,984,452 | \$ 14,215,784 | \$ 4,768,668 |
| Construction in Progress | 11,465,244 | 11,841,454 | (376,210) |
| Capital Assets Subject to Depreciation: | | | |
| Buildings and Equipment | 21,967,430 | 18,852,598 | 3,114,832 |
| Detention Facilities | 1,383,426 | 1,383,426 | |
| Less Accumulated Depreciation | (5,734,929) | (5,173,960) | (560,969) |
| Total Net Capital Assets | \$ 48,065,623 | \$ 41,119,302 | \$ 6,946,321 |

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

LEASE RECEIVABLE

In accordance with GASB Statement No. 87, the District recorded a lease receivable for properties leased by the District. The District, as lessor, has recorded a lease receivable balance of \$2,839,663 and deferred inflows of resources related to future lease revenues of \$2,710,123. See the accompanying notes to the financial statements for further information.

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of \$7,035,000. The District's underlying rating is "AA-." The Series 2020 Refunding Bonds carry an insured rating of "AA" by S&P based on bond insurance issued by Build America Mutual Assurance Company. The changes in bonds payable during the fiscal year ended June 30, 2024, are summarized in the following table:

| | |
|----------------------------------|---------------------|
| Bond Debt Payable, July 1, 2023 | \$ 7,340,000 |
| Less: Bond Principal Paid | <u>(305,000)</u> |
| Bond Debt Payable, June 30, 2024 | <u>\$ 7,035,000</u> |

The District's notes payable balance totaled \$6,080,740 as of June 30, 2024. The changes in notes payable during the fiscal year ended June 30, 2024, are summarized in the following table:

| | |
|------------------------------|---------------------|
| Notes Payable, July 1, 2023 | \$ 5,461,496 |
| Add: Notes Issued | 3,729,021 |
| Less: Note Principal Paid | <u>(3,109,777)</u> |
| Notes Payable, June 30, 2024 | <u>\$ 6,080,740</u> |

The District also recorded a grant payable to Montgomery County Emergency Services District No. 7 with a balance of \$871,332 as of June 30, 2024. See the accompanying notes for further disclosure.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to East Montgomery County Improvement District, 3700 Buffalo Speedway, Suite 830, Houston, TX 77098.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

| | General Fund | Blended Component Units |
|--|----------------------|----------------------------|
| ASSETS | | |
| Cash | \$ 6,942,597 | \$ 1,516,422 |
| Investments | 1,668,110 | |
| Receivables: | | |
| Sales Taxes | 3,718,880 | 3,272 |
| Accrued Interest | 6,506 | |
| Lease Receivable, Due Within One Year | | |
| Lease Receivable, Due After One Year | | |
| Note Receivable, Due Within One Year | | |
| Note Receivable, Due After One Year | | |
| Other | 113,276 | 593 |
| Prepaid Costs | 17,430 | |
| Due From Other Funds | 275,142 | |
| Land | | |
| Construction in Progress | | |
| Capital Assets (Net of Accumulated Depreciation) | | |
| TOTAL ASSETS | \$ 12,741,941 | \$ 1,520,287 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Charges on Refunding Bonds | \$ -0- | \$ -0- |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 12,741,941 | \$ 1,520,287 |

The accompanying notes to the financial
statements are an integral part of this report.

| Debt Service Fund | Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|----------------------|--------------------------|------------------------|----------------------|------------------------------|
| \$ | \$ | \$ | \$ | \$ |
| 1,728,888 | 111,104 | 8,459,019 3,508,102 | | 8,459,019 3,508,102 |
| | | 3,722,152 6,506 | | 3,722,152 6,506 |
| | | | 828,810 | 828,810 |
| | | | 2,010,853 | 2,010,853 |
| | | | 436,050 | 436,050 |
| | | | 654,075 | 654,075 |
| | | 113,869 | | 113,869 |
| | | 17,430 | | 17,430 |
| | | 275,142 | (275,142) | |
| | | | 18,984,452 | 18,984,452 |
| | | | 11,465,244 | 11,465,244 |
| | | | 17,615,927 | 17,615,927 |
| <u>\$ 1,728,888</u> | <u>\$ 111,104</u> | <u>\$ 16,102,220</u> | <u>\$ 51,720,269</u> | <u>\$ 67,822,489</u> |
| <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 753,229</u> | <u>\$ 753,229</u> |
| <u>\$ 1,728,888</u> | <u>\$ 111,104</u> | <u>\$ 16,102,220</u> | <u>\$ 52,473,498</u> | <u>\$ 68,575,718</u> |

The accompanying notes to the financial
statements are an integral part of this report.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

| | General Fund | Blended Component Units |
|---|---------------|----------------------------|
| LIABILITIES | | |
| Accounts Payable | \$ 295,575 | \$ 95 |
| Accrued Interest Payable | | |
| Due to Other Funds | | 275,142 |
| Due to Other Government Entities | 3,577,779 | |
| Long-Term Liabilities: | | |
| Grant Payable, Due Within One Year | | |
| Grant Payable, Due After One Year | | |
| Notes Payable, Due Within One Year | | |
| Notes Payable, Due After One Year | | |
| Bonds Payable, Due Within One Year | | |
| Bonds Payable, Due After One Year | | |
| TOTAL LIABILITIES | \$ 3,873,354 | \$ 275,237 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Lease Revenues | \$ -0- | \$ -0- |
| FUND BALANCES | | |
| Nonspendable: Prepaid Costs | \$ 17,430 | \$ |
| Restricted for Authorized Construction | | |
| Restricted for Debt Service | | |
| Restricted for Economic Development | | 1,245,050 |
| Unassigned | 8,851,157 | |
| TOTAL FUND BALANCES | \$ 8,868,587 | \$ 1,245,050 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 12,741,941 | \$ 1,520,287 |
| NET POSITION | | |
| Net Investment in Capital Assets | | |
| Restricted for Debt Service | | |
| Restricted for Component Unit Activities | | |
| Unrestricted | | |
| TOTAL NET POSITION | | |

The accompanying notes to the financial
statements are an integral part of this report.

| <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Total</u> | <u>Adjustments</u> | <u>Statement of Net Position</u> |
|------------------------------|----------------------------------|----------------------|------------------------|--------------------------------------|
| \$ | \$ | \$ 295,670 | \$ | \$ 295,670 |
| | | | 59,706 | 59,706 |
| | | 275,142 | (275,142) | |
| | | 3,577,779 | | 3,577,779 |
| | | | 116,763 | 116,763 |
| | | | 754,569 | 754,569 |
| | | | 1,121,740 | 1,121,740 |
| | | | 4,959,000 | 4,959,000 |
| | | | 315,000 | 315,000 |
| | | | 6,720,000 | 6,720,000 |
| <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 4,148,591</u> | <u>\$ 13,771,636</u> | <u>\$ 17,920,227</u> |
| <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 2,710,123</u> | <u>\$ 2,710,123</u> |
| \$ | \$ | \$ 17,430 | \$ (17,430) | \$ |
| | 111,104 | 111,104 | (111,104) | |
| 1,728,888 | | 1,728,888 | (1,728,888) | |
| | | 1,245,050 | (1,245,050) | |
| | | 8,851,157 | (8,851,157) | |
| <u>\$ 1,728,888</u> | <u>\$ 111,104</u> | <u>\$ 11,953,629</u> | <u>\$ (11,953,629)</u> | <u>\$ - 0 -</u> |
| <u>\$ 1,728,888</u> | <u>\$ 111,104</u> | <u>\$ 16,102,220</u> | | |
| | | | \$ 36,904,341 | \$ 36,904,341 |
| | | | 1,669,182 | 1,669,182 |
| | | | 1,245,050 | 1,245,050 |
| | | | 8,126,795 | 8,126,795 |
| | | | <u>\$ 47,945,368</u> | <u>\$ 47,945,368</u> |

The accompanying notes to the financial statements are an integral part of this report.

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total Fund Balances - Governmental Funds \$ 11,953,629

Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as deferred outflows of resources in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 753,229

Note receivables are reported in the government-wide financial statements in accordance with auditing standards. 1,090,125

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 48,065,623

Leases receivable and the corresponding deferred inflows of resources are reported in the government-wide financial statements in accordance with auditing standards. 129,540

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

| | | |
|--------------------------|--------------------|---------------------|
| Accrued Interest Payable | \$ (59,706) | |
| Grant Payable | (871,332) | |
| Notes Payable | (6,080,740) | |
| Bonds Payable | <u>(7,035,000)</u> | <u>(14,046,778)</u> |

Total Net Position - Governmental Activities \$ 47,945,368

The accompanying notes to the financial statements are an integral part of this report.

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**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

| | General Fund | Blended Component Units |
|---|-----------------------|----------------------------|
| REVENUES | | |
| Sales Taxes | \$ 21,662,478 | \$ 1,563,130 |
| Hotel and Motel Taxes | 329,239 | |
| Grant Revenues | 96,489 | |
| Building Rents and Leases | 951,941 | |
| Events Revenues | 240,039 | |
| Land Sales | 406,858 | |
| Interest and Other Revenues | 110,395 | 4,022 |
| TOTAL REVENUES | \$ 23,797,439 | \$ 1,567,152 |
| EXPENDITURES/EXPENSES | | |
| Service Operations: | | |
| Programs: | | |
| Community Development | \$ 6,940,147 | \$ |
| Economic Development | 2,409,522 | 2,220,581 |
| Scholarships | 800,000 | |
| Administrative: | | |
| Professional Fees | 320,839 | 4,699 |
| Salaries and Benefits | 1,368,833 | |
| Advertising | 129,426 | |
| Computers and Software | 154,882 | |
| Travel and Training | 281,804 | |
| Other | 380,472 | 4,355 |
| Building | 1,709,276 | |
| Depreciation | | |
| Capital Outlay | 8,957,074 | |
| Debt Service: | | |
| Bond and Note Principal Retirements | 3,109,777 | |
| Bond and Note Interest | 397,399 | |
| TOTAL EXPENDITURES/EXPENSES | \$ 26,959,451 | \$ 2,229,635 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES | \$ (3,162,012) | \$ (662,483) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers In (Out) | \$ (1,630,585) | \$ 1,168,585 |
| Loan Proceeds | 3,729,021 | |
| TOTAL OTHER FINANCING SOURCES, NET | \$ 2,098,436 | \$ 1,168,585 |
| NET CHANGE IN FUND BALANCES | \$ (1,063,576) | \$ 506,102 |
| CHANGE IN NET POSITION | | |
| FUND BALANCES/NET POSITION - JULY 1, 2023 | 9,932,163 | 738,948 |
| FUND BALANCES/NET POSITION - JUNE 30, 2024 | \$ 8,868,587 | \$ 1,245,050 |

The accompanying notes to the financial statements are an integral part of this report.

| Debt Service Fund | Capital Projects Fund | Total | Adjustments | Statement of Activities |
|----------------------|--------------------------|-----------------------|------------------------|----------------------------|
| \$ | \$ | \$ 23,225,608 | \$ | \$ 23,225,608 |
| | | 329,239 | | 329,239 |
| | | 96,489 | | 96,489 |
| | | 951,941 | (267,779) | 684,162 |
| | | 240,039 | | 240,039 |
| | | 406,858 | (359,659) | 47,199 |
| 85,380 | 5,933 | 205,730 | | 205,730 |
| <u>\$ 85,380</u> | <u>\$ 5,933</u> | <u>\$ 25,455,904</u> | <u>\$ (627,438)</u> | <u>\$ 24,828,466</u> |
| \$ | \$ | \$ 6,940,147 | \$ (114,334) | \$ 6,825,813 |
| | | 4,630,103 | | 4,630,103 |
| | | 800,000 | | 800,000 |
| | | 325,538 | | 325,538 |
| | | 1,368,833 | | 1,368,833 |
| | | 129,426 | | 129,426 |
| | | 154,882 | | 154,882 |
| | | 281,804 | | 281,804 |
| 513 | 15 | 385,355 | | 385,355 |
| | | 1,709,276 | | 1,709,276 |
| | | 8,957,074 | 560,969 (8,957,074) | 560,969 |
| 305,000 | | 3,414,777 | (3,414,777) | |
| 160,742 | | 558,141 | 48,690 | 606,831 |
| <u>\$ 466,255</u> | <u>\$ 15</u> | <u>\$ 29,655,356</u> | <u>\$ (11,876,526)</u> | <u>\$ 17,778,830</u> |
| <u>\$ (380,875)</u> | <u>\$ 5,918</u> | <u>\$ (4,199,452)</u> | <u>\$ 11,249,088</u> | <u>\$ 7,049,636</u> |
| \$ 462,000 | \$ | \$ | \$ | \$ |
| | | 3,729,021 | (3,729,021) | |
| <u>\$ 462,000</u> | <u>\$ -0-</u> | <u>\$ 3,729,021</u> | <u>\$ (3,729,021)</u> | <u>\$ -0-</u> |
| \$ 81,125 | \$ 5,918 | \$ (470,431) | \$ 470,431 | \$ |
| | | | 7,049,636 | 7,049,636 |
| 1,647,763 | 105,186 | 12,424,060 | 28,471,672 | 40,895,732 |
| <u>\$ 1,728,888</u> | <u>\$ 111,104</u> | <u>\$ 11,953,629</u> | <u>\$ 35,991,739</u> | <u>\$ 47,945,368</u> |

The accompanying notes to the financial statements are an integral part of this report.

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

| | |
|--|---------------------|
| Net Change in Fund Balances - Governmental Funds | \$ (470,431) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. | (560,969) |
| In the Statement of Net Position, capital assets are increased by new purchases or assets conveyed to the District and reduced for assets sold or conveyed to other entities for ownership and maintenance. | 8,957,074 |
| Governmental funds report land sales as revenue. However, in the Statement of Net Position, capital assets are reduced by the sale and the Statement of Activities recognizes the gain on the sale. | (359,659) |
| Governmental funds report lease income as revenues. However, in the Statement of Net Position, lease principal received decreases long-term receivables and lease revenue is recognized for decreases in deferred inflows related to leases under GASB 87. | (267,779) |
| Deferred charges on refunded bonds are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. | (49,834) |
| Governmental funds report principal payments on long-term debt as expenditures. However, in the Statement of Net Position, principal payments on long-term debt are reported as decreases in long-term liabilities. | 3,529,111 |
| Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. | 1,144 |
| Governmental funds report loan proceeds as other financing sources. Loans increase long-term liabilities in the Statement of Net Position. | <u>(3,729,021)</u> |
| Change in Net Position - Governmental Activities | <u>\$ 7,049,636</u> |

The accompanying notes to the financial statements are an integral part of this report.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. CREATION AND PURPOSE OF THE DISTRICT

East Montgomery County Improvement District of Montgomery County, Texas, is a government agency, body politic and corporate and political subdivision of the State of Texas, located 20 miles northeast of downtown Houston along U.S. Highway 59/I-69 in eastern Montgomery County, Texas. The District was created pursuant to special legislation, which is codified at Chapter 3846, Texas Special District Local Laws Code. The District's Board of Directors held its organizational meeting on June 24, 1997 and sold its first series of bonds in October 2000. The territory of the District is coextensive with the territory of the New Caney Independent School District and the Splendora Independent School District, as those boundaries existed on January 1, 1997, but the District does not include any portion of the City of Houston as it existed on January 1, 1997, and does not include any portion of the New Caney Independent School District as the boundaries of the District exist on or after September 1, 2001, that is located in Harris County. The District is governed by an eight-member Board of Directors and employs permanent staff, which includes a President/CEO.

The mission of the District is to promote, develop, encourage and maintain employment, commerce, economic development and public welfare in the eastern area of Montgomery County, Texas. Currently, the four main areas of focus for the District's activities are Economic Development, Community Development, Educational Development and Building Facility Ownership and Management.

In the area of Economic Development, the District is recruiting businesses to relocate to the District and utilize the local labor pool; helping existing commercial/retail/and industrial businesses to expand with a focus on diversification of activities; providing assistance in infrastructure development so that companies relocating or expanding have an easier time with utility or transportation changes that may be required; and responding to business inquiries on the facts and attributes of East Montgomery County. The District has developed and continues to expand an industrial park within the District.

Community Development activities include providing grants to non-profit organizations assisting in their outreach and service goals to the community; supporting local law enforcement and fire organization with needs outside the normal budgeted items; funding high visibility projects for the local Chamber of Commerce as well as park and beautification projects; and coordinating two festivals each year that serve local school children's needs for supplies and family activities.

The Educational Development programs have positively impacted the number of students from the District accessing college level course work. These activities include providing scholarships to high school graduates, whether graduating from New Caney ISD or Splendora ISD, private schools, or home school, for study at the college level. The District created a Scholarship Foundation to administer the scholarship program and to raise funds to establish a permanent endowment fund.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. CREATION AND PURPOSE OF THE DISTRICT (Continued)

The District owns and operates facilities and buildings which house the District's offices as well as offices used by other entities. These buildings are also available for special group activity events such as private business meetings, receptions and weddings. The District (along with the County) financed a public library and has plans for additional office/public facility building development in the future.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Texas Commission on Environmental Quality (the "Commission"). The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification"). GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Asset; Restricted; and Unrestricted.

These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District’s Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

The District’s fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

The District has four governmental funds and considers these to be major funds.

General Fund – To account for resources not required to be accounted for in another fund, sales tax receipts, hotel and motel tax receipts, economic development expenditures, and general operating expenditures.

Blended Component Units – To account for sales tax receipts and economic development expenditures within the East Montgomery County Economic Development Zone Nos. 1, 2, 3 and 4.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Debt Service Fund – To account for financial resources restricted for servicing bond debt.

Capital Projects Fund – To account for financial resources restricted, committed or assigned for the acquisition or construction of major capital facilities.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectible within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. The General Fund transferred \$462,000 to the Debt Service Fund to provide for debt service on the outstanding bonds. The General Fund transferred \$1,168,585 to the Blended Component Units to fund economic development costs. As of year end, the Blended Component Units owed the General Fund \$275,142 for prior year operating advances.

Capital Assets

Capital assets, which include land, buildings, detention facilities, equipment, and vehicles, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 7 to 40 years.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual 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 original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

Eligible District employees may participate in a 401(k) Plan. See Note 9 for more information on the retirement plan.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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 no assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. BONDS PAYABLE

The District’s bonds payable at June 30, 2024, consist of the following:

| | Series 2020 Taxable Sales Tax Revenue Refunding Bonds |
|---|--|
| Amount Outstanding - June 30, 2024 | \$ 7,035,000 |
| Interest Rates | 1.20% - 2.87% |
| Maturity Dates – Serially Beginning/Ending | August 15, 2024/2039 |
| Interest Payment Dates | August 15/ February 15 |
| Callable Dates | August 15, 2030* |

* Or any date thereafter, at the option of the District, as a whole or in part, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Term bonds maturing on August 15, 2039 are subject to mandatory sinking fund redemption commencing on August 15, 2036.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. BONDS PAYABLE (Continued)

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2024:

| | July 1, 2023 | Additions | Retirements | June 30, 2024 |
|---------------|-----------------|-----------|----------------------------|------------------|
| Bonds Payable | \$ 7,340,000 | \$ -0- | \$ 305,000 | \$ 7,035,000 |
| | | | Amount Due Within One Year | \$ 315,000 |
| | | | Amount Due After One Year | 6,720,000 |
| | | | Bonds Payable, Net | \$ 7,035,000 |

As of June 30, 2024, the debt service requirements on the bonds outstanding were as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|--------------|--------------|--------------|
| 2025 | 315,000 | 157,326 | 472,326 |
| 2026 | 325,000 | 153,243 | 478,243 |
| 2027 | 335,000 | 148,453 | 483,453 |
| 2028 | 350,000 | 142,969 | 492,969 |
| 2029 | 365,000 | 136,797 | 501,797 |
| 2030-2034 | 2,075,000 | 565,915 | 2,640,915 |
| 2035-2039 | 2,645,000 | 283,754 | 2,928,754 |
| 2040 | 625,000 | 8,969 | 633,969 |
| | \$ 7,035,000 | \$ 1,597,426 | \$ 8,632,426 |

The bond order states that the District is required to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year shall continue to be provided through the life of the bonds.

The Series 2020 Refunding Bonds (the “Bonds”) are payable from and secured by a lien on and pledge of 60% of the revenues derived from sales taxes levied within the District. The Debt Service Fund is to be maintained by the District as security for the payment of the Bonds. The total amount to be accumulated and maintained in the Debt Service Fund is an amount equal to the least of (1) the maximum annual debt service requirements on the Bonds, (2) 125% of the average debt service requirements on the Bonds, and (3) 10% of the stated principal amount of the Bonds then outstanding.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4. NOTES PAYABLE

During fiscal year 2022, the District executed a note payable for the purchase of land for \$600,000 which accrues interest at 4.35% with principal and interest paid in monthly installments of \$4,565. The note matures on May 22, 2027, and has a current balance of \$540,595.

During fiscal year 2023, the District executed a note payable to help finance the Titan Building construction for up to \$3,100,000 which accrues interest at a variable rate (currently 6.715%) with principal and interest paid in monthly installments of \$21,964. The note matures in June 2043 and has a current balance of \$2,811,125.

During the current fiscal year, the District executed a note payable to help finance the Nichols land purchase for \$1,909,021 which accrues interest at 6.715% with interest paid semi-annually and principal due upon maturity. The note matures on May 15, 2025 and has a current balance of \$909,020.

During the current fiscal year, the District executed a note payable to help finance the Barfield land purchase for \$1,820,000 which does not accrue interest and has four annual principal payments of \$100,000 due each June 12th starting June 12, 2025 and the remaining principal due June 12, 2029. The entire note balance of \$1,820,000 was outstanding as of fiscal year 2024.

The following is a summary of transactions regarding notes payable for the year ended June 30, 2024:

| | July 1, 2023 | Additions | Retirements | June 30, 2024 |
|---------------|---------------------|----------------------------|---------------------|---------------------|
| Notes Payable | <u>\$ 5,461,496</u> | <u>\$ 3,729,021</u> | <u>\$ 3,109,777</u> | <u>\$ 6,080,740</u> |
| | | Amount Due Within One Year | | \$ 1,121,740 |
| | | Amount Due After One Year | | <u>4,959,000</u> |
| | | Notes Payable, Net | | <u>\$ 6,080,740</u> |

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4. NOTES PAYABLE (Continued)

As of June 30, 2024, the debt service requirements on the notes outstanding were as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|---------------------|---------------------|---------------------|
| 2025 | \$ 1,121,740 | \$ 262,254 | \$ 1,383,994 |
| 2026 | 213,144 | 205,198 | 418,342 |
| 2027 | 661,826 | 196,417 | 858,243 |
| 2028 | 191,338 | 172,225 | 363,563 |
| 2029 | 1,518,230 | 165,334 | 1,683,564 |
| 2030-2034 | 604,423 | 713,393 | 1,317,816 |
| 2035-2039 | 848,815 | 469,002 | 1,317,817 |
| 2040-2043 | 921,224 | 134,069 | 1,055,293 |
| | <u>\$ 6,080,740</u> | <u>\$ 2,317,892</u> | <u>\$ 8,398,632</u> |

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged.

The carrying values of the deposits as of June 30, 2024, are summarized in the following table:

| | Cash | Certificates of Deposit | Total |
|-------------------------|---------------------|----------------------------|---------------------|
| GENERAL FUND | \$ 6,942,597 | \$ 470,000 | \$ 7,412,597 |
| BLENDED COMPONENT UNITS | 1,516,422 | | 1,516,422 |
| TOTAL DEPOSITS | <u>\$ 8,459,019</u> | <u>\$ 470,000</u> | <u>\$ 8,929,019</u> |

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

At fiscal year end, the carrying amount of the District's deposits was \$8,929,019 and the bank balance was \$9,265,393. Of the bank balance, \$735,000 was covered by the Federal Deposit Insurance Corporation and the remaining was covered by collateral held by a third party or covered under letters of credit. The District was not exposed to custodial credit risk at year-end.

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level 1 investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

Certificates of deposit are recorded at acquisition cost.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of June 30, 2024, the District had the following investments and maturities:

| Funds and Investment Type | Fair Value | Maturities of Less Than 1 Year |
|------------------------------|-----------------------------------|--------------------------------------|
| <u>GENERAL FUND</u> | | |
| Texas CLASS | \$ 1,198,110 | \$ 1,198,110 |
| Certificates of Deposit | 470,000 | 470,000 |
| <u>DEBT SERVICE FUND</u> | | |
| Texas CLASS | 1,728,888 | 1,728,888 |
| <u>CAPITAL PROJECTS FUND</u> | | |
| Texas CLASS | <u>111,104</u> | <u>111,104</u> |
| TOTAL INVESTMENTS | <u><u>\$ 3,508,102</u></u> | <u><u>\$ 3,508,102</u></u> |

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investments in Texas CLASS were rated AAAM by Standard and Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS to have maturities of less than one year due since the share positions can usually be redeemed each day at the discretion of the District, unless there have been significant changes in values. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service.

All cash and investments of the Capital Projects Fund are restricted for the purchase or construction of capital assets.

All cash and investments of the Blended Component Units are restricted for economic development activities related to the East Montgomery County Improvement District Economic Development Zone Nos. 1, 2, 3 and 4.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6. SALES AND USE TAX REVENUES

In September 1997, the voters of the District authorized the District's Board of Directors to levy and collect a 1% sales and use tax within the District, subject to the applicable provisions of the Texas Tax Code. In November 2009, an additional local sales and use tax of 1/2% was approved by voters. The District relies on this tax for the funding of substantially all of its programs, functions and services. A portion of the sales tax revenues are pledged for the payment of principal and interest on the District's outstanding bonds (see Note 3).

NOTE 7. DEPARTMENT OF COMMERCE GRANT

On January 22, 2018, the United States Department of Commerce's Economic Development Administration ("EDA") awarded federal assistance to the District in the amount of \$1,500,000 for the design and construction of a business center building in the East Montgomery County Industrial Park. The grant pays 80% of eligible costs up to a maximum of \$1,500,000. The District is responsible for the other 20% plus any amounts over the original estimated project cost of \$1,875,000, or at least \$375,000 in matching funds. In prior fiscal years, the District was reimbursed EDA grant monies totaling \$1,253,511. In current year, the District was reimbursed EDA grant monies totaling \$96,489.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and there have been no settlements in the past three years.

NOTE 9. QUALIFIED RETIREMENT PLAN

On January 1, 2006, the District established a 401(k) plan for eligible employees. The full name of the plan is East Montgomery County Improvement District 401(k) Plan, and records are maintained on a 12-month calendar year. The Plan's administrator is the District, and contributions are held in a Trust Fund with trustees responsible for safekeeping. Eligibility requirements include completion of six months of service and attainment of the age of 21. The District makes matching contributions to the plan which are tax deferred.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

| | <u>July 1, 2023</u> | <u>Increases</u> | <u>Decreases</u> | <u>June 30, 2024</u> |
|--|-------------------------|----------------------|---------------------|--------------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land and Land Improvements | \$ 14,215,784 | \$ 6,218,452 | \$ 1,449,784 | \$ 18,984,452 |
| Construction in Progress | <u>11,841,454</u> | <u>2,738,622</u> | <u>3,114,832</u> | <u>11,465,244</u> |
| Total Capital Assets Not Being Depreciated | <u>\$ 26,057,238</u> | <u>\$ 8,957,074</u> | <u>\$ 4,564,616</u> | <u>\$ 30,449,696</u> |
| Capital Assets Subject to Depreciation | | | | |
| Buildings and Equipment | \$ 18,852,598 | \$ 3,114,832 | \$ | \$ 21,967,430 |
| Detention Facilities | <u>1,383,426</u> | <u></u> | <u></u> | <u>1,383,426</u> |
| Total Capital Assets Subject to Depreciation | <u>\$ 20,236,024</u> | <u>\$ 3,114,832</u> | <u>\$ - 0 -</u> | <u>\$ 23,350,856</u> |
| Accumulated Depreciation | | | | |
| Buildings and Equipment | \$ 5,078,933 | \$ 526,289 | \$ | \$ 5,605,222 |
| Detention Facilities | <u>95,027</u> | <u>34,680</u> | <u></u> | <u>129,707</u> |
| Total Accumulated Depreciation | <u>\$ 5,173,960</u> | <u>\$ 560,969</u> | <u>\$ - 0 -</u> | <u>\$ 5,734,929</u> |
| Total Depreciable Capital Assets, Net of Accumulated Depreciation | <u>\$ 15,062,064</u> | <u>\$ 2,553,863</u> | <u>\$ - 0 -</u> | <u>\$ 17,615,927</u> |
| Total Capital Assets, Net of Accumulated Depreciation | <u>\$ 41,119,302</u> | <u>\$ 11,510,937</u> | <u>\$ 4,564,616</u> | <u>\$ 48,065,623</u> |

NOTE 11. LEASES RECEIVABLE

In fiscal year 2022, the District, as the lessor, entered into a Commercial Property Lease with a tenant which is required to be recorded in the financial statements in accordance with GASB Statement No. 87. Monthly lease payments range from \$23,730 to \$31,640 over the course of the 60-month lease which extends through July 31, 2025, and accrues interest at 8% annually.

Changes in lease receivable during the current fiscal year are summarized in the following table:

| | |
|---------------------------------|-------------------|
| Lease Receivable, July 1, 2023 | \$ 726,375 |
| Less: Lease Principal Received | <u>(333,627)</u> |
| Lease Receivable, June 30, 2024 | <u>\$ 392,748</u> |

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11. LEASES RECEIVABLE (Continued)

Future payments to be received under the terms of the lease are summarized in the following table:

| Fiscal Year | Principal | Interest | Total |
|-------------|------------|-----------|------------|
| 2025 | \$ 361,318 | \$ 18,362 | \$ 379,680 |
| 2026 | 31,430 | 210 | 31,640 |
| | \$ 392,748 | \$ 18,572 | \$ 411,320 |

The District did not recognize lease revenue during the current fiscal year on the government-wide basis which resulted in a year-end balance for deferred inflows of resources of \$349,908.

In fiscal year 2023, the District, as the lessor, entered into a Commercial Property Lease with a tenant which is required to be recorded in the financial statements in accordance with GASB Statement No. 87. Monthly lease payments are \$33,150 over the course of the 60-month lease which extends through February 8, 2028, and accrues interest at 8% annually.

Changes in lease receivable during the current fiscal year are summarized in the following table:

| | |
|---------------------------------|--------------|
| Lease Receivable, July 1, 2023 | \$ 1,533,140 |
| Less: Lease Principal Received | (285,465) |
| Lease Receivable, June 30, 2024 | \$ 1,247,675 |

Future payments to be received under the terms of the lease are summarized in the following table:

| Fiscal Year | Principal | Interest | Total |
|-------------|--------------|------------|--------------|
| 2025 | \$ 309,159 | \$ 88,641 | \$ 397,800 |
| 2026 | 334,819 | 62,981 | 397,800 |
| 2027 | 362,608 | 35,192 | 397,800 |
| 2028 | 241,089 | 6,834 | 247,923 |
| | \$ 1,247,675 | \$ 193,648 | \$ 1,441,323 |

The District recognized lease revenue of \$326,981 during the current fiscal year which resulted in a year-end balance for deferred inflows of resources of \$1,185,307.

In the current fiscal year, the District, as the lessor, entered into a Commercial Property Lease with a tenant which is required to be recorded in the financial statements in accordance with GASB Statement No. 87. Monthly lease payments are \$12,750 over the course of the 60-month lease which extends through June 2029, and accrues interest at 8% annually.

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11. LEASES RECEIVABLE (Continued)

Changes in lease receivable during the current fiscal year are summarized in the following table:

| | |
|---------------------------------|-------------------|
| Lease Receivable, July 1, 2023 | \$ - 0 - |
| Add: New Lease Receivable | 628,810 |
| Less: Lease Principal Received | <u>(8,558)</u> |
| Lease Receivable, June 30, 2024 | <u>\$ 620,252</u> |

Future payments to be received under the terms of the lease are summarized in the following table:

| Fiscal Year | Principal | Interest | Total |
|-------------|-------------------|-------------------|-------------------|
| 2025 | \$ 107,256 | \$ 45,744 | \$ 153,000 |
| 2026 | 116,158 | 36,842 | 153,000 |
| 2027 | 125,799 | 27,201 | 153,000 |
| 2028 | 136,240 | 16,760 | 153,000 |
| 2029 | <u>134,799</u> | <u>5,451</u> | <u>140,250</u> |
| | <u>\$ 620,252</u> | <u>\$ 131,998</u> | <u>\$ 752,250</u> |

The District recognized lease revenue of \$10,480 during the current fiscal year which resulted in a year-end balance for deferred inflows of resources of \$618,330.

In the current fiscal year, the District, as the lessor, entered into a Commercial Property Lease with a tenant which is required to be recorded in the financial statements in accordance with GASB Statement No. 87. Monthly lease payments are \$7,963 over the course of the initial lease term of 36 months, \$8,199 for the first renewal period of 36 months and \$8,363 for the second renewal period of 36 months. The lease including the renewal periods extends through June 2032, and accrues interest at 8% annually.

Changes in lease receivable during the current fiscal year are summarized in the following table:

| | |
|---------------------------------|-------------------|
| Lease Receivable, July 1, 2023 | \$ - 0 - |
| Add: New Lease Receivable | 626,150 |
| Less: Lease Principal Received | <u>(47,162)</u> |
| Lease Receivable, June 30, 2024 | <u>\$ 578,988</u> |

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11. LEASES RECEIVABLE (Continued)

Future payments to be received under the terms of the lease are summarized in the following table:

| Fiscal Year | Principal | Interest | Total |
|-------------|-------------------|-------------------|-------------------|
| 2025 | \$ 51,077 | \$ 44,476 | \$ 95,553 |
| 2026 | 55,316 | 40,234 | 95,550 |
| 2027 | 62,856 | 35,536 | 98,392 |
| 2028 | 68,073 | 30,319 | 98,392 |
| 2029 | 73,723 | 24,669 | 98,392 |
| 2030-2032 | <u>267,943</u> | <u>34,479</u> | <u>302,422</u> |
| | <u>\$ 578,988</u> | <u>\$ 209,713</u> | <u>\$ 788,701</u> |

The District recognized lease revenue of \$69,572 during the current fiscal year which resulted in a year-end balance for deferred inflows of resources of \$556,578.

NOTE 12. NOTE RECEIVABLE

As part of a land sale by the District to GCP Paper USA, Inc. (“GCP”), the District entered into a promissory note with GCP where GCP owed the District \$1,090,125 for a portion of the sale price. The note is payable in 5 annual installments of \$218,025 commencing on January 31, 2024 and continuing each January 31st until the final payment which is due on January 31, 2028. The first payment was delayed and is expected to be collected in fiscal year 2025. Along with the sale of land, GCP and the District entered into a Scholarship Fund Agreement (“SFA”) detailing out commitments made by GCP and the District including 1) donations owed by GCP to the East Montgomery County Scholarship Foundation; 2) GCP’s commitment to complete construction of warehouse and commence operations as detailed in the SFA; 3) GCP providing District an annual allowance of paper goods starting when operations commence; and 4) the District reimbursing GCP \$150,000 for workforce training expenditures within 2 years of operations commencing. As of June 30, 2024, the note receivable balance is \$1,090,125, of which \$436,050 is due within one year and \$654,075 is due after one year.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Joint Agreement with Montgomery County Emergency Services District No. 6

The District has an agreement with Montgomery County Emergency Services District No. 6 (“ESD No. 6”) whereby the District makes payments to ESD No. 6 based on sales tax collections to be used to provide expanded emergency services within its boundaries. During the current fiscal year, the District recognized \$3,065,478 of expenditures related to ESD No. 6 and as of June 30, 2024, the District owed ESD No. 6 \$2,367,506 related to these expenditures.

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

Agreements with Montgomery County Emergency Services District No. 7

The District has an agreement with Montgomery County Emergency Services District No. 7 (“ESD No. 7”) whereby the District makes payments to ESD No. 7 based on sales tax collections. ESD No. 7 uses these resources to provide expanded emergency services within its boundaries. In the current fiscal year, the District recognized \$1,843,276 to ESD No. 7 and as of June 30, 2024, the District owed ESD No. 7 \$1,210,273 related to these expenditures.

In a prior fiscal year, the District executed a fire truck funding agreement with ESD No. 7 whereby the District agreed to provide funding to ESD No. 7 of \$1,352,790 which is to be used by ESD No. 7 to pay the principal and interest on ESD No. 7’s loan for the purchase of a fire truck. The grant will be paid in 10 equal annual installments of \$135,279 which includes both principal and interest accruing at 2.125%. Current year principal payments totaled \$114,334 resulting in a balance due of \$871,332.

The following table summarizes the remaining payments to be made under the terms of the grant:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|-------------------|------------------|-------------------|
| 2025 | \$ 116,763 | \$ 18,516 | \$ 135,279 |
| 2026 | 119,244 | 16,035 | 135,279 |
| 2027 | 121,778 | 13,501 | 135,279 |
| 2028 | 124,366 | 10,913 | 135,279 |
| 2029-2031 | <u>389,181</u> | <u>16,656</u> | <u>405,837</u> |
| | <u>\$ 871,332</u> | <u>\$ 75,621</u> | <u>\$ 946,953</u> |

NOTE 14. SUBSEQUENT EVENT – PENDING BOND SALE

During the fourth quarter of 2024, subsequent to the report date, the District anticipates issuing its Series 2024 Sales Tax Revenue Bonds in the approximate amount of \$167,945,000. Bond proceeds will be used to finance Project planning costs, land acquisition costs, land development costs, Project construction costs, an amount to fund approximately 24 months of capitalized interest, an amount to fund a Debt Service Reserve Fund Surety Policy and amounts to pay certain costs incurred in connection with the issuance of the bonds.

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EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|------------------------------|-----------------------|------------------------------------|
| REVENUES | | | |
| Sales Tax Revenues | \$ 21,500,000 | \$ 21,662,478 | \$ 162,478 |
| Hotel and Motel Tax Revenues | 350,000 | 329,239 | (20,761) |
| Grant Revenues | | 96,489 | 96,489 |
| Building Rents and Leases | 1,149,354 | 951,941 | (197,413) |
| Event Revenues | 239,000 | 240,039 | 1,039 |
| Land Sales | 1,000,000 | 406,858 | (593,142) |
| Interest and Other | 35,376 | 110,395 | 75,019 |
| TOTAL REVENUES | <u>\$ 24,273,730</u> | <u>\$ 23,797,439</u> | <u>\$ (476,291)</u> |
| EXPENDITURES | | | |
| Service Operations: | | | |
| Programs: | | | |
| Community Development: | | | |
| ESD No. 6 and ESD No. 7 Donations | \$ 3,380,140 | \$ 5,044,034 | \$ (1,663,894) |
| Special Events | 1,100,000 | 1,285,468 | (185,468) |
| Projects | 1,421,250 | 334,158 | 1,087,092 |
| Grants | 225,000 | 276,487 | (51,487) |
| Total Community Development Expenditures | <u>\$ 6,126,390</u> | <u>\$ 6,940,147</u> | <u>\$ (813,757)</u> |
| Economic Development | <u>\$ 3,547,070</u> | <u>\$ 2,409,522</u> | <u>\$ 1,137,548</u> |
| Scholarships | <u>\$ 800,000</u> | <u>\$ 800,000</u> | <u>\$ -0-</u> |
| Administrative: | | | |
| Salaries | \$ 1,886,136 | \$ 1,368,833 | \$ 517,303 |
| Computers and Software | 159,667 | 154,882 | 4,785 |
| Travel and Training | 437,000 | 281,804 | 155,196 |
| Professional Fees | 395,500 | 320,839 | 74,661 |
| Advertising | 210,000 | 129,426 | 80,574 |
| Office, Postage, and Utilities | 386,450 | 239,030 | 147,420 |
| Miscellaneous | 153,600 | 141,442 | 12,158 |
| Total Administrative Expenditures | <u>\$ 3,628,353</u> | <u>\$ 2,636,256</u> | <u>\$ 992,097</u> |
| Building, Including Capital Outlay | <u>\$ 6,267,490</u> | <u>\$ 10,666,350</u> | <u>\$ (4,398,860)</u> |
| Note Principal and Interest | <u>\$ 1,904,427</u> | <u>\$ 3,507,176</u> | <u>\$ (1,602,749)</u> |
| TOTAL EXPENDITURES | <u>\$ 22,273,730</u> | <u>\$ 26,959,451</u> | <u>\$ (4,685,721)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ 2,000,000</u> | <u>\$ (3,162,012)</u> | <u>\$ (5,162,012)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Loan Proceeds | \$ | \$ 3,729,021 | \$ 3,729,021 |
| Transfers Out | | (1,630,585) | (1,630,585) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>\$ -0-</u> | <u>\$ 2,098,436</u> | <u>\$ 2,098,436</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 2,000,000</u> | <u>\$ (1,063,576)</u> | <u>\$ (3,063,576)</u> |
| FUND BALANCE - JULY 1, 2023 | <u>9,932,163</u> | <u>9,932,163</u> | |
| FUND BALANCE - JUNE 30, 2024 | <u>\$ 11,932,163</u> | <u>\$ 8,868,587</u> | <u>\$ (3,063,576)</u> |

See accompanying independent auditor's report.

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EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

SUPPLEMENTARY INFORMATION

JUNE 30, 2024

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**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

| | Amounts | | |
|--|-----------------------|----------------------|-----------------------|
| | 2024 | 2023 | 2022 |
| REVENUES | | | |
| Sales Taxes | \$ 21,662,478 | \$ 19,892,239 | \$ 18,254,192 |
| Hotel and Motel Taxes | 329,239 | 280,134 | 352,358 |
| Grant Revenues | 96,489 | | 1,137,281 |
| Building Rents and Leases | 951,941 | 540,231 | 175,528 |
| Event Revenues | 240,039 | 161,880 | 383,922 |
| Land Sales | 406,858 | | 759,609 |
| Interest and Other Revenues | 110,395 | 401,441 | 361,467 |
| TOTAL REVENUES | \$ 23,797,439 | \$ 21,275,925 | \$ 21,424,357 |
| EXPENDITURES | | | |
| Programs | \$ 10,149,669 | \$ 5,319,373 | \$ 7,332,355 |
| Administrative | 2,636,256 | 2,893,062 | 2,530,342 |
| Building | 1,709,276 | 1,741,203 | 1,131,253 |
| Capital Outlay | 8,957,074 | 7,385,098 | 13,276,136 |
| Debt Service | 3,507,176 | 1,932,298 | 146,741 |
| TOTAL EXPENDITURES | \$ 26,959,451 | \$ 19,271,034 | \$ 24,416,827 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (3,162,012) | \$ 2,004,891 | \$ (2,992,470) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In (Out) | \$ (1,630,585) | \$ (952,307) | \$ (1,826,943) |
| Loan Proceeds | 3,729,021 | 2,872,193 | 4,241,300 |
| Reimbursements from Government Entities | | | 394,668 |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ 2,098,436 | \$ 1,919,886 | \$ 2,809,025 |
| NET CHANGE IN FUND BALANCE | \$ (1,063,576) | \$ 3,924,777 | \$ (183,445) |
| BEGINNING FUND BALANCE | 9,932,163 | 6,007,386 | 6,190,831 |
| ENDING FUND BALANCE | \$ 8,868,587 | \$ 9,932,163 | \$ 6,007,386 |

See accompanying independent auditor's report.

| | | Percentage of Total Revenue | | | | |
|----------------------|----------------------|-----------------------------|----------------|-----------------|----------------|----------------|
| 2021 | 2020 | 2024 | 2023 | 2022 | 2021 | 2020 |
| \$ 15,669,095 | \$ 13,515,164 | 91.0 % | 93.5 % | 85.3 % | 80.7 % | 92.4 % |
| 201,786 | 181,522 | 1.4 | 1.3 | 1.6 | 1.0 | 1.2 |
| 286,721 | | 0.4 | | 5.3 | 1.5 | |
| 293,566 | 239,580 | 4.0 | 2.5 | 0.8 | 1.5 | 1.6 |
| 284,361 | 125,765 | 1.0 | 0.8 | 1.8 | 1.5 | 0.9 |
| 2,644,434 | 203,710 | 1.7 | | 3.5 | 13.6 | 1.4 |
| 45,455 | 369,909 | 0.5 | 1.9 | 1.7 | 0.2 | 2.5 |
| <u>\$ 19,425,418</u> | <u>\$ 14,635,650</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |
| \$ 7,482,221 | \$ 8,071,677 | 42.8 % | 25.0 % | 34.2 % | 38.5 % | 55.2 % |
| 2,496,916 | 2,176,749 | 11.2 | 13.6 | 11.8 | 12.9 | 14.9 |
| 874,263 | 613,803 | 7.2 | 8.2 | 5.3 | 4.5 | 4.2 |
| 6,912,260 | 2,694,852 | 37.6 | 34.7 | 62.0 | 35.6 | 18.4 |
| 2,475,131 | 6,361 | 14.7 | 9.1 | 0.7 | 12.7 | |
| <u>\$ 20,240,791</u> | <u>\$ 13,563,442</u> | <u>113.5 %</u> | <u>90.6 %</u> | <u>114.0 %</u> | <u>104.2 %</u> | <u>92.7 %</u> |
| <u>\$ (815,373)</u> | <u>\$ 1,072,208</u> | <u>(13.5) %</u> | <u>9.4 %</u> | <u>(14.0) %</u> | <u>(4.2) %</u> | <u>7.3 %</u> |
| \$ 387,500 | \$ (385,408) | | | | | |
| 1,366,256 | | | | | | |
| <u>\$ 1,753,756</u> | <u>\$ (385,408)</u> | | | | | |
| \$ 938,383 | \$ 686,800 | | | | | |
| 5,252,448 | 4,565,648 | | | | | |
| <u>\$ 6,190,831</u> | <u>\$ 5,252,448</u> | | | | | |

See accompanying independent auditor's report.

