

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

MONTGOMERY COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis 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, 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 the District as of June 30, 2025, 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 Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

November 6, 2025

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025. 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, 2025**

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 \$54,887,533 as of June 30, 2025.

The first table on the following page provides a comparative summary of the District’s Statement of Net Position as of June 30, 2025 and June 30, 2024.

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2025</u>	<u>2024</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 160,289,285	\$ 19,756,866	\$ 140,532,419
Capital Assets (Net of Depreciation)	92,046,774	48,065,623	43,981,151
Total Assets	<u>\$ 252,336,059</u>	<u>\$ 67,822,489</u>	<u>\$ 184,513,570</u>
Deferred Outflows of Resources	\$ 703,531	\$ 753,229	\$ (49,698)
Bonds Payable	\$ 173,468,697	\$ 7,035,000	\$ (166,433,697)
Notes Payable	13,477,094	6,080,740	(7,396,354)
Grants and Other Liabilities	8,447,125	4,804,487	(3,642,638)
Total Liabilities	<u>\$ 195,392,916</u>	<u>\$ 17,920,227</u>	<u>\$ (177,472,689)</u>
Deferred Inflows of Resources	\$ 2,759,141	\$ 2,710,123	\$ (49,018)
Net Position:			
Net Investment in Capital Assets	\$ 25,819,453	\$ 36,904,341	\$ (11,084,888)
Restricted	11,541,258	2,914,232	8,627,026
Unrestricted	17,526,822	8,126,795	9,400,027
Total Net Position	<u><u>\$ 54,887,533</u></u>	<u><u>\$ 47,945,368</u></u>	<u><u>\$ 6,942,165</u></u>

The following table provides a comparative summary of the District's operations for the years ended June 30, 2025, and June 30, 2024.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2025</u>	<u>2024</u>	<u>Change Positive (Negative)</u>
Revenues:			
Sales and Hotel Tax Revenues	\$ 25,800,394	\$ 23,554,847	\$ 2,245,547
Rents, Leases, and Events	1,424,780	924,201	500,579
Investment and Other	3,789,180	349,418	3,439,762
Total Revenues	<u>\$ 31,014,354</u>	<u>\$ 24,828,466</u>	<u>\$ 6,185,888</u>
Total Expenses	<u>24,072,189</u>	<u>17,778,830</u>	<u>(6,293,359)</u>
Change in Net Position	\$ 6,942,165	\$ 7,049,636	\$ (107,471)
Net Position, Beginning of Year	<u>47,945,368</u>	<u>40,895,732</u>	<u>7,049,636</u>
Net Position, End of Year	<u><u>\$ 54,887,533</u></u>	<u><u>\$ 47,945,368</u></u>	<u><u>\$ 6,942,165</u></u>

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2025, were \$152,569,535, an increase of \$140,615,906 from prior year.

The General Fund fund balance increased by \$9,249,015, primarily due to sales tax revenues, loan proceeds, note receivable receipts and transfers from Capital Projects Fund being more than program, administrative, capital outlay and debt service costs.

The Blended Component Units include the activities of the Economic Development Zone Nos. 1, 2, 3 and 4. This fund balance increased by \$587,281 primarily due to sales tax revenues and transfers which exceeded current year economic development expenditures.

The Debt Service Fund fund balance increased by \$10,875,775 primarily due to the structure of the District's outstanding debt and the receipt of capitalized interest from Series 2024 bonds.

The Capital Projects Fund fund balance increased by \$119,903,835 due to the Series 2024 bond issue.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund for the current fiscal year. Actual revenues were \$422,707 less than budgeted revenues, actual expenditures were \$2,189,432 more than budgeted expenditures, and other financing sources exceeded budgeted amounts by \$11,393,784 which resulted in a positive variance of \$8,781,645.

CAPITAL ASSETS

Capital assets as of June 30, 2025, total \$92,046,774 (net of accumulated depreciation) and include land, buildings, equipment, and detention facilities. Current year activity included various land purchases and construction in progress for the Convention Center and Parking Garage project.

Capital Assets At Year-End			
	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 38,447,228	\$ 18,984,452	\$ 19,462,776
Construction in Progress	35,787,480	11,465,244	24,322,236
Capital Assets Subject to Depreciation:			
Buildings and Equipment	22,828,663	21,967,430	861,233
Detention Facilities	1,383,426	1,383,426	
Less Accumulated Depreciation	(6,400,023)	(5,734,929)	(665,094)
Total Net Capital Assets	\$ 92,046,774	\$ 48,065,623	\$ 43,981,151

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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 \$2,849,697 and deferred inflows of resources related to future lease revenues of \$2,685,908. 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 \$165,825,000. The District's underlying rating is "A+." The bonds carry insured ratings of "AA" by S&P based on bond insurance issued by Build America Mutual Assurance Company or Assured Guaranty Inc. The changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, July 1, 2024	\$ 7,035,000
Add: Bond Sale	159,105,000
Less: Bond Principal Paid	<u>(315,000)</u>
Bond Debt Payable, June 30, 2025	<u>\$ 165,825,000</u>

The District's notes payable balance totaled \$14,009,946 as of June 30, 2025. The changes in notes payable during the current fiscal year are summarized in the following table:

Notes Payable, July 1, 2024	\$ 6,080,740
Add: Notes Issued	8,149,000
Less: Note Principal Paid	<u>(219,794)</u>
Notes Payable, June 30, 2025	<u>\$ 14,009,946</u>

The District also recorded a grant payable to Montgomery County Emergency Services District No. 7 with a balance of \$754,569 as of June 30, 2025. 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, 2025

	General Fund	Blended Component Units
ASSETS		
Cash	\$ 3,955,670	\$ 1,899,204
Investments	10,223,392	
Receivables:		
Sales Taxes	4,117,081	3,272
Accrued Interest	5,235	
Leases, Due Within One Year		
Leases, Due After One Year		
Prepaid Costs	46,914	593
Due From Other Funds	70,669	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 18,418,961	\$ 1,903,069
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 18,418,961	\$ 1,903,069

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
\$	\$	\$	\$	\$
12,604,663	574 124,582,990	5,855,448 147,411,045		5,855,448 147,411,045
		4,120,353		4,120,353
		5,235		5,235
			833,953	833,953
			2,015,744	2,015,744
		47,507		47,507
		70,669	(70,669)	
			38,447,228	38,447,228
			35,787,480	35,787,480
			17,812,066	17,812,066
<u>\$ 12,604,663</u>	<u>\$ 124,583,564</u>	<u>\$ 157,510,257</u>	<u>\$ 94,825,802</u>	<u>\$ 252,336,059</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 703,531</u>	<u>\$ 703,531</u>
<u>\$ 12,604,663</u>	<u>\$ 124,583,564</u>	<u>\$ 157,510,257</u>	<u>\$ 95,529,333</u>	<u>\$ 253,039,590</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, 2025**

	General Fund	Blended Component Units
LIABILITIES		
Accounts Payable	\$ 228,126	\$ 69
Accrued Interest Payable		
Retainage Payable		
Due to Other Funds		70,669
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	\$ 228,126	\$ 70,738
DEFERRED INFLOWS OF RESOURCES		
Unearned Rental Income	\$ 73,233	\$
Lease Revenues		
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 73,233	\$ -0-
FUND BALANCES		
Nonspendable: Prepaid Costs	\$ 46,914	\$ 593
Restricted for Authorized Construction		
Restricted for Debt Service		
Restricted for Economic Development		1,831,738
Unassigned	18,070,688	
TOTAL FUND BALANCES	\$ 18,117,602	\$ 1,832,331
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 18,418,961	\$ 1,903,069
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.

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 3,403,107	\$ 3,631,302	\$	\$ 3,631,302
			2,895,736	2,895,736
	1,165,518	1,165,518		1,165,518
		70,669	(70,669)	
			119,244	119,244
			635,325	635,325
			881,783	881,783
			12,595,311	12,595,311
			325,000	325,000
			173,143,697	173,143,697
<u>\$ -0-</u>	<u>\$ 4,568,625</u>	<u>\$ 4,867,489</u>	<u>\$ 190,525,427</u>	<u>\$ 195,392,916</u>
\$	\$	\$ 73,233	\$	\$ 73,233
			2,685,908	2,685,908
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 73,233</u>	<u>\$ 2,685,908</u>	<u>\$ 2,759,141</u>
\$	\$	\$ 47,507	\$ (47,507)	\$
	120,014,939	120,014,939	(120,014,939)	
12,604,663		12,604,663	(12,604,663)	
		1,831,738	(1,831,738)	
		18,070,688	(18,070,688)	
<u>\$ 12,604,663</u>	<u>\$ 120,014,939</u>	<u>\$ 152,569,535</u>	<u>\$ (152,569,535)</u>	<u>\$ - 0 -</u>
<u>\$ 12,604,663</u>	<u>\$ 124,583,564</u>	<u>\$ 157,510,257</u>		
			\$ 25,819,453	\$ 25,819,453
			9,708,927	9,708,927
			1,832,331	1,832,331
			17,526,822	17,526,822
			<u>\$ 54,887,533</u>	<u>\$ 54,887,533</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, 2025**

Total Fund Balances - Governmental Funds \$ 152,569,535

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. 703,531

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 92,046,774

Leases receivable and the corresponding deferred inflows of resources are reported in the government-wide financial statements in accordance with auditing 163,789

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	\$ (2,895,736)	
Grant Payable	(754,569)	
Notes Payable	(13,477,094)	
Bonds Payable	<u>(173,468,697)</u>	<u>(190,596,096)</u>

Total Net Position - Governmental Activities \$ 54,887,533

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

**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, 2025**

	<u>General Fund</u>	<u>Blended Component Units</u>
REVENUES		
Sales Taxes	\$ 23,619,251	\$ 1,778,215
Hotel and Motel Taxes	402,928	
Building Rents and Leases	997,008	
Events Revenues	393,523	
Land Sales	255,274	
Interest and Other Revenues	258,949	5,367
TOTAL REVENUES	<u>\$ 25,926,933</u>	<u>\$ 1,783,582</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Programs:		
Community Development	\$ 5,736,640	\$
Economic Development	2,198,827	2,604,311
Scholarships	700,000	
Administrative:		
Professional Fees	456,452	10,081
Salaries and Benefits	1,354,933	
Advertising	436,936	
Computers and Software	134,370	
Travel and Training	310,526	
Other	323,009	3,175
Building	1,728,397	
Depreciation		
Capital Outlay	14,072,743	
Debt Service:		
Bond and Note Principal Retirements	219,794	
Bond and Note Interest	372,075	
Bond Issuance Costs	27,000	
TOTAL EXPENDITURES/EXPENSES	<u>\$ 28,071,702</u>	<u>\$ 2,617,567</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	<u>\$ (2,144,769)</u>	<u>\$ (833,985)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	\$ 2,238,734	\$ 1,421,266
Proceeds from Notes Payable	8,149,000	
Note Receivable Receipts	1,006,050	
Proceeds from the Issuance of Bonds		
Bond Premium		
Bond Discount		
TOTAL OTHER FINANCING SOURCES, NET	<u>\$ 11,393,784</u>	<u>\$ 1,421,266</u>
NET CHANGE IN FUND BALANCES	\$ 9,249,015	\$ 587,281
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2024	<u>8,868,587</u>	<u>1,245,050</u>
FUND BALANCES/NET POSITION - JUNE 30, 2025	<u>\$ 18,117,602</u>	<u>\$ 1,832,331</u>

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
\$	\$	\$ 25,397,466	\$	\$ 25,397,466
		402,928		402,928
		997,008	34,249	1,031,257
		393,523		393,523
		255,274	(255,274)	
<u>335,830</u>	<u>3,273,109</u>	<u>3,873,255</u>	<u>(84,075)</u>	<u>3,789,180</u>
\$ 335,830	\$ 3,273,109	\$ 31,319,454	\$ (305,100)	\$ 31,014,354
\$	\$	\$ 5,736,640	\$ (116,763)	\$ 5,619,877
		4,803,138		4,803,138
		700,000		700,000
		466,533		466,533
		1,354,933		1,354,933
		436,936		436,936
		134,370		134,370
		310,526		310,526
500	105	326,789		326,789
		1,728,397		1,728,397
			665,094	665,094
	31,430,979	45,503,722	(45,503,722)	
		534,794	(534,794)	
315,000		1,706,417	2,817,938	4,524,355
1,334,342	<u>2,974,241</u>	<u>3,001,241</u>		<u>3,001,241</u>
\$ 1,649,842	\$ 34,405,325	\$ 66,744,436	\$ (42,672,247)	\$ 24,072,189
\$ (1,314,012)	\$ (31,132,216)	\$ (35,424,982)	\$ 42,367,147	\$ 6,942,165
\$ 840,000	\$ (4,500,000)	\$	\$	\$
		8,149,000	(8,149,000)	
		1,006,050	(1,006,050)	
11,349,787	147,755,213	159,105,000	(159,105,000)	
	9,490,671	9,490,671	(9,490,671)	
	<u>(1,709,833)</u>	<u>(1,709,833)</u>	<u>1,709,833</u>	
\$ 12,189,787	\$ 151,036,051	\$ 176,040,888	\$ (176,040,888)	\$ -0-
\$ 10,875,775	\$ 119,903,835	\$ 140,615,906	\$ (140,615,906)	\$
			6,942,165	6,942,165
<u>1,728,888</u>	<u>111,104</u>	<u>11,953,629</u>	<u>35,991,739</u>	<u>47,945,368</u>
\$ 12,604,663	\$ 120,014,939	\$ 152,569,535	\$ (97,682,002)	\$ 54,887,533

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, 2025**

Net Change in Fund Balances - Governmental Funds \$ 140,615,906

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. (665,094)

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. 45,503,722

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, if any. (255,274)

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. 34,249

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. (49,698)

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. 651,557

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. (2,836,030)

Governmental funds report bond and note premiums and discounts as other financing sources and uses in the year paid. However, in the Statement of Net Position, bond and note premiums and discounts are amortized over the life of the bonds and notes and the current year amortized portion is recorded in the Statement of Activities. (7,713,048)

Governmental funds report bond proceeds, loan proceeds, note receivable payments and note receivable write offs as other financing sources or uses. Bonds and loans increase long-term liabilities and note receivable payments and write offs decrease receivables in the Statement of Net Position. (168,344,125)

Change in Net Position - Governmental Activities \$ 6,942,165

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, 2025

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, 2025

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, 2025

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, 2025

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 Capital Projects Fund transferred \$4,500,000 to the General Fund from the Series 2024 bond proceeds to reimburse capital costs. The General Fund transferred \$840,000 to the Debt Service Fund to provide for debt service on the outstanding bonds and \$1,421,266 to the Blended Component Units to fund economic development costs. As of year end, the Blended Component Units owed the General Fund \$70,669 for prior year and current 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, 2025

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 8 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, 2025

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, 2025, consist of the following:

	Series 2020	Series 2024
Amount Outstanding - June 30, 2025	\$ 6,720,000	\$ 159,105,000
Interest Rates	1.35% - 2.87%	4.00% - 5.25%
Maturity Dates – Serially Beginning/Ending	August 15, 2025/2039	August 15, 2027/2054
Interest Payment Dates	August 15/ February 15	August 15/ February 15
Callable Dates	August 15, 2030*	August 15, 2034*

* 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. The Series 2020 term bonds maturing on August 15, 2039 are subject to mandatory sinking fund redemption beginning on August 15, 2036. The Series 2024 term bonds maturing on August 15, 2044, 2049 and 2054 are subject to mandatory sinking fund redemption beginning on August 15, 2043, 2045 and 2050, respectively.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3. BONDS PAYABLE (Continued)

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2025:

	July 1, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	\$ 7,035,000	\$ 159,105,000	\$ 315,000	\$ 165,825,000
Unamortized Discounts		(1,709,833)	(30,137)	(1,679,696)
Unamortized Premiums		9,490,671	167,278	9,323,393
Bonds Payable, Net	\$ 7,035,000	\$ 166,885,838	\$ 452,141	\$ 173,468,697
		Amount Due Within One Year		\$ 325,000
		Amount Due After One Year		173,143,697
		Bonds Payable, Net		\$ 173,468,697

As of June 30, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 325,000	\$ 7,719,768	\$ 8,044,768
2027	335,000	7,714,978	8,049,978
2028	2,900,000	7,645,744	10,545,744
2029	3,035,000	7,509,072	10,544,072
2030	3,180,000	7,365,427	10,545,427
2031-2035	18,340,000	34,402,954	52,742,954
2036-2040	23,200,000	29,537,407	52,737,407
2041-2045	29,480,000	23,260,225	52,740,225
2045-2050	37,510,000	15,227,773	52,737,773
2051-2055	47,520,000	5,220,702	52,740,702
	\$ 165,825,000	\$ 145,604,050	\$ 311,429,050

The bond orders state 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.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3. BONDS PAYABLE (Continued)

The Series 2020 Taxable Sales Tax Revenue Refunding Bonds (the “2020 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 2020 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 2020 Bonds, (2) 125% of the average debt service requirements on the 2020 Bonds, and (3) 10% of the stated principal amount of the 2020 Bonds then outstanding.

The Series 2024 Sales Tax Revenue Bonds (the “2024 Bonds”) are special and limited obligations of the District, payable from and secured by a lien on and pledge of the proceeds of 75% of the revenues derived from the sales and use tax levied within the District and certain other revenues described in the Resolution, including 100% of the District’s hotel occupancy tax revenues, building lease/rent revenues, and event revenues (collectively, the "Pledged Revenues"). The Bonds are payable on an equal and ratable basis with the Series 2020 Bonds.

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 \$506,384.

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 \$2,736,689.

During fiscal year 2024, the District executed a note payable to help finance the Nichols land purchase for \$909,021 which accrues interest at 5.81% and includes payments of \$10,049 monthly. The note matures on May 15, 2035 and has a current balance of \$897,873.

During fiscal year 2024, the District executed a note payable to help finance the Barfield land purchase for \$1,820,000 which is a zero-interest bearing note payable 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 District used an implied interest rate of 4.66% based on the June 2024 Applicable Federal Rate for annual mid-term loans to calculate a discount on the note payable of \$331,789. This discount will be recognized as interest expense over the life of the note. At June 30, 2025, the note has a current balance of \$1,720,000 and a discount on note payable of \$262,438.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4. NOTES PAYABLE (Continued)

During the current fiscal year, the District executed a note payable to help finance the Cerise Family land purchase for \$2,649,000 which is a zero-interest bearing note payable and has five annual principal payments of \$529,800 due each October 31st starting October 31, 2025. The District used an implied interest rate of 3.70% based on the October 2024 Applicable Federal Rate for annual mid-term loans to calculate a discount on the note payable of \$270,414. This discount will be recognized as interest expense over the life of the note. At June 30, 2025, the note has a current balance of \$2,649,000 and a discount on note payable of \$270,414.

During the current fiscal year, the District executed a note payable to help finance the purchase of land in Splendor for \$5,500,000 which accrues interest at 6.146% and has twenty-three monthly principal and interest payments of \$40,192 due each 12th of the month starting January 12, 2026 and the remaining principal due December 13, 2027. The note has a current balance of \$5,500,000.

Changes in notes payable during the current fiscal year are summarized in the following table:

	July 1, 2024	Additions	Retirements	June 30, 2025
Notes Payable	\$ 6,080,740	\$ 8,149,000	\$ 219,794	\$ 14,009,946
Discount on Notes Payable		(602,203)	(69,351)	(532,852)
Notes Payable, Net	\$ 6,080,740	\$ 7,546,797	\$ 150,443	\$ 13,477,094
		Amount Due Within One Year		\$ 881,783
		Amount Due After One Year		12,595,311
		Notes Payable, Net		\$ 13,477,094

As of June 30, 2025, the debt service requirements on the notes outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 881,783	\$ 428,091	\$ 1,309,874
2027	1,409,454	578,828	1,988,282
2028	6,081,736	379,699	6,461,435
2029	2,130,439	203,507	2,333,946
2030	722,339	191,606	913,945
2031-2035	1,155,030	759,890	1,914,920
2036-2040	908,293	409,524	1,317,817
2041-2043	720,872	77,573	798,445
	\$ 14,009,946	\$ 3,028,718	\$ 17,038,664

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

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, 2025, are summarized in the following table:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 3,955,670	\$ 470,000	\$ 4,425,670
BLENDED COMPONENT UNITS	1,899,204		1,899,204
CAPITAL PROJECTS FUND	574		574
TOTAL DEPOSITS	\$ 5,855,448	\$ 470,000	\$ 6,325,448

At fiscal year end, the carrying amount of the District’s deposits was \$6,325,448 and the bank balance was \$6,682,180. 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.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

As of June 30, 2025, the District had the following investments and maturities:

<u>Funds and Investment Type</u>	<u>Fair Value</u>	<u>Maturities of Less Than 1 Year</u>
<u>GENERAL FUND</u>		
Texas CLASS	\$ 9,753,392	\$ 9,753,392
Certificates of Deposit	470,000	470,000
<u>DEBT SERVICE FUND</u>		
Texas CLASS	12,604,663	12,604,663
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	124,582,990	124,582,990
TOTAL INVESTMENTS	<u>\$ 147,411,045</u>	<u>\$ 147,411,045</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.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

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. 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.

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8. 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.

NOTE 9. CAPITAL ASSETS

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

	July 1, 2024	Increases	Decreases	June 30, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 18,984,452	\$ 20,049,839	\$ 587,063	\$ 38,447,228
Construction in Progress	<u>11,465,244</u>	<u>24,322,236</u>	<u> </u>	<u>35,787,480</u>
Total Capital Assets Not Being Depreciated	<u>\$ 30,449,696</u>	<u>\$ 44,372,075</u>	<u>\$ 587,063</u>	<u>\$ 74,234,708</u>
Capital Assets Subject to Depreciation				
Buildings and Equipment	\$ 21,967,430	\$ 861,233	\$	\$ 22,828,663
Detention Facilities	<u>1,383,426</u>	<u> </u>	<u> </u>	<u>1,383,426</u>
Total Capital Assets Subject to Depreciation	<u>\$ 23,350,856</u>	<u>\$ 861,233</u>	<u>\$ - 0 -</u>	<u>\$ 24,212,089</u>
Accumulated Depreciation				
Buildings and Equipment	\$ 5,605,222	\$ 630,508	\$	\$ 6,235,730
Detention Facilities	<u>129,707</u>	<u>34,586</u>	<u> </u>	<u>164,293</u>
Total Accumulated Depreciation	<u>\$ 5,734,929</u>	<u>\$ 665,094</u>	<u>\$ - 0 -</u>	<u>\$ 6,400,023</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 17,615,927</u>	<u>\$ 196,139</u>	<u>\$ - 0 -</u>	<u>\$ 17,812,066</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 48,065,623</u>	<u>\$ 44,568,214</u>	<u>\$ 587,063</u>	<u>\$ 92,046,774</u>

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10. 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. Effective October 23, 2024, the District amended the lease and extended the lease term from July 31, 2025 to December 31, 2027. Monthly lease payments during the year were \$31,640 for July 2024 through October 2024 and \$27,120 for the remaining term. The lease accrues interest at 8% annually.

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

Lease Receivable, July 1, 2024	\$ 392,748
Add: Lease Principal Addition	632,230
Less: Lease Principal Received	<u>(289,786)</u>
Lease Receivable, June 30, 2025	<u>\$ 735,192</u>

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

Fiscal Year	Principal	Interest	Total
2026	\$ 276,621	\$ 48,819	\$ 325,440
2027	299,581	25,859	325,440
2028	<u>158,990</u>	<u>3,730</u>	<u>162,720</u>
	<u>\$ 735,192</u>	<u>\$ 78,408</u>	<u>\$ 813,600</u>

The District recognized lease revenue during the current fiscal year of \$231,710 on the government-wide basis which resulted in a year-end balance for deferred inflows of resources of \$750,428.

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, 2024	\$ 1,247,675
Less: Lease Principal Received	<u>(309,159)</u>
Lease Receivable, June 30, 2025	<u>\$ 938,516</u>

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10. LEASES RECEIVABLE (Continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 334,819	\$ 62,981	\$ 397,800
2027	362,608	35,192	397,800
2028	241,089	6,834	247,923
	<u>\$ 938,516</u>	<u>\$ 105,007</u>	<u>\$ 1,043,523</u>

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 \$858,326.

In fiscal year 2024, 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.

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

Lease Receivable, July 1, 2024	\$ 620,252
Less: Decrease in Lease Receivable	(44,094)
Less: Lease Principal Received	<u>(63,624)</u>
Lease Receivable, June 30, 2025	<u>\$ 512,534</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 116,197	\$ 36,803	\$ 153,000
2027	125,841	27,159	153,000
2028	136,285	16,715	153,000
2029	134,211	6,039	140,250
	<u>\$ 512,534</u>	<u>\$ 86,716</u>	<u>\$ 599,250</u>

The District recognized lease revenue of \$116,208 during the current fiscal year which resulted in a year-end balance for deferred inflows of resources of \$458,027.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10. LEASES RECEIVABLE (Continued)

In fiscal year 2024, 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, 2024	\$ 578,988
Less: Lease Principal Received	<u>(51,077)</u>
Lease Receivable, June 30, 2025	<u>\$ 527,911</u>

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

Fiscal Year	Principal	Interest	Total
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	81,875	18,477	100,352
2031-2032	<u>186,068</u>	<u>16,002</u>	<u>202,070</u>
	<u>\$ 527,911</u>	<u>\$ 165,237</u>	<u>\$ 693,148</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 \$487,006.

On October 23, 2024, the District amended a building lease to extend the term through December 2027 which is required to be recorded in the financial statements in accordance with GASB Statement No. 87. Monthly lease payments are \$5,000 over the course of the renewed lease term of 38 months. The lease accrues interest at 8% annually.

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

Lease Receivable, July 1, 2024	\$ - 0 -
Add: Lease Principal Addition	167,353
Less: Lease Principal Received	<u>(31,809)</u>
Lease Receivable, June 30, 2025	<u>\$ 135,544</u>

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10. LEASES RECEIVABLE (Continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 51,000	\$ 9,000	\$ 60,000
2027	55,232	4,768	60,000
2028	<u>29,312</u>	<u>688</u>	<u>30,000</u>
	<u>\$ 135,544</u>	<u>\$ 14,456</u>	<u>\$ 150,000</u>

The District recognized lease revenue of \$35,232 during the current fiscal year which resulted in a year-end balance for deferred inflows of resources of \$132,121.

NOTE 11. 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 collected in fiscal year 2025 along with the additional payment owed during the year as well as a final payment to zero out the receivable balance. The District recognized note receivable payments totaling \$1,006,050 and a write off of the remaining receivable balance of \$84,075 for the year ended June 30, 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. During the year ended June 30, 2025, the District recognized \$50,000 of scholarship revenue from GCP.

NOTE 12. 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 paid \$2,151,948 to ESD No. 6.

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12. 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 paid \$1,484,825 to ESD No. 7.

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 \$116,763 resulting in a balance due of \$754,569.

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

Fiscal Year	Principal	Interest	Total
2026	\$ 119,244	\$ 16,035	\$ 135,279
2027	121,778	13,501	135,279
2028	124,366	10,913	135,279
2029	127,009	8,270	135,279
2030	129,708	5,571	135,279
2031	132,464	2,815	135,279
	\$ 754,569	\$ 57,105	\$ 811,674

NOTE 13. BOND SALE

On December 19, 2024, the District issued its Series 2024 Sales Tax Revenue Bonds in the amount of \$159,105,000. Bond proceeds will be used to finance Project planning costs, land acquisition costs, land development costs, Project construction costs, an amount to fund 18 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.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2025

**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, 2025**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Sales Tax Revenues	\$ 23,650,000	\$ 23,619,251	\$ (30,749)
Hotel and Motel Tax Revenues	350,000	402,928	52,928
Building Rents and Leases	1,336,640	997,008	(339,632)
Event Revenues	175,000	393,523	218,523
Land Sales	750,000	255,274	(494,726)
Interest and Other	<u>88,000</u>	<u>258,949</u>	<u>170,949</u>
TOTAL REVENUES	<u>\$ 26,349,640</u>	<u>\$ 25,926,933</u>	<u>\$ (422,707)</u>
EXPENDITURES			
Service Operations:			
Programs:			
Community Development:			
ESD No. 6 and ESD No. 7 Donations	\$ 3,718,155	\$ 3,636,772	\$ 81,383
Special Events	1,227,955	1,875,824	(647,869)
Grants	<u>250,000</u>	<u>224,044</u>	<u>25,956</u>
Total Community Development Expenditures	<u>\$ 5,196,110</u>	<u>\$ 5,736,640</u>	<u>\$ (540,530)</u>
Economic Development	<u>\$ 3,924,018</u>	<u>\$ 2,198,827</u>	<u>\$ 1,725,191</u>
Scholarships	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ -0-</u>
Administrative:			
Salaries	\$ 1,789,155	\$ 1,354,933	\$ 434,222
Computers and Software	120,000	134,370	(14,370)
Travel and Training	492,000	310,526	181,474
Professional Fees	444,205	456,452	(12,247)
Advertising	420,000	436,936	(16,936)
Office, Postage, and Utilities	363,400	260,487	102,913
Miscellaneous	<u>31,499</u>	<u>62,522</u>	<u>(31,023)</u>
Total Administrative Expenditures	<u>\$ 3,660,259</u>	<u>\$ 3,016,226</u>	<u>\$ 644,033</u>
Building, Including Capital Outlay	<u>\$ 9,129,556</u>	<u>\$ 15,801,140</u>	<u>\$ (6,671,584)</u>
Note Principal and Interest and Other	<u>\$ 3,272,327</u>	<u>\$ 618,869</u>	<u>\$ 2,653,458</u>
TOTAL EXPENDITURES	<u>\$ 25,882,270</u>	<u>\$ 28,071,702</u>	<u>\$ (2,189,432)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 467,370</u>	<u>\$ (2,144,769)</u>	<u>\$ (2,612,139)</u>
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	\$	\$ 8,149,000	\$ 8,149,000
Note Receivable Receipts		1,006,050	1,006,050
Transfers In		<u>2,238,734</u>	<u>2,238,734</u>
TOTAL OTHER FINANCING SOURCES, NET	<u>\$ -0-</u>	<u>\$ 11,393,784</u>	<u>\$ 11,393,784</u>
NET CHANGE IN FUND BALANCE	\$ 467,370	\$ 9,249,015	\$ 8,781,645
FUND BALANCE - JULY 1, 2024	<u>8,868,587</u>	<u>8,868,587</u>	
FUND BALANCE - JUNE 30, 2025	<u>\$ 9,335,957</u>	<u>\$ 18,117,602</u>	<u>\$ 8,781,645</u>

See accompanying independent auditor's report.

EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

SUPPLEMENTARY INFORMATION

JUNE 30, 2025

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

	Amounts		
	2025	2024	2023
REVENUES			
Sales Taxes	\$ 23,619,251	\$ 21,662,478	\$ 19,892,239
Hotel and Motel Taxes	402,928	329,239	280,134
Grant Revenues		96,489	
Building Rents and Leases	997,008	951,941	540,231
Event Revenues	393,523	240,039	161,880
Land Sales	255,274	406,858	
Interest and Other Revenues	258,949	110,395	401,441
TOTAL REVENUES	\$ 25,926,933	\$ 23,797,439	\$ 21,275,925
EXPENDITURES			
Programs	\$ 8,635,467	\$ 10,149,669	\$ 5,319,373
Administrative	3,016,226	2,636,256	2,893,062
Building	1,728,397	1,709,276	1,741,203
Capital Outlay	14,072,743	8,957,074	7,385,098
Debt Service	618,869	3,507,176	1,932,298
TOTAL EXPENDITURES	\$ 28,071,702	\$ 26,959,451	\$ 19,271,034
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,144,769)	\$ (3,162,012)	\$ 2,004,891
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ 2,238,734	\$ (1,630,585)	\$ (952,307)
Loan Proceeds	8,149,000	3,729,021	2,872,193
Reimbursements from Government Entities			
Note Receivable Receipts	1,006,050		
TOTAL OTHER FINANCING SOURCES, NET	\$ 11,393,784	\$ 2,098,436	\$ 1,919,886
NET CHANGE IN FUND BALANCE	\$ 9,249,015	\$ (1,063,576)	\$ 3,924,777
BEGINNING FUND BALANCE	8,868,587	9,932,163	6,007,386
ENDING FUND BALANCE	\$ 18,117,602	\$ 8,868,587	\$ 9,932,163

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2022	2021	2025	2024	2023	2022	2021
\$ 18,254,192	\$ 15,669,095	91.1 %	91.0 %	93.5 %	85.3 %	80.7 %
352,358	201,786	1.6	1.4	1.3	1.6	1.0
1,137,281	286,721		0.4		5.3	1.5
175,528	293,566	3.8	4.0	2.5	0.8	1.5
383,922	284,361	1.5	1.0	0.8	1.8	1.5
759,609	2,644,434	1.0	1.7		3.5	13.6
361,467	45,455	1.0	0.5	1.9	1.7	0.2
<u>\$ 21,424,357</u>	<u>\$ 19,425,418</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 7,332,355	\$ 7,482,221	33.2 %	42.8 %	25.0 %	34.2 %	38.5 %
2,530,342	2,496,916	11.6	11.2	13.6	11.8	12.9
1,131,253	874,263	6.7	7.2	8.2	5.3	4.5
13,276,136	6,912,260	54.3	37.6	34.7	62.0	35.6
146,741	2,475,131	2.4	14.7	9.1	0.7	12.7
<u>\$ 24,416,827</u>	<u>\$ 20,240,791</u>	<u>108.2 %</u>	<u>113.5 %</u>	<u>90.6 %</u>	<u>114.0 %</u>	<u>104.2 %</u>
<u>\$ (2,992,470)</u>	<u>\$ (815,373)</u>	<u>(8.2) %</u>	<u>(13.5) %</u>	<u>9.4 %</u>	<u>(14.0) %</u>	<u>(4.2) %</u>
\$ (1,826,943)	\$ 387,500					
4,241,300						
394,668	1,366,256					
<u>\$ 2,809,025</u>	<u>\$ 1,753,756</u>					
\$ (183,445)	\$ 938,383					
6,190,831	5,252,448					
<u>\$ 6,007,386</u>	<u>\$ 6,190,831</u>					

See accompanying independent auditor's report.