

Cinco Municipal Utility District No. 5
Information Required by Section 26.18, Texas Tax Code and
Section 2051.202, Texas Government Code

Date: September 27, 2021

- (1) Name and term of office of each member of the governing body and expiring terms:

(Name of Director)	Term Begins	Term ends
Duval M. McDaniel	05/02/2020	05/04/2024
Bruce C. Thornton	05/05/2018	05/07/2022
Kenneth Jackson	05/02/2020	05/04/2024
Kevin L Wagner	05/05/2018	05/07/2022
William R. Fleming	05/02/2020	05/04/2024

- (2) Mailing address, physical address, e-mail address, and telephone number:

2727 Allen Parkway, Suite 1100
Houston, Texas 77019
713-652-6500
94082@smithmur.com

- (3) a. Official contact information for each member of the governing body:

Same as Item (2) above.

- b. Name of General Manager or Executive Director:

Not applicable.

- c. Name, mailing address and telephone number of person representing District's utility operator:

Clay Brandenburg
Imframark Water & Infrastructure Services
2002 W. Grand Parkway, #100
Katy, Texas 77449
281-579-4500

- d. Name, mailing address and telephone number of person representing District's tax assessor-collector:

Carmen Turner
Fort Bend County Tax Office
1317 Eugene Heimann Circle
Richmond, Texas 77469-3623
281-341-3710

(4) District's budget for the preceding two years:
See Attached.

(5) Proposed or adopted budget for the current year:
See Attached.

(6) Change in amount of District budget from the preceding year to current year, by dollar amount and percentage:

<u>2020 Budget Revenues</u>	<u>2021 Budget Revenues</u>	<u>\$ Amt change</u>	<u>% Change</u>
\$1,269,800	\$1,281,150	\$11,350	0.89384%

(7) Amount of property tax revenue budgeted for maintenance and operations for the preceding two years and the current year:
See attached budgets.

(8) Amount of property tax revenue budgeted for debt service for the preceding two years and the current year:
The District does not budget for debt service.

(9) Tax rate for maintenance and operations adopted by the taxing unit for the current year and preceding two years:
2021: \$0.10
2020: \$0.09
2019: \$0.08

(10) The tax rate for debt service adopted by the taxing unit for the current year and preceding two years:
2021: \$0.14
2020: \$0.15
2019: \$0.15

(11) This information required by Section 26.18 is applicable only to school districts.

(12) Tax rate for maintenance and operations proposed by the taxing unit for the current year:
The 2021 proposed tax rate for maintenance and operations is \$0.10 per \$100 assessed valuation.

(13) Tax rate for debt service proposed by the taxing unit for the current year:
The 2021 proposed tax rate for debt service is \$0.14 per \$100 assessed valuation.

(14) This information required by Section 26.18 is applicable only to school districts.

(15) The most recent financial audit of the District.
See attached.

(16) Rate of District's sales and use tax, if any:
Not applicable.

(17) Notice of tax rate hearing required under Chapter 26, Tax Code or Section 49.236, Water Code:

See attached.

(18) District's meeting schedule and location:

Monthly on the second Tuesday at 4:30 p.m. at Willow Fork Country Club, 21055 Westheimer Parkway, Katy, Texas.

(19) The Board's regular meetings are held within the District as listed in (18) above. Nevertheless, under Texas law, the following information is required to be posted. Residents of the District have the right to request the designation of a meeting location within the District under Section 49.062(g), Water Code. A description of this process can be found at <https://www.tceq.texas.gov/assets/public/permitting/watersupply/districts/Form-20863.pdf>.

Cinco MUD No. 5 GOF
Approved Annual Budget
 FYE: December 31, 2021

Income		
6-4100 · Water Revenue		211,000
6-4160 · NFBWA Fees		450,000
6-4200 · Sewer Revenue		180,000
6-4203 · Service Fees - Grease Trap		5,000
6-4300 · Basic Services		200,000
6-4330 · Penalties & Int - Serv Accts		5,000
6-4400 · Turn on / off		3,000
6-4450 · Sales Tax Revenue		40,000
6-4600 · Tap Connection Fees		150
6-5391 · Interest		5,000
6-5395 · Miscellaneous Income		12,000
6-5398 · Maintenance Tax		170,000
Total Income		1,281,150
Expense		
6-6275 · Sewer Inspection Expense		5,000
6-6300 · Basic Services Expense		280,000
6-6310 · Director Fees		8,500
6-6320 · Legal Fees		
6-6320b · Legal Expenses		4,200
6-6320 · Legal Fees - Other		72,000
Total 6-6320 · Legal Fees		76,200
6-6321 · Auditing Fees		18,000
6-6322 · Engineering Fees		1,000
6-6323 · Operators Fee		40,000
6-6324 · Laboratory Expenses		7,800
6-6326 · Permit Fees		2,000
6-6326B · TCEQ Assessment Fees		2,000
6-6333 · Bookkeeping		8,500
6-6335 · Maintenance & Repairs		
6-6335a · Air Scouring		5,000
6-6335b · Televiser Sewer Lines		23,000
6-6335c · Commercial Meter Survey		4,500
6-6335 · Maintenance & Repairs - Other		85,000
Total 6-6335 · Maintenance & Repairs		117,500
6-6338 · Legal Notices & Other Publicati		500
6-6340 · Printing & Office Supplies		13,000
6-6353 · Insurance & Surety Bond Premium		3,000
6-6355 · AWBD - Expenses		800
6-6360 · NFBWA Expense		450,000
6-6399 · Garbage Expense		125,000
6-6400 · MS4 Storm Wtr Mgmt Plan/Permit		2,500

Cinco MUD No. 5 GOF
Approved Annual Budget
 FYE: December 31, 2021

6-7200 · Storm Damage	
6-7200a · SD Legal	6,000
6-7200b · SD Repair & Maint	15,000
Total 6-7200 · Storm Damage	21,000
6-7201 Esplanade Reclamation - S Fry Rd	
6-7201a - Tree Removal	27,888
6-7201b - Irrigation	23,775
6-7201c - Grass/Soil/Fertilizer	33,938
Total 6-7201 · Esplanade Reclamation - S Fry Rd	85,600
6-7395 · Miscellaneous Expense	3,000
6560 · Payroll Expenses	600
Total Expense	1,250,500
Net Income	30,650

Cinco MUD No. 5 GOF
Approved Budget
FYE: December 31, 2020

Approved Budget	
FYE 12.31.20	
Income	
6-4100 · Water Revenue	211,000
6-4160 · NFBWA Fees	400,000
6-4200 · Sewer Revenue	165,000
6-4203 · Service Fees - Grease Trap	2,000
6-4300 · Basic Services	250,000
6-4330 · Penalties & Int - Serv Accts	7,800
6-4450 · Sales Tax Revenue	40,000
6-5391 · Interest	6,000
6-5395 · Miscellaneous Income	18,000
6-5398 · Maintenance Tax	170,000
Total Income	1,269,800
Expense	
6-6275 · Sewer Inspection Expense	1,000
6-6300 · Basic Services Expense	278,000
6-6310 · Director Fees	7,000
6-6320 · Legal Fees	72,000
6-6320a · Legal Expenses	4,200
6-6321 · Auditing Fees	18,000
6-6322 · Engineering Fees	1,000
6-6323 · Operators Fee	40,000
6-6324 · Laboratory Expenses	2,000
6-6325 · Election Expense	15,000
6-6326 · Permit Fees	2,000
6-6326B · TCEQ Assessment Fees	1,500
6-6333 · Bookkeeping	8,200
6-6335 · Maintenance & Repairs	
6-6335a · Air Scouring	5,000
6-6335b · Televiser Sewer Lines	12,000
6-6335c · Commercial Meter Survey	4,500
6-6335 · Maintenance & Repairs - Other	80,000
Total 6-6335 · Maintenance & Repairs	101,500
6-6338 · Legal Notices & Other Publicati	500
6-6340 · Printing & Office Supplies	10,000
6-6353 · Insurance & Surety Bond Premium	3,000
6-6355 · AWBD - Expenses	800
6-6360 · NFBWA Expense	400,000
6-6399 · Garbage Expense	122,000
6-6400 · MS4 Storm Wtr Mgmt Plan/Permit	2,500

Cinco MUD No. 5 GOF
Approved Budget
 FYE: December 31, 2020

	Approved Budget
	FYE 12.31.20
6-7200 · Storm Damage	
6-7200a · SD Legal	6,000
6-7200b · SD Repair & Maint	100,000
Total 6-7200 · Storm Damage	106,000
6-7395 · Miscellaneous Expense	1,000
6560 · Payroll Expenses	500
Total Expense	1, 97,700
Net Income	72,100

Cinco MUD No. 5
Draft Budget No. 3
FYE: December 31, 2019

		Year to Date (11 Months)			Annual	12 Month	Draft Budget
		Actual	Budget	Variance	Budget	Projected	FYE 2019
Income							
	6-4100 · Water Revenue	154,478	181,500	-27,022	198,000	168,521	198,000
	6-4160 · NFBWA Fees	333,955	330,000	3,955	360,000	364,315	380,000
	6-4200 · Sewer Revenue	102,846	119,167	-16,321	130,000	112,196	170,000
	6-4202 · Sewer Inspections Fees	185	0	185	0	202	0
	6-4300 · Basic Services	227,978	229,167	-1,189	250,000	248,703	250,000
	6-4330 · Penalties & Int - Serv Accts	9,575	11,917	-2,342	13,000	10,445	13,000
	6-4450 · Sales Tax Revenue	32,413	37,583	-5,170	41,000	35,360	41,000
	6-5391 · Interest	700	3,667	-2,967	4,000	764	1,000
	6-5395 · Miscellaneous Income	6,961	9,167	-2,206	10,000	7,594	8,000
	6-5398 · Maintenance Tax	4,136	0	4,136	0	0	181,141
Total Income		873,227	922,168	-48,941	1,006,000	948,099	1,242,141
Expense							
	6-6275 · Sewer Inspection Expense	1,061	2,750	-1,689	3,000	1,157	3,000
	6-6300 · Basic Services Expense	275,856	360,250	-84,394	393,000	300,934	300,000
	6-6310 · Director Fees	1,350	6,417	-5,067	7,000	1,473	7,000
	6-6320 · Legal Fees	83,922	70,583	13,339	77,000	91,551	77,000
	6-6321 · Auditing Fees	17,100	17,000	100	17,000	17,100	17,000
	6-6322 · Engineering Fees	4,285	917	3,368	1,000	4,675	1,000
	6-6323 · Operators Fee	21,500	30,250	-8,750	33,000	23,455	33,000
	6-6324 · Laboratory Expenses	1,781	2,750	-969	3,000	1,943	3,000
	6-6325 · Election Expense	14,007	5,000	9,007	5,000	15,280	0
	6-6326 · Permit Fees	2,124	1,833	291	2,000	2,124	2,000
	6-6326B · TCEQ Assessment Fees	0	1,375	-1,375	1,500	0	1,500
	6-6333 · Bookkeeping	8,230	7,517	713	8,200	8,978	8,200
	6-6335 · Maintenance & Repairs						
	6-6335a · Air Scouring	0	4,583	-4,583	5,000	0	5,000
	6-6335b · Televiser Sewer Lines	0	11,000	-11,000	12,000	0	12,000
	6-6335c · Commercial Meter Survey	0	4,125	-4,125	4,500	0	4,500
	6-6335 · Maintenance & Repairs - Other	47,318	82,500	-35,182	90,000	51,620	90,000
	Total 6-6335 · Maintenance & Repairs	47,318	212,208	-164,890	231,500	51,620	111,500
	6-6338 · Legal Notices & Other Publicati	0	458	-458	500	0	500
	6-6340 · Printing & Office Supplies	9,097	8,250	847	9,000	9,924	10,000
	6-6353 · Insurance & Surety Bond Premium	2,991	2,750	241	3,000	3,263	3,000
	6-6360 · NFBWA Expense	307,150	330,000	-22,850	360,000	335,073	380,000
	6-6399 · Garbage Expense	83,449	0	83,449	0	91,035	120,000
	6-6400 · MS4 Storm Wtr Mgmt Plan/Permit	2,431	5,683	-3,252	6,200	2,652	6,200
	6-7200 · Storm Damage						
	6-7200a · SD Legal	8,917	0	8,917	0	9,728	0
	6-7200b · SD Repair & Maint	1,649	0	1,649	0	1,799	120,000
	6-7200c · SD Other	25,000	0	25,000	0	27,273	0
	Total 6-7200 · Storm Damage	35,566	0	35,566	0	38,799	120,000

**Cinco MUD No. 5
Draft Budget No. 3
FYE: December 31, 2019**

		Year to Date (11 Months)			Annual	12 Month	Draft Budget
		Actual	Budget	Variance	Budget	Projected	FYE 2019
	6-7395 · Miscellaneous Expense	1,633	917	716	1,000	1,781	2,000
	6560 · Payroll Expenses	103	458	-355	500	112	1,000
Total Expense		920,954	1,067,366	-146,412	1,162,400	1,002,929	1,206,900
Net Income		-47,727	-145,198	97,471	-156,400	-54,830	35,241

Cinco Municipal Utility District No. 5

Harris and Fort Bend Counties, Texas

Independent Auditor's Report and Financial Statements

December 31, 2020



Cinco Municipal Utility District No. 5

December 31, 2020

Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statement of Net Position and Governmental Funds Balance Sheet	9
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances.....	11
Notes to Financial Statements.....	12
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund.....	25
Notes to Required Supplementary Information	26
Other Information	
Other Schedules Included Within This Report	27
Schedule of Services and Rates	28
Schedule of General Fund Expenditures.....	29
Schedule of Temporary Investments	30
Analysis of Taxes Levied and Receivable	31
Schedule of Long-term Debt Service Requirements by Years	33
Changes in Long-term Bonded Debt	34
Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years.....	35
Board Members, Key Personnel and Consultants.....	37

Independent Auditor's Report

Board of Directors
Cinco Municipal Utility District No. 5
Harris and Fort Bend Counties, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Cinco Municipal Utility District No. 5 (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

Other 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 other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Houston, Texas
May 10, 2021

Cinco Municipal Utility District No. 5

Management's Discussion and Analysis

December 31, 2020

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

Cinco Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
December 31, 2020

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Cinco Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
December 31, 2020

Relationship to Other Governments

On February 1, 1990, as amended, the District entered into a regional contract with Cinco Municipal Utility District No. 1 (District No. 1) whereby District No. 1 agreed to provide, or cause to be provided, the regional water supply and delivery facilities and the regional waste collection, treatment and disposal facilities necessary to serve the District and other adjacent districts. Under the terms of the regional contracts, District No. 1 charges the participants a monthly operational fee, which is calculated by multiplying the unit cost per connection by the number of equivalent single-family residential connections reserved for each participant. This monthly charge is currently \$30.50 per equivalent connection. District No. 1 also bills participants for the North Fort Bend Water Authority (the Authority) pumpage fees, based on monthly usage, at the current rate, plus a 5 percent surcharge.

In addition, District No. 1 is authorized to issue contract revenue bonds sufficient to complete acquisition and construction of the regional facilities as needed to serve all districts in the service area. Each participating district contributes to the payment of debt service requirements of the bonds based on the certified assessed valuation of each participant as a percentage of the total certified assessed valuation of all participating districts. The District and each of the participating districts owns, operates and finances the internal waster distribution, wastewater collection and storm drainage within its respective boundaries. Per Amendment No. 2 to the regional contract dated October 1, 2019, the term for the regional contract will continue in full force and effect until January 1, 2063. Additionally, District No. 1 is authorized to issue contract revenue bonds not to exceed \$30,000,000 for acquisition and construction of water reuse system facilities and not to exceed an additional \$50,000,000 for acquisition and construction of all other regional facilities from the date of the amendment until the duration of the term without written approval of the participants.

All of the land within the District lies within the Willow Fork Drainage District (Willow Fork), which encompasses approximately 5,718 acres of land. All of the land within the District is drained through major outfall drainage facilities provided by Willow Fork. Willow Fork has financed the construction of certain improvements to accommodate storm water drainage within its boundaries, including the District, and is expected to finance the acquisition and/or construction of additional drainage facilities in the future with the proceeds of unlimited tax bonds issued by Willow Fork. The principal of, and interest on, the bonds and operating expense of Willow Fork are payable from proceeds of an ad valorem tax levied against all taxable property located within Willow Fork, which is in addition to the taxes levied by the District.

Financial Analysis of the District as a Whole

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

Cinco Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
December 31, 2020

Summary of Net Position

	2020	2019
Current and other assets	\$ 2,090,764	\$ 1,970,303
Capital assets	<u>1,531,725</u>	<u>1,609,736</u>
Total assets	3,622,489	3,580,039
Deferred outflows of resources	<u>10,864</u>	<u>12,036</u>
Total assets and deferred outflows of resources	<u><u>\$ 3,633,353</u></u>	<u><u>\$ 3,592,075</u></u>
Long-term liabilities	\$ 2,430,225	\$ 2,683,983
Other liabilities	<u>154,033</u>	<u>137,257</u>
Total liabilities	<u>2,584,258</u>	<u>2,821,240</u>
Deferred inflows of resources	<u>934,344</u>	<u>936,873</u>
Net position:		
Net investment in capital assets	(887,636)	(1,062,211)
Restricted	196,311	198,851
Unrestricted	<u>806,076</u>	<u>697,322</u>
Total net position	<u><u>\$ 114,751</u></u>	<u><u>\$ (166,038)</u></u>

The total net position of the District increased by \$280,789 or about 169 percent. The increase in net position is primarily due to property taxes and charges for services revenues in excess of services and debt service expenses.

Summary of Changes in Net Position

	2020	2019
Revenues:		
Property taxes	\$ 917,786	\$ 897,867
Sales tax rebates	35,659	38,120
Charges for services	1,004,883	1,000,393
Other revenues	<u>38,162</u>	<u>544,407</u>
Total revenues	<u>1,996,490</u>	<u>2,480,787</u>

Cinco Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
December 31, 2020

Summary of Changes in Net Position (Continued)

	2020	2019
Expenses:		
Services	\$ 1,133,743	\$ 1,103,820
Depreciation	78,011	78,010
Debt service	503,947	441,840
Total expenses	<u>1,715,701</u>	<u>1,623,670</u>
Change in net position	280,789	857,117
Net position, beginning of year	<u>(166,038)</u>	<u>(1,023,155)</u>
Net position, end of year	<u><u>\$ 114,751</u></u>	<u><u>\$ (166,038)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2020, were \$982,573, an increase of \$94,272 from the prior year.

The general fund's fund balance increased by \$107,347, primarily due to property taxes, sales tax rebates and service revenues exceeding service operation expenditures.

The debt service fund's fund balance decreased by \$13,075, primarily because bond principal and interest requirements and contractual obligation expenditures were greater than property tax revenues generated.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to water service revenues and repairs and maintenance expenditures being lower than anticipated, and regional water fee revenues and purchased services expenditures being higher than anticipated. The fund balance as of December 31, 2020, was expected to be \$724,954 and the actual end-of-year fund balance was \$800,701.

Capital Assets and Related Debt

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows.

Cinco Municipal Utility District No. 5
Management's Discussion and Analysis (Continued)
December 31, 2020

Capital Assets (Net of Accumulated Depreciation)

	2020	2019
Land and improvements	\$ 177,668	\$ 177,668
Water facilities	275,545	301,091
Wastewater facilities	421,062	441,649
Drainage facilities	657,450	689,328
	<hr/>	<hr/>
Total capital assets	<u>\$ 1,531,725</u>	<u>\$ 1,609,736</u>

During the current year, there were no additions to capital assets.

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2020, are summarized as follows:

Long-term debt payable, beginning of year	\$ 2,683,983
Decreases in long-term debt	<u>(253,758)</u>
Long-term debt payable, end of year	<u>\$ 2,430,225</u>

At December 31, 2020, the District had \$4,225,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's bonds carry an underlying rating of "A-." The Series 2012 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Cinco Municipal Utility District No. 5
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2020

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets					
Cash	\$ 130,313	\$ -	\$ 130,313	\$ -	\$ 130,313
Short-term investments	768,686	568,395	1,337,081	-	1,337,081
Receivables:					
Property taxes	113,110	428,263	541,373	-	541,373
Service accounts	56,780	-	56,780	-	56,780
Sales tax rebate	5,385	-	5,385	3,542	8,927
Accrued penalty and interest	-	-	-	16,290	16,290
Interfund receivable	60,410	-	60,410	(60,410)	-
Capital assets (net of accumulated depreciation):					
Land and improvements	-	-	-	177,668	177,668
Infrastructure	-	-	-	1,354,057	1,354,057
Total assets	<u>1,134,684</u>	<u>996,658</u>	<u>2,131,342</u>	<u>1,491,147</u>	<u>3,622,489</u>
Deferred Outflows of Resources					
Deferred amount on debt refundings	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,864</u>	<u>10,864</u>
Total assets and deferred outflows of resources	<u>\$ 1,134,684</u>	<u>\$ 996,658</u>	<u>\$ 2,131,342</u>	<u>\$ 1,502,011</u>	<u>\$ 3,633,353</u>

Cinco Municipal Utility District No. 5
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
December 31, 2020

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Liabilities					
Accounts payable	\$ 127,658	\$ -	\$ 127,658	\$ -	\$ 127,658
Accrued interest payable	-	-	-	22,100	22,100
Customer deposits	4,275	-	4,275	-	4,275
Interfund payable	-	60,410	60,410	(60,410)	-
Long-term liabilities:					
Due within one year	-	-	-	240,000	240,000
Due after one year	-	-	-	2,190,225	2,190,225
Total liabilities	131,933	60,410	192,343	2,391,915	2,584,258
Deferred Inflows of Resources					
Deferred property tax revenues	202,050	754,376	956,426	(22,082)	934,344
Fund Balances/Net Position					
Fund balances:					
Restricted, unlimited tax bonds	-	181,872	181,872	(181,872)	-
Unassigned	800,701	-	800,701	(800,701)	-
Total fund balances	800,701	181,872	982,573	(982,573)	0
Total liabilities, deferred inflows of resources and fund balances	\$ 1,134,684	\$ 996,658	\$ 2,131,342		
Net position:					
Net investment in capital assets				(887,636)	(887,636)
Restricted for debt service				196,311	196,311
Unrestricted				806,076	806,076
Total net position				\$ 114,751	\$ 114,751

Cinco Municipal Utility District No. 5
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended December 31, 2020

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues					
Property taxes	\$ 165,765	\$ 745,904	\$ 911,669	\$ 6,117	\$ 917,786
Sales tax rebates	35,372	-	35,372	287	35,659
Water service	358,833	-	358,833	-	358,833
Sewer service	199,125	-	199,125	-	199,125
Regional water fee	446,925	-	446,925	-	446,925
Penalty and interest	9,071	3,900	12,971	3,238	16,209
Tap connection and inspection fees	795	-	795	-	795
Interest on deposits	4,361	2,588	6,949	-	6,949
Other income	14,209	-	14,209	-	14,209
	<u>1,234,456</u>	<u>752,392</u>	<u>1,986,848</u>	<u>9,642</u>	<u>1,996,490</u>
Total revenues	1,234,456	752,392	1,986,848	9,642	1,996,490
Expenditures/Expenses					
Service operations:					
Purchased services	716,856	-	716,856	-	716,856
Professional fees	94,375	-	94,375	-	94,375
Contracted services	171,205	6,634	177,839	-	177,839
Repairs and maintenance	102,273	-	102,273	-	102,273
Other expenditures	42,400	-	42,400	-	42,400
Depreciation	-	-	-	78,011	78,011
Debt service:					
Principal retirement	-	230,000	230,000	(230,000)	-
Interest and fees	-	98,100	98,100	(24,886)	73,214
Contractual obligation	-	430,733	430,733	-	430,733
	<u>1,127,109</u>	<u>765,467</u>	<u>1,892,576</u>	<u>(176,875)</u>	<u>1,715,701</u>
Total expenditures/expenses	1,127,109	765,467	1,892,576	(176,875)	1,715,701
Excess (Deficiency) of Revenues Over Expenditures	107,347	(13,075)	94,272	(94,272)	
Change in Net Position				280,789	280,789
Fund Balances/Net Position					
Beginning of year	693,354	194,947	888,301	-	(166,038)
End of year	<u>\$ 800,701</u>	<u>\$ 181,872</u>	<u>\$ 982,573</u>	<u>\$ 0</u>	<u>\$ 114,751</u>

Cinco Municipal Utility District No. 5

Notes to Financial Statements

December 31, 2020

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

Cinco Municipal Utility District No. 5 (the District) was created by an Act of the 69th Legislature of the State of Texas, effective May 24, 1985, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

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

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

Cinco Municipal Utility District No. 5

Notes to Financial Statements

December 31, 2020

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Cinco Municipal Utility District No. 5

Notes to Financial Statements

December 31, 2020

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Cinco Municipal Utility District No. 5

Notes to Financial Statements

December 31, 2020

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis.

Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

Cinco Municipal Utility District No. 5

Notes to Financial Statements

December 31, 2020

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2019 on the 2019 levy.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended December 31, 2020, the tax levied in October 2020 is recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ending December 31, 2021. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45

Deferred Amount on Debt Refundings

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

Debt Issuance Costs

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

Cinco Municipal Utility District No. 5

Notes to Financial Statements

December 31, 2020

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$	1,531,725
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.		22,082
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.		16,290
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.		10,864
Sales tax rebates receivable due from the City of Houston are not receivable in the current period and are not reported in the funds.		3,542

Cinco Municipal Utility District No. 5

Notes to Financial Statements

December 31, 2020

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	\$ (22,100)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(2,430,225)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (867,822)</u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ 94,272
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current year.	(78,011)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	230,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statements of activities.	9,642
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>24,886</u>
Change in net position of governmental activities.	<u>\$ 280,789</u>

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Cinco Municipal Utility District No. 5

Notes to Financial Statements

December 31, 2020

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At December 31, 2020, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

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

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool.

At December 31, 2020, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 1,337,081	\$ 1,337,081	\$ 0	\$ 0	\$ 0

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Cinco Municipal Utility District No. 5

Notes to Financial Statements

December 31, 2020

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2020, the District's investments in TexPool were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at December 31, 2020, as follows:

Carrying value:	
Deposits	\$ 130,313
Investments	<u>1,337,081</u>
Total	<u><u>\$ 1,467,394</u></u>

Investment Income

Investment income of \$6,949 for the year ended December 31, 2020, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2020, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 177,668	\$ 0	\$ 177,668
Capital assets, depreciable:			
Water production and distribution facilities	979,609	-	979,609
Wastewater collection and treatment facilities	925,296	-	925,296
Drainage facilities	<u>1,379,905</u>	<u>-</u>	<u>1,379,905</u>
Total capital assets, depreciable	<u>3,284,810</u>	<u>0</u>	<u>3,284,810</u>
Less accumulated depreciation:			
Water production and distribution facilities	(678,518)	(25,546)	(704,064)
Wastewater collection and treatment facilities	(483,647)	(20,587)	(504,234)
Drainage facilities	<u>(690,577)</u>	<u>(31,878)</u>	<u>(722,455)</u>
Total accumulated depreciation	<u>(1,852,742)</u>	<u>(78,011)</u>	<u>(1,930,753)</u>
Total governmental activities, net	<u><u>\$ 1,609,736</u></u>	<u><u>\$ (78,011)</u></u>	<u><u>\$ 1,531,725</u></u>

Cinco Municipal Utility District No. 5
Notes to Financial Statements
December 31, 2020

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2020, were as follows:

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
General obligation bonds	\$ 2,440,000	\$ 230,000	\$ 2,210,000	\$ 240,000
Add premiums on bonds	243,983	23,758	220,225	-
Total governmental activities long-term liabilities	<u>\$ 2,683,983</u>	<u>\$ 253,758</u>	<u>\$ 2,430,225</u>	<u>\$ 240,000</u>

General Obligation Bonds

	Refunding Series 2012
Amount outstanding, December 31, 2020	\$2,210,000
Interest rates	2.00% to 4.00%
Maturity dates, serially beginning/ending	October 1, 2021/2028
Interest payment dates	April 1/ October 1
Callable date*	October 1, 2019

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at December 31, 2020.

Cinco Municipal Utility District No. 5
Notes to Financial Statements
December 31, 2020

Year	Principal	Interest	Total
2021	\$ 240,000	\$ 88,400	\$ 328,400
2022	250,000	78,800	328,800
2023	260,000	68,800	328,800
2024	270,000	58,400	328,400
2025	280,000	47,600	327,600
2026-2028	910,000	73,800	983,800
Total	<u>\$ 2,210,000</u>	<u>\$ 415,800</u>	<u>\$ 2,625,800</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Bonds voted	\$ 10,000,000
Bonds sold	5,775,000

Note 5: Significant Bond Order and Commission Requirements

The Bond Order requires that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended December 31, 2020, the District levied an ad valorem debt service tax at the rate of \$0.1500 per \$100 of assessed valuation, which resulted in a tax levy of \$333,694 on the taxable valuation of \$222,386,686 for the 2020 tax year. The interest and principal requirements to be paid from the tax revenues are \$328,400.

Note 6: Maintenance Taxes

At an election held November 7, 1989, voters authorized a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended December 31, 2020, the District levied an ad valorem maintenance tax at the rate of \$0.0900 per \$100 of assessed valuation, which resulted in a tax levy of \$200,217 on the taxable valuation of \$222,386,686 for the 2020 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Contract Taxes

At an election held August 14, 1993, voters authorized a contract tax on all property within the District subject to taxation. During the year ended December 31, 2020, the District levied an ad valorem contract tax at the rate of \$0.1800 per \$100 of assessed valuation, which resulted in a tax levy of \$400,433 on the taxable valuation of \$222,386,686 for the 2020 tax year. This contract tax is used to pay for its pro rata share of principal and interest on the Cinco Municipal Utility District No. 1's (District No. 1) contract revenue bonds, as described in Note 8.

Cinco Municipal Utility District No. 5

Notes to Financial Statements

December 31, 2020

Note 8: Financing and Operating of Regional Facilities

On February 8, 1990, as amended, the District entered into a regional contract with District No. 1 whereby District No. 1 agreed to provide, or cause to be provided, the regional water supply and delivery facilities and the regional waste collection, treatment and disposal facilities necessary to serve the District and other adjacent districts. Under the terms of the regional contracts, District No. 1 charges the participants a monthly operational fee, which is calculated by multiplying the unit cost per connection by the number of equivalent single-family residential connections reserved for each participant. This monthly charge is currently \$30.50 per equivalent connection. District No. 1 also bills participants for the North Fort Bend Water Authority (the Authority) pumpage fees, based on monthly usage, at the current rate, plus a 5 percent surcharge. For the year ended December 31, 2020, the District incurred operating costs of \$716,856 under this agreement.

In addition, District No. 1 is authorized to issue contract revenue bonds sufficient to complete acquisition and construction of the facilities as needed to serve all districts in the service area. Each participating district contributes to the payment of debt service requirements of the bonds, based on the certified assessed valuation of each participant as a percentage of the total assessed valuation of all participating districts. Per Amendment No. 2 to the regional contract dated October 1, 2019, the term for the regional contract will continue in full force and effect until January 1, 2063. Additionally, District No. 1 is authorized to issue contract revenue bonds not to exceed \$30,000,000 for acquisition and construction of water reuse system facilities and not to exceed an additional \$50,000,000 for acquisition and construction of all other regional facilities from the date of the amendment until the duration of the term without written approval of the participants. During the current year, the District paid \$430,733 for its pro rata share (approximately 6.35 percent) of the principal and interest of District No. 1's bonds with such sums derived from contract taxes as described in Note 7.

The debt service requirements on District No. 1's bonds outstanding, as disclosed in its annual financial report at September 30, 2020, are as follows:

Year	Contract Revenue Bonds		Direct Placement Contract Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2021	\$ 3,495,000	\$ 1,921,534	\$ 2,085,000	\$ 174,985	\$ 7,676,519
2022	2,970,000	1,814,725	2,220,000	121,388	7,126,113
2023	2,950,000	1,711,243	2,155,000	66,918	6,883,161
2024	3,350,000	1,594,425	1,610,000	20,045	6,574,470
2025	1,555,000	1,505,750	-	-	3,060,750
2026-2030	7,655,000	6,834,201	-	-	14,489,201
2031-2035	11,460,000	5,644,914	-	-	17,104,914
2036-2040	17,540,000	2,823,956	-	-	20,363,956
2041-2045	5,480,000	395,400	-	-	5,875,400
2046-2047	990,000	29,700	-	-	1,019,700
Total	<u>\$ 57,445,000</u>	<u>\$ 24,275,848</u>	<u>\$ 8,070,000</u>	<u>\$ 383,336</u>	<u>\$ 90,174,184</u>

Cinco Municipal Utility District No. 5

Notes to Financial Statements

December 31, 2020

Based on the calculations provided by District No. 1's financial advisor, the District's pro rata share of the total 2020 assessed valuation is 5.69 percent, and the pro rata share of the 2020 contract payment due during the year ending December 31, 2021 is \$383,795. The contract payment due includes amounts due for trustee and paying agent fees and is net of capitalized interest provided from the sale of the bonds.

Note 9: Regional Water Authority

The District is within the boundaries of the North Fort Bend Water Authority (the Authority) which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Fort Bend Subsidence District, which regulates groundwater withdrawal. As of December 31, 2020, the Authority was billing District No. 1 \$3.95 per 1,000 gallons of water pumped from its wells and each participant is billed its proportionate share. This amount is subject to future increases.

Note 10: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Note 11: Uncertainties

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position and results of operations of the District. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Required Supplementary Information

Cinco Municipal Utility District No. 5
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2020

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 170,000	\$ 165,765	\$ (4,235)
Sales tax rebates	40,000	35,372	(4,628)
Water service	461,000	358,833	(102,167)
Sewer service	167,000	199,125	32,125
Regional water fee	400,000	446,925	46,925
Penalty and interest	7,800	9,071	1,271
Tap connection and inspection fees	-	795	795
Interest on deposits	6,000	4,361	(1,639)
Other income	18,000	14,209	(3,791)
	<u>1,269,800</u>	<u>1,234,456</u>	<u>(35,344)</u>
Total revenues	<u>1,269,800</u>	<u>1,234,456</u>	<u>(35,344)</u>
Expenditures			
Service operations:			
Purchased services	678,000	716,856	(38,856)
Professional fees	101,200	94,375	6,825
Contracted services	171,200	171,205	(5)
Repairs and maintenance	246,500	102,273	144,227
Other expenditures	41,300	42,400	(1,100)
	<u>1,238,200</u>	<u>1,127,109</u>	<u>111,091</u>
Total expenditures	<u>1,238,200</u>	<u>1,127,109</u>	<u>111,091</u>
Excess of Revenues Over Expenditures	31,600	107,347	75,747
Fund Balance, Beginning of Year	<u>693,354</u>	<u>693,354</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 724,954</u>	<u>\$ 800,701</u>	<u>\$ 75,747</u>

Cinco Municipal Utility District No. 5
Notes to Required Supplementary Information
December 31, 2020

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during 2020.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Other Information

Cinco Municipal Utility District No. 5
Other Schedules Included Within This Report
December 31, 2020

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 12-24
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Cinco Municipal Utility District No. 5

Schedule of Services and Rates

Year Ended December 31, 2020

1. Services provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input checked="" type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input checked="" type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input checked="" type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other _____		

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels	
Water:	\$ 14.00 *	1,000	N	\$ 1.05	1,001 to	10,000
				\$ 2.00	10,001 to	30,000
				\$ 3.00	30,001 to	40,000
				\$ 4.00	40,001 to	No Limit
Wastewater:	\$ 0	1,000	N	\$ 3.00	1,001 to	No Limit
Regional water fee:	\$ 4.1475	1,000	N	\$ 4.1475	1,001 to	No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 64.93	Wastewater \$	27.00

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC**
Unmetered	-	-	x1.0	-
≤ 3/4"	365	363	x1.0	363
1"	192	191	x2.5	478
1 1/2"	26	25	x5.0	125
2"	4	4	x8.0	32
3"	1	1	x15.0	15
4"	1	1	x25.0	25
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	589	585		1,038
Total wastewater	545	543	x1.0	543

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

Gallons pumped into the system:	108,476
Gallons billed to customers:	108,476
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*Combined water and wastewater rate for the first 1,000 gallons usage. Users in Cinco at Willow Fork, Sections 1 and 2, Kelliwood Links, Kelliwood Greens, Section 1, Cinco Ranch Shadow Bend, and Kelliwood Park have a minimum charge of \$17.50; users in Greens at Willow Fork, Section 1, Kelliwood Courts and Fairways at Kelliwood, have a minimum charge of \$13.50.

**"ESFC" means equivalent single-family connections

Cinco Municipal Utility District No. 5
Schedule of General Fund Expenditures
Year Ended December 31, 2020

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	17,700	
Legal		76,282	
Engineering		393	
Financial advisor		-	94,375
Purchased Services for Resale			
Bulk water and wastewater service purchases			716,856
Regional Water Fee			-
Contracted Services			
Bookkeeping		8,676	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		41,494	50,170
Utilities			-
Repairs and Maintenance			102,273
Administrative Expenditures			
Directors' fees		8,550	
Office supplies		12,989	
Insurance		2,992	
Other administrative expenditures		17,869	42,400
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		-	-
Tap Connection Expenditures			-
Solid Waste Disposal			121,035
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
Total expenditures		\$	<u><u>1,127,109</u></u>

Cinco Municipal Utility District No. 5
Schedule of Temporary Investments
December 31, 2020

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	0.08%	Demand	\$ 768,686	\$ -
Debt Service Fund				
TexPool	0.08%	Demand	<u>568,395</u>	<u>-</u>
Totals			<u><u>\$ 1,337,081</u></u>	<u><u>\$ 0</u></u>

Cinco Municipal Utility District No. 5
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2020

	Maintenance Taxes	Contract Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 95,318	\$ 256,914	\$ 184,060
Additions and corrections to prior years' taxes	<u>(3,455)</u>	<u>(9,040)</u>	<u>(6,591)</u>
Adjusted receivable, beginning of year	<u>91,863</u>	<u>247,874</u>	<u>177,469</u>
 2020 Original Tax Levy	 198,597	 397,194	 330,995
Additions and corrections	<u>1,620</u>	<u>3,239</u>	<u>2,699</u>
Adjusted tax levy	<u>200,217</u>	<u>400,433</u>	<u>333,694</u>
Total to be accounted for	292,080	648,307	511,163
Tax collections: Current year	(88,940)	(177,880)	(148,233)
Prior years	<u>(90,030)</u>	<u>(236,354)</u>	<u>(168,740)</u>
Receivable, end of year	<u><u>\$ 113,110</u></u>	<u><u>\$ 234,073</u></u>	<u><u>\$ 194,190</u></u>
 Receivable, by Years			
2020	\$ 111,277	\$ 222,553	\$ 185,461
2019	1,218	3,199	2,285
2018	615	1,230	1,168
2017	-	595	453
2016	-	559	426
2015	-	397	289
2014	-	403	293
2013	-	778	554
2012	-	752	571
2011	-	776	596
2010	-	776	596
2009	-	711	559
2008	-	905	636
2007	<u>-</u>	<u>439</u>	<u>303</u>
Receivable, end of year	<u><u>\$ 113,110</u></u>	<u><u>\$ 234,073</u></u>	<u><u>\$ 194,190</u></u>

Cinco Municipal Utility District No. 5
Analysis of Taxes Levied and Receivable (Continued)
Year Ended December 31, 2020

	2020	2019	2018	2017
Property Valuations				
Land	\$ 46,454,939	\$ 46,464,939	\$ 46,272,879	\$ 45,725,869
Improvements	206,168,143	193,714,338	161,260,883	200,424,960
Personal property	6,713,540	6,954,980	5,330,370	4,699,145
Exemptions	<u>(36,949,936)</u>	<u>(34,303,321)</u>	<u>(29,852,556)</u>	<u>(38,090,725)</u>
Total property valuations	<u>\$ 222,386,686</u>	<u>\$ 212,830,936</u>	<u>\$ 183,011,576</u>	<u>\$ 212,759,249</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.1500	\$ 0.1500	\$ 0.1900	\$ 0.1600
Contract tax rates	0.1800	0.2100	0.2000	0.2100
Maintenance tax rates*	<u>0.0900</u>	<u>0.0800</u>	<u>0.1000</u>	<u>-</u>
Total tax rates per \$100 valuation	<u>\$ 0.4200</u>	<u>\$ 0.4400</u>	<u>\$ 0.4900</u>	<u>\$ 0.3700</u>
Tax Levy	<u>\$ 934,344</u>	<u>\$ 936,873</u>	<u>\$ 896,897</u>	<u>\$ 787,335</u>
Percent of Taxes Collected to Taxes Levied**	<u>44%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$1.00 on November 7, 1989

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

Cinco Municipal Utility District No. 5
Schedule of Long-term Debt Service Requirements by Years
December 31, 2020

Due During Fiscal Years Ending December 31	Refunding Series 2012		
	Principal Due October 1	Interest Due April 1, October 1	Total
2021	\$ 240,000	\$ 88,400	\$ 328,400
2022	250,000	78,800	328,800
2023	260,000	68,800	328,800
2024	270,000	58,400	328,400
2025	280,000	47,600	327,600
2026	290,000	36,400	326,400
2027	305,000	24,800	329,800
2028	315,000	12,600	327,600
Totals	<u>\$ 2,210,000</u>	<u>\$ 415,800</u>	<u>\$ 2,625,800</u>

Cinco Municipal Utility District No. 5
Changes in Long-term Bonded Debt
Year Ended December 31, 2020

	<u>Bond Issue</u> <u>Refunding</u> <u>Series 2012</u>
Interest rates	2.00% to 4.00%
Dates interest payable	April 1/ October 1
Maturity dates	October 1, 2021/2028
Bonds outstanding, beginning of current year	\$ 2,440,000
Retirements, principal	<u>230,000</u>
Bonds outstanding, end of current year	<u><u>\$ 2,210,000</u></u>
Interest paid during current year	<u><u>\$ 97,600</u></u>
Paying agent's name and address:	

Series 2012 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding</u> <u>Bonds</u>
Amount authorized by voters	<u>\$ 10,000,000</u>	<u>0</u>	<u>0</u>
Amount issued	<u>\$ 5,775,000</u>	<u>0</u>	<u>0</u>
Remaining to be issued	<u>\$ 4,225,000</u>	<u>0</u>	<u>0</u>
Debt service fund cash and temporary investment balances as of December 31, 2020:			<u>\$ 568,395</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 328,225</u>

Cinco Municipal Utility District No. 5

Comparative Schedule of Revenues and Expenditures – General Fund

Five Years Ended December 31,

	Amounts				
	2020	2019	2018	2017	2016
General Fund					
Revenues					
Property taxes	\$ 165,765	\$ 182,626	\$ -	\$ -	\$ -
Sales tax rebates	35,372	38,454	35,372	39,382	38,326
Water service	358,833	429,809	415,460	395,584	356,118
Sewer service	199,125	170,997	120,366	123,870	122,338
Regional water fee	446,925	399,587	354,217	354,479	331,216
Penalty and interest	9,071	4,912	8,841	12,295	10,262
Tap connection and inspection fees	795	285	185	-	-
Interest on deposits	4,361	7,464	786	3,645	1,908
Other income	14,209	15,552	8,553	9,930	7,490
Total revenues	1,234,456	1,249,686	943,780	939,185	867,658
Expenditures					
Service operations:					
Purchased services	716,856	720,427	625,170	603,274	579,583
Professional fees	94,375	101,799	124,230	111,880	85,418
Contracted services	171,205	155,792	151,645	694,919	151,148
Repairs and maintenance	102,273	91,946	58,563	97,209	116,858
Other expenditures	42,400	24,371	39,127	26,419	30,190
Total expenditures	1,127,109	1,094,335	998,735	1,533,701	963,197
Excess (Deficiency) of Revenues Over Expenditures	107,347	155,351	(54,955)	(594,516)	(95,539)
Other Financing Sources					
Recovery from governmental agency	-	492,619	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	107,347	647,970	(54,955)	(594,516)	(95,539)
Fund Balance, Beginning of Year	693,354	45,384	100,339	694,855	790,394
Fund Balance, End of Year	\$ 800,701	\$ 693,354	\$ 45,384	\$ 100,339	\$ 694,855
Total Active Retail Water Connections	585	585	586	587	589
Total Active Retail Wastewater Connections	543	542	542	541	542

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
13.4 %	14.6 %	- %	- %	- %
2.9	3.1	3.8	4.2	4.4
29.1	34.3	44.0	42.1	41.0
16.1	13.6	12.8	13.2	14.1
36.2	31.9	37.5	37.7	38.2
0.7	0.4	0.9	1.3	1.2
0.1	0.0	0.0	-	-
0.3	0.6	0.1	0.4	0.2
1.2	1.5	0.9	1.1	0.9
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
58.1	57.6	66.2	64.2	66.8
7.6	8.1	13.2	11.9	9.8
13.9	12.5	16.1	74.0	17.4
8.3	7.4	6.2	10.4	13.5
<u>3.4</u>	<u>2.0</u>	<u>4.1</u>	<u>2.8</u>	<u>3.5</u>
<u>91.3</u>	<u>87.6</u>	<u>105.8</u>	<u>163.3</u>	<u>111.0</u>
<u><u>8.7 %</u></u>	<u><u>12.4 %</u></u>	<u><u>(5.8) %</u></u>	<u><u>(63.3) %</u></u>	<u><u>(11.0) %</u></u>

Cinco Municipal Utility District No. 5

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Five Years Ended December 31,

	Amounts				
	2020	2019	2018	2017	2016
Debt Service Fund					
Revenues					
Property taxes	\$ 745,904	\$ 711,843	\$ 744,104	\$ 793,861	\$ 788,380
Penalty and interest	3,900	3,514	6,175	2,978	3,133
Interest on deposits	2,588	14,902	7,985	4,175	1,878
Other income	-	2,856	-	-	-
Total revenues	<u>752,392</u>	<u>733,115</u>	<u>758,264</u>	<u>801,014</u>	<u>793,391</u>
Expenditures					
Current:					
Contracted services	6,634	6,651	5,563	5,444	5,262
Other expenditures	-	2,834	43	-	-
Debt service:					
Principal retirement	230,000	225,000	225,000	210,000	210,000
Interest and fees	98,100	104,850	111,600	117,900	124,200
Contractual obligation	<u>430,733</u>	<u>360,549</u>	<u>433,460</u>	<u>455,724</u>	<u>490,768</u>
Total expenditures	<u>765,467</u>	<u>699,884</u>	<u>775,666</u>	<u>789,068</u>	<u>830,230</u>
Excess (Deficiency) of Revenues Over Expenditures	(13,075)	33,231	(17,402)	11,946	(36,839)
Fund Balance, Beginning of Year	<u>194,947</u>	<u>161,716</u>	<u>179,118</u>	<u>167,172</u>	<u>204,011</u>
Fund Balance, End of Year	<u>\$ 181,872</u>	<u>\$ 194,947</u>	<u>\$ 161,716</u>	<u>\$ 179,118</u>	<u>\$ 167,172</u>

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
99.1 %	97.1 %	98.1 %	99.1 %	99.4 %
0.5	0.5	0.8	0.4	0.4
0.4	2.0	1.1	0.5	0.2
-	0.4	-	-	-
100.0	100.0	100.0	100.0	100.0
0.9	0.9	0.7	0.7	0.7
-	0.4	0.0	-	-
30.6	30.7	29.7	26.2	26.5
13.0	14.3	14.7	14.7	15.6
57.2	49.2	57.2	56.9	61.8
101.7	95.5	102.3	98.5	104.6
(1.7) %	4.5 %	(2.3) %	1.5 %	(4.6) %

Cinco Municipal Utility District No. 5
Board Members, Key Personnel and Consultants
Year Ended December 31, 2020

Complete District mailing address:	Cinco Municipal Utility District No. 5 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019
District business telephone number:	713.652.6500
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 2, 2019
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Duval McDaniel	Elected 05/20- 05/24	\$ 1,800	\$ 0	President
Bruce C. Thornton	Elected 05/18- 05/22	1,500	0	Vice President
Kenneth Jackson	Elected 05/20- 05/24	1,800	0	Secretary
William R. Fleming	Elected 05/20- 05/24	1,800	0	Director
Kevin Wagner	Elected 05/18- 05/22	1,650	0	Director

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

Cinco Municipal Utility District No. 5
Board Members, Key Personnel and Consultants (Continued)
Year Ended December 31, 2020

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BKD, LLP	12/05/90	\$ 17,700	Auditor
Equi-Tax, Inc.	01/09/02	8,676	Bookkeeper
Fort Bend County Appraisal District	Legislative Action	6,634	Appraiser
Inframark, LLC	06/23/89	151,891	Operator
Rathmann & Associates, L.P.	05/14/03	0	Financial Advisor
Carmen P. Turner, MPA	07/01/13	0	Tax Assessor/ Collector
Smith, Murdaugh, Little & Bonham, L.L.P.	04/29/87	82,701	General Counsel
Vogler & Spencer Engineering, Inc.	04/29/87	393	Engineer
Investment Officer			
Kenneth R. Byrd	07/25/00	N/A	Bookkeeper

Notice of Public Hearing on Tax Rate

Cinco Municipal Utility District No. 5 will hold a public hearing on a proposed tax rate for the tax year 2021 on September 14, 2021 at 4:30 PM at the Willow Fork Country Club, 21055 Westheimer Pkwy, Katy, Texas. Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the tax rate that is adopted and on the change in the taxable value of your property in relation to the change in taxable value of all other property. The change in the taxable value of your property in relation to the change in the taxable value of all other property determines the distribution of the tax burden among all property owners.

FOR the proposal:	Duval McDaniel, Bruce C. Thornton, Kenneth Earl Jackson, William R. Fleming and Kevin L. Wagner
AGAINST the proposal:	None
PRESENT and not voting:	None
ABSENT:	None

The following table compares taxes on an average residence homestead in this taxing unit last year to taxes proposed on the average residence homestead this year.

	Last Year	This Year
Total tax rate (per \$100 of value)	\$0.42 /\$100 Adopted	\$0.42 /\$100 Proposed
Difference in rates per \$100 of value	\$0.00	
Percentage increase/decrease in rates (+/-)	0.00%	
*Average residence homestead appraised value	\$392,832	\$394,836
General exemptions available (excluding 65 years of age or older or disabled person's exemptions)	\$78,567	\$78,967
*Average residence homestead taxable value	\$314,265	\$315,869
Tax on average residence homestead	\$1,319.91	\$1,326.65
Annual increase/decrease in taxes if proposed tax rate is adopted (+/-) and percentage of increase (+/-)	\$+6.74 +0.51%	

NOTICE OF VOTE ON TAX RATE

If the district adopts a combined debt service, operation and maintenance, and contract tax rate that would result in the taxes on the average residence homestead increasing by more than 3.5 percent, a election must be held to determine whether to approve the operation and maintenance tax rate under Section 49.23602, Water Code.

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.