

MEMORIAL VILLAGES WATER AUTHORITY

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-9
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET	10-11
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	13
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	14
NOTES TO THE FINANCIAL STATEMENTS	15-32
REQUIRED SUPPLEMENTARY INFORMATION:	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL-GENERAL FUND	34
SCHEDULE OF EXPENDITURES–BUDGET AND ACTUAL-GENERAL FUND	35-39
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	40
SCHEDULE OF AUTHORITY CONTRIBUTIONS	41
NOTES TO SCHEDULE OF AUTHORITY CONTRIBUTIONS	42
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to financial statements)	
SERVICES AND RATES	44-46
GENERAL FUND EXPENDITURES	47
INVESTMENTS	48
TAXES LEVIED AND RECEIVABLE	49-50
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND - FIVE YEARS	51-52
SUPERVISOR, KEY PERSONNEL AND CONSULTANTS	53-54

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Memorial Villages Water Authority
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Memorial Villages Water Authority (the "Authority") as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority'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 major fund of the Authority as of April 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 Authority, 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 Authority'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 Authority'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 Authority'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, the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of Authority Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* 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, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, 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

August 12, 2025

MEMORIAL VILLAGES WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED APRIL 30, 2025

Management's discussion and analysis of the financial performance of Memorial Villages Water Authority (the "Authority") provides an overview of the Authority's financial activities for the fiscal year ended April 30, 2025. Please read it in conjunction with the Authority'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 Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Authority's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the Authority'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 the Authority's assets, liabilities and, if applicable, deferred inflows and 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 Authority is improving or deteriorating. Evaluation of the overall health of the Authority would extend to other non-financial factors.

The Statement of Activities reports how the Authority's assets 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 Authority has one governmental fund type. The General Fund accounts for resources not accounted for in another fund, maintenance tax revenues, customer service revenues, operating costs and general expenditures.

MEMORIAL VILLAGES WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 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 Authority'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 Authority 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 Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund 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 financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities by \$50,412,124 as of April 30, 2025. A portion of the Authority's assets reflects its net investment in capital assets (buildings and equipment as well as the water and wastewater facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

MEMORIAL VILLAGES WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 15,781,561	\$ 16,153,594	\$ (372,033)
Capital and Right-to-Use Assets (Net of Accumulated Depreciation)	35,831,064	33,344,807	2,486,257
Total Assets	\$ 51,612,625	\$ 49,498,401	\$ 2,114,224
Deferred Outflows of Resources	\$ 71,970	\$ 33,006	\$ 38,964
Long-Term Liabilities	\$ 101,009	\$ 107,455	\$ 6,446
Other Liabilities	1,171,462	799,336	(372,126)
Total Liabilities	\$ 1,272,471	\$ 906,791	\$ (365,680)
Net Position:			
Net Investment in Capital Assets	\$ 35,831,064	\$ 33,344,807	\$ 2,486,257
Unrestricted	14,581,060	15,279,809	(698,749)
Total Net Position	\$ 50,412,124	\$ 48,624,616	\$ 1,787,508

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

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,615,714	\$ 1,611,580	\$ 4,134
Charges for Services	7,980,469	9,351,193	(1,370,724)
Other Revenues	2,349,829	321,108	2,028,721
Total Revenues	\$ 11,946,012	\$ 11,283,881	\$ 662,131
Expenses for Services	10,158,504	9,842,519	(315,985)
Change in Net Position	\$ 1,787,508	\$ 1,441,362	\$ 346,146
Net Position, Beginning of Year	48,624,616	47,183,254	1,441,362
Net Position, End of Year	\$ 50,412,124	\$ 48,624,616	\$ 1,787,508

MEMORIAL VILLAGES WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2025

FINANCIAL ANALYSIS OF THE AUTHORITY'S GOVERNMENTAL FUNDS

The Authority's General Fund fund balance as of April 30, 2025, was \$14,510,236, a decrease of \$753,506 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Supervisors did not amend the budget during the fiscal year. Actual revenues were \$934,407 more than budgeted revenues and actual expenditures were \$530,297 less than budgeted expenditures which resulted in a positive budget variance of \$1,464,704 for the current fiscal year. See the budget to actual comparison for more information.

CAPITAL ASSETS

The Authority's capital assets as of April 30, 2025, total \$35,831,064 (net of accumulated depreciation). Capital asset activity during the current fiscal year included the purchase of new vehicles, pumps and motors.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,775,942	\$ 1,775,942	\$
Construction in Progress	2,186,888	173,296	2,013,592
Capital Assets, Net of Accumulated Depreciation:			
Buildings	411,500	441,160	(29,660)
Machinery and Equipment	230,429	15,900	214,529
Vehicles	128,720	177,896	(49,176)
Water System	19,424,523	19,186,819	237,704
Sanitary Sewer System	11,673,062	11,573,794	99,268
Total Net Capital Assets	<u>\$ 35,831,064</u>	<u>\$ 33,344,807</u>	<u>\$ 2,486,257</u>

MEMORIAL VILLAGES WATER AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2025

LONG-TERM DEBT ACTIVITY

On March 6, 2025, the Authority entered into a line of credit agreement with Stellar Bank (the “Line of Credit”) to minimize any potential liquidity risks from ongoing construction projects. Per the agreement, the Authority can borrow up to \$3,000,000, at the lessor of 5.00% interest per annum or the maximum rate allowed by law, with no closing costs or fees. Interest payments would be made quarterly on the outstanding balance until the maturity date, at which time all outstanding principal and interest would be due and payable. The maturity date would be determined at the time the Authority draws upon the Line of Credit. The term of this agreement is 36 months. The Authority has not made any draws upon the Line of Credit and the outstanding liability is \$0 as of April 30, 2025.

At April 30, 2025, the Authority had no bonds authorized for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the Authority.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The Authority’s tax base increased approximately \$120,588,000 for the 2024 tax year (approximately 2%) primarily due to the increase in the average assessed valuations on existing property.

Annexation

The total area within the Authority’s jurisdiction is comprised of all land within the City of Hedwig Village, the City of Piney Point Village and the majority of land within the City of Hunter’s Creek Village. The Authority is not within the extraterritorial jurisdiction of the City of Houston.

Water Supply Issues

The Harris-Galveston Subsidence District (the "Subsidence District") was created by the Texas Legislature to reduce subsidence by regulating the withdrawal of groundwater within Harris and Galveston Counties. In 1999, the Subsidence District adopted its District Regulatory Plan ("Regulatory Plan") to control groundwater withdrawals. The Regulatory Plan divides the Subsidence District's jurisdiction into regulatory areas. The Authority is within the Subsidence District's Regulatory Area 2. Pursuant to the Regulatory Plan, major water users in Area 2 must reduce groundwater withdrawals to no more than 20% of total annual water usage. Additionally, each such water user, including the Authority, is required to have either a certified Groundwater Reduction Plan ("GRP") on file with the Subsidence District or to be part of a regional GRP; otherwise, the Authority risks being assessed a penalty per 1,000 gallons of water pumped. The Authority has a certified GRP on file with the Subsidence District. The Authority’s GRP includes the purchase of surface water from the City of Houston (the “City”) pursuant to a contract entered into between the Authority and the City as described in Note 11 of the notes to

MEMORIAL VILLAGES WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2025

RELEVANT FACTORS AND WATER SUPPLY ISSUES (Continued)

Water Supply Issues (Continued)

the financial statements. The Regulatory Plan allows a water user to tender Groundwater Bank Certificates in order to pump groundwater in lieu of purchasing surface water. As described in Note 12 of the notes to the financial statements, on an annual basis, the Authority combines the purchase of surface water and the utilization of Groundwater Bank Certificates to comply with its GRP at optimum cost to the Authority.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Memorial Villages Water Authority, 8955 Gaylord Dr., Houston, TX 77024.

MEMORIAL VILLAGES WATER AUTHORITY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
APRIL 30, 2025

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 390,130	\$	\$ 390,130
Investments	7,442,458		7,442,458
Receivables:			
Property Taxes	112,100		112,100
Service Accounts	955,650		955,650
City of Bunker Hill Village	75,781		75,781
Other	8,823		8,823
Prepaid Costs	70,540		70,540
Groundwater Bank Certificates, At Costs	6,726,079		6,726,079
Land		1,775,942	1,775,942
Construction in Progress		2,186,888	2,186,888
Capital Assets (Net of Accumulated Depreciation)	<u> </u>	<u>31,868,234</u>	<u>31,868,234</u>
TOTAL ASSETS	<u>\$ 15,781,561</u>	<u>\$ 35,831,064</u>	<u>\$ 51,612,625</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows-Pension	<u>\$ - 0 -</u>	<u>\$ 71,970</u>	<u>\$ 71,970</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 15,781,561</u>	<u>\$ 35,903,034</u>	<u>\$ 51,684,595</u>

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

MEMORIAL VILLAGES WATER AUTHORITY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
APRIL 30, 2025

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
LIABILITIES			
Accounts Payable	\$ 1,010,020	\$	\$ 1,010,020
Security Deposits	66,685		66,685
Unearned Tap Revenues	82,520		82,520
Net Pension Liability		12,237	12,237
Long-term Liabilities:			
Compensated Absences		101,009	101,009
TOTAL LIABILITIES	<u>\$ 1,159,225</u>	<u>\$ 113,246</u>	<u>\$ 1,272,471</u>
DEFERRED INFLOWS OF RESOURCES			
Property Tax Revenues	<u>\$ 112,100</u>	<u>\$ (112,100)</u>	<u>\$ - 0 -</u>
FUND BALANCE			
Nonspendable:			
Prepaid Costs	\$ 70,540	\$ (70,540)	\$
Assigned:			
Groundwater Bank Certificates	6,726,079	(6,726,079)	
Operating Reserve	500,000	(500,000)	
Unassigned	<u>7,213,617</u>	<u>(7,213,617)</u>	
TOTAL FUND BALANCE	<u>\$ 14,510,236</u>	<u>\$ (14,510,236)</u>	<u>\$ - 0 -</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 15,781,561</u>		
NET POSITION			
Net Investment in Capital Assets		\$ 35,831,064	\$ 35,831,064
Unrestricted		<u>14,581,060</u>	<u>14,581,060</u>
TOTAL NET POSITION		<u>\$ 50,412,124</u>	<u>\$ 50,412,124</u>

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

MEMORIAL VILLAGES WATER AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2025

Total Fund Balance - Governmental Fund	\$ 14,510,236
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Certain assets are not available in the current period and, therefore, are not reported as assets in the governmental funds. These assets at year-end consist of net pension liability.	(12,237)
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Capital assets in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	35,831,064
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the Authority.	112,100
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Portions of the change in net pension liability/(asset) that are not immediately recognized as pension expense are recorded as deferred outflows and inflows of resources.	71,970
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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:

Compensated Absences	(101,009)
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Total Net Position - Governmental Activities	\$ 50,412,124
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The accompanying notes to the financial
statements are an integral part of this report.

MEMORIAL VILLAGES WATER AUTHORITY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED APRIL 30, 2025

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	\$ 1,600,109	\$ 15,605	\$ 1,615,714
Water Service	5,139,532		5,139,532
Wastewater Service	2,196,960		2,196,960
Wastewater Service - City of Bunker Hill Village	559,041		559,041
Penalty and Interest	45,586		45,586
Tap Connection Fees	39,350		39,350
Service Agreement	1,988,813		1,988,813
Investment Revenues	327,066		327,066
Miscellaneous Revenues	33,950		33,950
TOTAL REVENUES	<u>\$ 11,930,407</u>	<u>\$ 15,605</u>	<u>\$ 11,946,012</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Utility Operations:			
Water Production	\$ 5,681,319	\$ (128,540)	\$ 5,552,779
Water Distribution Systems	807,604	(220,000)	587,604
Sewer Plant and Common Trunkline	4,019,029	(2,147,402)	1,871,627
Sewer Collection System	491,854	(81,068)	410,786
Billing and Collection	138,530		138,530
General and Administrative	1,545,577	51,601	1,597,178
TOTAL EXPENDITURES/EXPENSES	<u>\$ 12,683,913</u>	<u>\$ (2,525,409)</u>	<u>\$ 10,158,504</u>
NET CHANGE IN FUND BALANCE	\$ (753,506)	\$ 753,506	\$
CHANGE IN NET POSITION		1,787,508	1,787,508
FUND BALANCES/NET POSITION -			
MAY 1, 2024	<u>15,263,742</u>	<u>33,360,874</u>	<u>48,624,616</u>
FUND BALANCES/NET POSITION -			
APRIL 30, 2025	<u>\$ 14,510,236</u>	<u>\$ 35,901,888</u>	<u>\$ 50,412,124</u>

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

MEMORIAL VILLAGES WATER AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2025

Net Change in Fund Balance - Governmental Fund	\$ (753,506)
Amounts reported for governmental activities in the Statement of Activities are different	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	15,605
Governmental funds do not account for depreciation. However, depreciation expense of capital assets is recorded in the Statement of Activities.	(1,382,096)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	3,868,354
Compensated absences are reported as a liability in the Statement of Net Position. Therefore, an expense is recored in the Statement of Activities. In addition, the changes in deferred outflows and inflows of resources for pensions are recorded as pension expense in the government-wide financial statements.	39,151
Change in Net Position - Governmental Activities	<u>\$ 1,787,508</u>

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

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 1. CREATION OF AUTHORITY

Memorial Villages Water Authority (the "Authority") is a conservation and reclamation district and limited purpose political subdivision of the State of Texas, organized, created, and established by Chapter 20, Acts of the 57th Legislature of the State of Texas, 3rd C.S., 1962, as subsequently amended and codified as Chapter 6912, Special District Local Laws Code, and operates in accordance with Chapter 6912, Special District Local Laws Code and Texas Water Code Chapters 49 and 53. The first bonds were sold on March 14, 1963. The Authority is a political subdivision of the State of Texas, governed by an elected seven member Board of Supervisors. The Authority is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The Authority is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water and the collection, transportation and treatment of wastewater.

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 Authority are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The Authority is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether 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 Authority is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the Authority's financial statement as component units.

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").

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

The 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 Assets; 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 net position 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.
- 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 Authority'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 Authority as a whole. The Authority's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The Authority 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.

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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 to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Funds

The Authority has one governmental fund and considers it to be major fund.

General Fund - To account for resources not required to be accounted for in another fund, maintenance taxes, customer service revenues, operating costs and general expenditures.

Basis of Accounting

The Authority 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 collectable within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the Authority and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the Authority does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

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 Fund 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.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$10,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the Authority. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements	40
Furniture and Fixtures	5
Office Equipment	3-5
Machinery and Vehicles	5-15
Plant and Equipment	10-45
Underground Lines	45

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund by the Authority's Board of Supervisors. 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 original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The Authority makes payments into the social security system for the employees. See Note 10 for the Authority's pension plan. The Internal Revenue Service has determined that fees of office received by Supervisors are wages subject to federal income tax withholding for payroll tax purposes only.

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.

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. The Authority does not have any restricted fund balances.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Supervisors. The Board is the highest level of decision-making authority for the Authority. 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 Authority does not have any committed fund balances.

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 Authority has not adopted a formal policy regarding the assignment of fund balances. The Authority has assigned \$500,000 as an operating reserve. The Authority has also assigned \$6,726,079 in groundwater bank certificates. See Note 12.

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 Authority 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.

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 3. LONG-TERM DEBT

As of April 30, 2025, the Authority had no authorized but unissued.

On March 6, 2025, the Authority entered into a line of credit agreement with Stellar Bank (the “Line of Credit”) to minimize any potential liquidity risks from ongoing construction projects. Per the agreement, the Authority can borrow up to \$3,000,000, at the lessor of 5.00% interest per annum or the maximum rate allowed by law, with no closing costs or fees. Interest payments would be made quarterly on the outstanding balance until the maturity date, at which time all outstanding principal and interest would be due and payable. The maturity date would be determined at the time the Authority draws upon the Line of Credit. The term of this agreement is 36 months. The Authority has not made any draws upon the Line of Credit and the outstanding liability is \$0 as of April 30, 2025.

NOTE 4. MAINTENANCE TAX

On May 4, 1991, voters authorized a maintenance tax not to exceed \$0.05 per \$100 valuation on all property within the Authority subject to taxation. During the year ended April 30, 2025, the Authority levied an ad valorem maintenance tax at the rate of \$0.023929 per \$100 of assessed valuation, which resulted in a tax levy of \$1,636,872 on the taxable valuation of \$6,840,537,158 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the Authority.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

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 Authority’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 Authority of securities eligible under the laws of Texas to secure the funds of the Authority, 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.

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

At fiscal year end, the carrying amount of the Authority's deposits was \$390,130 and the bank balance was \$261,984. The Authority was not exposed to custodial credit risk at year-end.

Investments

Under Texas law, the Authority 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 Authority funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the Authority'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 Authority'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 Authority funds without express written authority from the Board of Supervisors. Texas statutes include specifications for and limitations applicable to the Authority and its authority to purchase investments as defined in the Public Funds Investment Act. The Authority has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The Authority's investment policy may be more restrictive than the Public Funds Investment Act.

The Authority invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its portfolio assets at amortized cost. As a result, the Authority also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of April 30, 2024, the Authority had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 3,816,875	\$ 3,816,875
TexPool Prime	<u>3,625,583</u>	<u>3,625,583</u>
TOTAL INVESTMENTS	<u><u>\$ 7,442,458</u></u>	<u><u>\$ 7,442,458</u></u>

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At April 30, 2025, the Authority's investment in TexPool was rated AAAM by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority considers the investments in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the Authority, unless there has been a significant change in value.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2025 is as follows:

	May 1, 2024	Increases	Decreases	April 30, 2025
Capital Assets Not Being Depreciated				
Land	\$ 1,775,942	\$	\$	\$ 1,775,942
Construction in Progress	173,296	3,868,354	1,854,762	2,186,888
Total Capital Assets Not Being Depreciated	<u>\$ 1,949,238</u>	<u>\$ 3,868,354</u>	<u>\$ 1,854,762</u>	<u>\$ 3,962,830</u>
Capital Assets Subject to Depreciation				
Buildings	\$ 1,109,246	\$	\$	\$ 1,109,246
Machinery and Equipment	108,249	220,000		328,249
Vehicles	486,689			486,689
Water System	31,019,991	954,533		31,974,524
Sanitary Sewer System	29,035,202	680,229		29,715,431
Total Capital Assets Subject to Depreciation	<u>\$ 61,759,377</u>	<u>\$ 1,854,762</u>	<u>\$ - 0 -</u>	<u>\$ 63,614,139</u>
Less Accumulated Depreciation				
Buildings	\$ 668,086	\$ 29,660	\$	\$ 697,746
Machinery and Equipment	92,349	5,471		97,820
Vehicles	308,793	49,176		357,969
Water System	11,833,172	716,829		12,550,001
Sanitary Sewer System	17,461,408	580,961		18,042,369
Total Accumulated Depreciation	<u>\$ 30,363,808</u>	<u>\$ 1,382,097</u>	<u>\$ - 0 -</u>	<u>\$ 31,745,905</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 31,395,569</u>	<u>\$ 472,665</u>	<u>\$ - 0 -</u>	<u>\$ 31,868,234</u>
Total Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 33,344,807</u></u>	<u><u>\$ 4,341,019</u></u>	<u><u>\$ 1,854,762</u></u>	<u><u>\$ 35,831,064</u></u>

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 7. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Authority carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile, boiler and machinery, errors and omissions and workers compensation coverage. The Authority, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 8. CONTRACT WITH CITY OF BUNKER HILL VILLAGE

In July, 1985, the Authority and the City of Bunker Hill Village ("Bunker Hill") entered into a thirty-year Waste Disposal Agreement. Pursuant to the terms of this agreement, the Authority agreed to construct and operate a new wastewater treatment plant to treat and dispose of at least 3.052 mgd of effluent and to reserve 18.2% of the capacity of said plant for wastewater flowing through Bunker Hill's sewage collection system into the Authority's main sewer trunk line.

On March 18, 2025, the Authority and Bunker Hill entered into a Wholesale Wastewater Services Agreement with an initial term of ten years, which shall renew for five-year terms unless either Party notifies the other of its intention not to renew. The wholesale wastewater rate for Bunker Hill is \$4.01/1,000 gallons. The wholesale wastewater rate for Bunker Hill is based solely on the percentage of operating expenses allocated to Bunker Hill by the Authority, calculated based on and in accordance with the allocation determination resulting from the evaluation of the wastewater flows from Bunker Hill to the Authority's system and the Authority's Parshall flume meter readings totaling 30%, plus an additional 5% to adjust for rain flows. In addition to paying its share of operating expenses monthly, Bunker Hill shall make payments to the Authority for its share of estimated costs associated with each capital improvement or rehabilitation project at the WWTP or the Trunk Line.

Bunker Hill's share of these costs was \$559,041 for the fiscal year ended April 30, 2025. At that date, the Authority was due \$75,781 from Bunker Hill under the terms of the contract. During the current fiscal year, the Authority received \$1,988,813 from Bunker Hill for amounts related to capital improvements.

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 9. COMPENSATED ABSENCES (Continued)

Effective May 1, 1990, the Authority allows employees to accumulate unused sick leave to a maximum of 90 days. Earned vacation time is generally required to be used within the year between anniversary dates of employment with the Authority. Upon termination, two-thirds of accumulated sick leave and the unused earned vacation days for the current year will be paid to the employee. As of April 30, 2025, the liability for accrued vacation time is not significant and has not been recorded. The liability for accrued sick leave to be paid from current resources is not significant. The accumulated liability of accrued sick leave at April 30, 2025, was \$101,009, which has been recorded as a long-term liability of the Authority.

NOTE 10. PENSION PLAN

Plan Description

The Authority provides retirement, disability, and death benefits for all its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 850 non-traditional defined benefit pension plans. TCDRS issues a publicly available annual comprehensive financial report (ACFR) which includes financial statements, notes and required supplementary information which can be obtained at TCDRS, Finance Division, Barton Oaks Plaza IV Suite 500, 901 S. MoPac Expressway, Austin, Texas 78746 or at www.TCDRS.org.

Benefits Provided

Benefit provisions are adopted by the Authority, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit

Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the Authority. Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the Authority within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 10. PENSION PLANS (Continued)

Benefits Provided (Continued)

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled but not yet receiving benefits	3
Active employees	17

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 9.31% for the months of the 2024 accounting year. The deposit rate payable by the employee members for calendar year 2024 is 7% as adopted by the governing body of the Authority. The employee deposit rate and the employer contribution rate may be changed by the governing body of the Authority within the options available in the TCDRS Act.

For the Authority's accounting year ended April 30, 2025, the annual pension cost for the TCDRS plan for its employees was \$135,904; the actual contributions were \$135,904. The employees contributed \$101,130 to the plan for the 2025 fiscal year.

Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumption:

Actuarial valuation date	12/31/24
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	19.2 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return ¹	7.50%
Projected salary increases ¹	4.70%
Inflation	2.50%
Cost-of-living adjustments	0.00%

¹ Includes inflation at the stated rate

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 10. PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2024. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Mortality rates were based on the following:

Depositing members – 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirees, beneficiaries and non-depositing members – 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Disabled retirees – 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 10. PENSION PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.6%. The discount rate did not change from the previous year.

In order to determine the discount rate to be used, the actuary used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- 2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- 3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the actuary has used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2025 information for a 10-year time horizon.

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 10. PENSION PLANS (Continued)

Discount Rate (Continued)

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	13.00%	5.35%
Global Equities	4.00%	5.15%
International Equities-Development	6.00%	4.75%
International Equities-Emerging	0.00%	4.75%
Investment-Grade Bonds	3.00%	2.55%
Strategic Credit	9.00%	3.70%
Direct Lending	16.00%	6.85%
Distressed Debt	4.00%	6.80%
REIT Equities	2.00%	3.95%
Master Limited Partnerships (MLPs)	2.00%	4.95%
Commodities	2.00%	1.00%
Private Real Estate Partnerships	6.00%	5.75%
Private Equity	25.00%	8.15%
Hedge Funds	6.00%	3.60%
Cash Equivalents	2.00%	1.10%

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 10. PENSION PLANS (Continued)

Changes in Net Pension Liability/(Asset)

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2024 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2023	\$ 157,458	\$ 151,479	\$ 5,979
Changes for the year:			
Service Cost	216,107		216,107
Interest on the Total Pension Liability	28,254		28,254
Effect of Economic/Demographic gains or losses	30,405		30,405
Refund of Contributions	(3,676)	(3,676)	
Administrative Expenses		(227)	227
Member Contributions		101,104	(101,104)
Net Investment Income		20,354	(20,354)
Employer Contributions		134,469	(134,469)
Other		12,808	(12,808)
Balances of December 31, 2024	<u>\$ 428,548</u>	<u>\$ 416,311</u>	<u>\$ 12,237</u>

Sensitivity Analysis

The following presents the net pension liability/(asset) of the Authority, calculated using the discount rate of 7.60%, as well as what the Authority net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	\$ 493,703	\$ 428,548	\$ 374,228
Fiduciary Net Position	<u>416,311</u>	<u>416,311</u>	<u>416,311</u>
Net Pension Liability/(Asset)	<u>\$ 77,392</u>	<u>\$ 12,237</u>	<u>\$ (42,083)</u>

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 10. PENSION PLANS (Continued)

Deferred Inflows/Outflows of Resources

As of December 31, 2024, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -0-	\$ 26,135
Net difference between projected and actual earnings		2,732
Contributions paid to TCDRS subsequent to the measurement date		43,103
Total	<u>\$ -0-</u>	<u>\$ 71,970</u>

\$43,103 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2025 (i.e. recognized in the Authority's financial statements for the year ending April 30, 2025). Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2025	\$ 5,249
2026	5,249
2027	5,247
2028	4,411
2029	4,356
Thereafter	4,355

NOTE 11. SURFACE WATER SUPPLY CONTRACT

Effective September 3, 1998, the Authority and the City of Houston (the "City") entered into a 40 year Water Supply Contract. Under the terms of this contract the City is to supply surface water to the Authority at the rate established by the City's ordinance. The Authority has committed to buy a minimum amount of gallons of water per month. Purchases under this contract began in August of 1998. The Authority recorded a total of \$3,254,568 for water purchases under this contract during the year ended April 30, 2025.

MEMORIAL VILLAGES WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 12. GROUNDWATER BANK CERTIFICATES

Since 1994 the Authority has purchased Groundwater Bank certificates directly from the issuer, the Harris- Galveston Subsidence District (the “District”), and from other parties in the limited secondary market. These certificates expire in 40 years (certificates issued after August 1, 2001 expire in 20 years) and allow the bearer to pump the quantity of water specified on the certificate from wells instead of using surface water as mandated by the District. Certificates can also be used in lieu of a disincentive fee assessed by the District for ground water pumpage in excess of the Authority’s permit as amended. At April 30, 2025, the Authority had in its possession certificates totaling 16,059,936 thousand gallons of water (1,204,200 40-year certificates and 14,855,736 20-year certificates). The Authority believes that it will use these certificates in the future to forego purchases of surface water from the City of Houston. The Authority values the certificates at cost which resulted in a total cost basis for the certificates on hand of \$6,726,079 at April 30, 2025. The average cost of the certificates at April 30, 2025, was approximately \$0.419 per 1,000 gallons of water. The Authority used certificates with a specific identification cost basis of \$434,122 during the fiscal year ended April 30, 2025 in lieu of paying the disincentive fee. As described in Note 11, the Authority has contracted with the City of Houston to purchase surface water at the rate established by the City of Houston's ordinance. In accordance with this ordinance, as of April 30, 2025, the City of Houston had established a water rate of \$4.57 per 1,000 gallons of water.

MEMORIAL VILLAGES WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2025

MEMORIAL VILLAGES WATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,550,000	\$ 1,600,109	\$ 50,109
Water Service	5,000,000	5,139,532	139,532
Wastewater Service	2,400,000	2,196,960	(203,040)
Wastewater Service - City of Bunker Hill Village	1,680,000	559,041	(1,120,959)
Penalty and Interest	30,000	45,586	15,586
Tap Connection and Inspection Fees	50,000	39,350	(10,650)
Service Agreement		1,988,813	1,988,813
Investment Revenues	280,000	327,066	47,066
Miscellaneous Revenues	<u>6,000</u>	<u>33,950</u>	<u>27,950</u>
TOTAL REVENUES	<u>\$ 10,996,000</u>	<u>\$ 11,930,407</u>	<u>\$ 934,407</u>
EXPENDITURES			
Utility Operations:			
Water Production	\$ 5,619,200	\$ 5,681,319	\$ (62,119)
Water Distribution Systems	1,611,100	807,604	803,496
Sewer Plant and Common Truckline	4,053,000	4,019,029	33,971
Sewer Collection System	453,000	491,854	(38,854)
Billing and Collection	149,000	138,530	10,470
General and Administrative	<u>1,328,910</u>	<u>1,545,577</u>	<u>(216,667)</u>
TOTAL EXPENDITURES	<u>\$ 13,214,210</u>	<u>\$ 12,683,913</u>	<u>\$ 530,297</u>
NET CHANGE IN FUND BALANCE	\$ (2,218,210)	\$ (753,506)	\$ 1,464,704
FUND BALANCE - MAY 1, 2024	<u>15,263,742</u>	<u>15,263,742</u>	
FUND BALANCE - APRIL 30, 2025	<u><u>\$ 13,045,532</u></u>	<u><u>\$ 14,510,236</u></u>	<u><u>\$ 1,464,704</u></u>

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
WATER PRODUCTION			
Salaries and Wages	\$ 397,400	\$ 348,368	\$ 49,032
Vacations, Holidays and Sick Pay	43,000	46,574	(3,574)
Payroll Taxes	31,000	30,005	995
Outside Labor	1,500		1,500
Engineering Expenses	106,000	87,683	18,317
Maintenance and Repairs	220,000	178,436	41,564
Chemicals	121,000	96,596	24,404
Uniforms	11,300	11,793	(493)
Power and Fuels	298,500	306,275	(7,775)
Rental of Equipment	2,000		2,000
Insurance	12,000	15,940	(3,940)
Water Analysis Fee	17,100	13,702	3,398
Truck Expense	14,300	1,685	12,615
Tools	1,000	915	85
Telephone	36,400	35,600	800
Equipment Expense	4,500	665	3,835
Purchase of Surface Water Certificates		434,122	(434,122)
TCEQ Inspection Fees	10,000	9,295	705
Surface Water Purchases	3,500,000	3,254,568	245,432
Landscaping	2,000		2,000
Office Furniture/Furnishings	500		500
Vehicle Expenses	3,000	4,200	(1,200)
Permits	30,000	25,009	4,991
Freight	500		500
Medical Expenses	200		200
Water Plant Improvements	725,000	762,102	(37,102)
Purchase of Equipment	10,000		10,000
Repairs to Buildings	5,000	13,458	(8,458)
Software and Data	15,000	4,328	10,672
Miscellaneous	1,000		1,000
TOTAL WATER PRODUCTION	<u>\$ 5,619,200</u>	<u>\$ 5,681,319</u>	<u>\$ (62,119)</u>

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
WATER DISTRIBUTION SYSTEM			
Salaries and Wages	\$ 276,200	\$ 214,771	\$ 61,429
Vacations, Holidays and Sick Pay	20,000	29,945	(9,945)
Payroll Taxes	17,000	19,593	(2,593)
Outside Labor	1,500		1,500
Engineering Expenses	120,000	7,504	112,496
Maintenance and Repairs	319,500	479,472	(159,972)
Chemicals	500		500
Power and Fuels		9,297	(9,297)
Rental of Equipment	1,000		1,000
Insurance	12,000	15,940	(3,940)
Truck Expense	10,300	1,453	8,847
Tools	1,000	439	561
Telephone	1,600	3,887	(2,287)
Equipment Expense	3,000		3,000
Vehicle Expense	3,000	1,800	1,200
TCEQ Regulatory Assessment	22,000	19,562	2,438
Freight	500		500
Water Distribution Improvements	800,000		800,000
Miscellaneous	2,000	3,941	(1,941)
TOTAL WATER DISTRIBUTION SYSTEM	<u>\$ 1,611,100</u>	<u>\$ 807,604</u>	<u>\$ 803,496</u>

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
SEWER PLANT AND COMMON TRUNKLINE			
Salaries and Wages	\$ 377,600	\$ 338,027	\$ 39,573
Vacations, Holidays and Sick Pay	40,000	37,626	2,374
Payroll Taxes	20,000	31,359	(11,359)
Security System	5,500	2,257	3,243
Outside Labor	1,500	4,200	(2,700)
Engineering Expenses	337,000	400,740	(63,740)
Maintenance and Repairs	329,700	171,150	158,550
Chemicals	135,400	143,541	(8,141)
Uniforms	7,800	7,390	410
Power and Fuels	183,500	204,957	(21,457)
Rental of Equipment	3,000		3,000
Insurance	12,000	15,940	(3,940)
Sewer Analysis Fee	37,700	22,499	15,201
Truck Expense	8,700	2,666	6,034
Tools	2,000	1,854	146
Telephone	14,900	12,245	2,655
Equipment Expense	2,600	2,254	346
TCEQ Inspection Fees	22,300	20,537	1,763
Landscaping	600		600
Office Furniture and Furnishings	500		500
Sludge Disposal/Processing	160,500	186,489	(25,989)
Sewer Plant Office Supplies	3,500	5,381	(1,881)
Freight	500	30	470
Medical Expenses	200		200
Sewer Plant Improvements	2,250,000	2,406,392	(156,392)
Purchase of Equipment	45,000		45,000
Repairs to Buildings	40,000		40,000
Software and Data	10,000	1,443	8,557
Miscellaneous	1,000	52	948
TOTAL SEWER PLANT AND COMMON TRUNKLINE	\$ 4,053,000	\$ 4,019,029	\$ 33,971

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
SEWER COLLECTION SYSTEM			
Engineering Expenses	\$ 2,000	\$ 14,149	\$ (12,149)
Maintenance and Repairs	37,000	254,276	(217,276)
Chemicals	20,000		20,000
Power and Fuels	3,000	8,007	(5,007)
Rental of Equipment	10,000		10,000
Insurance	3,000	19,926	(16,926)
Truck Expense	15,000	89	14,911
Telephone	1,000	4,487	(3,487)
Equipment Expense	4,300		4,300
Landscaping	3,200		3,200
Vehicle Expense & Reimbursement	200		200
TCEQ Regulatory Assessment	22,000	19,562	2,438
Freight	200		200
Sewer Collection Improvements	250,000	81,068	168,932
Purchase of Equipment	80,000	90,290	(10,290)
Repair to Buildings	500		500
Software and Data	1,000		1,000
Miscellaneous	600		600
TOTAL SEWER COLLECTION SYSTEM	<u>\$ 453,000</u>	<u>\$ 491,854</u>	<u>\$ (38,854)</u>
 BILLING AND COLLECTION			
Computer Billing	\$ 145,000	\$ 138,530	\$ 6,470
Purchase of Equipment	4,000		4,000
TOTAL BILLING AND COLLECTION	<u>\$ 149,000</u>	<u>\$ 138,530</u>	<u>\$ 10,470</u>

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
GENERAL AND ADMINISTRATIVE			
Salaries and Wages	\$ 362,100	\$ 395,464	\$ (33,364)
Vacations, Holidays and Sick Pay	6,000	61,094	(55,094)
Payroll Taxes	33,000	44,958	(11,958)
Security System	30,550	13,806	16,744
Outside Labor	7,000		7,000
Engineering Fees	1,500	22,559	(21,059)
Maintenance & Repair	20,500		20,500
Power and Fuels	5,400	9,243	(3,843)
Insurance	9,000	11,955	(2,955)
Telephone	16,500	10,491	6,009
Office Equipment Repairs and Maintenance	1,500	8,579	(7,079)
Office Furniture/Furnishings	1,500	961	539
Vehicle Expense	12,900	12,750	150
Office Supplies	8,000	11,026	(3,026)
Freight	200		200
Medical Expenses	60		60
Postage	3,500	2,418	1,082
Public Notice Expenses	1,000	4,175	(3,175)
Purchase of Equipment	500	771	(271)
Harris County Appraisal District	12,000	12,601	(601)
Tax Collection	24,000	23,501	499
Accounting and Auditing	72,000	41,815	30,185
Legal and Contingencies	80,000	271,393	(191,393)
Employee Related Expense	5,500	3,446	2,054
Group Insurance Premium	265,000	307,216	(42,216)
Retirement Fund Contribution, Net of Forfeiture	139,000	135,904	3,096
Banking Fees	5,000	737	4,263
Dues, Subscriptions, Schools	5,500	3,314	2,186
Supervisors' Fees	40,000	24,750	15,250
Supervisors' Expenses	200	6,869	(6,669)
Repairs and Maintenance - 435 Piney Point	87,600	4,355	83,245
Repairs and Maintenance - Office Bldg.	18,300	30,815	(12,515)
Software and Data	53,500	66,359	(12,859)
Miscellaneous	600	2,252	(1,652)
TOTAL GENERAL AND ADMINISTRATIVE	<u>\$ 1,328,910</u>	<u>\$ 1,545,577</u>	<u>\$ (216,667)</u>

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED APRIL 30, 2025

	Year Ended December 31, 2024	Year Ended December 31, 2023
Total Pension Liability		
Service cost	\$ 216,107	\$ 146,245
Interest on total pension liability	28,254	11,115
Effect of economic/demographic (gains) or losses	30,405	98
Effect of assumptions changes or inputs		
Benefit payments/refunds of contributions	(3,676)	
Net change in total pension liability	\$ 271,090	\$ 157,458
Total pension liability, beginning	157,458	
Total pension liability, ending (a)	<u>\$ 428,548</u>	<u>\$ 157,458</u>
Fiduciary Net Position		
Employer contributions	\$ 134,469	\$ 81,652
Member contributions	101,104	61,333
Investment income net of investment expenses	20,354	1,415
Benefit payments/refunds of contributions	(3,676)	
Administrative expenses	(227)	(79)
Other	12,808	7,158
Net change in plan fiduciary net position	\$ 264,832	\$ 151,479
Fiduciary net position, beginning	151,479	
Fiduciary net position, ending (b)	<u>\$ 416,311</u>	<u>\$ 151,479</u>
Net Pension Liability/(Asset), Ending = (a) - (b)	<u>\$ 12,237</u>	<u>\$ 5,979</u>
Fiduciary net position as a percentage of the total pension liability	97.14%	96.20%
Pensionable covered payroll	\$ 1,444,346	\$ 876,188
Net pension liability as a percentage of covered employee payroll	0.85%	0.68%

A full 10-year schedule will be displayed as it becomes available.

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
SCHEDULE OF AUTHORITY CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
APRIL 30, 2025

<u>Fiscal Year Ending April 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (1)</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2023	\$ 81,573	\$ 81,652	\$ (79)	\$ 876,188	9.3%
2024	\$ 134,469	\$ 134,469	\$ -0-	\$ 1,444,346	9.3%
2025	\$ 135,905	\$ 135,905	\$ -0-	\$ 1,444,718	9.4%

(1) Payroll is calculated based on contributions as reported by TCDRS

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY

NOTES TO SCHEDULE OF AUTHORITY CONTRIBUTIONS

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED APRIL 30, 2025

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19.2 years (based on contribution rate calculated in 12/31/24 valuation)
Asset Valuation Method	5-year, smoothed market
Inflation	2.50%
Salary Increases	4.7%, average over career including inflation, varies by age and service
Investment Rate of Return	7.50%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Change in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New Inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New Inflation, mortality and other assumptions were reflected 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015-2022: Not applicable, prior to TCDRS participation. 2023: No changes in plan provisions were reflected in the Schedule 2024: No changes in plan provisions were reflected in the Schedule

- Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to the Schedule

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

APRIL 30, 2025

MEMORIAL VILLAGES WATER AUTHORITY
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2025

1. SERVICES PROVIDED BY THE AUTHORITY DURING THE FISCAL YEAR:

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order effective September 12, 2023.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 17.50	2,000	N	\$ 2.10	2,001 to 5,000
				2.40	5,001 to 10,000
				2.80	10,001 to 15,000
				3.90	15,001 to 20,000
				4.35	20,001 to 25,000
				4.65	25,001 to 30,000
				5.25	30,001 to 35,000
				5.35	35,001 to 40,000
				5.65	40,001 to 50,000
				6.00	50,001 to 60,000
				6.65	60,001 and up
WASTEWATER:	\$ 17.50	2,000	N	\$ 2.00	2,001 to 5,000
				2.10	5,001 to 10,000
				2.40	10,001 to 15,000
				2.70	15,001 to 20,000
				3.30	20,001 to 25,000
				4.00	25,001 to 30,000
				-0-	30,001 and up

SURCHARGE:

Authority employs winter averaging for wastewater usage?

<u> </u>	<u> X </u>
Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$35.80 Wastewater: \$34.00 Surcharge \$-0-

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2025

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	<u>712</u>	<u>712</u>	x 1.0	<u>712</u>
≤¾"	<u>1,479</u>	<u>1,479</u>	x 1.0	<u>1,479</u>
1"	<u>2,630</u>	<u>2,630</u>	x 2.5	<u>6,575</u>
1½"	<u>518</u>	<u>518</u>	x 5.0	<u>2,590</u>
2"	<u>161</u>	<u>161</u>	x 8.0	<u>1,288</u>
3"	<u>7</u>	<u>7</u>	x 15.0	<u>105</u>
4"	<u>15</u>	<u>15</u>	x 25.0	<u>375</u>
6"	<u>3</u>	<u>3</u>	x 50.0	<u>150</u>
8"	<u> </u>	<u> </u>	x 80.0	<u> </u>
10"	<u> </u>	<u> </u>	x 115.0	<u> </u>
Total Water Connections	<u><u>5,525</u></u>	<u><u>5,525</u></u>		<u><u>13,274</u></u>
Total Wastewater Connections	<u><u>3,273</u></u>	<u><u>3,273</u></u>	x 1.0	<u><u>3,273</u></u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND:

Gallons pumped into system: 1,366,477,000 Water Accountability Ratio: 83.2%
(Gallons billed and sold/Gallons pumped)

Gallons billed to customers: 1,136,531,000

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2025

4. STANDBY FEES (authorized only under TWC Section 49.231):

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

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

5. LOCATION OF AUTHORITY:

Is the Authority located entirely within one county?

Yes ☒ No ☐

Counties in which Authority is located:

Harris County, Texas

Is the Authority located within a city?

Entirely ☐ Partly ☒ Not at all ☐

Cities in which Authority is located:

City of Houston, Texas, City of Bunker Hill Village, Texas, and City of Spring Valley, Texas

Is the Authority located within a city's extraterritorial jurisdiction (ETJ)?

Entirely ☐ Partly ☒ Not at all ☐

ETJ's in which Authority is located:

City of Hedwig, Texas, City of Hunter Creek, Texas, and City of Piney Point, Texas

Are Board Members appointed by an office outside the Authority?

Yes ☐ No ☒

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2025

UTILITY OPERATIONS

Water Production	\$ 5,681,319
Water Distribution Systems	807,604
Sewer Plant and Common Truckline	4,019,029
Sewer Collection System	491,854
Billing and Collection	<u>138,530</u>

TOTAL UTILITY OPERATIONS \$ 11,138,336

GENERAL AND ADMINISTRATIVE

Personnel Expenditures (Including Benefites) \$ 944,636

Professional Fees

Accounting and Auditing	\$ 41,815
Engineering	22,559
Legal	<u>271,393</u>

Total Professional Fees \$ 335,767

Contracted Services

Appraisal District	\$ 12,601
Tax Collector	<u>23,501</u>

Total Contracted Services \$ 36,102

Repairs and Maintenance \$ 43,749

Administrative Expenditures

Supervisor Fees	\$ 24,750
Supervisor Expenses	6,869
Other	<u>153,704</u>

Total Administrative Expenditures \$ 185,323

TOTAL GENERAL AND ADMINISTRATIVE \$ 1,545,577

TOTAL EXPENDITURES \$ 12,683,913

Number of persons employed by Authority 17 Full-Time -0- Part-Time

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
INVESTMENTS
APRIL 30, 2025

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 3,816,875	\$
TexPool Prime	XXXX0001	Varies	Daily	<u>3,625,583</u>	<u> </u>
TOTAL GENERAL FUND				<u>\$ 7,442,458</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2025

	<u>Maintenance Taxes</u>	
TAXES RECEIVABLE -		
MAY 1, 2024	\$ 96,495	
Adjustments to Beginning		
Balance	<u>(21,158)</u>	\$ 75,337
Original 2024 Tax Levy	\$ 1,636,872	
Adjustment to 2024 Tax Levy	<u></u>	<u>1,636,872</u>
TOTAL TO BE		
ACCOUNTED FOR		\$ 1,712,209
TAX COLLECTIONS:		
Prior Years	\$ 48,993	
Current Year	<u>1,551,116</u>	<u>1,600,109</u>
TAXES RECEIVABLE -		
APRIL 30, 2025		<u>\$ 112,100</u>
TAXES RECEIVABLE BY		
YEAR:		
2024	\$ 85,756	
2023	5,824	
2022	4,569	
2021	3,441	
2020	2,685	
2019	2,204	
2018	1,427	
2017	925	
2016	803	
2015	857	
2014	1,534	
2013 and Prior	<u>2,075</u>	
TOTAL		<u>\$ 112,100</u>

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2025

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 6,840,537,158</u>	<u>\$ 6,719,949,603</u>	<u>\$ 6,203,846,895</u>	<u>\$ 5,829,519,201</u>
TAX RATES PER \$100 VALUATION:				
Maintenance	<u>\$ 0.023929</u>	<u>\$ 0.024389</u>	<u>\$ 0.025468</u>	<u>\$ 0.026369</u>
ADJUSTED TAX LEVY*	<u>\$ 1,636,872</u>	<u>\$ 1,638,696</u>	<u>\$ 1,578,898</u>	<u>\$ 1,537,186</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>94.76 %</u>	<u>99.64 %</u>	<u>99.71 %</u>	<u>99.78 %</u>

* Based upon adjusted tax at time of audit for the period in which the tax was levied.

Maintenance Tax – Maximum Tax Rate of \$0.05 per \$100 of assessed valuation approved by voters on May 4, 1991.

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 1,600,109	\$ 1,592,664	\$ 1,566,961
Water Service	5,139,532	6,262,776	5,545,858
Wastewater Service	2,196,960	2,307,581	2,324,049
Wastewater Service to City of Bunker Hill Village	559,041	702,069	480,669
Penalty and Interest	45,586	33,435	39,798
Tap Connection and Inspection Fees	39,350	45,332	16,150
Investment Revenues	327,066	303,653	75,215
Service Agreement	1,988,813		
Miscellaneous Revenues	33,950	17,455	3,970
TOTAL REVENUES	<u>\$ 11,930,407</u>	<u>\$ 11,264,965</u>	<u>\$ 10,052,670</u>
EXPENDITURES			
Utility Operations	\$ 11,138,336	\$ 7,710,524	\$ 6,865,101
General and Administrative	1,545,577	1,195,531	1,243,759
TOTAL EXPENDITURES	<u>\$ 12,683,913</u>	<u>\$ 8,906,055</u>	<u>\$ 8,108,860</u>
NET CHANGE IN FUND BALANCE	\$ (753,506)	\$ 2,358,910	\$ 1,943,810
BEGINNING FUND BALANCE	<u>15,263,742</u>	<u>12,904,832</u>	<u>10,961,022</u>
ENDING FUND BALANCE	<u>\$ 14,510,236</u>	<u>\$ 15,263,742</u>	<u>\$ 12,904,832</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>5,525</u>	<u>5,629</u>	<u>3,357</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>3,273</u>	<u>3,177</u>	<u>3,162</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
\$ 1,537,904	\$ 1,557,988	13.3 %	14.0 %	15.6 %	17.7 %	18.0 %
4,372,620	4,414,033	43.2	55.7	55.2	50.5	51.0
2,193,856	2,166,227	18.4	20.5	23.1	25.3	25.0
436,852	411,996	4.7	6.2	4.8	5.0	4.8
30,577	26,929	0.4	0.3	0.4	0.4	0.3
81,900	56,000	0.3	0.4	0.2	0.9	0.6
8,619	10,358	2.7	2.7	0.7	0.1	0.1
		16.7				
8,184	18,333	0.3	0.2		0.1	0.2
\$ 8,670,512	\$ 8,661,864	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$ 9,943,081	\$ 8,042,450	93.4 %	68.4 %	68.3 %	114.7 %	92.8 %
1,163,213	1,309,070	13.0	10.6	12.4	13.4	15.1
\$ 11,106,294	\$ 9,351,520	106.4 %	79.0 %	80.7 %	128.1 %	107.9 %
\$ (2,435,782)	\$ (689,656)	(6.4) %	21.0 %	19.3 %	(28.1) %	(7.9) %
13,396,804	14,086,460					
\$ 10,961,022	\$ 13,396,804					
3,328	3,344					
3,219	3,165					

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
SUPERVISORS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2025

Authority Mailing Address - Memorial Villages Water Authority
8955 Gaylord
Houston, TX 77024

Authority Telephone Number - (713) 465-8318

Supervisors	Term of Office (Elected or Appointed)	Fees of Office for the year ended April 30, 2025	Expense Reimbursements for the year ended April 30, 2025	Title
Gary Schenk	11/2022 11/2026 (Elected)	\$ 7,050	\$ -0-	President
Will Wilson	11/2024 11/2028 (Elected)	\$ 5,700	\$ -0-	Vice President
Cathy Stubbs	11/2024 11/2028 (Elected)	\$ 6,300	\$ -0-	Treasurer
Randolph Ewing	11/2022 11/2026 (Elected)	\$ 5,250	\$ -0-	Secretary
Veronica Roa	11/2022 11/2026 (Elected)	\$ 750	\$ -0-	Assistant Secretary
Unal Baysal	11/2024 11/2028 (Elected)	\$ 750	\$ -0-	Assistant Secretary
Locke Braly	11/2022 11/2026 (Elected)	\$ 4,500	\$ -0-	Assistant Secretary

Note: No Supervisor has any business or family relationships (as defined by the Texas Water Code) with major landowners in the Authority, with the Authority's developers or with any of the Authority's consultants. Limit on Fees of Office that a Supervisor may receive during a fiscal year is the maximum allowed by law. Fees of Office are the amounts actually paid to a Supervisor during the Authority's current fiscal year.

Submission date of most recent Registration Form: June 23, 2023

See accompanying independent auditor's report.

MEMORIAL VILLAGES WATER AUTHORITY
SUPERVISORS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2025

Key Administrative Personnel:	<u>Date Hired</u>	<u>Fees/ Compensation for the fiscal year ending April 30, 2025</u>	<u>Title</u>
Trey Cantu	2020	Salaried	General Manager/ Investment Officer
Consultants:			
Norton Rose Fulbright US LLP	1962	\$ 136,008	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	2024	\$ 22,000	Auditor
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/07/00	\$ 2,620	Delinquent Tax Attorney
Langford Engineering, Inc.	1972	\$ 511,237	Engineer

See accompanying independent auditor's report.