LUMBERTON MUNICIPAL UTILITY DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS §

COUNTY OF Hardin §

I, Nicholas N. Carter, President of the Lumberton Municipal Utility District hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the 15th day of September 2025 its annual report for the fiscal year or period ended June 30, 2025 and that copies of the annual audit have been filed in the District office, located at 625 FM 421, Lumberton, Texas 77657. The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date: 9-15, 2025

By: N Carter
(Signature of District Representative)

Nicholas N. Carter, President
(Typed Name and Title of above
District Representative)

Sworn to and subscribed to before me this 15th day of September, 2025

BETTIE JOE LEE LEWIS
My Notary ID # 131368660
Expires December 1, 2025

(Seal)

B Lee Lewis
(Signature of Notary)

My commission expires on December 1, 2025 Notary Public in and for the State of Texas.

Wathen,
DeShong
& Juncker,
L.L.P.
CPAs & BUSINESS ADVISORS

September 15, 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lumberton Municipal Utility District
Lumberton, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Lumberton Municipal Utility District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Lumberton Municipal Utility District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Lumberton Municipal Utility District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Lumberton Municipal Utility District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lumberton Municipal Utility District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government 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 Lumberton Municipal Utility District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lumberton Municipal Utility District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 5 through 10; the Schedules of Changes in Employer's Net Pension Liability and Related Ratios and Employer Contributions on pages 40 through 41; the Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual – Water and Sewer Fund on page 42; and the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Fund on page 43 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Texas Supplementary Information listed in the Table of Contents on page 44 through 59 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2025, on our consideration of the Lumberton Municipal Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lumberton Municipal Utility District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lumberton Municipal Utility District's internal control over financial reporting and compliance.

Wathen, DeShong & Juncker, L.L.P.
WATHEN, DeSHONG & JUNCKER, L.L.P.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Lumberton Municipal Utility District, we offer readers of the Lumberton Municipal Utility District financial statements this narrative overview and analysis of the financial activities of the Lumberton Municipal Utility District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the independent auditor's report and the District's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The assets of the Lumberton Municipal Utility District exceeded its liabilities as of June 30, 2025, by $36,800,895 (net position).
- The Lumberton Municipal Utility District's total net position increased by $7,309,270. The District had expenses associated with all activities totaling $11,046,358 and total revenues were $18,355,628.
- As of June 30, 2025, the Lumberton Municipal Utility District's Water and Sewer Fund reported an ending net position of $109,114,399.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Lumberton Municipal Utility District's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Lumberton Municipal Utility District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Lumberton Municipal Utility District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decrease in net position may serve as a useful indicator of whether the financial position of the Lumberton Municipal Utility District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the District include collections and disbursements of ad valorem taxes to pay off long-term debts. The business-type activities of the District include one enterprise activity: a water and sewer system.

The government-wide financial statements can be found on pages 11 and 12 of this report.

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 Lumberton Municipal Utility District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of Lumberton Municipal Utility District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Lumberton Municipal Utility District maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Debt Service Fund, which is considered to be a major fund.

Proprietary funds. Lumberton Municipal Utility District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements. The Water and Sewer Fund is considered a major enterprise fund for the District.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the Financial Statements can be found on pages 20 through 39.

Other information. In addition to the basic financial statements and accompanying notes, required supplementary information presents a schedule of changes in employer's net pension liability and related ratios, a schedule of employer contributions and budgetary comparison schedules for the Water and Sewer Fund and the Debt Service Fund to demonstrate compliance with the budget. This required supplementary information can be found on pages 40 through 43.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Lumberton Municipal Utility District, assets exceeded liabilities by $36,800,895 at June 30, 2025.

STATEMENT OF NET POSITION

	Statement of Net Position June 30, 2025			
	Governmental Activities	Business-type Activities	Reclassifications	Total
Current and other assets	$ 3,040,624	$ 81,752,557	$ -	$ 84,793,181
Capital assets	-	33,867,711	-	33,867,711
Total Assets	3,040,624	115,620,268	-	118,660,892
Deferred Outflow of Resources	-	361,047	-	361,047
Current and other liabilities	2,508,087	2,879,778	-	5,387,865
Long-term liabilities	72,775,024	3,923,222	-	76,698,246
Total Liabilities	75,283,111	6,803,000	-	82,086,111
Deferred Inflow of Resources	71,017	63,844	-	134,861
Net Position:				
Invested in capital assets, net of related debt	-	29,250,303	228,280	29,478,583
Restricted	2,168,761	76,396,438	(74,710,545)	3,854,654
Unrestricted	(74,482,265)	3,467,730	74,482,265	3,467,730
Total Net Position	$ (72,313,504)	$ 109,114,471	$ -	$ 36,800,967

	Statement of Net Position June 30, 2024			
	Governmental Activities	Business-type Activities	Reclassifications	Total
Current and other assets	$ 3,077,074	$ 80,418,320	$ -	$ 83,495,394
Capital assets	-	30,044,894	-	30,044,894
Total Assets	3,077,074	110,463,214	-	113,540,288
Deferred Outflow of Resources	-	435,619	-	435,619
Current and other liabilities	2,472,904	2,952,543	-	5,425,447
Long-term liabilities	74,411,248	4,546,928	-	78,958,176
Total Liabilities	76,884,152	7,499,471	-	84,383,623
Deferred Inflow of Resources	94,690	5,969	-	100,659
Net Position:				
Invested in capital assets, net of related debt	-	24,819,786	(3,227,413)	21,592,373
Restricted	2,186,324	74,511,857	(72,860,679)	3,837,502
Unrestricted	(76,088,092)	4,061,750	76,088,092	4,061,750
Total Net Position	$ (73,901,768)	$ 103,393,393	$ -	$ 29,491,625

For the fiscal years ended June 30, 2025 and 2024, the District has a reclassification of $74,482,265 and $76,088,092, respectively, to move the debt associated with the construction of Waterworks and Sanitary Sewer Facilities from Unrestricted net position to Invested in capital assets, net of related debt and restricted net position. The capital assets are reported in the business-type activities and the debt is reported in the governmental activities.

Total net position of the District's activities was $36,800,895. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements was $3,467,730 at June 30, 2025. The deficit in unrestricted governmental net position is addressed in Note Number 12 in the notes to the Financial Statements.

STATEMENT OF CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Fees for services	$ -	$ -	$ 7,964,636	$ 7,480,188	$ 7,964,636	$ 7,480,188
General revenues						
Property taxes	3,924,517	4,168,668	-	-	3,924,517	4,168,668
Investment income	13,030	10,812	3,038,717	3,157,207	3,051,747	3,168,019
Net grant activity	-	-	14,072	8,370	14,072	8,370
Other	18,351	17,375	3,382,305	923,241	3,400,656	940,616
Total Revenues	3,955,898	4,196,855	14,399,730	11,569,006	18,355,628	15,765,861
Expenses						
Administration	(190,486)	(121,104)	-	-	(190,486)	(121,104)
Interest on long-term debt	(2,261,118)	(2,312,020)	-	-	(2,261,118)	(2,312,020)
Water and sewer	-	-	(8,585,804)	(7,993,348)	(8,585,804)	(7,993,348)
Gain (loss) on sale of assets	-	-	(8,878)	-	(8,878)	-
Total Expenses	(2,451,604)	(2,433,124)	(8,594,682)	(7,993,348)	(11,046,286)	(10,426,472)
Increase (decrease) in net position before transfers	1,504,294	1,763,731	5,805,048	3,575,658	7,309,342	5,339,389
Transfers	83,970	89,975	(83,970)	(89,975)	-	-
Net position - beginning	(73,901,768)	(75,755,474)	103,393,393	99,907,710	29,491,625	24,152,236
Net position - ending	$(72,313,504)	$(73,901,768)	$ 109,114,471	$ 103,393,393	$ 36,800,967	$ 29,491,625

The District's total net position increased by $7,309,270 during the current fiscal year. Governmental activities increased by $1,588,264 and business-type activities increased by $5,721,006.

Financial Analysis of the Government's Funds

As noted earlier, the Lumberton Municipal Utility District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Lumberton Municipal Utility District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Lumberton Municipal Utility District's financing requirements.

As of June 30, 2025 the Lumberton Municipal Utility District's governmental fund reported an ending balance of $2,872,454.

Proprietary funds. The District's proprietary funds provide the same information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year totaled $3,467,730 for the Water and Sewer Fund. Net position in the Water and Sewer Fund increased by $5,721,006.

General Fund Budgetary Highlights

There were no amendments to the original budget during the fiscal year ended June 30, 2025. There were no additional appropriations. Tax revenues were above budget by $4,267 or 0.1%. Debt service expenditures were above budget by $74,868 or 1.8%.

Proprietary Fund Budget Highlights

There were no amendments to the original budget during the fiscal year ended June 30, 2025. Operating revenues were below budget by $950,295 or 10.66%. Operating expenses were below budget by $867,761 or 9.26%.

Capital Assets

The Lumberton Municipal Utility District's investment in capital assets for its business-type activities at June 30, 2025, was $33,867,639 net of accumulated depreciation. This investment in capital assets includes land, buildings, machinery and equipment, and construction-in-progress and represents a net increase of $3,822,745 after considering accumulated depreciation of $40,134,418.

CAPITAL ASSETS

	Business-Type Activities		
	2025	2024	Change
Land	$ 438,597	$ 438,597	$ -
Buildings and improvements	5,650,690	5,650,690	-
Water system	13,974,706	12,905,255	1,069,451
Sewer system	44,286,050	41,833,036	2,453,014
Machinery and equipment	1,225,353	955,062	270,291
Automobiles and trucks	1,532,269	1,255,751	276,518
Furniture and fixtures	461,294	462,650	(1,356)
Engineering fees	354,038	354,038	-
Construction-in-progress	6,079,132	4,803,891	1,275,241
Total at historical cost	74,002,129	68,658,970	5,343,159
Total accumulated depreciation	(40,134,418)	(38,614,076)	(1,520,342)
Net capital assets	$ 33,867,711	$ 30,044,894	$ 3,822,817

Long-Term Debt

At June 30, 2025, the Lumberton Municipal Utility District had $79 million in bonds outstanding as shown below. Lumberton Municipal Utility District's bonds presently carry a Standard and Poor's Investor Services rating of "AA".

LONG-TERM DEBT

	Business-Type Activities			Governmental Activities		
	2025	2024	Change	2025	2024	Change
Bonds Payable	$4,546,928	$5,145,330	$ (598,402)	$74,411,248	$75,993,402	$ (1,582,154)

For the fiscal year ended June 30, 2025, interest expense in the Governmental activities was $2,261,118, interest expense in the Business-type activities was $87,275, and interest expense in the Governmental funds was $2,345,832.

Economic Factors and Next Year's Budgets

Service fees and other operating revenues are budgeted at $9,033,000 for the fiscal year ending June 30, 2026 as compared to actual operating revenue of $7,964,636 for the fiscal year just ended.

Operating expenses, prior to capital outlay and debt principal are budgeted at $7,853,190 for the fiscal year ending June 30, 2026 as compared to actual operating expenses of $8,498,529 for the fiscal year just ended.

Lumberton Municipal Utility District has various ongoing capital projects.

Requests for Information

This financial report is designed to provide a general overview of the Lumberton Municipal Utility District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District Manager at P.O. Box 8065, Lumberton, Texas 77657.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LUMBERTON MUNICIPAL UTILITY DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities	Business-type Activities	Reclassifications	Total
ASSETS				
Cash	$ 2,795,288	$ 2,715,744	$ -	$ 5,511,032
Accounts receivable, net of allowance for doubtful accounts:				
Taxes	212,816	-	-	212,816
Service accounts	-	688,622	-	688,622
Other	-	164,547	-	164,547
Inventory	-	706,622	-	706,622
Prepaid expenses	32,520	50,426	-	82,946
Restricted assets:				
Cash	-	77,426,596	-	77,426,596
Capital assets:				
Land	-	438,597	-	438,597
Construction-in-progress	-	6,079,132	-	6,079,132
Other capital assets, net of accumulated depreciation	-	27,349,982	-	27,349,982
Total assets	3,040,624	115,620,268	-	118,660,892
DEFERRED OUTFLOW OF RESOURCES	-	361,047	-	361,047
LIABILITIES				
Accounts payable	-	304,384	-	304,384
Accrued liabilities	-	64,560	-	64,560
Interest payable	871,863	70,480	-	942,343
Compensated absences	-	209,942	-	209,942
Customer deposits	-	971,245	-	971,245
Deferred revenue	-	202,319	-	202,319
Accrued pension liability	-	433,142	-	433,142
Debt payable - current	1,636,224	623,706	-	2,259,930
Debt payable - noncurrent	72,775,024	3,923,222	-	76,698,246
Total liabilities	75,283,111	6,803,000	-	82,086,111
DEFERRED INFLOW OF RESOURCES				
Deferred gain on refunded debt	71,017	-	-	71,017
Deferred inflows related to pension	-	63,844	-	63,844
Total deferred inflow of resources	71,017	63,844	-	134,861
NET POSITION				
Invested in capital assets, net of related debt	-	29,250,303	228,280	29,478,583
Restricted for:				
Debt service	2,168,761	1,685,893	-	3,854,654
Capital projects	-	74,710,545	(74,710,545)	-
Unrestricted	(74,482,265)	3,467,730	74,482,265	3,467,730
Total net position	$ (72,313,504)	$ 109,114,471	$ -	$ 36,800,967

The reclassification is for debt associated with the construction of Waterworks and Sanitary Sewer facilities and the rehabilitation work on Well 3. The assets are accounted for in the Business-type Activities column and the debt is accounted for in the Government Activities column.

The accompanying notes are an integral part
of these financial statements.

LUMBERTON MUNICIPAL UTILITY DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Grant Contributions	Capital Grant Contributions
Primary Government				
Government activities				
Administration and general	$ 190,486	$ -	$ -	$ -
Interest on long-term debt	2,261,118	-	-	-
Total government activities	2,451,604	-	-	-
Business-type activities				
Water and Sewer	8,585,804	7,964,636	-	14,072
Total business-type activities	8,585,804	7,964,636	-	14,072
Total primary government	$ 11,037,408	$ 7,964,636	$ -	$ 14,072
General revenues				
Property taxes				
Investment earnings				
Miscellaneous				
Gain (loss) on sale of assets				
Developer contributions				
Rental income				
Transfers In (Out)				
Total general revenues				
Change in net position				
Net position, beginning of period				
Net position, end of period				

The accompanying notes are an integral part
of these financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (190,486)	$ -	$ (190,486)
(2,261,118)	-	(2,261,118)
(2,451,604)	-	(2,451,604)
-	(607,096)	(607,096)
-	(607,096)	(607,096)
(2,451,604)	(607,096)	(3,058,700)
3,924,517	-	3,924,517
13,030	3,038,717	3,051,747
18,351	-	18,351
-	(8,878)	(8,878)
-	3,371,069	3,371,069
-	11,236	11,236
83,970	(83,970)	-
4,039,868	6,328,174	10,368,042
1,588,264	5,721,078	7,309,342
(73,901,768)	103,393,393	29,491,625
$(72,313,504)	$ 109,114,471	$ 36,800,967

FUND FINANCIAL STATEMENTS

LUMBERTON MUNICIPAL UTILITY DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2025

	Debt Service Fund
ASSETS	
Cash	$ 2,795,288
Receivables, net of allowance for doubtful accounts:	
Taxes	212,816
Prepaid appraisal district fees	32,520
Total assets	$ 3,040,624
DEFERRED INFLOW OF RESOURCES	
Deferred property tax revenue	$ 168,170
FUND BALANCES	
Restricted	
Debt service	2,872,454
Total liabilities, deferred inflows and fund balances	$ 3,040,624

The accompanying notes are an integral part
of these financial statements.

LUMBERTON MUNICIPAL UTILITY DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION FOR GOVERNMENTAL ACTIVITIES

JUNE 30, 2025

Governmental fund balance as reported on the balance sheet for governmental funds.	$ 2,872,454
The governmental funds report bond issuance costs as expenditures when they are first incurred. However, these costs should be deferred and amortized over the life of the bond. Therefore, the unamortized balance should be included in the Statement of Net Activities.	(636,248)
The governmental fund reports gains or losses on bond refunding as other sources and other uses of funds when they are first incurred. These gains or losses are capitalized and amortized in the Statement of Net Position for Governmental Activities.	
Deferred gain on early retirement of debt	(307,747)
Accumulated amortization	236,730
Long-term liabilities of the governmental activities are not due and payable in the current period and therefore, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.	
General obligation bonds payable	(73,775,000)
Accrued interest expense	(871,863)
Deferred property tax revenue is recorded as a deferred inflow of resources in the governmental funds. Property taxes receivable, net of an allowance for uncollectable balances are recognized as income in the Statement of Net Position for Governmental Activities.	
Deferred property tax revenue	168,170
Total net position as reported on the Statement of Net Position for governmental activities.	$ (72,313,504)

The accompanying notes are an integral part
of these financial statements.

LUMBERTON MUNICIPAL UTILITY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

	Debt Service Fund
REVENUES	
General property taxes	$ 3,894,267
Penalties and interest	20,754
Interest	13,030
Miscellaneous	18,351
Total revenues	3,946,402
EXPENDITURES	
Debt service	
Principal	1,540,000
Interest and fiscal charges	2,345,832
Collection costs	30,003
Appraisal district	160,483
Total expenditures	4,076,318
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(129,916)
OTHER FINANCING SOURCES	
Transfer out	83,970
Total other financing sources (uses)	83,970
NET CHANGE IN FUND BALANCE	(45,946)
FUND BALANCES, beginning of period	2,918,400
FUND BALANCES, end of period	$ 2,872,454

The accompanying notes are an integral part
of these financial statements.

LUMBERTON MUNICIPAL UTILITY DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances for total governmental funds.	$ (45,946)
The issuance of debt provides current resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.	
Principal paid	1,540,000
Current year premium amortization	65,827
Interest associated with bonded indebtedness is recorded when paid in the governmental funds. Accrued interest expense is reported in the Statement of Activities.	
Accrued interest on bonds payable - prior year	890,750
Accrued interest on bonds payable - current year	(871,863)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Prior year deferred property taxes	(158,675)
Current year deferred property taxes	168,171
Change in net position of governmental activities	$ 1,588,264

The accompanying notes are an integral part
of these financial statements.

LUMBERTON MUNICIPAL UTILITY DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	Water and Sewer Fund
CURRENT ASSETS	
Cash	$ 2,715,744
Accounts receivable, net of allowance for doubtful accounts:	
Service accounts	688,622
Other	164,547
Prepaid expense	50,426
Inventory	706,622
Total current assets	4,325,961
NONCURRENT ASSETS	
Restricted	
Cash	77,426,596
Capital assets	
Land	438,597
Construction-in-progress	6,079,132
Other capital assets, net of accumulated depreciation	27,349,982
Total noncurrent assets	111,294,307
Total assets	115,620,268
DEFERRED OUTFLOW OF RESOURCES	361,047
CURRENT LIABILITIES	
Accounts payable	304,384
Accrued liabilities	64,560
Interest payable	70,480
Current portion, bonds payable	623,706
Compensated absences	209,942
Customer deposits	971,245
Deferred revenue	202,319
Total current liabilities	2,446,636
NONCURRENT LIABILITIES	
Accrued pension liability	433,142
Bonds payable - noncurrent	3,923,222
Total noncurrent liabilities	4,356,364
Total liabilities	6,803,000
DEFERRED INFLOW OF RESOURCES	63,844
NET POSITION	
Invested in capital assets, net of related debt	29,250,303
Restricted for debt service	1,685,893
Restricted for capital projects	74,710,545
Unrestricted	3,467,730
TOTAL NET POSITION	$ 109,114,471

The accompanying notes are an integral part
of these financial statements.

LUMBERTON MUNICIPAL UTILITY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2025

	Water and Sewer Fund
OPERATING REVENUES	
Service fees	$ 6,797,790
Tap connection fees	156,530
Miscellaneous	1,010,316
Total operating revenues	7,964,636
OPERATING EXPENSES	
Personnel	3,798,625
Professional services	62,343
Purchased and contract services	131,295
Consumable supplies and materials	527,362
Recurring expenses and repairs	2,317,465
Depreciation and amortization	1,661,439
Total operating expenses	8,498,529
OPERATING INCOME (LOSS)	(533,893)
NON-OPERATING REVENUES (EXPENSES)	
Gain (loss) on sale of assets	(8,878)
Interest revenue	3,038,717
Interest expense	(87,275)
Rental income	11,236
Developer contributions	3,371,069
FEMA grant revenue	14,072
Total non-operating revenues (expenses)	6,338,941
NET INCOME (LOSS) BEFORE TRANSFERS	5,805,048
Transfer in	(83,970)
CHANGE IN NET POSITION	5,721,078
NET POSITION, beginning of period	103,393,393
NET POSITION, end of period	$ 109,114,471

The accompanying notes are an integral part
of these financial statements.

LUMBERTON MUNICIPAL UTILITY DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 8,072,417
Payments to suppliers and service providers	(3,132,217)
Payments to employees	(3,729,127)
Net cash provided by operating activities	1,211,073
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due to / (from) debt service fund	(7,593)
Transfer in / (out)	(83,970)
Net cash provided (used) by noncapital financing activities	(91,563)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital assets	(823,874)
Construction-in-progress	(1,275,241)
Proceeds from disposition of assets	(8,878)
Interest payments	(96,573)
Retirement of long-term debt	(598,402)
Customer security deposits	42,450
Net cash provided (used) by capital and related financing activities	(2,760,518)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	3,038,717
Rental income	11,236
Net cash provided (used) by investing activities	3,049,953
INCREASE (DECREASE) IN CASH	1,408,945
CASH, beginning of period	78,733,395
CASH, end of period	$ 80,142,340
Cash is presented in the Statement of Net Position as follows:	
Current Assets - Cash	$ 2,715,744
Noncurrent Assets - Restricted Cash	77,426,596
	$ 80,142,340
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	$ (533,893)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization	1,661,439
(Increase) decrease in assets	
Receivables	111,592
Prepaid expenses	(50,426)
Inventory	13,542
Increase (decrease) in liabilities	
Accounts payable	(28,231)
Accrued liabilities	(28,637)
Accrued pension liability	(175,821)
Compensated absences	112,872
Deferred revenue	(3,811)
(Increase) decrease in outflow/inflow of resources	132,447
Net cash provided by operating activities	$ 1,211,073

During the fiscal year ended June 30, 2025, water and sewer system additions included $3,371,069 in developer contributions.

The accompanying notes are an integral part
of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1) ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The combined financial statements of the Lumberton Municipal Utility District (the "District") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The Lumberton Municipal Utility District (the District) was created by the 63rd Texas Legislature and operates pursuant to Chapter 49 of the Texas Water Code. The District, with approximately 38,000 acres, is located entirely within the southeast corner of Hardin County and, except for an additional 130 acres, with boundaries in common with Lumberton Independent School District, north of Beaumont, Texas.

The District has adopted Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". In accordance with this statement, a financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is governed by a Board of Directors consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. As required by generally accepted accounting principles, these financial statements present the activities of the District which is considered to be the primary government as well as the reporting entity. There are no other organizations which meet the criteria for inclusion herein as part of the financial reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Government activities,* which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities,* which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue.*

Separate financial statements are provided for governmental funds and proprietary funds.

1) ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resource, measurement focus, and the modified accrual basis of accounting.* Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District has the following major governmental fund:

Debt Service Fund – To account for the accumulation of financial resources for, and the payment of general long-term debt principal, interest, and other costs. The primary source of revenue is property taxes.

The District has the following major proprietary fund:

Enterprise Fund – To account for operations that are financed and operated in a manner similar to private business enterprises when the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges. The predominant function of the District's operations are maintained within the water and sewer operating fund. The water and sewer operating fund is accounted for as an enterprise activity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

1) *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Using Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

Budgetary Control

Budgets for the Water and Sewer Operating Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts shown on the budget to actual statements are as originally adopted or as amended by the District.

Organizational Costs

The District, in conformance with requirements of the Texas Commission on Environmental Quality (formerly TNRCC), capitalized and charged to organization costs, for the creation period, all costs incurred in the creation of the District allowed by statute. Organizational costs were amortized over the estimated life of the utility system which is 35 years.

Inventory

Inventory is valued at cost, determined by actual physical count. Consumable supplies are considered an expense when purchased.

Interfund Receivables/Payables and Transfers

From time to time transactions occur between individual funds. These receivables and payables are classified as "due from other funds" or "due to other funds" on the statements of net position and balance sheet. Transactions representing goods provided or services rendered are reported as transfers in/transfers out. Transactions reported for the year ended June 30, 2025 represent transfers to cover administrative expenditures related to the levy and collection of property taxes. See Note 8 for additional information.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

1) ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

Capital Assets (Continued)

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	5 – 35
Improvements other than buildings	10 – 35
Equipment	3 – 10

Compensated Absences

Vacation accrues at the end of the first year of continuous service. Employees shall be eligible for five working days of vacation after one year of continuous employment, which will increase to ten days on January 1 of the second year of employment. After five years and ten years of continuous employment, vacation days will increase to fifteen days and twenty days, respectively. Employees receive thirty days of sick leave and one personal day. Vacation and sick days are issued at January 1st and expire on December 31st, no days carry over into the next year.

In the year ended June 30, 2025, the District adopted Governmental Accounting Standards Board Statement 101 *Compensated Absences*. The statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, the District considered relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits is not included in the liability for compensated absences.

The implementation of GASB 101 resulted in an increase in the compensated absences balance of $101,605, which the District considers to be an immaterial amount in relation to the financial statements as a whole, and such, is reflected as a current year expense for the year ended June 30, 2025.

Nature of Purpose of Reservations and Designations of Fund Equity

The Proprietary Fund maintains the liability for revenue bonds that are paid from water and sewer service revenues. The current principal and interest maturity requirements are funded by an interest and sinking account set up in accordance with bond ordinances. A sinking fund reserve account has also been established for future debt requirements of the revenue bonds. The equity of those two accounts is, according to bond ordinance, a reservation of the Water and Sewer Fund Equity.

The District issued bonded debt to finance expansion of the wastewater treatment plant. The construction costs and related assets will be managed by the Proprietary Fund. Repayment of the bonds is accomplished by collection of tax revenue in the Governmental Fund. Bond proceeds were transferred from the Governmental Fund to the Proprietary Fund to fund construction costs. The unspent bond proceeds in the Proprietary Fund at year end are restricted for capital projects. See Note 13 for additional information.

1) ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

Amortization
Gains on advance refunding of bonds are accounted for as deferred inflow of resources in the Governmental Activities Statement of Net Position and are amortized over the original remaining life of the old debt.

Restricted Assets
Resources set aside for the repayment of revenue bonds, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants. Restricted resources are used first to fund related appropriations and unrestricted resources are used after restricted resources are depleted.

Cash and Cash Equivalents
For purposes of the Statement of Cash Flows, the Proprietary Fund Type considers all highly liquid investments (including restricted assets) with maturities of three months or less when purchased to be cash equivalents.

Long-Term Obligations
In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type activities Statement of Net Position.

In the governmental fund financial statements, 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.

Risk Management and Participation in Risk Pools
The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are protected by participation in the Texas Municipal League Intergovernmental Risk Pool. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDRS's fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Subsequent Events
In accordance with ASC 855, the Management of Lumberton Municipal Utility District has evaluated subsequent events through September 15, 2025, the date on which the financial statements were available for issue.

2) *CASH AND INVESTMENTS*

Texas statute and the District's investment policy authorize the District to invest in U.S. Treasury bills, notes, and bonds, which are backed by the full faith and credit of the United States government, U.S. governmental agency securities, and insured or collateralized time deposits issued by banks domiciled in the State of Texas.

At the year-end, the carrying amount of the District's deposits was $82,937,628 and the bank balance was $82,982,554. All deposits as of the financial statement date were insured by FDIC coverage or collateralized by a letter of credit and pledged securities held by the depository's agent in the District's name.

The District addresses its credit risk, custodial credit risk and concentration of credit risk by investing only in local financial institution instruments that are fully insured or collateralized. The District addresses its interest rate risk by investing primarily in short-term instruments.

There were no investments at June 30, 2025.

Cash is reported in the financial statements as follows:

	Cash	Investments	Total
Governmental Activities	$ 2,795,288	$ -	$ 2,795,288
Business-Type Activities - unrestricted	2,715,744	-	2,715,744
Business-Type Activities - restricted			
Interest and Sinking Fund	580,750	-	580,750
Bond Reserve Fund	1,105,143	-	1,105,143
Capital Improvements	74,710,545	-	74,710,545
Customer Meter Deposits	1,030,158	-	1,030,158
	$ 82,937,628	$ -	$ 82,937,628

3) *OTHER ACCOUNTS RECEIVABLE*

During the year ended June 30, 2025, the District elected to record receivables due from contractors relating to damage caused to District property by contractors. The District believes collection of these amounts is unlikely, and have recorded a corresponding allowance. Receivables in the amount of $96,259, and an allowance for doubtful accounts of $96,259 are reflected the other accounts receivable balances as of June 30, 2025.

4) ***PROPERTY TAXES***

Property taxes attach as an enforceable lien on property as of January 1. Taxes are normally levied on October 1 and payable by January 31. The District's taxes are billed and collected by the Hardin County Tax Assessor-Collector's office. In the fund financial statements, the District's property tax revenues are recognized as collected.

The District levies taxes in unlimited amounts for the payment of principal and interest of general long-term debt. The District, for the current year, had assessed valuations of $1,897,564,361 and levied property taxes in the amount of $3,943,816 from a tax rate of $0.206139/$100 valuation.

Property taxes receivables as of June 30, 2025, were comprised of the following:

Year of Levy	Debt Service Fund
2024	$ 149,030
2023	56,746
2022	39,279
2021	9,292
2020	7,826
Before 2020	69,634
	$ 331,807

In the Statement of Net Position, Property Taxes Receivable are reported net of an allowance for uncollectibles of $118,991.

5) *CAPITAL ASSETS*

A summary of changes in the capital assets for the primary government for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
Business Type Activities					
Capital assets, not being depreciated					
Land	$ 438,597	$ -	$ -	$ -	$ 438,597
Construction-in-progress	4,803,891	1,361,975	-	(86,734)	6,079,132
Total capital assets, not being depreciated	5,242,488	1,361,975	-	(86,734)	6,517,729
Capital assets, being depreciated					
Buildings	5,650,690	-	-	-	5,650,690
Improvements other than buildings	55,092,329	3,540,064	104,334	86,734	58,614,793
Machinery and equipment	2,673,463	591,094	45,640	-	3,218,917
Total capital assets, being depreciated	63,416,482	4,131,158	149,974	86,734	67,484,400
Less accumulated depreciation					
Buildings	1,616,272	162,103	-	-	1,778,375
Improvements other than buildings	35,319,421	1,331,932	95,457	-	36,555,896
Machinery and equipment	1,678,383	167,404	45,640	-	1,800,147
Total accumulated depreciation	38,614,076	1,661,439	141,097	-	40,134,418
Total capital assets, being depreciation, net	24,802,406	2,469,719	8,877	86,734	27,349,982
Business-type activities capital assets, net	$ 30,044,894	$ 3,831,694	$ 8,877	$ -	$ 33,867,711

Construction-in-progress for the enterprise fund as of June 30, 2025, includes the following:

	Estimated Project Costs	Construction-In-Progress	Remaining Projected Costs
2021 Wastewater System Expansion and Improvement Project (see Note 12)	$ 74,000,000	$ 5,439,615	$ 68,560,385
2024 Well 3 Rehabilitation	538,200	513,800	24,400
FEMA	1,019,335	125,717	893,618
Total for all projects	$ 75,557,535	$ 6,079,132	$ 69,478,403

* The District has additional capital projects not yet begun that will be funded with bonded debt.

5) *CAPITAL ASSETS (CONTINUED)*

Depreciation expense was charged to functions/programs of the District as follows:

Business-type Activities	
Water and Sewer	$ 1,661,439
Total Depreciation Expense - Business-type Activities	$ 1,661,439

6) *INTANGIBLE ASSETS, DEFERRED GAINS AND AMORTIZATION*

Intangible assets and related amortization as of June 30, 2025, included the following:

	Historical Cost	Accumulated Amortization	Net
Governmental Activities			
Deferred gain on defeased bonds (residual deferred charge)	$ 307,747	$ 236,730	$ 71,017

Amortization of the deferred gain in the Governmental Activities was $23,673 for the year ended June 30, 2025 and is recorded as a reduction of interest expense.

7) *LONG-TERM DEBT*

General Obligation and Revenue Bonds

The District issues general obligation and revenue bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities and revenue bonds have been issued for business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation and revenue bonds currently outstanding are as follows:

Purpose	Amount
Governmental activities	$73,775,000
Business-type activities	4,110,000
	$77,885,000

7) *LONG-TERM DEBT (CONTINUED)*

General Obligation and Revenue Bonds (Continued)

General Obligation Bonds payable at June 30, 2025 are comprised of the following individual issues:

$5,770,000 Series 2015 Tax Refunding Bonds due in annual principal installments of $455,000 to $550,000 through August 15, 2027; with interest at 2.00% to 4.00%	$ 1,615,000
$30,275,000 Series 2022A Unlimited Tax Bonds due in annual principal installments of $450,000 to $1,750,000 through August 15, 2052; with interest at 3.00% to 6.00%	29,350,000
$44,000,000 Series 2022B Unlimited Tax Bonds due in annual principal installments of $640,000 to $2,165,000 through August 15, 2052; with interest at 1.07% to 2.69%	42,810,000
	$ 73,775,000

Total Revenue Bonds payable at June 30, 2025 are as follows:

$2,680,000 Series 2018 Utility System Revenue Refunding Bonds due in annual principal installments of $220,000 to $330,000 through August 15, 2028; with interest at 5.0%	$ 1,230,000
$3,705,000 Series 2020 Utility System Revenue Refunding Bonds due in annual principal installments of $185,000 to $400,000 through August 15, 2033; with interest at 4.0% to 5.0%	2,880,000
	$ 4,110,000

Annual debt service requirements to maturity for general obligation and revenue bonds are as follows:

Year Ending	Governmental Activities		Business-type Activities	
June 30,	Principal	Interest	Principal	Interest
2026	$ 1,595,000	$ 2,294,456	$ 530,000	$ 174,350
2027	1,655,000	2,241,752	565,000	146,975
2028	1,720,000	2,187,285	595,000	117,975
2029	1,885,000	2,132,177	630,000	87,350
2030	1,930,000	2,076,629	320,000	65,200
2031-2035	10,480,000	9,446,657	1,470,000	121,600
2036-2040	12,200,000	7,639,669	-	-
2041-2045	14,260,000	5,470,655	-	-
2046-2050	16,685,000	3,005,583	-	-
2051-2053	11,365,000	488,659	-	-
Total	$ 73,775,000	$ 36,983,522	$ 4,110,000	$ 713,450

7) *LONG-TERM DEBT (CONTINUED)*

General Obligation and Revenue Bonds (Continued)

For the fiscal year ended June 30, 2025, interest expense in the Governmental activities was $2,261,118; interest expense in the Business-type activities was $87,275; interest expense in the Governmental Funds was $2,345,832.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
General Obligation Bonds					
2015	$ 2,130,000	$ -	$ 515,000	$ 1,615,000	$ 525,000
2022A	29,825,000	-	475,000	29,350,000	500,000
2022B	43,360,000	-	550,000	42,810,000	570,000
2022A Bond Prem	678,402	-	42,154	636,248	41,224
Revenue Bonds	$75,993,402	$ -	$ 1,582,154	$ 74,411,248	$ 1,636,224
2018	$ 1,500,000	$ -	$ 270,000	$ 1,230,000	$ 285,000
2020	3,105,000	-	225,000	2,880,000	245,000
2018 Bond Premium	88,689	-	28,394	60,295	23,486
2020 Bond Premium	451,641	-	75,008	376,633	70,220
	$ 5,145,330	$ -	$ 598,402	$ 4,546,928	$ 623,706
Total Bonded Debt	$81,138,732	$ -	$ 2,180,556	$ 78,958,176	$ 2,259,930

Refunding and Defeased Debt

On August 20, 2015, the District refunded the General Obligation Bonds, Series 2005. Bonds in the amount of $5,875,000 bearing interest at 2.1% to 3.85% were called on August 21, 2015 and were funded with the proceeds of Tax Refunding Bonds, Series 2015 in the amount of $5,770,000 bearing interest at 2.0% to 4.0%. This refunding resulted in a net present value savings of $348,649.

On April 17, 2018, the District refunded $2,885,000 of the Utility System Revenue Bonds, Series 2007. The Series 2007 refunded bonds bore interest at 4.97% to 5.57% and were called on May 24, 2019 being funded with the proceeds of the Utility System Revenue Refunding Bonds, Series 2018 in the amount of $2,680,000 bearing interest at 5%. This refunding resulted in a net present value savings of $344,857.

On June 2, 2020, the District refunded $4,265,000 of the Utility System Revenue Bonds, Series 2012. The Series 2012 refunded bonds bore interest at 3.0% to 3.25% and were called on August 15, 2020 being funded with the proceeds of the Utility System Revenue Refunding Bonds, Series 2020 in the amount of $3,705,000 bearing interest at 4% to 5%. This refunding resulted in a net present value savings of $308,465. A deposit of $4,330,494 was placed in escrow to defease the $4,265,000 of Series 2012 bonds on August 15, 2020.

8) ***OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES***

Generally accepted accounting principles require disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

A) Segment information for certain enterprise funds. This requirement is effectively met in this report because the District maintains only one enterprise fund.

B) In the Water and Sewer Fund, service fees were below budget by $867,210 and miscellaneous revenues were below budget by $89,615.

C) In the Debt Service Fund, collection costs exceeded budget by $10,003 and appraisal district fees exceeded budget by $65,483.

D) The annual property tax levy is restricted to the balance necessary to meet the debt service requirement of principal and interest on certain impacted general obligation bonds. Therefore, General Debt Service Fund administrative costs including appraisal and collection fees must be funded from another source. The Water and Sewer Proprietary Fund was required to make a transfer for the fiscal year ended June 30, 2025 in the amount of $190,486 for fees paid during the period. The District made a transfer for $83,970,

9) ***PENSION COSTS***

Plan Description

Lumberton Municipal Utility District provides retirement, disability and death benefits for all of its full-time and part-time non-temporary employees through participation in the statewide Texas County and District Retirement System (TCDRS), a nontraditional defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 848 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

9) ***PENSION COSTS (CONTINUED)***

Plan Description (Continued)

The Plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 8 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 their employer.

Benefit amounts are determined by sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of those monetary credits is adopted by the governing body of the employer 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 contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	32
Active employees	36
	76

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. 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 10.29% for the months of the accounting year in 2024 and 10.38% for the months of the accounting year in 2025. The contribution rate payable by the employee members for calendar years 2024 and 2025 is the rate of 7.00%, as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the employer's accounting year ended June 30, 2025, the annual pension cost for the TCDRS plan for its employees was $282,012 and the actual contribution was $285,448. The required contribution was determined as part of the December 31, 2024 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2024 included (a) 7.5 percent investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.7 percent. Both (a) and (b) included an inflation component of 2.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized on a level percentage of covered payroll basis over a closed period with a layered approach.

9) *PENSION COSTS (CONTINUED)*

Net Pension Liability / (Asset)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Total Pension Liability		
Service cost	$ 304,467	$ 271,552
Interest on total pension liability	631,697	564,736
Effect of plan changes	-	-
Effect of assumption changes or inputs	-	-
Effect of economic/demographic (gains)or losses	138,597	131,500
Benefit payments/refunds of contributions	(128,523)	(111,048)
Net change in total pension liability	946,238	856,740
Total pension liability, beginning	8,070,420	7,213,680
Total pension liability, ending (a)	9,016,658	8,070,420
Fiduciary Net Position		
Employer contributions	277,753	275,706
Member contributions	188,948	174,971
Investment income net of investment expenses	767,732	706,671
Benefit payments/refunds of contributions	(128,523)	(111,048)
Administrative expenses	(4,673)	(3,896)
Other	20,822	19,569
Net change in fiduciary net position	1,122,059	1,061,973
Fiduciary net position, beginning	7,461,457	6,399,484
Fiduciary net position, ending (b)	8,583,516	7,461,457
Net pension liability / (asset), ending = (a) - (b)	$ 433,142	$ 608,963
Fiduciary net position as a % of total pension liability	95.20%	92.45%
Pensionable covered payroll(1)	$2,699,255	$2,499,591
Net pension liability as a % of covered payroll	16.05%	24.36%

(1) *Payroll is calculated based on contributions as reported to TCDRS.*

9) ***PENSION COSTS (CONTINUED)***

The total pension liability/(asset) was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Discount Rate

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022
Discount rate (2)	7.60%	7.60%	7.60%
Long-term expected rate of return, net of investment expenses(2)	7.60%	7.60%	7.60%
Municipal bond rate(3)	Does not apply	Does not apply	Does not apply

(2) This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses required by GASB 68.

(3) The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Other Key Actuarial Assumptions

The demographic assumptions were developed from the actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by the actuary and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by the actuary 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.

9) ***PENSION COSTS (CONTINUED)***

Actuarial Methods and Assumptions Used for GASB Calculations

Valuation Timing	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial Cost method	Entry Age (level percent of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	15.5 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and 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.
Changes 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: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: Employer contributions reflect that the member contribution rate was increased to 7%. 2024: No changes to 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 Schedule.

9) ***PENSION COSTS (CONTINUED)***

Long-term Expected Rate of Return

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.

Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set 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. The actuary relies on the expertise of Cliffwater in this assessment.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return(2)
US Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	6.00%	4.75%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment - Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.70%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.85%
Distressed Debt	Morningstar LSTA US Leveraged Loan TR USD Index	4.00%	6.80%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnership (MLPs)	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	8.15%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U.S. Treasury	2.00%	1.10%

(1) *Target asset allocation adopted at the March 2025 TCDRS Board Meeting.*

(2) *Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.35%, per Cliffwater's 2025 capital market assumptions.*

(3) *Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.*

(4) *Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.*

(5) *Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.*

9) ***PENSION COSTS (CONTINUED)***

Changes in Net Pension Liability / (Asset)

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances as of December 31, 2023	$ 8,070,419	$ 7,461,456	$ 608,963
Changes for the year:			
Service Cost	304,467	-	304,467
Interest on total pension liability[1]	631,697	-	631,697
Effect of plan changes[2]	-	-	-
Effect of economic/demographic gains or losses	138,597	-	138,597
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(18,847)	(18,847)	-
Benefit payments	(109,676)	(109,676)	-
Administrative expenses	-	(4,673)	4,673
Member contributions	-	188,948	(188,948)
Net Investment income	-	767,732	(767,732)
Employer contributions	-	277,753	(277,753)
Other [3]	-	20,822	(20,822)
Balances as of December 31, 2024	$ 9,016,657	$ 8,583,515	$ 433,142

[1] *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*

[2] *No plan changes valued.*

[3] *Relates to allocation of system-wide items.*

Sensitivity Analysis

The following presents the net pension liability of the employer, calculated using the discount rate of 7.60%, as well as what the Lumberton Municipal Utility District 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	$ 10,449,123	$ 9,016,657	$ 7,823,461
Fiduciary net position	8,583,515	8,583,515	8,583,515
Net pension liability / (asset)	$ 1,865,608	$ 433,142	$ (760,054)

9) ***PENSION COSTS (CONTINUED)***

Pension Expense / (Income)	January 1, 2024 to December 31, 2024
Service cost	$ 304,467
Interest on total pension liability[1]	631,697
Effect on plan changes	-
Administrative expenses	4,673
Member contributions	(188,948)
Expected investment return net of investment expenses	(580,289)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	69,674
Recognition of assumption changes or inputs	92,417
Recognition of investment gains or losses	(70,795)
Other[2]	(20,822)
Pension expense / (income)	$ 242,074

[1] *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*

[2] *Relates to allocation of system-wide items.*

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

Deferred Inflows / Outflows of resources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ -	$ 218,781
Changes of assumptions	-	-
Net difference between projected and actual earnings	63,844	-
Contributions made subsequent to measurement date	N/A	142,266
	$ 63,844	$ 361,047

Amounts currently reported as deferred outflows of resources and deferred inflow of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2025	$ 17,894
2026	171,691
2027	(24,882)
2028	(9,766)
2029	-
Thereafter[3]	-

[3] *Total remaining balances to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.*

9) *PENSION COSTS (CONTINUED)*

Payable to the Pension Plan

At June 30, 2025, the District reported a payable of $5,384 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

10) *COMMITMENTS AND CONTINGENCIES*

The District is a party to various claims and legal actions arising in the ordinary course of operations. In the opinion of management, all such matters are adequately covered by insurance or if not so covered, are without merit, or involve such amounts that unfavorable disposition would not have a material effect on the operation of the District.

11) *TAX ABATEMENTS*

The District has not awarded any Tax Abatement Agreements under Texas Property Redevelopment and Tax Abatement Tax Code Chapter 312. There is one Tax Abatement agreement in effect within the District's boundaries. This agreement is between Hardin County and Altus Lumberton Realty and does not impact the District's tax revenue.

12) *NET POSITION (DEFICIT)*

The District utilizes the proceeds of general obligation and revenue bonds to purchase and construct its Water and Sewer system improvements. Those assets are reported as Business-type Activities but the liabilities relating to the bonds are reported both as Governmental Activities and Business-type Activities depending on whether said bonds are general obligation or revenue bonds. Since the Governmental Activities report the liability of the general obligation bonds but do not report any assets associated with those bonds, net position reflects a deficit of $72,313,504.

13) *WASTEWATER TREATMENT PLANT EXPANSION AND FINANCING*

During the year ended June 30, 2021, the District began a feasibility and engineering study related to a possible wastewater treatment plant expansion and sanitary collection system improvements program. The resultant engineering report was a required step prior to the calling of a bond election. On November 2, 2021, the taxpayers approved issuance of bonds not to exceed $74,275,000 for the purpose of paying for and financing the construction and equipping of public works, including the wastewater collection, transportation and treatment facilities of the District and for renovating, improving, expanding, upgrading, making additions to, rehabilitating and equipping existing public works in the District. The District issued $30,275,000 of bonds dated August 1, 2022. The bonds mature from 2024 through 2053 with an interest rate of 3% to 6%. An additional $44,000,000 of bonds were issued in September 2022 to the Texas Water Development Board from the Clean Water State Revolving Fund. The Construction–In–Progress referenced in Note 5 represents engineering fees incurred through June 30, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

LUMBERTON MUNICIPAL UTILITY DISTRICT

SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

FOR THE TEN YEARS ENDED JUNE 30, 2025

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Total Pension Liability				
Service cost	$ 304,467	$ 271,552	$ 197,003	$ 211,335
Interest on total pension liability	631,697	564,736	489,814	446,991
Effect of plan changes	-	-	277,746	-
Effect of assumption changes or inputs	-	-	-	42,623
Effect of economic/demographic (gains)or losses	138,597	131,500	72,506	28,492
Benefit payments/refunds of contributions	(128,523)	(111,048)	(140,060)	(162,801)
Net change in total pension liability	946,238	856,740	897,009	566,640
Total pension liability, beginning	8,070,420	7,213,680	6,316,671	5,750,031
Total pension liability, ending (a)	9,016,658	8,070,420	7,213,680	6,316,671
Fiduciary Net Position				
Employer contributions	277,753	275,706	209,983	144,197
Member contributions	188,948	174,971	130,424	110,637
Investment income net of investment expenses	767,732	706,671	(402,317)	1,175,490
Benefit payments/refunds of contributions	(128,523)	(111,048)	(140,060)	(162,801)
Administrative expenses	(4,673)	(3,896)	(3,750)	(3,555)
Other	20,822	19,569	33,698	4,068
Net change in fiduciary net position	1,122,059	1,061,973	(172,022)	1,268,036
Fiduciary net position, beginning	7,461,457	6,399,484	6,571,506	5,303,470
Fiduciary net position, ending (b)	8,583,516	7,461,457	6,399,484	6,571,506
Net pension liability / (asset), ending = (a) - (b)	$ 433,142	$ 608,963	$ 814,196	$ (254,835)
Fiduciary net position as a % of total pension liability	95.20%	92.45%	88.71%	104.03%
Pensionable covered payroll(1)	$2,699,255	$2,499,591	$2,173,730	$1,843,958
Net pension liability as a % of covered payroll	16.05%	24.36%	37.46%	-13.82%

Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
$ 183,388	$ 195,567	$ 197,978	$ 178,925	$ 176,703	$ 165,510
405,258	369,799	334,061	298,707	259,476	231,404
-	-	-	-	-	(56,788)
408,818	-	-	16,811	-	26,619
(4,651)	(30,238)	(37,235)	(7,442)	6,258	(21,248)
(122,775)	(49,026)	(53,279)	(85,244)	(16,890)	(21,432)
870,038	486,102	441,525	401,757	425,547	324,065
4,879,993	4,393,891	3,952,366	3,550,609	3,125,062	2,800,997
5,750,031	4,879,993	4,393,891	3,952,366	3,550,609	3,125,062
131,274	127,692	133,763	126,288	118,763	121,840
101,888	103,395	104,235	102,775	100,931	98,126
486,466	637,612	(68,066)	463,256	203,556	(55,681)
(122,775)	(49,026)	(53,279)	(85,244)	(16,890)	(21,432)
(3,881)	(3,587)	(3,119)	(2,503)	(2,213)	(1,927)
3,733	6,889	5,880	1,904	17,728	35
596,705	822,975	119,414	606,476	421,875	140,961
4,706,765	3,883,790	3,764,376	3,157,900	2,736,025	2,595,064
5,303,470	4,706,765	3,883,790	3,764,376	3,157,900	2,736,025
$ 446,561	$ 173,228	$ 510,101	$ 187,990	$ 392,709	$ 389,037
92.23%	96.45%	88.39%	95.24%	88.94%	87.55%
$1,698,128	$1,723,254	$1,737,255	$1,712,913	$1,682,183	$1,635,434
26.30%	10.05%	29.36%	10.97%	23.35%	23.79%

LUMBERTON MUNICIPAL UTILITY DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE TEN YEARS ENDED JUNE 30, 2025

Year Ending December 31,	Actuarially Determined Contribution[1]	Actual Employer Contribution[1]	Contribution Deficiency (Excess)	Pensionable Covered Payroll[2]	Actual Contribution as a % of Covered Payroll
2015	$ 121,840	$ 121,840	$ -	$ 1,635,434	7.5%
2016	118,763	118,763	-	1,682,183	7.1%
2017	126,242	126,288	(46)	1,712,913	7.4%
2018	133,763	133,763	-	1,737,255	7.7%
2019	127,692	127,692	-	1,723,254	7.4%
2020	131,265	131,274	(9)	1,698,128	7.7%
2021	144,197	144,197	-	1,843,958	7.8%
2022	209,983	209,983	-	2,173,730	9.7%
2023	275,706	275,706	-	2,499,591	11.0%
2024	277,753	277,753	-	2,699,255	10.3%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

(2) Payroll is calculated based on contributions as reported to TCDRS.

LUMBERTON MUNICIPAL UTILITY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BUDGET AND ACTUAL – WATER AND SEWER FUND

FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Favorable (Unfavorable)
REVENUES				
Service fees	$ 7,665,000	$ 7,665,000	$ 6,797,790	$ (867,210)
Tap connection fees	150,000	150,000	156,530	6,530
Miscellaneous	1,099,931	1,099,931	1,010,316	(89,615)
Total operating revenues	8,914,931	8,914,931	7,964,636	(950,295)
EXPENSES				
Personnel	3,698,000	3,698,000	3,798,625	(100,625)
Professional services	211,000	211,000	62,343	148,657
Purchased and contract services	144,500	144,500	131,295	13,205
Consumable supplies and materials	1,105,500	1,105,500	527,362	578,138
Recurring expenses and repairs	2,600,190	2,600,190	2,317,465	282,725
Depreciation and amortization	1,607,100	1,607,100	1,661,439	(54,339)
Total operating expenses	9,366,290	9,366,290	8,498,529	867,761
OPERATING INCOME (LOSS) - BUDGET BASIS	(451,359)	(451,359)	(533,893)	(82,534)
NON-OPERATING REVENUES (EXPENSES)				
Interest on investments	150,000	150,000	3,038,717	2,888,717
Interest expense	(224,000)	(224,000)	(87,275)	136,725
Nonbudgeted revenues (expenses)	25,000	25,000	3,387,499	3,362,499
Total non-operating revenues (expenses)	(49,000)	(49,000)	6,338,941	6,387,941
NET INCOME (LOSS) BEFORE TRANSFERS	(500,359)	(500,359)	5,805,048	6,305,407
Transfer in (out)	(85,000)	(85,000)	(83,970)	1,030
CHANGE IN NET POSITION - GAAP BASIS	$ (585,359)	$ (585,359)	$ 5,721,078	$ 6,306,437
NON GAAP BUDGET ITEMS				
Third party fee collections	$ 605,000	$ 605,000	$ 574,940	$ (30,060)
Third party fee disbursements	(602,000)	(602,000)	(516,469)	85,531
Debt service transfer	(200,000)	(200,000)	(200,000)	-
Debt service I&S reserves	(470,000)	(470,000)	(470,000)	-
Capital funds transfers	1,021,910	1,021,910	1,159,533	137,623
Capital expenditures	(1,351,910)	(1,351,910)	(1,159,533)	192,377
Total non-gaap budget items	$ (997,000)	$ (997,000)	$ (611,529)	$ 385,471

In accordance with the terms of the District's 2018 and 2020 Bond Orders, operating income before depreciation and amortization ($(533,893) + $1,661,439 = $1,127,546) exceeded 125% of debt service requirement ($535,939 x 1.25= $669,924) by $457,622.

LUMBERTON MUNICIPAL UTILITY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Favorable (Unfavorable)
REVENUES				
General property taxes	$ 3,890,000	$ 3,890,000	$ 3,894,267	$ 4,267
Penalties and interest	9,000	9,000	20,754	11,754
Interest	700,000	700,000	13,030	(686,970)
Miscellaneous	6,000	6,000	18,351	12,351
Total revenues	4,605,000	4,605,000	3,946,402	(658,598)
EXPENDITURES				
Debt service				
Principal	1,540,000	1,540,000	1,540,000	-
Interest and fiscal charges	2,346,000	2,346,000	2,345,832	168
Collection costs	20,000	20,000	30,003	(10,003)
Appraisal District fees	95,000	95,000	160,483	(65,483)
Miscellaneous	450	450	-	450
Total expenditures	4,001,450	4,001,450	4,076,318	(74,868)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	603,550	603,550	(129,916)	(733,466)
OTHER FINANCING SOURCES (USES):				
Transfer in (out)	95,000	95,000	83,970	(11,030)
Total other financing sources (uses)	95,000	95,000	83,970	(11,030)
NET CHANGE IN FUND BALANCE	698,550	698,550	(45,946)	(744,496)
FUND BALANCE, beginning of period	2,918,400	2,918,400	2,918,400	-
FUND BALANCE, end of period	$ 3,616,950	$ 3,616,950	$ 2,872,454	$ (744,496)

TEXAS SUPPLEMENTARY INFORMATION

LUMBERTON MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES

JUNE 30, 2025

1. Services provided by the District:

__X__ Retail Water
__X__ Retail Wastewater
______ Parks/Recreation
______ Solid Waste/Garbage
______ Wholesale Water
______ Wholesale Wastewater
______ Fire Protection
______ Flood Control
______ Drainage
______ Irrigation
______ Security
______ Roads
______ Participants in joint venture, regional system and/or wastewater service (other than emergency interconnect)
______ Other

2. Retail rates based on 5/8" meter: Retail rates not applicable

The most prevalent type of meter (if not a 5/8"): 5/8" is most prevalent

Based on Rate Order dated January 1, 2025:

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water	$ 14.00	1,500	Y		0	to	1,500
				3.05	1,501	to	7,000
				3.50	7,001	to	20,000
				3.75	20,001	to	up
Wastewater	17.00	1,500	Y	3.35	1,501	to	7,000
				3.75	7,001	to	20,000
				4.05	20,001	to	up

Surcharge N/A

Does the District employ winter averaging for wastewater usage? Yes ______ No __X__

Total water and wastewater charges per 10,000 gallons usage (including surcharges) $ 88.40

3. Retail service providers: Number of retail and/or wastewater[1] connections within the District as of the fiscal year end. Provide actual number and single family equivalents (ESFC) as noted:

	Active Connections	Active ESFC	Inactive Connections (ESFC)[2]	Total
Single family	8,670	8,670	Unknown	8,670
Multifamily	85	209	Unknown	209
Commercial	731	1,596	-	1,596
Other - recreational centers, government and VFD	-	-	-	-
	9,486	10,475	-	10,475

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[1] Number of connections relates to water service if water service is provided. Otherwise, number of wastewater connections is provided.

[2] "Inactive" means that water and sewer connections were made but service is not being provided.

LUMBERTON MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES

JUNE 30, 2025

(CONTINUED)

4. Total water consumption (rounded to the nearest 1,000) during the fiscal year:

Gallons pumped into system:	807,087,247
Gallons billed to customers:	694,727,531

5. Standby fees: Does the District assess standby fees? Yes ____ No X

For the fiscal year ended June 30, 2025:

Debt service:	Total levy	N/A
	Total collected	
	Percentage collected	
Operation and maintenance:	Total levy	N/A
	Total collected	
	Percentage collected	

Have standby fees been levied in accordance with Water Code Section 49.231 thereby constituting a lien on a property? Yes ____ No X

6. Anticipated sources of funds to be used by debt service payments in the District's following fiscal year:

	Amount
Debt service tax receipts	$ -
Surplus construction funds	-
Water and/or wastewater revenue	743,000
Standby fees	-
Debt service fund balance to be used	-
Interest revenues	-
Other funds in excess of required payments	-
Total Anticipated Funds to be used	$ 743,000

LUMBERTON MUNICIPAL UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES

JUNE 30, 2025

(CONTINUED)

7. Location of District: County(ies) in which District is located. ______Hardin County, Texas__________

Is the general membership of the board appointed by an office outside the District? Yes ____ No __X__

Is the District located within a city? Entirely ____ Partly __X__ Not at all ____

City(ies) in which District is located. ________Lumberton________________________

Is the District located within a city's extra territorial jurisdiction (ETJ)? Entirely ____ Partly __X__ Not at all ____

ETJ's in which District is located? ________City of Beaumont__________________

Outside the District? Yes ____ No __X__

If yes, by whom? _______N/A______

Name of Contact ____________Robert Starr_______________ Phone Number _____(409) 755-1559____

Title _______________Manager______________

LUMBERTON MUNICIPAL UTILITY DISTRICT

SCHEDULE OF WATER AND SEWER FUND EXPENSES

FOR THE YEAR ENDED JUNE 30, 2025

OPERATING EXPENSES	
Personnel (including benefits)	$ 3,798,625
Professional fees	
Auditing	28,000
Legal	33,079
Engineering	1,264
Total professional fees	62,343
Purchased and contracted services	
Contracted material and repairs	924
Other contracted services	130,371
Total contracted services	131,295
Consumable supplies and materials	
Fuel, chemicals and other	489,538
Repair and maintenance	37,824
Total consumable supplies and materials	527,362
Recurring expenses and repairs	
Utilities	456,445
Insurance	115,898
Other administrative expenses	1,745,122
Total administrative expenses	2,317,465
Depreciation and amortization	1,661,439
TOTAL OPERATING EXPENSES	8,498,529
NON-OPERATING EXPENSES	
Interest	87,275
Total non-operating expenses	87,275
TOTAL EXPENSES	$ 8,585,804

LUMBERTON MUNICIPAL UTILITY DISTRICT

ANALYSIS OF TAXES LEVIED AND RECEIVABLE

JUNE 30, 2025

	Debt Service Fund
Taxes receivable, beginning of year	$ 301,848
2024 original tax levy	3,943,816
Total to be accounted for	4,245,664
Taxes collections	
Current year	3,784,382
Prior year	71,940
Total collections	3,856,322
Adjustments	57,535
	3,913,857
Taxes receivable, end of year	$ 331,807
Taxes receivable by year	
2024	$ 149,030
2023	56,746
2022	39,279
2021	9,292
2020	7,826
Before 2020	69,634
Taxes receivable, end of year	$ 331,807

	2024	2023	2022	2021
Property valuations				
Land and improvements	$ 1,897,564,361	$ 1,756,152,800	$ 1,468,328,599	$ 1,315,739,898
Tax rates per $100 valuation				
Debt Service Fund	$ 0.206139	$ 0.222701	$ 0.245500	$ 0.086749
Original levy	$ 3,943,816	$ 4,199,442	$ 4,000,027	$ 1,144,951
Percent of taxes collected to taxes levied	96%	95%	96%	96%

LUMBERTON MUNICIPAL UTILITY DISTRICT

WATER AND SEWER OPERATING FUND
WATERWORKS AND SEWER REVENUE BONDS
DEBT SERVICE REQUIREMENTS BY YEARS
JUNE 30, 2025

	Utility System Revenue Refunding Bonds Series 2018 Issued $2,680,000			
Due During Fiscal Years Ending June 30,	August 15, Interest	August 15, Principal	February 15, Interest	Total Principal and Interest
2026	$ 30,750	$ 285,000	$ 23,625	$ 339,375
2027	23,625	300,000	16,125	339,750
2028	16,125	315,000	8,250	339,375
2029	8,250	330,000	-	338,250
	$ 78,750	$ 1,230,000	$ 48,000	$ 1,356,750

	Utility System Revenue Refunding Bonds Series 2020 Issued $3,705,000			
Due During Fiscal Years Ending June 30,	August 15, Interest	August 15, Principal	February 15, Interest	Total Principal and Interest
2026	$ 63,050	$ 245,000	$ 56,925	$ 364,975
2027	56,925	265,000	50,300	372,225
2028	50,300	280,000	43,300	373,600
2029	43,300	300,000	35,800	379,100
2030	35,800	320,000	29,400	385,200
2031	29,400	340,000	22,600	392,000
2032	22,600	355,000	15,500	393,100
2033	15,500	375,000	8,000	398,500
2034	8,000	400,000	-	408,000
	$ 324,875	$ 2,880,000	$ 261,825	$ 3,466,700

LUMBERTON MUNICIPAL UTILITY DISTRICT

WATER AND SEWER OPERATING FUND
WATERWORKS AND SEWER REVENUE BONDS
DEBT SERVICE REQUIREMENTS BY YEARS
JUNE 30, 2025

Due During Fiscal Years Ending June 30,	Principal Due	Interest Due	Principal and Interest Due
2026	$ 530,000	$ 174,350	$ 704,350
2027	565,000	146,975	711,975
2028	595,000	117,975	712,975
2029	630,000	87,350	717,350
2030	320,000	65,200	385,200
2031	340,000	52,000	392,000
2032	355,000	38,100	393,100
2033	375,000	23,500	398,500
2034	400,000	8,000	408,000
	$ 4,110,000	$ 713,450	$ 4,823,450

LUMBERTON MUNICIPAL UTILITY DISTRICT

GENERAL LONG-TERM DEBT ACCOUNT GROUP
DEBT SERVICE REQUIREMENTS BY YEARS
JUNE 30, 2025

Tax Refunding Bonds
Series 2015 Issued $5,770,000

Due During Fiscal Years Ending June 30,	August 15, Interest	August 15, Principal	February 15, Interest	Total Principal and Interest
2026	$ 22,525	$ 525,000	$ 14,650	$ 562,175
2027	14,650	540,000	7,563	562,213
2028	7,562	550,000	-	557,562
	$ 44,737	$ 1,615,000	$ 22,213	$ 1,681,950

Unlimited Tax Bonds
Series 2022A Issued $30,275,000

Due During Fiscal Years Ending June 30,	August 15, Interest	August 15, Principal	February 15, Interest	Total Principal and Interest
2026	$ 655,559	$ 500,000	$ 640,559	$ 1,796,118
2027	640,559	525,000	624,809	1,790,368
2028	624,809	550,000	608,309	1,783,118
2029	608,309	605,000	590,159	1,803,468
2030	590,159	635,000	571,109	1,796,268
2031	571,109	670,000	551,009	1,792,118
2032	551,009	700,000	530,010	1,781,019
2033	530,010	735,000	507,959	1,772,969
2034	507,959	775,000	484,710	1,767,669
2035	484,710	815,000	464,334	1,764,044
2036	464,334	855,000	442,960	1,762,294
2037	442,960	900,000	420,459	1,763,419
2038	420,459	945,000	396,835	1,762,294
2039	396,835	995,000	371,959	1,763,794
2040	371,959	1,040,000	345,960	1,757,919
2041	345,960	1,085,000	318,834	1,749,794
2042	318,834	1,130,000	296,235	1,745,069
2043	296,235	1,175,000	272,734	1,743,969
2044	272,734	1,220,000	248,335	1,741,069
2045	248,335	1,270,000	222,934	1,741,269
2046	222,934	1,325,000	196,435	1,744,369
2047	196,435	1,375,000	168,075	1,739,510
2048	168,075	1,435,000	138,479	1,741,554
2049	138,479	1,490,000	107,747	1,736,226
2050	107,747	1,555,000	75,675	1,738,422
2051	75,675	1,615,000	51,450	1,742,125
2052	51,450	1,680,000	26,250	1,757,700
2053	26,250	1,750,000	-	1,776,250
	$ 10,329,882	$ 29,350,000	$ 9,674,323	$ 49,354,205

LUMBERTON MUNICIPAL UTILITY DISTRICT

GENERAL LONG-TERM DEBT ACCOUNT GROUP
DEBT SERVICE REQUIREMENTS BY YEARS
JUNE 30, 2025

	Unlimited Tax Bonds Series 2022B Issued $44,000,000			
Due During Fiscal Years Ending June 30,	August 15, Interest	August 15, Principal	February 15, Interest	Total Principal and Interest
2026	$ 482,263	$ 570,000	$ 478,900	$ 1,531,163
2027	478,900	590,000	475,271	1,544,171
2028	475,271	620,000	471,334	1,566,605
2029	471,334	1,280,000	462,375	2,213,709
2030	462,375	1,295,000	452,986	2,210,361
2031	452,986	1,315,000	443,123	2,211,109
2032	443,123	1,335,000	432,777	2,210,900
2033	432,777	1,355,000	421,937	2,209,714
2034	421,937	1,380,000	409,586	2,211,523
2035	409,586	1,400,000	396,006	2,205,592
2036	396,006	1,430,000	381,349	2,207,355
2037	381,349	1,460,000	365,654	2,207,003
2038	365,654	1,490,000	349,115	2,204,769
2039	349,115	1,525,000	331,653	2,205,768
2040	331,653	1,560,000	313,401	2,205,054
2041	313,401	1,595,000	294,341	2,202,742
2042	294,341	1,635,000	274,231	2,203,572
2043	274,231	1,675,000	253,293	2,202,524
2044	253,293	1,715,000	231,598	2,199,891
2045	231,598	1,760,000	209,158	2,200,756
2046	209,158	1,805,000	185,874	2,200,032
2047	185,874	1,850,000	161,824	2,197,698
2048	161,823	1,900,000	136,934	2,198,757
2049	136,934	1,950,000	111,194	2,198,128
2050	111,193	2,000,000	84,694	2,195,887
2051	84,694	2,050,000	57,326	2,192,020
2052	57,326	2,105,000	29,119	2,191,445
2053	29,119	2,165,000	-	2,194,119
	$ 8,697,314	$ 42,810,000	$ 8,215,053	$ 59,722,367

LUMBERTON MUNICIPAL UTILITY DISTRICT

GENERAL LONG-TERM DEBT ACCOUNT GROUP
DEBT SERVICE REQUIREMENTS BY YEARS
JUNE 30, 2025

	Annual Requirements for All Series		
Due During Fiscal Years Ending June 30,	Total Principal Due	Total Interest Due	Total Principal and Interest
2026	$ 1,595,000	$ 2,294,456	$ 3,889,456
2027	1,655,000	2,241,752	3,896,752
2028	1,720,000	2,187,285	3,907,285
2029	1,885,000	2,132,177	4,017,177
2030	1,930,000	2,076,629	4,006,629
2031	1,985,000	2,018,227	4,003,227
2032	2,035,000	1,956,919	3,991,919
2033	2,090,000	1,892,683	3,982,683
2034	2,155,000	1,824,192	3,979,192
2035	2,215,000	1,754,636	3,969,636
2036	2,285,000	1,684,649	3,969,649
2037	2,360,000	1,610,422	3,970,422
2038	2,435,000	1,532,063	3,967,063
2039	2,520,000	1,449,562	3,969,562
2040	2,600,000	1,362,973	3,962,973
2041	2,680,000	1,272,536	3,952,536
2042	2,765,000	1,183,641	3,948,641
2043	2,850,000	1,096,493	3,946,493
2044	2,935,000	1,005,960	3,940,960
2045	3,030,000	912,025	3,942,025
2046	3,130,000	814,401	3,944,401
2047	3,225,000	712,208	3,937,208
2048	3,335,000	605,311	3,940,311
2049	3,440,000	494,354	3,934,354
2050	3,555,000	379,309	3,934,309
2051	3,665,000	269,145	3,934,145
2052	3,785,000	164,145	3,949,145
2053	3,915,000	55,369	3,970,369
	$ 73,775,000	$ 36,983,522	$ 110,758,522

LUMBERTON MUNICIPAL UTILITY DISTRICT

ANALYSIS OF CHANGES IN WATERWORKS AND SEWER REVENUE BONDS

FOR THE YEAR ENDED JUNE 30, 2025

	Series 2018	Series 2020	Total
Interest rates	5.00%	4.0%-5.0%	
Dates interest payable	8/15 - 2/15	8/15 - 2/15	
Maturity dates	08/28	08/33	
Bonds outstanding, beginning of current period	$ 1,500,000	$ 3,105,000	$ 4,605,000
New bond proceeds	-	-	-
Retirements, principal	270,000	225,000	495,000
Bonds outstanding, end of current period	$ 1,230,000	$ 2,880,000	$ 4,110,000
Interest paid during current period	$ 68,250	$ 131,725	$ 199,975

Paying agent's name and address:

Series 2018 - BOKF NA, 5956 Sherry Lane, Suite 1201, Dallas, Texas 75225
Series 2020 - BOKF NA, 5956 Sherry Lane, Suite 1201, Dallas, Texas 75225

LUMBERTON MUNICIPAL UTILITY DISTRICT

ANALYSIS OF CHANGES IN GENERAL LONG-TERM DEBT

FOR THE YEAR ENDED JUNE 30, 2025

	Bond Issues			
	Series 2015	Series 2022A	Series 2022B	Total
Interest rates	2.0% - 4.0%	3.0% - 6.0%	1.07% - 2.69%	
Dates interest payable	8/15 - 2/15	8/15 - 2/15	8/15 - 2/15	
Maturity dates	08/27	08/52	08/52	
Bonds outstanding, beginning of current period	$ 2,130,000	$29,825,000	$43,360,000	$75,315,000
New bond proceeds	-	-	-	-
Retirements, principal	515,000	475,000	550,000	1,540,000
Bonds outstanding, end of current period	$ 1,615,000	$29,350,000	$42,810,000	$73,775,000
Interest paid during current period	$ 52,775	$ 1,325,368	$ 967,688	$ 2,345,831

Paying agent's name and address:
Series 2015 - BOKF NA, 5956 Sherry Lane, Suite 1201, Dallas, Texas 75225
Series 2022A - BOKF NA, 5956 Sherry Lane, Suite 1201, Dallas, Texas 75225
Series 2022B - BOKF NA, 5956 Sherry Lane, Suite 1201, Dallas, Texas 75225

Bond authority	Tax Bonds	Revenue Bonds	Refund Bonds
Amount authorized by voters	$74,275,000	$ 6,385,000	$ 5,770,000
Amount issued	74,275,000	6,385,000	5,770,000

Debt service fund cash and temporary investment balances as of June 30, 2025	$ 2,795,288
Average annual debt service payment (principal and interest) for remaining term of all debt	$ 3,955,662

Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

LUMBERTON MUNICIPAL UTILITY DISTRICT

COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
PROPRIETARY FUND
FOR THE FIVE YEARS ENDED JUNE 30, 2025

	Amounts				
	2025	2024	2023	2022	2021
Operating revenues					
Charges for service	$ 6,797,790	$ 6,776,637	$ 6,177,368	$ 5,569,170	$ 5,322,258
Tap fees	156,530	155,258	153,956	312,029	161,364
Inspection and miscellaneous fees	1,010,316	548,293	776,978	804,313	606,191
Total revenues	7,964,636	7,480,188	7,108,302	6,685,512	6,089,813
Expenses					
Personnel	3,798,625	3,499,896	3,442,775	2,623,400	2,559,290
Professional fees	62,343	60,017	52,358	90,471	80,508
Purchased and contracted services	131,295	135,562	112,898	109,795	97,208
Consumable supplies and materials	527,362	463,140	455,045	302,000	258,847
Recurring operating expenses	2,317,465	2,185,657	2,242,521	1,926,157	1,643,009
Depreciation and amortization	1,661,439	1,547,536	1,540,629	1,512,235	1,530,344
Total expenses	8,498,529	7,891,808	7,846,226	6,564,058	6,169,206
Excess (expenses)	(533,893)	(411,620)	(737,924)	121,454	(79,393)
Nonoperating Revenues					
Gain/(loss) on disposition of assets	(8,878)	53,282	-	-	-
Interest income	3,038,717	3,157,207	1,379,192	8,860	11,884
Rental income	11,236	12,338	13,613	7,314	2,637
Developer contributions	3,371,069	857,621	155,800	207,350	733,689
Interest expense on revenue bonds	(87,275)	(101,540)	(115,392)	(128,714)	(201,412)
State grant revenue	-	-	-	216	-
Grant revenue	14,072	8,370	877	5,306	16,807
Total nonoperating revenues	6,338,941	3,987,278	1,434,090	100,332	563,605
Net income (loss) before transfers	5,805,048	3,575,658	696,166	221,786	484,212
Transfer in (out)	(83,970)	(89,975)	73,191,668	(25,000)	(15,000)
Net income (loss)	$ 5,721,078	$ 3,485,683	$73,887,834	$ 196,786	$ 469,212
Total active retail water and/or wastewater connections	9,486	8,884	9,173	9,027	8,732

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
85.3%	90.6%	86.9%	83.3%	87.4%
2.0%	2.1%	2.2%	4.7%	2.6%
12.7%	7.3%	10.9%	12.0%	10.0%
100.0%	100.0%	100.0%	100.0%	100.0%
47.7%	46.8%	48.4%	39.2%	42.0%
0.8%	0.8%	0.7%	1.4%	1.3%
1.6%	1.8%	1.6%	1.6%	1.6%
6.6%	6.2%	6.4%	4.5%	4.3%
29.1%	29.2%	31.5%	28.8%	27.0%
20.9%	20.7%	21.7%	22.6%	25.1%
106.7%	105.5%	110.3%	98.1%	101.3%
-6.7%	-5.5%	-10.3%	1.9%	-1.3%
-0.1%	0.7%	0.0%	0.0%	0.0%
38.2%	42.2%	19.4%	0.1%	0.2%
0.1%	0.2%	0.2%	0.1%	0.0%
42.3%	11.5%	2.2%	3.1%	12.0%
-1.1%	-1.4%	-1.6%	-1.9%	-3.3%
0.0%	0.0%	0.0%	0.0%	0.0%
0.2%	0.1%	0.0%	0.1%	0.3%
79.6%	53.3%	20.2%	1.5%	9.2%
72.9%	47.8%	9.9%	3.4%	7.9%
-1.1%	-1.2%	1029.7%	-0.4%	-0.2%
71.8%	46.6%	1039.6%	3.0%	7.7%

LUMBERTON MUNICIPAL UTILITY DISTRICT

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND
FOR THE FIVE YEARS ENDED JUNE 30, 2025

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Property taxes, including penalty and interest	$ 3,915,021	$ 4,138,235	$ 3,916,071	$ 1,185,037	$ 1,163,602
Interest from investments	13,030	10,812	11,421	999	913
Miscellaneous	18,351	17,375	10,451	5,464	5,847
Total revenues	3,946,402	4,166,422	3,937,943	1,191,500	1,170,362
Expenditures					
Tax collection and assessing expenses and miscellaneous	190,486	121,105	111,091	44,964	47,470
Bond issue costs	-	-	1,819,398	-	-
Debt services, principal and interest	3,885,832	3,990,469	2,161,366	1,125,450	1,125,825
Total expenditures	4,076,318	4,111,574	4,091,855	1,170,414	1,173,295
Excess (deficit) of revenue over expenditures	(129,916)	54,848	(153,912)	21,086	(2,933)
Other financing sources					
Bond proceeds	-	-	74,275,000	-	-
Premium on bond issuance	-	-	742,810	-	-
Transfer in (out)	83,970	89,975	(73,191,668)	25,000	15,000
Net change in fund balance	$ (45,946)	$ 144,823	$ 1,672,230	$ 46,086	$ 12,067

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
99.2%	99.3%	99.4%	99.5%	99.4%
0.3%	0.3%	0.3%	0.1%	0.1%
0.5%	0.4%	0.3%	0.4%	0.5%
100.0%	100.0%	100.0%	100.0%	100.0%
4.8%	2.9%	2.8%	3.8%	4.1%
0.0%	0.0%	46.2%	0.0%	0.0%
98.5%	95.8%	54.9%	94.5%	96.2%
103.3%	98.7%	103.9%	98.3%	100.3%
-3.3%	1.3%	-3.9%	1.7%	-0.3%
0.0%	0.0%	1886.1%	0.0%	0.0%
0.0%	0.0%	18.9%	0.0%	0.0%
2.1%	2.2%	-1858.6%	2.1%	1.3%
-1.2%	3.5%	42.5%	3.8%	1.0%

LUMBERTON MUNICIPAL UTILITY DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FOR THE YEAR ENDED JUNE 30, 2025

Complete District Mailing Address:	Lumberton Municipal Utility District PO Box 8065 Lumberton, Texas 77657
District Business Telephone Number:	(409) 755-1559

Name and Address	Term of Office Date Elected or Date Hired	Salary	Expense Reimbursements	Title at Year-End	Resident of District
Board Members					
Nicholas N. Carter 7760 Rosewood Drive Lumberton, Texas 77657	05/2022 - 05/2026	$ -	$ -	President	Yes
Roger Smith 136 Greenleaf Lumberton, Texas 77657	05/2024 - 05/2028	-	-	Vice-President	Yes
David C. Pitchford 5695 Lexington Lumberton, Texas 77657	05/2022 - 05/2026	-	-	Secretary	Yes
James B. (Jimmy) Burk 121 Rolling Hills Lumberton, Texas 77657	05/2022 - 05/2026	-	-	Asst. Secretary	Yes
David L. Desormeaux 280 Creekwood Lumberton, Texas 77657	05/2024 - 05/2028	-	-	Board Member	Yes
Key Administrative Personnel					
Robert Starr 119 Remington Circle Lumberton, Texas 77657	12/01/2019-Present	156,021	10,349	Manager	Yes

NOTE: No director is disqualified from serving on the board of the District under the Texas Water Code.

LUMBERTON MUNICIPAL UTILITY DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)

Name and Address	Term of Office Date Elected or Date Hired	Fees and Expense Reimbursements June 30, 2025	Title at Year-End	Resident of District
Consultants				
Germer PLLC 550 Fannin, Suite 400 Beaumont, Texas 77701	10/12/1992	$ 33,079	Attorney	N/A
Wathen, DeShong & Juncker, L.L.P. 4140 Gladys Avenue, Suite 101 Beaumont, Texas 77706	06/29/2006	28,000	Auditor	N/A
LJA Engineering, Inc. 905 Orleans Street Beaumont, Texas 77701	04/06/2016	413,158	Engineer	N/A

Wathen,
DeShong
& Juncker,
L.L.P.
CPAs & BUSINESS ADVISORS

September 15, 2025

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Lumberton Municipal Utility District
Lumberton, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Lumberton Municipal Utility District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Lumberton Municipal Utility District's basic financial statements, and have issued our report thereon dated September 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lumberton Municipal Utility District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lumberton Municipal Utility District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lumberton Municipal Utility District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lumberton Municipal Utility District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wathen, DeShong & Juncker, L.L.P.

WATHEN, DeSHONG & JUNCKER, L.L.P.
Certified Public Accountants