



**Harris County Municipal
Utility District No. 355
Harris County, Texas**

**Independent Auditor's Report, Financial Statements,
and Supplementary Information**

September 30, 2025



Harris County Municipal Utility District No. 355
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September 30, 2025

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 355
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 355 (District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule, as listed in the table of contents, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Forvis Mazars, LLP

**Houston, Texas
February 2, 2026**

**Harris County Municipal Utility District No. 355
Management's Discussion and Analysis
Year Ended September 30, 2025**

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

**Harris County Municipal Utility District No. 355
Management’s Discussion and Analysis
Year Ended September 30, 2025**

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2025	2024
Current and other assets	\$ 3,794,691	\$ 3,322,463
Deferred outflows of resources	38,466	47,480
Total assets and deferred outflows of resources	\$ 3,833,157	\$ 3,369,943
Long-term liabilities	\$ 1,950,000	\$ 2,280,000
Other liabilities	48,965	80,257
Total liabilities	1,998,965	2,360,257
Net position		
Restricted	237,021	202,385
Unrestricted	1,597,171	807,301
Total net position	\$ 1,834,192	\$ 1,009,686

**Harris County Municipal Utility District No. 355
Management’s Discussion and Analysis
Year Ended September 30, 2025**

The total net position of the District increased by \$824,506 or approximately 82%. The majority of the increase in net position is related to property tax revenues, City of Houston (City) rebate revenues, and investment income exceeding service operating and debt service expenses and the conveyance of capital assets to another entity for maintenance.

Summary of Changes in Net Position

	<u>2025</u>	<u>2024</u>
Revenues		
Property taxes	\$ 431,057	\$ 418,558
City of Houston rebates	1,371,621	1,339,939
Other revenues	159,300	168,514
Total revenues	<u>1,961,978</u>	<u>1,927,011</u>
Expenses		
Services	712,038	445,900
Conveyance of capital assets	357,780	212,747
Debt service	67,654	86,450
Total expenses	<u>1,137,472</u>	<u>745,097</u>
Change in net position	824,506	1,181,914
Net position, beginning of year	<u>1,009,686</u>	<u>(172,228)</u>
Net position, end of year	<u>\$ 1,834,192</u>	<u>\$ 1,009,686</u>

Financial Analysis of the District’s Funds

The District’s combined fund balances as of the end of the fiscal year ended September 30, 2025 were \$3,556,858, an increase of \$517,852 from the prior year.

The general fund’s fund balance increased by \$487,197. This increase was due to property tax and City rebate revenues and investment income exceeding service operation and capital outlay expenditures and a transfer to the debt service fund.

The debt service fund’s fund balance increased by \$30,655 due to property tax and City rebate revenues and a transfer from the general fund exceeding bond principal and interest requirements.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to City rebate revenues and repairs and maintenance expenditures being greater than anticipated and capital outlay expenditures being less than anticipated. The fund balance as of September 30, 2025 was expected to be \$2,457,708, and the actual end-of-year fund balance was \$3,339,647.

Capital Assets and Related Debt

Capital Assets

Pursuant to a contract between the District and the City, the District has conveyed title of its capital assets to the City. As such, the District reports no capital assets.

**Harris County Municipal Utility District No. 355
Management’s Discussion and Analysis
Year Ended September 30, 2025**

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2025 are summarized as follows:

Long-term debt payable, beginning of year	\$ 2,280,000
Decreases in long-term debt	<u>(330,000)</u>
Long-term debt payable, end of year	<u><u>\$ 1,950,000</u></u>

At September 30, 2025, the District had \$2,690,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District.

The District’s bonds are not rated.

Other Relevant Factors

Relationship to the City of Houston

The District lies within the City. The District, or its developer, has constructed or purchased water and sanitary sewer facilities and all such facilities have been or will be conveyed to the City pursuant to a 40-year contract entered into in 1990. The District retains a security interest in the facilities until the bonds issued to pay for the facilities are paid off. The City is the owner and operator of the facilities. The District receives monthly water and sewer revenue and annual tax rebate payments from the City. During the year ended September 30, 2025, the District recorded \$1,371,621 in revenue and tax rebates from the City.

Harris County Municipal Utility District No. 355
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2025

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets					
Cash	\$ 127,140	\$ 22,400	\$ 149,540	\$ -	\$ 149,540
Certificates of deposit	2,090,000	-	2,090,000	-	2,090,000
Short-term investments	877,922	202,413	1,080,335	-	1,080,335
Receivables					
Property taxes	8,406	11,527	19,933	-	19,933
City of Houston rebates	237,763	-	237,763	160,652	398,415
Accrued penalty and interest	-	-	-	12,492	12,492
Accrued interest	43,976	-	43,976	-	43,976
Interfund receivable	1,108	-	1,108	(1,108)	-
Total Assets	3,386,315	236,340	3,622,655	172,036	3,794,691
Deferred Outflows of Resources					
Deferred amount on debt refundings	-	-	-	38,466	38,466
Total Assets and Deferred Outflows of Resources	\$ 3,386,315	\$ 236,340	\$ 3,622,655	\$ 210,502	\$ 3,833,157
Liabilities					
Accounts payable	\$ 38,262	\$ 6,494	\$ 44,756	\$ -	\$ 44,756
Accrued interest payable	-	-	-	4,209	4,209
Interfund payable	-	1,108	1,108	(1,108)	-
Long-term liabilities					
Due within one year	-	-	-	500,000	500,000
Due after one year	-	-	-	1,450,000	1,450,000
Total Liabilities	38,262	7,602	45,864	1,953,101	1,998,965
Deferred Inflows of Resources					
Deferred property tax revenues	8,406	11,527	19,933	(19,933)	-
Fund Balances/Net Position					
Fund balances					
Restricted, debt service on unlimited tax bonds	-	217,211	217,211	(217,211)	-
Assigned, future expenditures	2,191,405	-	2,191,405	(2,191,405)	-
Unassigned	1,148,242	-	1,148,242	(1,148,242)	-
Total fund balances	3,339,647	217,211	3,556,858	(3,556,858)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,386,315	\$ 236,340	\$ 3,622,655		
Net position					
Restricted for debt service				237,021	237,021
Unrestricted				1,597,171	1,597,171
Total net position				\$ 1,834,192	\$ 1,834,192

**Harris County Municipal Utility District No. 355
Statement of Activities and Governmental Funds Revenues,
Expenditures, and Changes in Fund Balances
Year Ended September 30, 2025**

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues					
Property taxes	\$ 171,654	\$ 257,351	\$ 429,005	\$ 2,052	\$ 431,057
City of Houston rebates	1,324,083	66,616	1,390,699	(19,078)	1,371,621
Penalty and interest	-	8,574	8,574	1,982	10,556
Investment income	133,248	15,496	148,744	-	148,744
Total Revenues	<u>1,628,985</u>	<u>348,037</u>	<u>1,977,022</u>	<u>(15,044)</u>	<u>1,961,978</u>
Expenditures/Expenses					
Service operations					
Purchased services	17,455	-	17,455	-	17,455
Professional fees	148,812	2,115	150,927	-	150,927
Contracted services	67,233	15,206	82,439	-	82,439
Utilities	133,175	-	133,175	-	133,175
Repairs and maintenance	263,050	-	263,050	-	263,050
Other expenditures	54,283	10,709	64,992	-	64,992
Capital outlay	357,780	-	357,780	(357,780)	-
Conveyance of capital assets	-	-	-	357,780	357,780
Debt service					
Principal retirement	-	330,000	330,000	(330,000)	-
Interest and fees	-	59,352	59,352	8,302	67,654
Total Expenditures/Expenses	<u>1,041,788</u>	<u>417,382</u>	<u>1,459,170</u>	<u>(321,698)</u>	<u>1,137,472</u>
Excess (Deficiency) of Revenues Over Expenditures	587,197	(69,345)	517,852	306,654	
Other Financing Sources (Uses)					
Interfund transfers in (out)	(100,000)	100,000	-	-	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	487,197	30,655	517,852	(517,852)	
Change in Net Position				824,506	824,506
Fund Balances/Net Position					
Beginning of year	2,852,450	186,556	3,039,006	-	1,009,686
End of year	<u>\$ 3,339,647</u>	<u>\$ 217,211</u>	<u>\$ 3,556,858</u>	<u>\$ -</u>	<u>\$ 1,834,192</u>

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

Harris County Municipal Utility District No. 355 (District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (Commission), effective June 25, 1991, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance and construct waterworks, wastewater, and drainage facilities and to provide such facilities and services to the customers of the District.

The District lies within the City of Houston (City). The District, or its developer, has constructed or purchased water and sanitary sewer facilities and all such facilities have been or will be conveyed to the City. The District has contracted with the City to supply water and wastewater services to the District's customers (see Note 5).

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2025

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures, and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2025

accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services, and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended September 30, 2025 include collections during the current period or within 60 days of year-end related to the 2024 and prior years' tax levies.

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2025

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District’s fiscal year ended September 30, 2025, the 2024 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Pursuant to a contract between the District and the City, all water, sanitary sewer, and storm sewer facilities purchased or constructed by the District or its developer are conveyed to the City for operation and maintenance. Accordingly, these assets are not recorded in the financial statements of the District.

Deferred Amount on Debt Refundings

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

Debt Issuance Costs

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

Long-Term Obligations

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

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

Net Position/Fund Balances

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

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

The components of unrestricted net position at September 30, 2025 are as follows:

General fund, unrestricted fund balance including deferred taxes and amounts due from the City	\$ 3,508,705
Long-term debt in excess of capital assets	<u>(1,911,534)</u>
Total	<u><u>\$ 1,597,171</u></u>

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2025

The District has financed water, sewer, and drainage facilities, which have been conveyed to the City or assumed by Harris County for maintenance and other incidents of ownership, which has caused long-term debt to be in excess of capital assets.

Reconciliation of Government-Wide and Fund Financial Statements

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

Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	\$ 19,933
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	12,492
Deferred amount on debt refundings for governmental activities is not considered financial resources and is not reported in the funds.	38,466
Receivable from the City is not available in the current period and is not reported in the fund financial statements.	160,652
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the fund financial statements.	(4,209)
Long-term debt obligations are not due and payable in the current period and are not reported in the fund financial statements.	<u>(1,950,000)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ (1,722,666)</u>

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

Change in fund balances.	\$ 517,852
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	330,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(15,044)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.	<u>(8,302)</u>
Change in net position of governmental activities.	<u>\$ 824,506</u>

Note 2. Deposits, Investments, and Investment Income

Deposits

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

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

At September 30, 2025, none of the District’s bank balances were exposed to custodial credit risk.

Investments

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

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

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District’s investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. The District’s investments in Texas CLASS are reported at net asset value.

At September 30, 2025, the District had the following investments and maturities:

Type	Maturities in Years				
	Fair Value	Less Than 1	1–5	6–10	More Than 10
Texas CLASS	\$ 1,080,335	\$ 1,080,335	\$ -	\$ -	\$ -

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

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2025

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2025, the District’s investments in Texas CLASS were rated “AAAm” by Standard & Poor’s.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at September 30, 2025 as follows:

Carrying value	
Deposits	\$ 2,239,540
Investments	<u>1,080,335</u>
Total	<u>\$ 3,319,875</u>

Included in the following statement of net position captions:

Cash	\$ 149,540
Certificates of deposit	2,090,000
Short-term investments	<u>1,080,335</u>
Total	<u>\$ 3,319,875</u>

Investment income of \$148,744 for the year ended September 30, 2025 consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of September 30, 2025:

- Pooled investments of \$1,080,335 are valued at fair value per share of the pool’s underlying portfolio.

Note 3. Long-Term Liabilities

Changes in long-term liabilities for the year ended September 30, 2025 were as follows:

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Decreases</u>	<u>Balances, End of Year</u>	<u>Amounts Due in One Year</u>
Bonds payable				
Bonds from direct placements	<u>\$ 2,280,000</u>	<u>\$ 330,000</u>	<u>\$ 1,950,000</u>	<u>\$ 500,000</u>

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2025

Direct Placement Bonds

	Refunding Series 2015
Amount outstanding, September 30, 2025	\$1,950,000
Interest rate	2.59%
Maturity dates, serially beginning/ending	September 1, 2026/2029
Interest payment dates	March 1/September 1
Callable date*	September 1, 2021

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on direct placement bonds outstanding at September 30, 2025:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 500,000	\$ 50,505	\$ 550,505
2027	490,000	37,555	527,555
2028	485,000	24,864	509,864
2029	475,000	12,302	487,302
Total	<u>\$ 1,950,000</u>	<u>\$ 125,226</u>	<u>\$ 2,075,226</u>

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

Bonds voted	\$ 18,870,000
Bonds sold	16,180,000
Refunding bonds voted	12,500,000
Refunding bond authorization used	350,000

Note 4. Significant Bond Resolution and Commission Requirements

- (A) The Bond Resolution requires that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2025, the District levied an ad valorem debt service tax at the rate of \$0.0300 per \$100 of assessed valuation, which resulted in a tax levy of \$258,682 on the taxable valuation of \$862,273,919 for the 2024 tax year. The interest and principal requirements paid from the tax revenues were \$389,052. The District utilized available debt service fund resources and a transfer from the general fund to satisfy the requirements.

Harris County Municipal Utility District No. 355
Notes to Financial Statements
September 30, 2025

(B) In the Bond Resolution, the District has the following agreement for the benefit of the holders and beneficial owners of the bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the bonds. Under the agreement, the District is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board. The Municipal Securities Rulemaking Board has established the Electronic Municipal Market Access system.

Note 5. Contract With the City of Houston

In 1990, the District's developer entered into a 40-year contract with the City to provide water and sewer services to customers of the District. Under the terms of the agreement, the District will construct or purchase all facilities necessary to provide water and sewer service and convey those facilities to the City. The District retains a security interest in the facilities.

The City is the owner and operator of the facilities and is responsible for all operating costs. The City also bills all customers within the boundaries at rates comparable to in-City customers.

The contract provides for monthly revenue rebate payments by the City based on net revenues collected and annual tax rebate payments. During the year ended September 30, 2025, the District recorded rebate revenue totaling \$1,371,621.

Note 6. Maintenance Taxes

At an election held January 15, 1994, voters authorized a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended September 30, 2025, the District levied an ad valorem maintenance tax at the rate of \$0.0200 per \$100 of assessed valuation, which resulted in a tax levy of \$172,454 on the taxable valuation of \$862,273,919 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District participates along with other entities in the Texas Municipal League's Intergovernmental Risk Pool (Pool). The Pool purchases commercial insurance at group rates for participants in the Pool. The District has no additional risk or responsibility to the Pool, outside of payment of insurance premiums. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Required Supplementary Information

**Harris County Municipal Utility District No. 355
 Budgetary Comparison Schedule – General Fund
 Year Ended September 30, 2025**

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 169,000	\$ 171,654	\$ 2,654
City of Houston rebates	389,052	1,324,083	935,031
Investment income	154,522	133,248	(21,274)
Total Revenues	712,574	1,628,985	916,411
Expenditures			
Service operations			
Purchased services	18,900	17,455	1,445
Professional fees	120,800	148,812	(28,012)
Contracted services	62,600	67,233	(4,633)
Utilities	131,500	133,175	(1,675)
Repairs and maintenance	17,060	263,050	(245,990)
Other expenditures	62,900	54,283	8,617
Capital outlay	593,556	357,780	235,776
Total Expenditures	1,007,316	1,041,788	(34,472)
Excess (Deficiency) of Revenues Over Expenditures	(294,742)	587,197	881,939
Other Financing Uses			
Interfund transfers out	(100,000)	(100,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(394,742)	487,197	881,939
Fund Balance, Beginning of Year	2,852,450	2,852,450	-
Fund Balance, End of Year	\$ 2,457,708	\$ 3,339,647	\$ 881,939

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2025.

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

Supplementary Information

**Harris County Municipal Utility District No. 355
Other Schedules Included Within This Report
September 30, 2025**

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

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 9–17
- [X] Schedule of Services
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel, and Consultants

Harris County Municipal Utility District No. 355
Schedule of Services
Year Ended September 30, 2025

1. Services provided by the District

- | | | |
|--|---|--|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input checked="" type="checkbox"/> Other <u>The City of Houston provides services to the District's customers pursuant to a contract between the District and the City of Houston. See Note 5 in the notes to financial statements.</u> | | |

Harris County Municipal Utility District No. 355
Schedule of General Fund Expenditures
Year Ended September 30, 2025

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$ 20,300		
Legal	77,260		
Engineering	51,252		
Financial advisor	<u>-</u>		148,812
Purchased Services for Resale			
Bulk water and wastewater service purchases			17,455
Regional Water Fee			-
Contracted Services			
Bookkeeping	63,733		
General manager	-		
Appraisal district	-		
Tax collector	-		
Security	-		
Other contracted services	<u>3,500</u>		67,233
Utilities			133,175
Repairs and Maintenance			263,050
Administrative Expenditures			
Directors' fees	23,112		
Office supplies	1,857		
Insurance	4,916		
Other administrative expenditures	<u>24,398</u>		54,283
Capital Outlay			
Capitalized assets	-		
Expenditures not capitalized	<u>357,780</u>		357,780
Tap Connection Expenditures			-
Solid Waste Disposal			-
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			<u>-</u>
Total Expenditures		<u>\$</u>	<u>1,041,788</u>

**Harris County Municipal Utility District No. 355
Schedule of Temporary Investments
September 30, 2025**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
General Fund				
Certificates of Deposit				
No. 3031000452	4.00%	01/07/26	\$ 235,000	\$ 4,404
No. 12986	4.25%	07/08/26	235,000	2,299
No. 4208377	4.00%	05/21/26	235,000	3,399
No. 2000000575	4.18%	01/03/26	235,000	2,288
No. 440067078	4.17%	11/06/25	240,000	6,361
No. 108614	4.00%	02/10/26	240,000	6,102
No. 6000042519	4.75%	10/09/25	235,000	10,734
No. 9009005955	4.05%	07/05/26	235,000	1,356
No. 6550147492	4.25%	12/02/25	200,000	7,033
Texas CLASS	4.26%	Demand	<u>877,922</u>	<u>-</u>
			2,967,922	43,976
Debt Service Fund				
Texas CLASS	4.26%	Demand	<u>202,413</u>	<u>-</u>
Totals			<u><u>\$ 3,170,335</u></u>	<u><u>\$ 43,976</u></u>

**Harris County Municipal Utility District No. 355
 Analysis of Taxes Levied and Receivable
 Year Ended September 30, 2025**

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 7,641	\$ 10,240
Additions and corrections to prior years' taxes	(35)	(44)
Adjusted Receivable, Beginning of Year	<u>7,606</u>	<u>10,196</u>
2024 Original Tax Levy	169,139	253,709
Additions and corrections	3,315	4,973
Adjusted tax levy	<u>172,454</u>	<u>258,682</u>
Total to Be Accounted For	180,060	268,878
Tax collections: Current year	(169,713)	(254,570)
Prior years	(1,941)	(2,781)
Receivable, End of Year	<u><u>\$ 8,406</u></u>	<u><u>\$ 11,527</u></u>
Receivable, by Years		
2024	\$ 2,741	\$ 4,112
2023	906	1,294
2022	574	662
2021	603	603
2020	623	623
2019	561	561
2018	363	363
2017	545	545
2016	484	605
2015	455	682
2014	413	826
2013	138	651
Receivable, End of Year	<u><u>\$ 8,406</u></u>	<u><u>\$ 11,527</u></u>

**Harris County Municipal Utility District No. 355
 Analysis of Taxes Levied and Receivable
 Year Ended September 30, 2025**

(Continued)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Property Valuations				
Land	\$ 302,577,541	\$ 274,087,694	\$ 274,111,165	\$ 273,843,870
Improvements	593,799,100	621,110,839	546,669,965	440,700,542
Personal property	9,455,927	8,614,915	9,486,151	6,334,220
Exemptions	<u>(43,558,649)</u>	<u>(82,576,622)</u>	<u>(73,693,810)</u>	<u>(29,920,591)</u>
Total Property Valuations	<u>\$ 862,273,919</u>	<u>\$ 821,236,826</u>	<u>\$ 756,573,471</u>	<u>\$ 690,958,041</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.0300	\$ 0.0300	\$ 0.0300	\$ 0.0300
Maintenance tax rates*	<u>0.0200</u>	<u>0.0210</u>	<u>0.0260</u>	<u>0.0300</u>
Total Tax Rates per \$100 Valuation	<u>\$ 0.0500</u>	<u>\$ 0.0510</u>	<u>\$ 0.0560</u>	<u>\$ 0.0600</u>
Tax Levy	<u>\$ 431,136</u>	<u>\$ 418,831</u>	<u>\$ 423,681</u>	<u>\$ 414,574</u>
Percent of Taxes Collected to Taxes Levied**	<u>98%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$1.00 on January 15, 1994

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

Harris County Municipal Utility District No. 355
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2025

Due During Fiscal Years Ending September 30	Refunding Series 2015		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	\$ 500,000	\$ 50,505	\$ 550,505
2027	490,000	37,555	527,555
2028	485,000	24,864	509,864
2029	475,000	12,302	487,302
Totals	<u>\$ 1,950,000</u>	<u>\$ 125,226</u>	<u>\$ 2,075,226</u>

**Harris County Municipal Utility District No. 355
 Changes in Long-Term Bonded Debt
 Year Ended September 30, 2025**

	<u>Bond Issue Refunding Series 2015</u>
Interest rate	2.59%
Dates interest payable	March 1/ September 1
Maturity dates	September 1, 2026/2029
Bonds outstanding, beginning of current year	\$ 2,280,000
Retirements, principal	<u>330,000</u>
Bonds outstanding, end of current year	<u><u>\$ 1,950,000</u></u>
Interest paid during current year	<u><u>\$ 59,052</u></u>

Paying agent's name and address:

Series 2015 – BOKF, N.A., Houston, Texas

Bond authority	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount authorized by voters	<u>\$ 18,870,000</u>	<u>\$ -</u>	<u>\$ 12,500,000</u>
Amount issued	<u>\$ 16,180,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>
Remaining to be issued	<u>\$ 2,690,000</u>	<u>\$ -</u>	<u>\$ 12,150,000</u>
Debt service fund cash and temporary investment balances as of September 30, 2025:			<u>\$ 224,813</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 518,807</u>

Harris County Municipal Utility District No. 355
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,

	Amounts				
	2025	2024	2023	2022	2021
General Fund					
Revenues					
Property taxes	\$ 171,654	\$ 171,288	\$ 197,263	\$ 207,342	\$ 208,360
City of Houston rebates	1,324,083	1,596,442	1,013,734	1,097,725	688,709
Investment income	133,248	129,312	76,301	8,974	5,816
Total Revenues	<u>1,628,985</u>	<u>1,897,042</u>	<u>1,287,298</u>	<u>1,314,041</u>	<u>902,885</u>
Expenditures					
Service operations					
Purchased services	17,455	13,527	18,327	17,891	17,455
Professional fees	148,812	134,622	115,997	106,100	153,200
Contracted services	67,233	59,497	53,075	34,412	25,914
Utilities	133,175	127,150	126,578	129,311	121,059
Repairs and maintenance	263,050	17,180	16,860	24,062	25,565
Other expenditures	54,283	63,184	46,297	48,110	47,066
Capital outlay	357,780	212,747	95,987	73,260	211,232
Total Expenditures	<u>1,041,788</u>	<u>627,907</u>	<u>473,121</u>	<u>433,146</u>	<u>601,491</u>
Excess of Revenues Over Expenditures	587,197	1,269,135	814,177	880,895	301,394
Other Financing Uses					
Interfund transfers out	<u>(100,000)</u>	<u>(300,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>(425,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	487,197	969,135	414,177	480,895	(123,606)
Fund Balance, Beginning of Year	<u>2,852,450</u>	<u>1,883,315</u>	<u>1,469,138</u>	<u>988,243</u>	<u>1,111,849</u>
Fund Balance, End of Year	<u>\$ 3,339,647</u>	<u>\$ 2,852,450</u>	<u>\$ 1,883,315</u>	<u>\$ 1,469,138</u>	<u>\$ 988,243</u>
Total Active Retail Water Connections	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Active Retail Wastewater Connections	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>



Percent of Fund Total Revenues

<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
10.5 %	9.0 %	15.3 %	15.8 %	23.1 %
81.3	84.2	78.8	83.5	76.3
<u>8.2</u>	<u>6.8</u>	<u>5.9</u>	<u>0.7</u>	<u>0.6</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
1.1	0.7	1.4	1.4	1.9
9.1	7.1	9.0	8.1	17.0
4.1	3.2	4.1	2.6	2.9
8.2	6.7	9.8	9.8	13.4
16.2	0.9	1.3	1.8	1.9
3.3	3.3	3.6	3.7	6.1
<u>22.0</u>	<u>11.2</u>	<u>7.5</u>	<u>5.6</u>	<u>23.4</u>
<u>64.0</u>	<u>33.1</u>	<u>36.7</u>	<u>33.0</u>	<u>66.6</u>
<u>36.0 %</u>	<u>66.9 %</u>	<u>63.3 %</u>	<u>67.0 %</u>	<u>33.4 %</u>

Harris County Municipal Utility District No. 355
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended September 30,

	Amounts				
	2025	2024	2023	2022	2021
Debt Service Fund					
Revenues					
Property taxes	\$ 257,351	\$ 244,225	\$ 227,170	\$ 207,342	\$ 208,407
City of Houston rebates	66,616	60,057	70,330	72,733	83,935
Penalty and interest	8,574	10,079	7,751	7,330	5,892
Investment income	15,496	27,382	28,995	5,784	3,347
Total Revenues	<u>348,037</u>	<u>341,743</u>	<u>334,246</u>	<u>293,189</u>	<u>301,581</u>
Expenditures					
Current					
Professional fees	2,115	1,907	1,675	2,206	1,319
Contracted services	15,206	16,095	15,434	15,403	15,325
Other expenditures	10,709	12,738	7,707	7,919	5,906
Debt service					
Principal retirement	330,000	715,000	725,000	740,000	740,000
Interest and fees	59,352	75,704	92,259	109,145	128,194
Total Expenditures	<u>417,382</u>	<u>821,444</u>	<u>842,075</u>	<u>874,673</u>	<u>890,744</u>
Deficiency of Revenues Over Expenditures	(69,345)	(479,701)	(507,829)	(581,484)	(589,163)
Other Financing Sources					
Interfund transfers in	100,000	300,000	400,000	400,000	425,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	30,655	(179,701)	(107,829)	(181,484)	(164,163)
Fund Balance, Beginning of Year	<u>186,556</u>	<u>366,257</u>	<u>474,086</u>	<u>655,570</u>	<u>819,733</u>
Fund Balance, End of Year	<u>\$ 217,211</u>	<u>\$ 186,556</u>	<u>\$ 366,257</u>	<u>\$ 474,086</u>	<u>\$ 655,570</u>

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
73.9 %	71.5 %	68.0 %	70.7 %	69.1 %
19.1	17.6	21.0	24.8	27.8
2.5	2.9	2.3	2.5	2.0
4.5	8.0	8.7	2.0	1.1
100.0	100.0	100.0	100.0	100.0
0.6	0.6	0.5	0.8	0.4
4.4	4.7	4.6	5.2	5.1
3.1	3.7	2.3	2.7	2.0
94.8	209.2	216.9	252.4	245.4
17.0	22.2	27.6	37.2	42.5
119.9	240.4	251.9	298.3	295.4
<u>(19.9) %</u>	<u>(140.4) %</u>	<u>(151.9) %</u>	<u>(198.3) %</u>	<u>(195.4) %</u>

**Harris County Municipal Utility District No. 355
Board Members, Key Personnel, and Consultants
Year Ended September 30, 2025**

Complete District mailing address:	Harris County Municipal Utility District No. 355 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	July 1, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected & Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
Claude A. Zackary	Elected 05/22– 05/26	\$ 3,536	\$ 1,119	President
Letha P. Slagle	Elected 05/22– 05/26	3,757	1,261	Vice President
Jon Elmendorf	Elected 05/24– 05/28	6,409	2,752	Secretary
Christopher J. Mudd	Elected 05/24– 05/28	2,210	-	Assistant Vice President
Kurt A. Baerenstecher	Elected 05/24– 05/28	7,200	1,304	Assistant Secretary

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

**Harris County Municipal Utility District No. 355
Board Members, Key Personnel, and Consultants
Year Ended September 30, 2025**

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	07/28/03	\$ 85,044	Attorney
BGE, Inc.	11/23/93	74,315	Engineer
Bob Leared Interests	10/04/95	22,574	Tax Assessor/ Collector
Forvis Mazars, LLP	09/06/95	20,300	Auditor
Harris Central Appraisal District	Legislative Action	3,091	Appraiser
Masterson Advisors LLC	05/16/18	-	Financial Advisor
Municipal Accounts & Consulting, L.P.	03/03/05	66,739	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/06/96	2,115	Delinquent Tax Attorney
Investment Officers			
Mark M. Burton	10/06/05	N/A	Bookkeeper
Ghia Lewis	08/06/09	N/A	Bookkeeper