



**Harris County Municipal
Utility District No. 358
Harris County, Texas**

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

December 31, 2025



Harris County Municipal Utility District No. 358
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December 31, 2025

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 358
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Harris County Municipal Utility District No. 358 (District), as of and for the year ended December 31, 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, the business-type activities, and each major fund of the District, as of December 31, 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 (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
May 6, 2026

**Harris County Municipal Utility District No. 358
Management's Discussion and Analysis
Year Ended December 31, 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).

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.

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.

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Management’s Discussion and Analysis
Year Ended December 31, 2025**

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.

Proprietary Funds

Proprietary funds, in general, charge customers for the services that are provided. These funds use a long-term financial accounting approach, full accrual basis and provide additional information in the statement of cash flows. The proprietary fund statements provide the same information as the business-type activities portion of the government-wide financial statements, only in more detail.

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:

2025 Summary of Net Position

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 18,106,258	\$ 7,053,755	\$ 25,160,013
Capital assets	2,061,168	28,659,431	30,720,599
Total assets	<u>20,167,426</u>	<u>35,713,186</u>	<u>55,880,612</u>
Deferred outflows of resources	430,236	-	430,236
Total assets and deferred outflows of resources	<u>\$ 20,597,662</u>	<u>\$ 35,713,186</u>	<u>\$ 56,310,848</u>
Long-term liabilities	\$ 8,415,945	\$ -	\$ 8,415,945
Other liabilities	1,531,598	2,029,786	3,561,384
Total liabilities	<u>9,947,543</u>	<u>2,029,786</u>	<u>11,977,329</u>
Deferred inflows of resources	2,638,159	-	2,638,159
Net position			
Net investment in capital assets	(5,061,363)	28,507,051	23,445,688
Restricted	1,462,106	66,133	1,528,239
Unrestricted	<u>11,611,217</u>	<u>5,110,216</u>	<u>16,721,433</u>
Total net position	<u>\$ 8,011,960</u>	<u>\$ 33,683,400</u>	<u>\$ 41,695,360</u>

**Harris County Municipal Utility District No. 358
Management's Discussion and Analysis
Year Ended December 31, 2025**

2024 Summary of Net Position

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 16,542,189	\$ 6,587,818	\$ 23,130,007
Capital assets	2,063,652	28,206,121	30,269,773
Total assets	<u>18,605,841</u>	<u>34,793,939</u>	<u>53,399,780</u>
Deferred outflows of resources	476,310	-	476,310
Total assets and deferred outflows of resources	<u>\$ 19,082,151</u>	<u>\$ 34,793,939</u>	<u>\$ 53,876,090</u>
Long-term liabilities	\$ 9,266,259	\$ -	\$ 9,266,259
Other liabilities	1,508,940	1,522,246	3,031,186
Total liabilities	<u>10,775,199</u>	<u>1,522,246</u>	<u>12,297,445</u>
Deferred inflows of resources	2,844,145	-	2,844,145
Net position			
Net investment in capital assets	(5,863,119)	28,206,121	22,343,002
Restricted	1,539,297	550,548	2,089,845
Unrestricted	9,786,629	4,515,024	14,301,653
Total net position	<u>\$ 5,462,807</u>	<u>\$ 33,271,693</u>	<u>\$ 38,734,500</u>

The net position of the District's governmental activities increased by \$2,549,153, or about 47%. The majority of the increase in net position is due to property tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements, as well as to maintenance tax revenues and investment income exceeding service operations expenses.

The net position of the District's business-type activities increased by \$411,707, or about 1%. The majority of the increase in net position is related to investment and other income and regional service revenues exceeding regional service expenses and depreciation expense on the capital assets of the business-type activities. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

2025 Summary of Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Program revenues			
Charges for services	\$ 1,141,848	\$ 6,708,493	\$ 7,850,341
Sale of capacity	544,250	567,575	1,111,825
City of Houston rebates	2,959,951	-	2,959,951
General revenues			
Property taxes	2,623,398	-	2,623,398
Other revenues	600,578	901,708	1,502,286
Total revenues	<u>7,870,025</u>	<u>8,177,776</u>	<u>16,047,801</u>

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Management's Discussion and Analysis
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2025 Summary of Changes in Net Position (Continued)

	Governmental Activities	Business-Type Activities	Total
Expenses			
Services	\$ 1,519,079	\$ 6,355,702	\$ 7,874,781
Depreciation	2,484	1,410,367	1,412,851
Debt service, interest and fees	419,784	-	419,784
Purchase of capacity	567,575	-	567,575
Economic development payment	2,811,950	-	2,811,950
Total expenses	<u>5,320,872</u>	<u>7,766,069</u>	<u>13,086,941</u>
Change in net position	2,549,153	411,707	2,960,860
Net position, beginning of year	<u>5,462,807</u>	<u>33,271,693</u>	<u>38,734,500</u>
Net position, end of year	<u>\$ 8,011,960</u>	<u>\$ 33,683,400</u>	<u>\$ 41,695,360</u>

2024 Summary of Changes in Net Position

	Governmental Activities	Business-Type Activities	Total
Program revenues			
Charges for services	\$ 1,043,224	\$ 6,862,544	\$ 7,905,768
Sale of capacity	-	163,275	163,275
City of Houston rebates	2,865,572	-	2,865,572
General revenues			
Property taxes	2,672,656	-	2,672,656
Other revenues	638,430	807,743	1,446,173
Total revenues	<u>7,219,882</u>	<u>7,833,562</u>	<u>15,053,444</u>
Expenses			
Services	1,457,448	6,172,047	7,629,495
Depreciation	2,484	1,343,294	1,345,778
Debt service, interest and fees	445,538	-	445,538
Economic development payment	2,722,294	-	2,722,294
Total expenses	<u>4,627,764</u>	<u>7,515,341</u>	<u>12,143,105</u>
Change in net position	2,592,118	318,221	2,910,339
Net position, beginning of year	<u>2,870,689</u>	<u>32,953,472</u>	<u>35,824,161</u>
Net position, end of year	<u>\$ 5,462,807</u>	<u>\$ 33,271,693</u>	<u>\$ 38,734,500</u>

**Harris County Municipal Utility District No. 358
Management’s Discussion and Analysis
Year Ended December 31, 2025**

Financial Analysis of the District’s Funds

Governmental Activities

The general fund’s fund balance increased by \$1,823,325 primarily due to property taxes and service revenues and investment income exceeding service operation expenditures and City of Houston (City) rebate revenues exceeding the related economic development expenditures.

The debt service fund’s fund balance decreased by \$81,818 because bond principal and interest requirements exceeded property tax revenues and investment income.

Business-Type Activities

The enterprise fund’s net position increased by \$411,707 primarily due to investment and other income and service revenues exceeding service expenses and depreciation expense on the capital assets of the business-type activities.

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 being recorded at gross, while the District budgets their amount after the economic development expenditure. The economic development payment is shown as an expenditure, which is not separately budgeted for. Tap connection and inspection fees and investment income were greater than expected and capital outlay expenditures were budgeted but not incurred. In addition, purchase and sale of capacity were not budgeted. The fund balance as of December 31, 2025 was expected to be \$11,926,499, and the actual end-of-year fund balance was \$12,436,032.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	<u>2025</u>	<u>2024</u>
Governmental activities		
Land and improvements	\$ 1,994,095	\$ 1,994,095
Wastewater facilities	67,073	69,557
Total capital assets, governmental activities	<u>\$ 2,061,168</u>	<u>\$ 2,063,652</u>
Business-type activities		
Land and improvements	\$ 8,484,129	\$ 8,484,129
Construction in progress	590,750	-
Water facilities	13,497,480	13,217,655
Wastewater facilities	6,087,072	6,504,337
Total capital assets, business-type activities	<u>\$ 28,659,431</u>	<u>\$ 28,206,121</u>

During the current year, additions to capital assets for the business-type activities were as follows.

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Business-type activities

Construction in progress related to remote well No. 6 generator addition and wastewater treatment plant improvements	\$ 590,750
Water well Nos. 4 and 7 improvements	366,240
Water plant No. 2 improvements	598,180
Water system SCADA upgrades	88,500
Drum screen improvements at the water plant	109,043
Water plant roof improvements	40,904
Blower Nos. 3 and 4 improvements at the sewer treatment plant	35,117
Pump No. 2 and header improvements at the sewer treatment plant	<u>34,943</u>

Total additions to capital assets, business-type activities \$ 1,863,677

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2025 are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Long-term debt payable, beginning of year	\$ 9,266,259	\$ -	\$ 9,266,259
Decreases in long-term debt	<u>(850,314)</u>	<u>-</u>	<u>(850,314)</u>
Long-term debt payable, end of year	<u><u>\$ 8,415,945</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,415,945</u></u>

At December 31, 2025, the internal district had \$21,460,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District.

The District’s refunding Series 2016 bonds carry an underlying rating of “A2” from Moody’s Investors Service.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District’s consent, except as set forth below.

Effective March 2007, the District entered into a Strategic Partnership Agreement (Agreement) with the City, which annexed certain portions of the District into the City for “limited purposes,” as described therein. Under the terms of the Agreement, the City has agreed it will not annex the District as a whole for full purposes for 30 years, at which time the City has the option to annex the District if it chooses to do so.

Contingencies

Governmental Activities

Effective December 1, 2006, and as amended from time to time, the District and CPG Houston Holdings, L.P. entered into an Economic Development Agreement (ED Agreement), whereby the District will make economic development incentive payments to the developer to promote local economic development and stimulate business and commercial activity in the District. The District is to remit payments to the developer from the sales taxes received from the agreement with the City up to a maximum amount of \$67,650,000, subject to further provisions

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Management's Discussion and Analysis
Year Ended December 31, 2025**

of the ED Agreement. During the current year, the District recorded \$2,811,950 in expense related to the ED Agreement. As of December 31, 2025, the District has paid CPG Houston Holdings, L.P. a total of \$31,613,119.

Subsequent Event

On January 15, 2026, the District redeemed a portion of the remaining maturities of its Unlimited Tax Bonds, Series 2011 (2026–2028 maturities), resulting in savings of \$47,477 in interest requirements. The District also redeemed the remaining maturities of its Unlimited Tax Bonds, Series 2013 (2026–2035 maturities), resulting in savings of \$868,829 in interest requirements.

Harris County Municipal Utility District No. 358
Statement of Net Position
December 31, 2025

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets			
Cash and cash equivalents	\$ 15,026,779	\$ 6,279,354	\$ 21,306,133
Receivables			
Property taxes	1,961,665	-	1,961,665
Service accounts	88,351	-	88,351
Regional participants	-	851,782	851,782
City of Houston rebates	952,082	-	952,082
Internal balances	77,381	(77,381)	-
Total Current Assets	<u>18,106,258</u>	<u>7,053,755</u>	<u>25,160,013</u>
Noncurrent Assets			
Capital assets, net			
Infrastructure	67,073	19,584,552	19,651,625
Construction in progress	-	590,750	590,750
Land and improvements	1,994,095	8,484,129	10,478,224
Total Noncurrent Assets	<u>2,061,168</u>	<u>28,659,431</u>	<u>30,720,599</u>
Total Assets	20,167,426	35,713,186	55,880,612
Deferred Outflows of Resources			
Deferred amounts on debt refundings	430,236	-	430,236
Total Assets and Deferred Outflows of Resources	<u>\$ 20,597,662</u>	<u>\$ 35,713,186</u>	<u>\$ 56,310,848</u>

Harris County Municipal Utility District No. 358
Statement of Net Position
December 31, 2025

(Continued)

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Liabilities, Deferred Inflows of Resources, and Net Position			
Current Liabilities			
Accounts payable	\$ 1,376,755	\$ 819,100	\$ 2,195,855
Accrued interest payable	56,707	-	56,707
Due to others	34,106	-	34,106
Retainage payable	-	32,086	32,086
Long-term liabilities, current portion	865,000	-	865,000
Total Current Liabilities	<u>2,332,568</u>	<u>851,186</u>	<u>3,183,754</u>
Noncurrent Liabilities			
Customer deposits	64,030	-	64,030
Deposits from participants	-	1,178,600	1,178,600
Long-term liabilities, net	7,550,945	-	7,550,945
Total Noncurrent Liabilities	<u>7,614,975</u>	<u>1,178,600</u>	<u>8,793,575</u>
Total Liabilities	<u>9,947,543</u>	<u>2,029,786</u>	<u>11,977,329</u>
Deferred Inflows of Resources			
Deferred property tax revenues	2,638,159	-	2,638,159
Net Position			
Net investment in capital assets	(5,061,363)	28,507,051	23,445,688
Restricted for debt service	1,462,106	-	1,462,106
Restricted for plant operations	-	66,133	66,133
Unrestricted	11,611,217	5,110,216	16,721,433
Total Net Position	<u>8,011,960</u>	<u>33,683,400</u>	<u>41,695,360</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 20,597,662</u>	<u>\$ 35,713,186</u>	<u>\$ 56,310,848</u>

Harris County Municipal Utility District No. 358
Statement of Activities
Year Ended December 31, 2025

	Net Revenue (Expense) and Changes in Net Position				
	Expenses	Program Revenues Charges for Services	Primary Government		Total
			Governmental Activities	Business-Type Activities	
Government/Programs					
Primary Government					
Governmental activities					
Service operations	\$ 1,519,079	\$ 1,141,848	\$ (377,231)	\$ -	\$ (377,231)
Depreciation	2,484	-	(2,484)	-	(2,484)
Debt service, interest and fees	419,784	-	(419,784)	-	(419,784)
Purchase of capacity	567,575	544,250	(23,325)	-	(23,325)
Economic development	2,811,950	2,959,951	148,001	-	148,001
Total governmental activities	<u>5,320,872</u>	<u>4,646,049</u>	<u>(674,823)</u>	<u>-</u>	<u>(674,823)</u>
Business-type activities					
Regional service operations	6,355,702	6,708,493	-	352,791	352,791
Sale of capacity	-	567,575	-	567,575	567,575
Depreciation	1,410,367	-	-	(1,410,367)	(1,410,367)
Total business-type activities	<u>7,766,069</u>	<u>7,276,068</u>	<u>-</u>	<u>(490,001)</u>	<u>(490,001)</u>
Total Primary Government	<u>\$ 13,086,941</u>	<u>\$ 11,922,117</u>	<u>(674,823)</u>	<u>(490,001)</u>	<u>(1,164,824)</u>
General Revenues					
Property taxes			2,623,398	-	2,623,398
Investment income			600,533	225,724	826,257
Other			45	675,984	676,029
Total General Revenues			<u>3,223,976</u>	<u>901,708</u>	<u>4,125,684</u>
Change in Net Position			2,549,153	411,707	2,960,860
Net Position, Beginning of Year			<u>5,462,807</u>	<u>33,271,693</u>	<u>38,734,500</u>
Net Position, End of Year			<u>\$ 8,011,960</u>	<u>\$ 33,683,400</u>	<u>\$ 41,695,360</u>

Harris County Municipal Utility District No. 358
Balance Sheet – Governmental Funds
December 31, 2025

	General Fund	Debt Service Fund	Total
Assets			
Cash	\$ 229,697	\$ 680,073	\$ 909,770
Short-term investments	12,625,653	1,491,356	14,117,009
Receivables			
Property taxes	1,410,332	551,333	1,961,665
Service accounts	88,351	-	88,351
City of Houston rebates	519,136	-	519,136
Interfund receivable	464,733	-	464,733
Internal balances	77,381	-	77,381
Total Assets	\$ 15,415,283	\$ 2,722,762	\$ 18,138,045
Liabilities			
Accounts payable	\$ 959,062	\$ 6,394	\$ 965,456
Customer deposits	64,030	-	64,030
Due to others	34,106	-	34,106
Interfund payable	-	464,733	464,733
Total Liabilities	1,057,198	471,127	1,528,325
Deferred Inflows of Resources			
Deferred property tax revenues	1,922,053	748,149	2,670,202
Fund Balances			
Restricted, unlimited tax bonds	-	1,503,486	1,503,486
Unassigned	12,436,032	-	12,436,032
Total Fund Balances	12,436,032	1,503,486	13,939,518
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,415,283	\$ 2,722,762	\$ 18,138,045

Harris County Municipal Utility District No. 358
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds
Year Ended December 31, 2025

	General Fund	Debt Service Fund	Total
Revenues			
Property taxes	\$ 1,538,070	\$ 1,084,472	\$ 2,622,542
City of Houston rebates	2,954,417	-	2,954,417
Water service	487,253	-	487,253
Sewer service	70,519	-	70,519
Regional water fee	398,898	-	398,898
Penalty and interest	8,070	25,273	33,343
Tap connection and inspection fees	151,835	-	151,835
Investment income	513,694	86,839	600,533
Other income	45	-	45
Sale of capacity	544,250	-	544,250
Total Revenues	6,667,051	1,196,584	7,863,635
Expenditures			
Service operations			
Purchased services	465,246	-	465,246
Regional water fee	292,688	-	292,688
Professional fees	167,990	6,514	174,504
Contracted services	306,950	30,741	337,691
Repairs and maintenance	86,456	-	86,456
Other expenditures	108,578	12,366	120,944
Tap connections	41,550	-	41,550
Purchase of capacity	567,575	-	567,575
Economic development	2,806,693	-	2,806,693
Debt service			
Principal retirement	-	860,000	860,000
Interest and fees	-	368,781	368,781
Total Expenditures	4,843,726	1,278,402	6,122,128
Excess (Deficiency) of Revenues Over Expenditures	1,823,325	(81,818)	1,741,507
Fund Balances			
Beginning of year	10,612,707	1,585,304	12,198,011
End of year	<u>\$ 12,436,032</u>	<u>\$ 1,503,486</u>	<u>\$ 13,939,518</u>

Harris County Municipal Utility District No. 358
Statement of Net Position – Proprietary Fund
December 31, 2025

	Business-Type Activities – Enterprise Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 575,531
Short-term investments	5,703,823
Due from regional participants	851,782
Internal balances	<u>(77,381)</u>
Total Current Assets	<u>7,053,755</u>
Capital Assets	
Infrastructure, net of accumulated depreciation of \$23,210,405	19,584,552
Construction in progress	590,750
Land and improvements	<u>8,484,129</u>
Total Capital Assets	<u>28,659,431</u>
Total Assets	<u><u>\$ 35,713,186</u></u>
Liabilities and Net Position	
Current Liabilities	
Accounts payable	\$ 819,100
Deposit from participants	1,178,600
Retainage payable	<u>32,086</u>
Total Current Liabilities	<u>2,029,786</u>
Net Position	
Net investment in capital assets	28,507,051
Restricted for plant operations	66,133
Unrestricted	<u>5,110,216</u>
Total Net Position	<u>33,683,400</u>
Total Liabilities and Net Position	<u><u>\$ 35,713,186</u></u>

Harris County Municipal Utility District No. 358
Statement of Revenues, Expenses, and Changes
in Net Position – Proprietary Fund
Year Ended December 31, 2025

	Business-Type Activities – Enterprise Fund
Operating Revenues	
Charges for services	\$ 6,708,493
Sale of capacity	567,575
Total Operating Revenues	<u>7,276,068</u>
Operating Expenses	
Regional water fee	2,592,114
Professional fees	207,045
Contracted services	208,531
Utilities	381,226
Repairs and maintenance	2,787,493
Depreciation	1,410,367
Other expenditures	179,293
Total Operating Expenses	<u>7,766,069</u>
Operating Loss	<u>(490,001)</u>
Nonoperating Income	
Investment income	225,724
Other	675,984
Total Nonoperating Income	<u>901,708</u>
Change in Net Position	411,707
Net Position, Beginning of Year	<u>33,271,693</u>
Net Position, End of Year	<u><u>\$ 33,683,400</u></u>

Harris County Municipal Utility District No. 358
Statement of Cash Flows – Proprietary Fund
Year Ended December 31, 2025

	Business-Type Activities – Enterprise Fund
Operating Activities	
Receipts from connection charges	\$ 567,575
Receipts from participant charges	6,540,443
Payments for service operations	<u>(6,000,542)</u>
Net Cash Provided by Operating Activities	<u>1,107,476</u>
Capital and Related Financing Activity	
Purchase of capital assets	<u>(1,711,297)</u>
Investing Activity	
Investment and other income	<u>901,708</u>
Net Change in Cash and Cash Equivalents	297,887
Cash and Cash Equivalents, Beginning of Year	<u>5,981,467</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,279,354</u>
Per Statement of Net Position	
Cash and cash equivalents	\$ 575,531
Short-term investments	<u>5,703,823</u>
	<u>\$ 6,279,354</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (490,001)
Adjustment to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	1,410,367
Changes in assets and liabilities	
Receivables, net	(168,050)
Accounts payable	<u>355,160</u>
Net Cash Provided by Operating Activities	<u>\$ 1,107,476</u>
Noncash Investing and Financing Activities	
Capital asset additions included in accounts payable	<u>\$ 120,294</u>

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

Harris County Municipal Utility District No. 358 (District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (Commission), effective March 17, 1993, in accordance with the Texas Water Code, Chapter 54. The Board of Directors (Board) held its first meeting on March 17, 1993. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, and drainage facilities and to provide such facilities and services to the customers of the District. The District also serves as the "Regional District," as discussed in Note 8 to the financial statements.

The District is governed by a Board consisting of five individuals who are residents and qualified voters or owners of taxable 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

The statement of net position and the statement of activities display information about the District as a whole. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through intergovernmental revenues and reimbursements from participants. Business-type activities are financed by fees charged to external parties for goods or services.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as investment earnings, are presented as general revenues.

Fund Financial Statements

Fund financial statements of the District are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or if it meets certain other criteria.

Harris County Municipal Utility District No. 358
Notes to Financial Statements
December 31, 2025

Governmental Funds

The District presents the following major governmental funds:

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance 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.

Proprietary Fund

The enterprise fund accounts for the operations of the regional facilities. These facilities provide water supply and delivery, wastewater collection, treatment, and disposal facilities to participants.

Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

In the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus, as defined in item (b) as follows.

Harris County Municipal Utility District No. 358
Notes to Financial Statements
December 31, 2025

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used as appropriate:

- (A) All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- (B) The proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

All governmental funds use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (*i.e.*, when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

All primary sources of the District's revenue are susceptible to accrual. Examples of revenues accrued are taxes, fees for services, charges to participants based on cost-reimbursement contracts, and earnings from investments.

Unearned revenue is recorded when the potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received before earned.

Expenditures and liabilities are recognized when the related fund obligations are incurred as a result of receipt of goods and services.

All proprietary funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services, along with penalties and fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

Cash and Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2025, cash equivalents consisted primarily of certificates of deposit and pooled investment accounts.

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. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2024 on the 2024 levy.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended December 31, 2025, the tax levied in October 2025 is recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ending December 31, 2025. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Capital assets of proprietary funds are reported in both the government-wide and fund financial statements. All other capital assets of the governmental unit are general capital assets. They are not reported as assets in governmental funds but are reported in the governmental activities column in the government-wide statement of net position.

Harris County Municipal Utility District No. 358
Notes to Financial Statements
December 31, 2025

Capital assets are recorded at historical cost and depreciated over their estimated useful lives unless they are inexhaustible, such as land. Depreciation expense is reported in the government-wide statement of activities, and the proprietary fund statement of revenues, expenses, and changes in net position.

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

Water production and distribution facilities	10–45 years
Wastewater collection and treatment facilities	10–45 years

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.

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 of the items on the following page.

Harris County Municipal Utility District No. 358
Notes to Financial Statements
December 31, 2025

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 2,061,168
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	32,043
Sales tax rebates collected more than 60 days subsequent to year-end are not receivable in the current period and are not reported in the funds.	432,946
Amounts due to others that are not payable in the current period are not reported in the funds.	(411,299)
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	430,236
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(56,707)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(8,415,945)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (5,927,558)</u></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.	\$ 1,741,507
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current period.	(2,484)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	860,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	6,390
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 governmental funds.	<u>(56,260)</u>
Change in net position of governmental activities.	<u><u>\$ 2,549,153</u></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 December 31, 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 TexPool and TexSTAR, external investment pools that are not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. A Board of Directors, made up of participants and representatives of the administrator and investment manager, has oversight of TexSTAR. The District’s investments may be redeemed at any time. The District’s investments in TexPool and TexSTAR are reported at amortized cost.

At December 31, 2025, the District had the following investments and maturities:

	Maturities in Years				
	Amortized Cost	Less Than 1	1–5	6–10	More Than 10
Governmental activities					
TexPool	\$ 3,585,272	\$ 3,585,272	\$ -	\$ -	\$ -
TexSTAR	10,531,737	10,531,737	-	-	-
Totals	\$ 14,117,009	\$ 14,117,009	\$ -	\$ -	\$ -
Business-type activities					
TexPool	\$ 3,139,519	\$ 3,139,519	\$ -	\$ -	\$ -
TexSTAR	2,564,304	2,564,304	-	-	-
Totals	\$ 5,703,823	\$ 5,703,823	\$ -	\$ -	\$ -

Harris County Municipal Utility District No. 358
Notes to Financial Statements
December 31, 2025

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 investments in the external investment pools are presented as investments with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2025, the District’s investments in TexPool and TexSTAR were rated “AAAm” by Standard & Poor’s.

Investment Income

Investment income of \$600,533 in the governmental activities and \$225,724 in the business-type activities for the year ended December 31, 2025 consisted of interest income.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2025 is presented below:

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Additions</u>	<u>Balances, End of Year</u>
Capital assets, non-depreciable			
Land and improvements	\$ 1,994,095	\$ -	\$ 1,994,095
Capital assets, depreciable			
Wastewater collection and treatment facilities	107,365	-	107,365
Less accumulated depreciation			
Wastewater collection and treatment facilities	(37,808)	(2,484)	(40,292)
Total governmental activities, net	<u>\$ 2,063,652</u>	<u>\$ (2,484)</u>	<u>\$ 2,061,168</u>
<u>Business-Type Activities</u>	<u>Balances, Beginning of Year</u>	<u>Additions</u>	<u>Balances, End of Year</u>
Capital assets, non-depreciable			
Land and improvements	\$ 8,484,129	\$ -	\$ 8,484,129
Construction in progress	-	590,750	590,750
Total capital assets, non-depreciable	<u>8,484,129</u>	<u>590,750</u>	<u>9,074,879</u>
Capital assets, depreciable			
Water production and distribution facilities	26,922,211	1,202,868	28,125,079
Wastewater collection and treatment facilities	14,599,819	70,059	14,669,878
Total capital assets, depreciable	<u>41,522,030</u>	<u>1,272,927</u>	<u>42,794,957</u>

Harris County Municipal Utility District No. 358
Notes to Financial Statements
December 31, 2025

<u>Business-Type Activities (Continued)</u>	<u>Balances, Beginning of Year</u>	<u>Balances, Beginning of Year</u>	<u>Balances, End of Year</u>
Less accumulated depreciation			
Water production and distribution facilities	\$ (13,704,556)	\$ (923,043)	\$ (14,627,599)
Wastewater collection and treatment facilities	(8,095,482)	(487,324)	(8,582,806)
Total accumulated depreciation	(21,800,038)	(1,410,367)	(23,210,405)
Total business-type activities, net	<u>\$ 28,206,121</u>	<u>\$ 453,310</u>	<u>\$ 28,659,431</u>

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 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				
General obligation bonds	\$ 9,380,000	\$ 860,000	\$ 8,520,000	\$ 865,000
Less discounts on bonds	138,068	12,039	126,029	-
Add premiums on bonds	24,327	2,353	21,974	-
Total governmental activities long-term liabilities	<u>\$ 9,266,259</u>	<u>\$ 850,314</u>	<u>\$ 8,415,945</u>	<u>\$ 865,000</u>

Governmental Activities

General Obligation Bonds

	<u>Series 2011</u>	<u>Series 2013</u>
Amounts outstanding, December 31, 2025	\$525,000	\$2,590,000
Interest rates	5.05% to 5.10%	4.25% to 5.00%
Maturity dates, serially beginning/ending	November 1, 2026/2028	November 1, 2026/2035
Interest payment dates	May 1/November 1	May 1/November 1
Callable dates*	November 1, 2019	November 1, 2021

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

Harris County Municipal Utility District No. 358
Notes to Financial Statements
December 31, 2025

	<u>Series 2014</u>	<u>Refunding Series 2016</u>
Amounts outstanding, December 31, 2025	\$2,130,000	\$3,275,000
Interest rates	3.375% to 4.125%	2.500% to 3.125%
Maturity dates, serially beginning/ending	November 1, 2026/2037	November 1, 2026/2033
Interest payment dates	May 1/November 1	May 1/November 1
Callable dates*	November 1, 2022	November 1, 2024

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at December 31, 2025:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 865,000	\$ 340,244	\$ 1,205,244
2027	875,000	310,000	1,185,000
2028	890,000	273,388	1,163,388
2029	730,000	235,550	965,550
2030	765,000	209,788	974,788
2031–2035	4,015,000	602,539	4,617,539
2036–2037	380,000	23,513	403,513
Total	<u>\$ 8,520,000</u>	<u>\$ 1,995,022</u>	<u>\$ 10,515,022</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	\$ 41,000,000
Bonds sold	19,540,000

Note 5. Significant Bond Resolution and Commission Requirements

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended December 31, 2025, the District levied an ad valorem debt service tax at the rate of \$0.1500 per \$100 of assessed valuation, which resulted in a tax levy of \$732,822 on the taxable valuation of \$488,547,715 for the 2025 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$1,205,244.

Harris County Municipal Utility District No. 358
Notes to Financial Statements
December 31, 2025

Note 6. Maintenance Taxes

At an election held May 1, 1993, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended December 31, 2025, the District levied an ad valorem maintenance tax at the rate of \$0.3900 per \$100 of assessed valuation, which resulted in a tax levy of \$1,905,336 on the taxable valuation of \$488,547,715 for the 2025 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Regional Water Authority

The District is within the boundaries of the North Harris County Regional Water Authority (Authority), which was created by the Texas Legislature to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of December 31, 2025, the Authority was billing the District \$2.60 per 1,000 gallons of water pumped from its wells. This amount is subject to future adjustment.

Note 8. Agreements With Other Districts

Contracts

As of March 1, 1992, the District entered into a regional contract with Harris County Municipal Utility District No. 322 (District No. 322) and Harris County Municipal Utility District No. 354 (District No. 354). In 2003, Harris County Municipal Utility District No. 396 (District No. 396) and Harris County Municipal Utility District No. 397 (District No. 397) also entered into the regional contract. Under the terms of the contract, the District serves as the “Regional District” and provides or causes to be provided the regional water supply and delivery facilities, the regional waste collection, treatment and disposal facilities, and the regional detention facilities necessary to serve the District, District No. 322, District No. 354, District No. 396, and District No. 397. Under the terms of the regional contract, which is in effect through February 29, 2032, the Regional District establishes annually an operating charge per 1,000 gallons of water usage, which is billed to the participants on a monthly basis to fund operation and maintenance costs of the regional facilities.

Connection Charges

Under the terms of the regional contract, the District collects connection charges from the participating districts in order to obtain funds to finance capital costs of the regional facilities. The connection charge per equivalent single-family connection is currently \$7,775, effective August 18, 1998. Connection charge activity since inception is as follows:

	Number of Connections	Value
District No. 322		
Cash	1,329	\$ 9,507,722
Construction credits	345	2,381,328
	<hr/>	<hr/>
	1,674	11,889,050
The District, cash	2,365	16,800,025
District No. 354, cash	2,232	16,941,675
District No. 396, cash	1,082	8,412,550
District No. 397, cash	1,522	11,833,550
	<hr/>	<hr/>
Totals	8,875	\$ 65,876,850
	<hr/> <hr/>	<hr/> <hr/>

Harris County Municipal Utility District No. 358
Notes to Financial Statements
December 31, 2025

In addition, the District is authorized, under certain circumstances, to issue contract revenue bonds sufficient to complete acquisition and construction of the regional facilities, as needed, to serve all districts in the service area. Subject to approval by the voters within the participating districts, the participating districts would contribute to the debt service requirements of such contract revenue bonds.

Operations

The participating districts have agreed to pay costs of operation and maintenance of the regional facilities determined by the monthly usage of water. For the year ended December 31, 2025, the Regional District charged the participating districts a monthly charge of \$4.50 per thousand gallons of water used.

The terms of the agreement provide for the establishment of an operating reserve consisting of at least three months' estimated operation and maintenance costs for the system. Equity of \$66,133, which is comprised of excess revenues without consideration of depreciation, had been accumulated as of December 31, 2025.

Transactions for the current year are summarized below:

	<u>District No. 322</u>	<u>District No. 354</u>	<u>The District</u>	<u>District No. 396</u>	<u>District No. 397</u>	<u>Total</u>
Receivables, beginning of year	\$ 154,601	\$ 219,756	\$ 101,651	\$ 146,111	\$ 155,632	\$ 777,751
Current year billings	1,331,889	1,995,245	757,934	1,275,002	1,348,423	6,708,493
Current collections, net	<u>(1,285,728)</u>	<u>(1,937,290)</u>	<u>(765,566)</u>	<u>(1,238,892)</u>	<u>(1,312,967)</u>	<u>(6,540,443)</u>
Receivables, end of year	<u>\$ 200,762</u>	<u>\$ 277,711</u>	<u>\$ 94,019</u>	<u>\$ 182,221</u>	<u>\$ 191,088</u>	<u>\$ 945,801</u>
Deposits from participants	<u>\$ 264,423</u>	<u>\$ 419,974</u>	<u>\$ 171,400</u>	<u>\$ 237,338</u>	<u>\$ 256,865</u>	<u>\$ 1,350,000</u>

Note 9. Strategic Partnership Agreement

Effective March 2007, the District and the City entered into a Strategic Partnership Agreement (Agreement) under which the City annexed a tract of land within the boundaries of the District for limited purposes. The District continues to exercise all powers and functions of a municipal utility district, as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments and the services provided by the City, the District agrees to continue to provide and develop water, sewer, and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 30 years. During the current year, the District recorded \$2,959,951 in revenues related to the Agreement.

Note 10. Risk Management

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

Note 11. Economic Development Agreement

Effective December 1, 2006, and as amended from time to time, the District and CPG Houston Holdings, L.P. entered into an Economic Development Agreement (ED Agreement), whereby the District will make economic development incentive grant payments to the developer to promote local economic development and stimulate business and commercial activity in the District. The District is to remit payments to the developer of 95% of the sales tax rebates received from the Agreement with the City up to a maximum amount of \$67,650,000, subject to further provisions of the ED Agreement. During the current year, the District recorded \$2,811,950 in expense related to the ED Agreement. As of December 31, 2025, the District has paid CPG Houston Holdings, L.P. a total of \$31,613,119.

Note 12. Subsequent Event

On January 15, 2026, the District redeemed a portion of the remaining maturities of its Unlimited Tax Bonds, Series 2011 (2026–2028 maturities), resulting in savings of \$47,477 in interest payments. The District also redeemed the remaining maturities of its Unlimited Tax Bonds, Series 2013 (2026–2035 maturities), resulting in savings of \$868,829 in principal and interest payments.

Required Supplementary Information

**Harris County Municipal Utility District No. 358
 Budgetary Comparison Schedule – General Fund
 Year Ended December 31, 2025**

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,580,696	\$ 1,538,070	\$ (42,626)
City of Houston rebates	145,000	2,954,417	2,809,417
Water service	475,500	487,253	11,753
Sewer service	75,000	70,519	(4,481)
Regional water fee	347,400	398,898	51,498
Penalty and interest	9,500	8,070	(1,430)
Tap connection and inspection fees	17,500	151,835	134,335
Investment income	345,000	513,694	168,694
Other income	-	45	45
Sale of capacity	-	544,250	544,250
Total Revenues	2,995,596	6,667,051	3,671,455
Expenditures			
Service operations			
Purchased services	434,250	465,246	(30,996)
Regional water fee	347,400	292,688	54,712
Professional fees	142,000	167,990	(25,990)
Contracted services	325,616	306,950	18,666
Repairs and maintenance	133,000	86,456	46,544
Other expenditures	132,363	108,578	23,785
Tap connections	-	41,550	(41,550)
Capital outlay	167,175	-	167,175
Purchase of capacity	-	567,575	(567,575)
Economic development payment	-	2,806,693	(2,806,693)
Total Expenditures	1,681,804	4,843,726	(3,161,922)
Excess of Revenues Over Expenditures	1,313,792	1,823,325	509,533
Fund Balance, Beginning of Year	10,612,707	10,612,707	-
Fund Balance, End of Year	\$ 11,926,499	\$ 12,436,032	\$ 509,533

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 a 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 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. 358
Other Schedules Included Within This Report
December 31, 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 18–30
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedules 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. 358
Schedule of Services and Rates
Year Ended December 31, 2025

1. Services provided by the District

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 16.00	1,000	N	\$ 1.05 \$ 1.55	1,001 to 20,000 20,001 to No Limit
Wastewater:	\$ 0.00 (1)	1,000	N	\$ 1.50	1,001 to No Limit
Regional water fee:	\$ 3.60	1,000	N	\$ 3.60	1,001 to No Limit

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

Total charges per 10,000 gallons usage (including fees): Water \$ 61.45 Wastewater \$ 13.50

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	1	1	x1.0	1
1"	13	13	x2.5	33
1 1/2"	7	7	x5.0	35
2"	50	48	x8.0	384
3"	-	-	x15.0	-
4"	2	2	x25.0	50
6"	2	2	x50.0	100
8"	7	7	x80.0	560
10"	1	1	x115.0	115
Total water	83	81		1,278
Total wastewater	46	46	x1.0	46

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

Gallons pumped into the system:	103,388
Gallons billed to customers:	103,388
Water accountability ratio (gallons billed/gallons pumped):	100.00%

(1) Included in base water charge.

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 358
Schedule of General Fund Expenditures
Year Ended December 31, 2025

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$ 15,800		
Legal	119,776		
Engineering	32,414		
Financial advisor	-		167,990
Purchased Services for Resale			
Bulk water and wastewater service purchases			465,246
Regional Water Fee			292,688
Contracted Services			
Bookkeeping	23,250		
General manager	-		
Appraisal district	-		
Tax collector	-		
Security	239,072		
Other contracted services	44,628		306,950
Utilities			-
Repairs and Maintenance			86,456
Administrative Expenditures			
Directors' fees	18,122		
Office supplies	11,764		
Insurance	35,853		
Other administrative expenditures	42,839		108,578
Capital Outlay			
Capitalized assets	-		
Expenditures not capitalized	-		-
Tap Connection Expenditures			41,550
Solid Waste Disposal			-
Economic Development			2,806,693
Parks and Recreation			-
Other Expenditures			567,575
Total Expenditures		\$	<u>4,843,726</u>

Harris County Municipal Utility District No. 358
Schedule of Temporary Investments
December 31, 2025

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
Governmental Activities				
General Fund				
TexSTAR	3.82%	Demand	\$ 488,631	\$ -
TexSTAR	3.82%	Demand	832,362	-
TexSTAR	3.82%	Demand	8,059,853	-
TexPool	3.82%	Demand	2,425,516	-
TexPool	3.82%	Demand	819,291	-
			<u>12,625,653</u>	<u>-</u>
Debt Service Fund				
TexSTAR	3.82%	Demand	1,150,891	-
TexPool	3.82%	Demand	340,465	-
			<u>1,491,356</u>	<u>-</u>
Business-Type Activities				
Proprietary Fund				
TexSTAR	3.82%	Demand	2,564,304	-
TexPool	3.82%	Demand	594,935	-
TexPool	3.82%	Demand	2,544,584	-
			<u>5,703,823</u>	<u>-</u>
Totals			<u><u>\$ 19,820,832</u></u>	<u><u>\$ -</u></u>

Harris County Municipal Utility District No. 358
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2025

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
Receivable, Beginning of Year	\$ 1,587,398	\$ 1,124,870
Additions and corrections to prior years' taxes	<u>(128,200)</u>	<u>(92,545)</u>
Adjusted Receivable, Beginning of Year	<u>1,459,198</u>	<u>1,032,325</u>
2025 Original Tax Levy	1,835,720	706,046
Additions and corrections	<u>69,616</u>	<u>26,776</u>
Adjusted Tax Levy	<u>1,905,336</u>	<u>732,822</u>
Total to Be Accounted For	3,364,534	1,765,147
Tax collections: Current year	(511,721)	(196,816)
Prior years	<u>(1,442,481)</u>	<u>(1,016,998)</u>
Receivable, End of Year	<u>\$ 1,410,332</u>	<u>\$ 551,333</u>
Receivable, by Years		
2025	\$ 1,393,615	\$ 536,006
2024	5,087	3,591
2023	3,914	3,108
2022	3,479	2,952
2021	902	1,214
2020	1,744	1,925
2019	662	890
2018	788	1,397
2017	<u>141</u>	<u>250</u>
Receivable, End of Year	<u>\$ 1,410,332</u>	<u>\$ 551,333</u>

**Harris County Municipal Utility District No. 358
 Analysis of Taxes Levied and Receivable
 Year Ended December 31, 2025**

(Continued)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Property Valuations				
Land	\$ 108,059,042	\$ 129,453,155	\$ 129,050,905	\$ 129,050,916
Improvements	319,368,487	510,292,386	461,854,888	424,723,484
Personal property	87,601,554	87,375,727	84,058,337	75,847,149
Exemptions	<u>(26,481,368)</u>	<u>(236,751,467)</u>	<u>(207,943,631)</u>	<u>(188,970,355)</u>
Total Property Valuations	<u><u>\$ 488,547,715</u></u>	<u><u>\$ 490,369,801</u></u>	<u><u>\$ 467,020,499</u></u>	<u><u>\$ 440,651,194</u></u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.1500	\$ 0.2400	\$ 0.2700	\$ 0.2800
Maintenance tax rates*	<u>0.3900</u>	<u>0.3400</u>	<u>0.3400</u>	<u>0.3300</u>
Total Tax Rates per \$100 Valuation	<u><u>\$ 0.5400</u></u>	<u><u>\$ 0.5800</u></u>	<u><u>\$ 0.6100</u></u>	<u><u>\$ 0.6100</u></u>
Tax Levy	<u><u>\$ 2,638,158</u></u>	<u><u>\$ 2,844,145</u></u>	<u><u>\$ 2,848,825</u></u>	<u><u>\$ 2,687,972</u></u>
Percent of Taxes Collected to Taxes Levied**	<u>27%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$1.50 on May 1, 1993

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

Harris County Municipal Utility District No. 358
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025

Due During Fiscal Years Ending December 31	Series 2011		Total
	Principal Due November 1	Interest Due May 1, November 1	
2026	\$ 175,000	\$ 26,687	\$ 201,687
2027	175,000	17,850	192,850
2028	175,000	8,925	183,925
Totals	\$ 525,000	\$ 53,462	\$ 578,462

Harris County Municipal Utility District No. 358
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025

(Continued)

<u>Due During Fiscal Years Ending December 31</u>	<u>Series 2013</u>		<u>Total</u>
	<u>Principal Due November 1</u>	<u>Interest Due May 1, November 1</u>	
2026	\$ 150,000	\$ 125,313	\$ 275,313
2027	150,000	118,937	268,937
2028	150,000	112,375	262,375
2029	150,000	105,625	255,625
2030	175,000	98,575	273,575
2031	190,000	90,262	280,262
2032	200,000	81,000	281,000
2033	200,000	71,250	271,250
2034	600,000	61,250	661,250
2035	625,000	31,250	656,250
Totals	<u>\$ 2,590,000</u>	<u>\$ 895,837</u>	<u>\$ 3,485,837</u>

Harris County Municipal Utility District No. 358
 Schedule of Long-Term Debt Service Requirements by Years
 December 31, 2025

(Continued)

Due During Fiscal Years Ending December 31	Series 2014		Total
	Principal Due November 1	Interest Due May 1, November 1	
2026	\$ 175,000	\$ 83,050	\$ 258,050
2027	175,000	77,144	252,144
2028	175,000	71,019	246,019
2029	175,000	64,456	239,456
2030	175,000	57,894	232,894
2031	175,000	50,894	225,894
2032	175,000	43,894	218,894
2033	175,000	36,894	211,894
2034	175,000	29,894	204,894
2035	175,000	22,894	197,894
2036	190,000	15,675	205,675
2037	190,000	7,838	197,838
Totals	<u>\$ 2,130,000</u>	<u>\$ 561,546</u>	<u>\$ 2,691,546</u>

Harris County Municipal Utility District No. 358
 Schedule of Long-Term Debt Service Requirements by Years
 December 31, 2025

(Continued)

Due During Fiscal Years Ending December 31	Refunding Series 2016		
	Principal Due November 1	Interest Due May 1, November 1	Total
2026	\$ 365,000	\$ 105,194	\$ 470,194
2027	375,000	96,069	471,069
2028	390,000	81,069	471,069
2029	405,000	65,469	470,469
2030	415,000	53,319	468,319
2031	430,000	40,869	470,869
2032	440,000	27,969	467,969
2033	455,000	14,219	469,219
Totals	<u>\$ 3,275,000</u>	<u>\$ 484,177</u>	<u>\$ 3,759,177</u>

Harris County Municipal Utility District No. 358
 Schedule of Long-Term Debt Service Requirements by Years
 December 31, 2025

(Continued)

Due During Fiscal Years Ending December 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 865,000	\$ 340,244	\$ 1,205,244
2027	875,000	310,000	1,185,000
2028	890,000	273,388	1,163,388
2029	730,000	235,550	965,550
2030	765,000	209,788	974,788
2031	795,000	182,025	977,025
2032	815,000	152,863	967,863
2033	830,000	122,363	952,363
2034	775,000	91,144	866,144
2035	800,000	54,144	854,144
2036	190,000	15,675	205,675
2037	190,000	7,838	197,838
Totals	<u>\$ 8,520,000</u>	<u>\$ 1,995,022</u>	<u>\$ 10,515,022</u>

Harris County Municipal Utility District No. 358
Changes in Long-Term Bonded Debt
Year Ended December 31, 2025

	Bond	
	Series 2011	Series 2013
Interest rates	5.05% to 5.10%	4.25% to 5.00%
Dates interest payable	May 1/ November 1	May 1/ November 1
Maturity dates	November 1, 2026/2028	November 1, 2026/2035
Bonds outstanding, beginning of current year	\$ 700,000	\$ 2,740,000
Retirements, principal	<u>175,000</u>	<u>150,000</u>
Bonds outstanding, end of current year	<u>\$ 525,000</u>	<u>\$ 2,590,000</u>
Interest paid during current year	<u>\$ 35,437</u>	<u>\$ 131,312</u>

Paying agent's name and address

Series 2011 – Computershare Trust Company, N.A., St. Paul, Minnesota

Series 2013 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas

Series 2014 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas

Series 2016 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas

Bond authority	Tax Bonds	Other Bonds	Refunding Bonds
	Amount authorized by voters	<u>\$ 41,000,000</u>	<u>\$ -</u>
Amount issued	<u>\$ 19,540,000</u>	<u>\$ -</u>	<u>\$ -</u>
Remaining to be issued	<u>\$ 21,460,000</u>	<u>\$ -</u>	<u>\$ -</u>
Debt service fund cash and temporary investment balances as of December 31, 2025:			<u>\$ 2,171,429</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 876,252</u>

Issues

Series 2014	Refunding Series 2016	Totals
3.375% to 4.125%	2.500% to 3.125%	
May 1/ November 1	May 1/ November 1	
November 1, 2026/2037	November 1, 2026/2033	
\$ 2,305,000	\$ 3,635,000	\$ 9,380,000
175,000	360,000	860,000
<u>\$ 2,130,000</u>	<u>\$ 3,275,000</u>	<u>\$ 8,520,000</u>
<u>\$ 88,738</u>	<u>\$ 113,294</u>	<u>\$ 368,781</u>

Harris County Municipal Utility District No. 358
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended December 31,

	Amounts				
	2025	2024	2023	2022	2021
General Fund					
Revenues					
Property taxes	\$ 1,538,070	\$ 1,485,342	\$ 1,365,646	\$ 1,113,428	\$ 1,245,208
City of Houston rebates	2,954,417	2,848,784	2,840,662	2,767,478	2,722,504
Water service	487,253	524,201	469,760	517,427	391,419
Sewer service	70,519	88,081	56,538	68,357	31,051
Regional water fee	398,898	386,919	389,557	465,237	362,284
Penalty and interest	8,070	14,152	11,998	9,820	9,931
Tap connection and inspection fees	151,835	23,286	333,353	15,090	49,123
Investment income	513,694	527,566	408,538	86,987	4,917
Other income	45	50	-	-	11,463
Sale of capacity	544,250	-	-	-	-
Total Revenues	6,667,051	5,898,381	5,876,052	5,043,824	4,827,900
Expenditures					
Service operations					
Purchased services	465,246	404,194	237,145	228,069	253,705
Regional water fee	292,688	352,640	398,507	477,214	358,016
Professional fees	167,990	121,153	119,913	92,362	132,718
Contracted services	306,950	318,886	319,302	245,004	145,839
Repairs and maintenance	86,456	121,760	90,681	91,188	97,517
Other expenditures	108,578	96,112	83,339	86,402	73,034
Tap connections	41,550	-	103,569	-	14,972
Purchase of capacity	567,575	-	-	-	-
Economic development	2,806,693	2,706,345	2,698,629	2,629,105	2,586,379
Total Expenditures	4,843,726	4,121,090	4,051,085	3,849,344	3,662,180
Excess of Revenues Over Expenditures	1,823,325	1,777,291	1,824,967	1,194,480	1,165,720
Fund Balance, Beginning of Year	10,612,707	8,835,416	7,010,449	5,815,969	4,650,249
Fund Balance, End of Year	\$ 12,436,032	\$ 10,612,707	\$ 8,835,416	\$ 7,010,449	\$ 5,815,969
Total Active Retail Water Connections	81	77	77	76	74
Total Active Retail Wastewater Connections	46	43	42	42	41

Percent of Fund Total Revenues

<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
23.1 %	25.2 %	23.2 %	22.1 %	25.8 %
44.3	48.3	48.3	54.9	56.4
7.3	8.9	8.0	10.3	8.1
1.1	1.5	1.0	1.3	0.7
5.9	6.6	6.6	9.2	7.5
0.1	0.2	0.2	0.2	0.2
2.3	0.4	5.7	0.3	1.0
7.7	8.9	7.0	1.7	0.1
0.0	0.0	-	-	0.2
8.2	-	-	-	-
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
7.0	6.9	4.0	4.5	5.3
4.4	6.0	6.8	9.5	7.4
2.5	2.1	2.0	1.8	2.7
4.6	5.4	5.4	4.9	3.0
1.3	2.0	1.6	1.8	2.0
1.6	1.6	1.4	1.7	1.5
0.6	-	1.8	-	0.3
8.5	-	-	-	-
<u>42.1</u>	<u>45.9</u>	<u>45.9</u>	<u>52.1</u>	<u>53.6</u>
<u>72.6</u>	<u>69.9</u>	<u>68.9</u>	<u>76.3</u>	<u>75.8</u>
<u>27.4 %</u>	<u>30.1 %</u>	<u>31.1 %</u>	<u>23.7 %</u>	<u>24.2 %</u>

Harris County Municipal Utility District No. 358
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended December 31,

	Amounts				
	2025	2024	2023	2022	2021
Debt Service Fund					
Revenues					
Property taxes	\$ 1,084,472	\$ 1,179,224	\$ 1,159,544	\$ 1,481,378	\$ 1,460,832
Penalty and interest	25,273	15,150	12,551	13,421	124,032
Investment income	86,839	110,814	104,343	31,598	1,456
Total Revenues	<u>1,196,584</u>	<u>1,305,188</u>	<u>1,276,438</u>	<u>1,526,397</u>	<u>1,586,320</u>
Expenditures					
Current					
Professional fees	6,514	2,781	2,260	80,112	5,237
Contracted services	30,741	31,138	29,097	26,353	25,975
Other expenditures	12,366	8,784	11,182	6,431	13,868
Debt service					
Principal retirement	860,000	845,000	840,000	830,000	820,000
Interest and fees	368,781	396,369	422,357	447,506	475,106
Total Expenditures	<u>1,278,402</u>	<u>1,284,072</u>	<u>1,304,896</u>	<u>1,390,402</u>	<u>1,340,186</u>
Excess (Deficiency) of Revenues Over Expenditures	(81,818)	21,116	(28,458)	135,995	246,134
Fund Balance, Beginning of Year	<u>1,585,304</u>	<u>1,564,188</u>	<u>1,592,646</u>	<u>1,456,651</u>	<u>1,210,517</u>
Fund Balance, End of Year	<u>\$ 1,503,486</u>	<u>\$ 1,585,304</u>	<u>\$ 1,564,188</u>	<u>\$ 1,592,646</u>	<u>\$ 1,456,651</u>

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
90.6 %	90.3 %	90.8 %	97.0 %	92.1 %
2.1	1.2	1.0	0.9	7.8
7.3	8.5	8.2	2.1	0.1
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.5	0.2	0.2	5.3	0.3
2.6	2.4	2.3	1.7	1.6
1.0	0.7	0.8	0.4	0.9
71.9	64.7	65.8	54.4	51.7
<u>30.8</u>	<u>30.4</u>	<u>33.1</u>	<u>29.3</u>	<u>30.0</u>
<u>106.8</u>	<u>98.4</u>	<u>102.2</u>	<u>91.1</u>	<u>84.5</u>
<u>(6.8) %</u>	<u>1.6 %</u>	<u>(2.2) %</u>	<u>8.9 %</u>	<u>15.5 %</u>

**Harris County Municipal Utility District No. 358
Board Members, Key Personnel, and Consultants
Year Ended December 31, 2025**

Complete District mailing address:	Harris County Municipal Utility District No. 358 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):	April 1, 2025
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>
Don M. Garrett	Elected 05/24– 05/28	\$ 2,873	\$ 817	President
James M. Bloss	Elected 05/24– 05/28	2,652	71	Vice President
Emmitt Knuppel	Elected 05/22– 05/26	4,420	3,600	Secretary
Kay K. Struzick	Elected 05/24– 05/28	5,967	322	Assistant Vice President
Gary Jurney	Elected 05/22– 05/26	2,210	328	Assistant Secretary

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

**Harris County Municipal Utility District No. 358
Board Members, Key Personnel, and Consultants
Year Ended December 31, 2025**

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	07/28/03	\$ 214,142	Attorney
BGE, Inc.	04/07/14	228,936	Engineer
Bob Leared Interests	03/30/93	23,051	Tax Assessor/ Collector
Forvis Mazars, LLP	11/07/94	33,200	Auditor
Harris Central Appraisal District	Legislative Action	21,120	Appraiser
Inframark, LLC	03/30/93	3,359,108	Operator
Masterson Advisors LLC	07/02/18	-	Financial Advisor
Myrtle Cruz, Inc.	03/30/93	51,098	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/30/93	6,514	Delinquent Tax Attorney
Investment Officer			
Mary Jarmon	09/01/15	N/A	Bookkeeper