HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

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(retired)
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(retired)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal Utility District No. 502
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 502 (the "District") as of and for the year ended March 31, 2026, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of March 31, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Directors
Harris County Municipal Utility District No. 502

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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

July 1, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2026

Management's discussion and analysis of the financial performance of Harris County Municipal Utility District No. 502 (the "District") provides an overview of the District's financial activities for the year ended March 31, 2026. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes the District's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing contractual debt, bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $398,625 as of March 31, 2026. A portion of the District's net position reflects its net investment in capital assets which include water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2026

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 23,829,506	$ 22,880,709	$ 948,797
Capital Assets (Net of Accumulated Depreciation)	18,136,202	18,617,531	(481,329)
Total Assets	$ 41,965,708	$ 41,498,240	$ 467,468
Bonds Payable	$ 41,518,955	$ 42,673,411	$ 1,154,456
Other Liabilities	845,378	810,428	(34,950)
Total Liabilities	$ 42,364,333	$ 43,483,839	$ 1,119,506
Net Position:			
Net Investment in Capital Assets	$ (21,361,954)	$ (22,113,448)	$ 751,494
Restricted	13,998,288	13,985,158	13,130
Unrestricted	6,965,041	6,142,691	822,350
Total Net Position	$ (398,625)	$ (1,985,599)	$ 1,586,974

The following table provides a summary of the District's operations for the years ending March 31, 2026, and March 31, 2025.

	Summary of Changes in the Statement of Activities		
	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 8,216,587	$ 8,689,661	$ (473,074)
Charges for Services	2,427,557	2,381,767	45,790
Other Revenues	824,533	988,930	(164,397)
Total Revenues	$ 11,468,677	$ 12,060,358	$ (591,681)
Expenses for Services	9,881,703	9,951,690	69,987
Change in Net Position	$ 1,586,974	$ 2,108,668	$ (521,694)
Net Position, Beginning of Year	(1,985,599)	(4,094,267)	2,108,668
Net Position, End of Year	$ (398,625)	$ (1,985,599)	$ 1,586,974

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2026, totaled $22,834,679, an increase of $1,116,826 from the prior year.

The General Fund fund balance increased by $846,548, primarily due to property tax revenues and service revenues exceeding the costs of operating and maintaining the District's facilities.

The Debt Service Fund fund balance increased by $189,603, primarily due to the structure of the District's outstanding bond debt as well as the District's debt obligation to the Master District.

The Capital Projects Fund fund balance increased by $80,675, primarily due to investment earnings.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund for the current fiscal year. The budget was amended to increase the budgeted amount for security services. Actual revenues were $133,768 more than budgeted revenues and actual expenditures were $145,174 less than budgeted expenditures which resulted in a positive variance of $278,942. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of March 31, 2026, total $18,136,202 (net of accumulated depreciation) and include land as well as the water, wastewater and drainage systems.

Capital Assets At Year-End

	2026	2025	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 4,235	$ 4,235	$
Capital Assets Subject to Depreciation:			
Water System	4,580,312	4,580,312	
Wastewater System	7,679,673	7,679,673	
Drainage System	9,399,813	9,399,813	
Less Accumulated Depreciation	(3,527,831)	(3,046,502)	(481,329)
Total Net Capital Assets	$ 18,136,202	$ 18,617,531	$ (481,329)

LONG-TERM DEBT

As of March 31, 2026, the District had bond debt payable of $41,530,000. The changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, April 1, 2025	$ 42,685,000
Less: Bond Principal Paid	(1,155,000)
Bond Debt Payable, March 31, 2026	$ 41,530,000

The District's Series 2021 bonds and Series 2023 bonds carry underlying ratings of "A3". Bonds issued since 2018 carry insured ratings of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company or Assured Guaranty. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 502, c/o Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, Texas 77019.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2026

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 417,811	$ 297,393
Investments	6,851,436	13,630,782
Receivables:		
Property Taxes	35,098	213,581
Service Accounts	118,999	
Penalty and Interest on Delinquent Taxes		
Settlement	6,000	
Due from Other Funds	25,909	
Right-to-Use Subscription-Based Service Asset		
Prepaid Costs	85,177	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 7,540,430	$ 14,141,756
LIABILITIES		
Accounts Payable	$ 276,538	$ 23,385
Accrued Interest Payable		
Due to Other Funds		25,909
Security Deposits	298,851	
Long-Term Liabilities:		
Subscription Payable, Due Within One Year		
Subscription Payable, Due After One Year		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 575,389	$ 49,294
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 35,098	$ 213,581
FUND BALANCES		
Nonspendable: Prepaid Costs	$ 85,177	$
Restricted for Authorized Construction		
Restricted for Contract Debt Service		7,990,804
Restricted for Debt Service		5,888,077
Unassigned	6,844,766	
TOTAL FUND BALANCES	$ 6,929,943	$ 13,878,881
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 7,540,430	$ 14,141,756
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$ 715,204	$	$ 715,204
2,025,855	22,508,073		22,508,073
	248,679		248,679
	118,999		118,999
		37,895	37,895
	6,000		6,000
	25,909	(25,909)	
		109,479	109,479
	85,177		85,177
		4,235	4,235
		18,131,967	18,131,967
$ 2,025,855	$ 23,708,041	$ 18,257,667	$ 41,965,708
$	$ 299,923	$	$ 299,923
		132,069	132,069
	25,909	(25,909)	
	298,851		298,851
		11,945	11,945
		102,590	102,590
		1,205,000	1,205,000
		40,313,955	40,313,955
$ - 0 -	$ 624,683	$ 41,739,650	$ 42,364,333
$ - 0 -	$ 248,679	$ (248,679)	$ - 0 -
$	$ 85,177	$ (85,177)	$
2,025,855	2,025,855	(2,025,855)	
	7,990,804	(7,990,804)	
	5,888,077	(5,888,077)	
	6,844,766	(6,844,766)	
$ 2,025,855	$ 22,834,679	$ (22,834,679)	$ - 0 -
$ 2,025,855	$ 23,708,041		
		$ (21,361,954)	$ (21,361,954)
		13,998,288	13,998,288
		6,965,041	6,965,041
		$ (398,625)	$ (398,625)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
MARCH 31, 2026

Total Fund Balances - Governmental Funds			$ 22,834,679
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets and right-to-use assets are not current financial resources and, therefore, are not reported as assets in governmental funds.			18,245,681
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.			286,574
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:			
	Accrued Interest Payable	$ (132,069)	
	Subscription Payable	(114,535)	
	Bonds Payable	(41,518,955)	(41,765,559)
Total Net Position - Governmental Activities			$ (398,625)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2026

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 1,199,978	$ 7,209,334
Water Service	696,487	
Wastewater Service	625,425	
Water Authority Fees	997,546	
Penalty and Interest	36,240	47,423
Connection and Inspection Fees	37,087	
Investment and Miscellaneous Revenues	251,301	492,557
TOTAL REVENUES	$ 3,844,064	$ 7,749,314
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 153,738	$ 29,181
Contracted Services	768,520	104,411
Purchased Water and Wastewater Service	800,928	
Water Authority Assessments	997,336	
Repairs and Maintenance	202,899	
Depreciation and Amortization		
Other	74,095	6,404
Debt Service:		
Bond Principal		1,155,000
Bond Interest		1,613,182
Contractual Obligation		4,651,533
TOTAL EXPENDITURES/EXPENSES	$ 2,997,516	$ 7,559,711
NET CHANGE IN FUND BALANCES	$ 846,548	$ 189,603
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - APRIL 1, 2025	6,083,395	13,689,278
FUND BALANCES/NET POSITION - MARCH 31, 2026	$ 6,929,943	$ 13,878,881

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 8,409,312	$ (192,725)	$ 8,216,587
	696,487		696,487
	625,425		625,425
	997,546		997,546
	83,663	(12,651)	71,012
	37,087		37,087
80,675	824,533		824,533
$ 80,675	$ 11,674,053	$ (205,376)	$ 11,468,677
$	$ 182,919	$	$ 182,919
	872,931		872,931
	800,928		800,928
	997,336		997,336
	202,899	(11,363)	191,536
		495,000	495,000
	80,499		80,499
	1,155,000	(1,155,000)	
	1,613,182	(4,161)	1,609,021
	4,651,533		4,651,533
$ - 0 -	$ 10,557,227	$ (675,524)	$ 9,881,703
$ 80,675	$ 1,116,826	$ (1,116,826)	$
		1,586,974	1,586,974
1,945,180	21,717,853	(23,703,452)	(1,985,599)
$ 2,025,855	$ 22,834,679	$ (23,233,304)	$ (398,625)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2026

Net Change in Fund Balances - Governmental Funds	$ 1,116,826
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(192,725)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(12,651)
Governmental funds do not account for depreciation and amortization. However, in governmental activities, depreciation and amortization expenses are recorded over the useful lives of the related capital assets or right-to-use assets.	(495,000)
Governmental funds report bond principal and subscription payments as expenditures. However, in the Statement of Net Position, bond principal and subscription payments are reported as decreases in long-term liabilities.	1,166,363
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	4,161
Change in Net Position - Governmental Activities	$ 1,586,974

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2026

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 502 (the "District") was created effective August 16, 2007, by an Order of the Texas Commission on Environmental Quality, (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks, recreational facilities and roads for the residents of the District. The District is located within the extraterritorial jurisdiction of the City of Houston, Texas. The Board of Directors held its first meeting on August 24, 2007.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

The District and other districts have contracted with the Master District for the financing, operation, and maintenance of regional water, sanitary sewer, and storm sewer facilities. These facilities are under the oversight of the Master District's Board of Directors. Financial activity of the Master District has been included in the financial statements of the District as a note disclosure. Copies of the financial statements for the Master District may be obtained from Harris County Municipal Utility District No. 500 Master District, c/o Allen Boone Humphries Robinson L.L.P., 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of net position imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund. The General Fund accounts for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing contractual debt, bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of the fiscal year-end, the Debt Service Fund owed the General Fund $25,409 for maintenance tax collections and $500 for arbitrage compliance costs.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Right-to-use Assets

Capital assets include property, plant, equipment, and infrastructure assets reported in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over the estimated useful lives ranging between 10 and 45 years.

The District's policy is to expense the costs of roads which are conveyed to other entities for ownership and maintenance. Roads conveyed to date total $13,282,313.

In accordance with GASB Statement No. 96, the District records its subscription-based meter reading service agreement as a right-to-use asset (see Note 12). The right-to-use asset is amortized over the same term as the subscription contract using the straight-line method of amortization.

Budgeting

The District's Board of Directors adopts a General Fund budget each year. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund – presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances are classified in governmental funds using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2017	Series 2018	Series 2019
Amount Outstanding – March 31, 2026	$1,950,000	$4,420,000	$3,745,000
Interest Rates	2.75%-3.85%	3.00%-3.625%	2.25%-3.50%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2042	September 1, 2026/2043	September 1, 2026/2044
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Date	September 1, 2025*	September 1, 2023*	September 1, 2024*

	Series 2020	Series 2021	Road Series 2023
Amount Outstanding – March 31, 2026	$6,230,000	$5,335,000	$19,850,000
Interest Rates	2.00%-2.25%	1.50%-2.25%	4.25%-7.25%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2045	September 1, 2026/2046	September 1, 2026/2048
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Date	September 1, 2025*	September 1, 2027*	September 1, 2029*

* Or any date thereafter, in whole or in part, at a price equal to the principal amount to be redeemed plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2017 term bonds maturing on September 1, 2032, 2034, 2036, 2038, and 2042 are subject to mandatory redemption beginning September 1, 2031, 2033, 2035, 2037, and 2039, respectively. Series 2018 term bonds maturing on September 1, 2033, 2038, and 2043 are subject to mandatory redemption beginning September 1, 2030, 2034, and 2039, respectively. Series 2019 term bonds maturing on September 1, 2033 and 2039 are subject to mandatory redemption beginning September 1, 2032 and 2038, respectively. Series 2020 term bonds maturing on September 1, 2037, 2039, 2041, 2043, and 2045 are subject to mandatory redemption beginning September 1, 2036, 2038, 2040, 2042, and 2044, respectively. Series 2021 term bonds maturing on September 1, 2035, 2037, and 2046 are subject to mandatory redemption beginning September 1, 2034, 2036, and 2042, respectively. Series 2023 Road term bonds maturing on September 1, 2037, 2040, and 2048 are subject to mandatory redemption beginning September 1, 2036, 2039, and 2047, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

Bonds payable activity for the current fiscal year is summarized in the following table:

	April 1, 2025	Additions	Retirements	March 31, 2026
Bonds Payable	$ 42,685,000	$	$ 1,155,000	$ 41,530,000
Unamortized Discounts	(86,530)		(4,387)	(82,143)
Unamortized Premiums	74,941		3,843	71,098
Bonds Payable, Net	$ 42,673,411	$ -0-	$ 1,154,456	$ 41,518,955

Amount Due Within One Year	$ 1,205,000
Amount Due After One Year	40,313,955
Bonds Payable, Net	$ 41,518,955

As of March 31, 2026, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 1,205,000	$ 1,558,436	$ 2,763,436
2028	1,245,000	1,505,314	2,750,314
2029	1,290,000	1,451,819	2,741,819
2030	1,330,000	1,396,152	2,726,152
2031	1,375,000	1,345,161	2,720,161
2032-2036	7,645,000	6,009,088	13,654,088
2037-2041	9,075,000	4,610,683	13,685,683
2042-2046	10,790,000	2,887,351	13,677,351
2047-2049	7,575,000	574,650	8,149,650
	$ 41,530,000	$ 21,338,654	$ 62,868,654

During the year ended March 31, 2026, the District levied an ad valorem debt service tax rate of $0.25 per $100 of assessed valuation, which resulted in a tax levy of $2,737,695 on the adjusted taxable valuation of $1,095,078,114 for the 2025 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy and Note 8 for the contract tax levy. All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 3. LONG-TERM DEBT (Continued)

As of March 31, 2026, the District had authorized but unissued bonds in the amount of $143,905,000 for water, sewer and drainage facilities, $14,800,000 for recreational facilities and $53,285,000 for road infrastructure. The bond authorizations also include bonds issued for refunding purposes.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross debt proceeds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the issuance of the bonds. The bond orders state that the District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $715,204 and the bank balance was $725,441. Of the bank balance, $543,139 was covered by federal depository insurance and the remaining balance was covered by collateral held by a third-party depository in the District's name. The District was not exposed to custodial credit risk at year end.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2026, as listed below:

	Cash
GENERAL FUND	$ 417,811
DEBT SERVICE FUND	297,393
TOTAL DEPOSITS	$ 715,204

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of March 31, 2026, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 6,851,436	$ 6,851,436
DEBT SERVICE FUND		
TexPool	13,630,782	13,630,782
CAPITAL PROJECTS FUND		
TexPool	2,025,855	2,025,855
TOTAL INVESTMENTS	$ 22,508,073	$ 22,508,073

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in TexPool was rated AAAm by Standard and Poor's.

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

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of contractual debt, bond debt, and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Changes in capital assets during the current fiscal year are summarized in the following table:

	April 1, 2025	Increases	Decreases	March 31, 2026
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 4,235	$ - 0 -	$ - 0 -	$ 4,235
Capital Assets Subject to Depreciation				
Water System	$ 4,580,312	$	$	$ 4,580,312
Wastewater System	7,679,673			7,679,673
Drainage System	9,399,813			9,399,813
Total Capital Assets Subject to Depreciation	$ 21,659,798	$ - 0 -	$ - 0 -	$ 21,659,798
Less Accumulated Depreciation				
Water System	$ 554,423	$ 101,785	$	$ 656,208
Wastewater System	1,136,392	170,659		1,307,051
Drainage System	1,355,687	208,885		1,564,572
Total Accumulated Depreciation	$ 3,046,502	$ 481,329	$ - 0 -	$ 3,527,831
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 18,613,296	$ (481,329)	$ - 0 -	$ 18,131,967
Total Capital Assets, Net of Accumulated Depreciation	$ 18,617,531	$ (481,329)	$ - 0 -	$ 18,136,202

NOTE 7. MAINTENANCE TAX

On November 6, 2007, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed $1.50 per $100 of assessed valuation of taxable property within the District. The District levied an ad valorem maintenance tax rate of $0.11 per $100 of assessed valuation, which resulted in a tax levy of $1,204,586 on the adjusted taxable valuation of $1,095,078,114 for the 2025 tax year.

On November 4, 2008, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed $0.11 per $100 of assessed valuation of taxable property within the District for purposes of constructing and maintaining roads within the District.

NOTE 8. CONTRACT TAX

District voters approved the levy and collection of a contract tax imposed on all taxable property within the boundaries of the District in an unlimited amount per $100 of assessed valuation for purposes of making payments to the Master District for the debt service requirements on the Master District's contract tax revenue bonds and for charges associated with operating the Master District facilities.

During the current year, the District levied an ad valorem contract tax rate of $0.41 per $100 of assessed valuation, which resulted in a tax levy of $4,489,820 on the adjusted taxable valuation of $1,095,078,114 for the 2025 tax year. The District paid $4,651,533 to the Master District during the year to satisfy its contract debt obligations.

NOTE 9. REGIONAL FACILITIES

Harris County Municipal Utility District No. 500 as Master District (the "Master District") executed a contract with the District for the financing, operation and maintenance of the Master District's regional water, wastewater and drainage facilities as well as park and road facilities. The contract was amended November 3, 2010, October 15, 2013, December 3, 2014, May 6, 2020, and April 8, 2025. The Master District administers the contract for the Participants which include the District, Harris County Municipal Utility District No. 500 (as Internal District), Harris County Municipal Utility District No. 501, and Harris County Municipal Utility District No. 503 (collectively, the "Participants"). Unless terminated by mutual agreement of the parties hereto, this Contract shall continue in force and effect until the later of December 1, 2068, or the date upon which all Debt Service Requirements on the Master District Bonds are retired.

Debt service requirements on the Master District contract bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 5,720,000	$ 6,086,934	$ 11,806,934
2028	5,920,000	5,868,622	11,788,622
2029	6,125,000	5,652,592	11,777,592
2030	6,345,000	5,444,363	11,789,363
2031	6,570,000	5,225,773	11,795,773
2032-2036	36,735,000	22,586,757	59,321,757
2037-2041	44,550,000	15,588,104	60,138,104
2042-2046	50,475,000	7,027,205	57,502,205
2047-2051	10,860,000	1,033,080	11,893,080
	$ 173,300,000	$ 74,513,430	$ 247,813,430

NOTE 9. REGIONAL FACILITIES (Continued)

Each Participant has contracted with the Master District to provide, receive, and transport its water supply, sanitary waste, and storm waters through the Master District facilities. The Master District has also assumed the responsibility of providing parks and major roadways. The Master District owns and operates the Master District facilities, except to the extent roadways and storm sewers are accepted for maintenance by Harris County or other governmental entities. The Master District prepares an operating budget annually. The budget is based on annual estimates provided by each Participant to the Master District for waste discharge, water usage and connections. The Master District has established a reserve equivalent to three months of operation and maintenance expenses. As of March 31, 2026, the Master District had enough funds on hand to meet this requirement.

Each Participant's monthly bill is determined by multiplying the total number of equivalent single-family residential connections (ESFC) reserved for the Participant on the first day of the previous month by the unit cost per ESFC shown in the budget for each Participant. The rate in effect at fiscal year end was $36. The Master District separates the Authority fees from the monthly per connection charges and bills such Authority fees to each Participant monthly based upon that Participant's actual water usage plus an additional 5% for flushing and other non-metered water usage. As of the fiscal year end the rate charged to each participant for the Authority fees is $4.56 ($4.35 plus 5%) per 1,000 gallons of water.

The following summary audited financial data for the regional facilities is presented for the year ended March 31, 2026:

	Enterprise Fund
Total Assets	$ 124,478,320
Total Deferred Outflows of Resources	1,019,036
Total Liabilities	174,711,278
Total Net Position	$ (49,213,922)
Total Operating Revenues	$ 7,736,428
Total Operating Expenses	(8,001,970)
Operating Income (Loss)	$ (265,542)
Total Nonoperating Revenues (Expenses), net	$ (5,019,617)
Change in Net Position	$ (5,285,159)
Net Position - April 1, 2025	(43,928,763)
Net Position - March 31, 2026	$ (49,213,922)

NOTE 9. REGIONAL FACILITIES (Continued)

The Master District finances the Master District facilities through the issuance of Master District contract revenue bonds. The Master District has the authority to issue water, wastewater and drainage bonds not to exceed $754,660,000, road bonds not to exceed $350,600,000 and park bonds not to exceed $64,550,000. Each Participant is responsible for its pro rata share of the debt service requirements on the Master District contract revenue bonds. As of March 31, 2026, the Master District has authorized but unissued water, wastewater and drainage bonds of $622,415,000, road bonds of $287,020,000 and park bonds of $52,870,000.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior years and settlements have not exceeded coverage in the last three years.

NOTE 11. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the West Harris County Regional Water Authority (the “Authority”). The Authority was created to facilitate the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. As of year end, the Authority’s fees per 1,000 gallons of water were $4.35 for surface water and $3.95 for groundwater.

NOTE 12. SUBSCRIPTION-BASED SERVICE AGREEMENT

In accordance with the requirements of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, the District recorded a right-to-use asset and related subscription payable in its financial statements pertaining to the subscription service agreement it has with Badger Meter which continues through 2034. Monthly payments are based on the number of connections serviced times the contractual rate per connection, which is currently $0.89 per connection per month. The subscription liability has been measured using the remaining subscription term and discount rate of 5.00%. The monthly costs are approximately $1,450 per month but will vary from time-to-time as the number of connections change.

NOTE 12. SUBSCRIPTION-BASED SERVICE AGREEMENT (Continued)

Right-to-use assets, current amortization expense, and accumulated amortization are summarized in the following table:

	April 1, 2025	Increases	Decreases	March 31, 2026
Intangible Assets Subject to Amortization				
Subscription-Based Service	$ 136,708	$	$	$ 136,708
Accumulated Amortization				
Subscription-Based Service	13,558	13,671		27,229
Total Intangible Assets, Net of Accumulated Amortization	$ 123,150	$ (13,671)	$ - 0 -	$ 109,479

The change in subscription payable during the current fiscal year is summarized in the following table:

	April 1, 2025	Additions	Retirements	March 31, 2026
Subscription Payable	$ 125,898	$ -0-	$ 11,363	$ 114,535

Future subscription payments, including the amount due within one year and amounts due after one year, are summarized in the following tables:

Fiscal Year	Principal	Interest	Total
2027	$ 11,945	$ 5,455	$ 17,400
2028	12,556	4,844	17,400
2029	13,198	4,202	17,400
2030	13,873	3,527	17,400
2031	14,583	2,817	17,400
2032-2034	48,380	3,820	52,200
	$ 114,535	$ 24,665	$ 139,200

Amount Due Within One Year	$ 11,945
Amount Due After One Year	102,590
Total Subscription Payable	$ 114,535

NOTE 13. SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

On February 4, 2025, the District entered into a settlement agreement with a contractor in the amount of $42,000 in favor of the District. The District received the first and second payments during the prior fiscal year in the amounts of $10,000 and $2,000, respectively. The District received 12 additional payments of $2,000 per month during the current fiscal year leaving a balance of $6,000 reflected as a receivable as of year end.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2026

	Original Budget	Amended and Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 1,151,000	$ 1,151,000	$ 1,199,978	$ 48,978
Water Service	846,000	846,000	696,487	(149,513)
Wastewater Service	552,000	552,000	625,425	73,425
Water Authority Fees	1,057,996	1,057,996	997,546	(60,450)
Penalty and Interest	13,000	13,000	36,240	23,240
Connection and Inspection Fees	40,300	40,300	37,087	(3,213)
Investment and Miscellaneous Revenues	50,000	50,000	251,301	201,301
TOTAL REVENUES	$ 3,710,296	$ 3,710,296	$ 3,844,064	$ 133,768
EXPENDITURES				
Service Operations:				
Professional Fees	$ 194,000	$ 194,000	$ 153,738	$ 40,262
Contracted Services	764,670	792,670	768,520	24,150
Purchased Water and Wastewater Service	786,089	786,089	800,928	(14,839)
Water Authority Assessments	1,047,521	1,047,521	997,336	50,185
Repairs and Maintenance	202,000	202,000	202,899	(899)
Other	120,410	120,410	74,095	46,315
TOTAL EXPENDITURES	$ 3,114,690	$ 3,142,690	$ 2,997,516	$ 145,174
NET CHANGE IN FUND BALANCE	$ 595,606	$ 567,606	$ 846,548	$ 278,942
FUND BALANCE - APRIL 1, 2025	6,083,395	6,083,395	6,083,395	
FUND BALANCE - MARCH 31, 2026	$ 6,679,001	$ 6,651,001	$ 6,929,943	$ 278,942

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MARCH 31, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2026

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

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

2. RETAIL SERVICE PROVIDERS

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

The following rates are based on the rate order effective September 4, 2024.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 22.00	7,000	N	$ 2.25	7,001 to 15,000
				$ 2.50	15,001 to 25,000
				$ 3.00	25,001 and up
WASTEWATER:	$ 30.00*		Y		
SURCHARGE:					
Commission Regulatory Assessments	Included in the rates above				
Surface Water Fees	106% of the surface water fee charged by the WHCRWA				

District employs winter averaging for wastewater usage? ______ Yes X No

Total monthly charges per 10,000 gallons usage: Water: $28.75 Wastewater: $30.00 Surcharge: $46.10

* Includes trash pickup.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2026

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	1,371	1,367	x 1.0	1,367
1"	234	233	x 2.5	583
1½"	7	7	x 5.0	35
2"	6	6	x 8.0	48
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water Connections	1,619	1,614		2,113
Total Wastewater Connections	1,595	1,590	x 1.0	1,590

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

Gallons billed to customers: 218,714,000*

* The District, along with Harris County Municipal Utility District No. 500 (Internal District), Harris County Municipal Utility District No. 501 and Harris County Municipal Utility District No. 503 receive water from the Harris County Municipal Utility District No. 500 Master District. The Master District purchases water from the West Harris County Regional Water Authority and, from time to time, Remington Municipal Utility District No. 1, Harris County Municipal Utility District No. 196, and Harris County Municipal Utility District No. 172 via emergency interconnects. Gallons purchased are calculated using gallons billed to District customers divided by total gallons billed to all participants times the total gallons purchased by the Master District.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2026

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

Does the District have Debt Service standby fees? Yes __ No _X_

Does the District have Operation and Maintenance standby fees? Yes __ No _X_

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes _X_ No ____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely ____ Partly ____ Not at all _X_

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

Entirely _X_ Partly ____ Not at all ____

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes ____ No _X_

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2026

PROFESSIONAL FEES:		
Audit	$	19,500
Engineering		30,676
Legal		103,562
TOTAL PROFESSIONAL FEES	$	153,738
PURCHASED SERVICES FOR RESALE		
Purchased Water and Wastewater Service	$	800,928
Water Authority Assessments		997,336
TOTAL PURCHASED SERVICES FOR RESALE	$	1,798,264
CONTRACTED SERVICES:		
Bookkeeping	$	21,750
Operations and Billing		105,538
Solid Waste Disposal		534,672
Security		106,560
TOTAL CONTRACTED SERVICES	$	768,520
REPAIRS AND MAINTENANCE	$	202,899
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	15,874
Insurance		8,526
Office Supplies and Postage		7,638
Website, Travel, and Other		11,825
TOTAL ADMINISTRATIVE EXPENDITURES	$	43,863
OTHER EXPENDITURES:		
Laboratory Fees	$	3,143
Connection and Inspection Fees		13,131
Regulatory Assessment		6,523
Utilities		7,435
TOTAL OTHER EXPENDITURES	$	30,232
TOTAL EXPENDITURES	$	2,997,516

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
INVESTMENTS
MARCH 31, 2026

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0001	Varies	Daily	$ 6,851,436	$ - 0 -
DEBT SERVICE FUND					
TexPool	XXXX0003	Varies	Daily	$ 3,612,558	$
TexPool	XXXX0004	Varies	Daily	7,990,804	
TexPool	XXXX0006	Varies	Daily	2,027,420	
TOTAL DEBT SERVICE FUND				$ 13,630,782	$ - 0 -
CAPITAL PROJECTS FUND					
TexPool	XXXX0002	Varies	Daily	$ 540	$
TexPool	XXXX0007	Varies	Daily	2,025,315	
TOTAL CAPITAL PROJECTS FUND				$ 2,025,855	$ - 0 -
TOTAL - ALL FUNDS				$ 22,508,073	$ - 0 -

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2026

	Maintenance Taxes		Contract Taxes		Debt Service Taxes	
TAXES RECEIVABLE -						
APRIL 1, 2025	$ 59,296		$ 244,506		$ 137,602	
Adjustments to Beginning						
Balance	(28,806)	$ 30,490	(119,139)	$ 125,367	(67,569)	$ 70,033
Original 2025 Tax Levy	$ 1,152,187		$ 4,294,515		$ 2,618,607	
Adjustment to 2025 Tax Levy	52,399	1,204,586	195,305	4,489,820	119,088	2,737,695
TOTAL TO BE						
ACCOUNTED FOR		$ 1,235,076		$ 4,615,187		$ 2,807,728
TAX COLLECTIONS:						
Prior Years	$ 21,435		$ 86,649		$ 51,429	
Current Year	1,178,543	1,199,978	4,392,750	4,479,399	2,678,506	2,729,935
TAXES RECEIVABLE -						
MARCH 31, 2026		$ 35,098		$ 135,788		$ 77,793
TAXES RECEIVABLE BY						
YEAR:						
2025		$ 26,043		$ 97,070		$ 59,189
2024		2,711		11,092		6,409
2023		2,568		10,270		5,868
2022		2,030		10,015		3,925
2021		1,329		5,981		1,861
2019		417		1,360		541
TOTAL		$ 35,098		$ 135,788		$ 77,793

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2026

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	$ 224,046,086	$ 213,591,985	$ 205,241,575	$ 170,715,557
Improvements	952,605,424	938,246,150	892,399,431	675,325,808
Personal Property	12,999,414	10,172,102	7,916,458	7,154,142
Exemptions	(94,572,810)	(94,679,588)	(148,396,581)	(100,533,640)
TOTAL PROPERTY VALUATIONS	$ 1,095,078,114	$ 1,067,330,649	$ 957,160,883	$ 752,661,867
TAX RATES PER $100 VALUATION:				
Contract	$ 0.41	$ 0.45	$ 0.56	$ 0.74
Debt Service	0.25	0.26	0.32	0.29
Maintenance	0.11	0.11	0.14	0.15
TOTAL TAX RATES PER $100 VALUATION	$ 0.77	$ 0.82	$ 1.02	$ 1.18
ADJUSTED TAX LEVY*	$ 8,432,101	$ 8,752,112	$ 9,763,041	$ 8,881,410
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	97.84 %	99.77 %	99.81 %	99.82 %

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

Maintenance Tax – Maximum tax rate of $1.50 per $100 of assessed valuation approved by voters on November 6, 2007.

Maximum road maintenance tax rate of $0.25 per $100 of assessed valuation approved by voters on November 4, 2008.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2017		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 75,000	$ 68,250	$ 143,250
2028	80,000	65,962	145,962
2029	85,000	63,445	148,445
2030	90,000	60,688	150,688
2031	90,000	57,762	147,762
2032	95,000	54,662	149,662
2033	100,000	51,348	151,348
2034	105,000	47,810	152,810
2035	110,000	44,047	154,047
2036	115,000	40,053	155,053
2037	125,000	35,732	160,732
2038	130,000	31,078	161,078
2039	135,000	26,175	161,175
2040	145,000	20,886	165,886
2041	150,000	15,208	165,208
2042	155,000	9,336	164,336
2043	165,000	3,176	168,176
2044			
2045			
2046			
2047			
2048			
2049			
	$ 1,950,000	$ 695,618	$ 2,645,618

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES - 2018		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 165,000	$ 150,887	$ 315,887
2028	170,000	145,863	315,863
2029	175,000	140,687	315,687
2030	180,000	135,363	315,363
2031	190,000	129,337	319,337
2032	200,000	122,513	322,513
2033	210,000	115,337	325,337
2034	215,000	107,900	322,900
2035	225,000	100,200	325,200
2036	235,000	92,150	327,150
2037	245,000	83,750	328,750
2038	255,000	75,000	330,000
2039	265,000	65,900	330,900
2040	275,000	56,278	331,278
2041	290,000	46,038	336,038
2042	305,000	35,253	340,253
2043	315,000	24,015	339,015
2044	505,000	9,153	514,153
2045			
2046			
2047			
2048			
2049			
	$ 4,420,000	$ 1,635,624	$ 6,055,624

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	S E R I E S - 2 0 1 9		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 145,000	$ 113,262	$ 258,262
2028	150,000	109,038	259,038
2029	155,000	105,606	260,606
2030	160,000	101,463	261,463
2031	165,000	96,587	261,587
2032	175,000	91,488	266,488
2033	175,000	86,237	261,237
2034	180,000	80,913	260,913
2035	190,000	75,363	265,363
2036	195,000	69,587	264,587
2037	200,000	63,663	263,663
2038	205,000	57,459	262,459
2039	215,000	50,763	265,763
2040	220,000	43,694	263,694
2041	230,000	36,381	266,381
2042	235,000	28,825	263,825
2043	245,000	21,024	266,024
2044	250,000	12,825	262,825
2045	255,000	4,303	259,303
2046			
2047			
2048			
2049			
	$ 3,745,000	$ 1,248,481	$ 4,993,481

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	SERIES-2020		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 190,000	$ 128,081	$ 318,081
2028	200,000	124,182	324,182
2029	210,000	120,081	330,081
2030	220,000	115,782	335,782
2031	230,000	111,281	341,281
2032	240,000	106,581	346,581
2033	250,000	101,681	351,681
2034	265,000	96,531	361,531
2035	280,000	91,081	371,081
2036	290,000	85,381	375,381
2037	305,000	79,431	384,431
2038	320,000	73,181	393,181
2039	340,000	66,581	406,581
2040	355,000	59,631	414,631
2041	375,000	52,097	427,097
2042	390,000	43,969	433,969
2043	410,000	35,213	445,213
2044	430,000	25,762	455,762
2045	455,000	15,806	470,806
2046	475,000	5,344	480,344
2047			
2048			
2049			
	$ 6,230,000	$ 1,537,677	$ 7,767,677

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	S E R I E S - 2 0 2 1		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 160,000	$ 110,681	$ 270,681
2028	165,000	107,431	272,431
2029	170,000	104,506	274,506
2030	180,000	101,431	281,431
2031	190,000	97,731	287,731
2032	195,000	93,881	288,881
2033	205,000	89,881	294,881
2034	215,000	85,682	300,682
2035	225,000	81,282	306,282
2036	235,000	76,681	311,681
2037	245,000	71,728	316,728
2038	255,000	66,416	321,416
2039	270,000	60,838	330,838
2040	280,000	54,994	334,994
2041	290,000	48,938	338,938
2042	305,000	42,616	347,616
2043	320,000	35,775	355,775
2044	335,000	28,406	363,406
2045	350,000	20,700	370,700
2046	365,000	12,656	377,656
2047	380,000	4,275	384,275
2048			
2049			
	$ 5,335,000	$ 1,396,529	$ 6,731,529

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2026

	ROAD SERIES-2023		
Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 470,000	$ 987,275	$ 1,457,275
2028	480,000	952,838	1,432,838
2029	495,000	917,494	1,412,494
2030	500,000	881,425	1,381,425
2031	510,000	852,463	1,362,463
2032	520,000	830,575	1,350,575
2033	535,000	808,156	1,343,156
2034	550,000	785,100	1,335,100
2035	550,000	761,037	1,311,037
2036	565,000	735,950	1,300,950
2037	575,000	709,581	1,284,581
2038	585,000	682,031	1,267,031
2039	590,000	654,125	1,244,125
2040	600,000	625,862	1,225,862
2041	605,000	597,244	1,202,244
2042	620,000	568,150	1,188,150
2043	625,000	538,191	1,163,191
2044	635,000	507,478	1,142,478
2045	1,170,000	462,750	1,632,750
2046	1,475,000	396,625	1,871,625
2047	2,030,000	309,000	2,339,000
2048	2,520,000	195,250	2,715,250
2049	2,645,000	66,125	2,711,125
	$ 19,850,000	$ 14,824,725	$ 34,674,725

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502

LONG-TERM DEBT SERVICE REQUIREMENTS

MARCH 31, 2026

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending March 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 1,205,000	$ 1,558,436	$ 2,763,436
2028	1,245,000	1,505,314	2,750,314
2029	1,290,000	1,451,819	2,741,819
2030	1,330,000	1,396,152	2,726,152
2031	1,375,000	1,345,161	2,720,161
2032	1,425,000	1,299,700	2,724,700
2033	1,475,000	1,252,640	2,727,640
2034	1,530,000	1,203,936	2,733,936
2035	1,580,000	1,153,010	2,733,010
2036	1,635,000	1,099,802	2,734,802
2037	1,695,000	1,043,885	2,738,885
2038	1,750,000	985,165	2,735,165
2039	1,815,000	924,382	2,739,382
2040	1,875,000	861,345	2,736,345
2041	1,940,000	795,906	2,735,906
2042	2,010,000	728,149	2,738,149
2043	2,080,000	657,394	2,737,394
2044	2,155,000	583,624	2,738,624
2045	2,230,000	503,559	2,733,559
2046	2,315,000	414,625	2,729,625
2047	2,410,000	313,275	2,723,275
2048	2,520,000	195,250	2,715,250
2049	2,645,000	66,125	2,711,125
	$ 41,530,000	$ 21,338,654	$ 62,868,654

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MARCH 31, 2026

Description	Original Bonds Issued	Bonds Outstanding April 1, 2025
Harris County Municipal Utility District No. 502 Unlimited Tax Bonds - Series 2017	$ 2,440,000	$ 2,020,000
Harris County Municipal Utility District No. 502 Unlimited Tax Bonds - Series 2018	5,400,000	4,580,000
Harris County Municipal Utility District No. 502 Unlimited Tax Bonds - Series 2019	4,500,000	3,885,000
Harris County Municipal Utility District No. 502 Unlimited Tax Bonds - Series 2020	7,045,000	6,410,000
Harris County Municipal Utility District No. 502 Unlimited Tax Bonds - Series 2021	590,000	5,485,000
Harris County Municipal Utility District No. 502 Unlimited Tax Road Bonds - Series 2023	20,465,000	20,305,000
TOTAL	$ 40,440,000	$ 42,685,000

Bond Authority:	Tax Bonds	Road Bonds	Recreational Facilities Bonds
Amount Authorized by Voters	$ 169,190,000	$ 73,750,000	$ 14,800,000
Amount Issued	(25,285,000)	(20,465,000)	
Remaining to be Issued	$ 143,905,000	$ 53,285,000	$ 14,800,000

See accompanying independent auditor’s report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding March 31, 2026	Paying Agent
$	$ 70,000	$ 70,300	$ 1,950,000	The Bank of New York Mellon Trust Company, N.A.
	160,000	156,963	4,420,000	The Bank of New York Mellon Trust Company, N.A.
	140,000	118,425	3,745,000	The Bank of New York Mellon Trust Company, N.A.
	180,000	132,907	6,230,000	The Bank of New York Mellon Trust Company, N.A.
	150,000	113,781	5,335,000	The Bank of New York Mellon Trust Company, N.A.
	455,000	1,020,806	19,850,000	The Bank of New York Mellon Trust Company, N.A.
$ - 0 -	$ 1,155,000	$ 1,613,182	$ 41,530,000	

Debt Service Fund cash and investment balances (excluding contract tax cash and investment balances) as of March 31, 2026:	$ 5,937,371
Average annual debt service payment for remaining term of all bond debt:	$ 2,733,420

See Note 3 for interest rates, interest payment dates and maturity dates.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 1,199,978	$ 1,144,561	$ 1,339,099
Water Service	696,487	635,034	719,638
Wastewater Service	625,425	606,632	597,140
Water Authority Fees	997,546	975,186	1,029,498
Penalty and Interest	36,240	37,092	29,269
Connection and Inspection Fees	37,087	39,059	215,347
Investment and Miscellaneous Revenues	251,301	313,272	242,874
TOTAL REVENUES	$ 3,844,064	$ 3,750,836	$ 4,172,865
EXPENDITURES			
Professional Fees	$ 153,738	$ 150,352	$ 187,940
Contracted Services	768,520	743,664	604,531
Purchased Water and Wastewater Services	800,928	844,329	664,200
Water Authority Assessments	997,336	924,317	1,023,570
Repairs and Maintenance	202,899	211,390	117,426
Other	74,095	80,112	200,451
Capital Outlay, Net of Proceeds		239,399	
TOTAL EXPENDITURES	$ 2,997,516	$ 3,193,563	$ 2,798,118
NET CHANGE IN FUND BALANCE	$ 846,548	$ 557,273	$ 1,374,747
BEGINNING FUND BALANCE	6,083,395	5,526,122	4,151,375
ENDING FUND BALANCE	$ 6,929,943	$ 6,083,395	$ 5,526,122

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2023	2022	2026	2025	2024	2023	2022
$ 1,125,879	$ 1,063,302	31.2 %	30.5 %	32.1 %	30.3 %	33.6 %
703,038	568,907	18.1	16.9	17.2	19.0	18.0
545,449	440,589	16.3	16.2	14.3	14.7	13.9
964,823	612,872	26.0	26.0	24.7	26.0	19.3
28,475	11,557	0.9	1.0	0.7	0.8	0.4
244,265	469,755	1.0	1.0	5.2	6.6	14.8
97,204	999	6.5	8.4	5.8	2.6	
$ 3,709,133	$ 3,167,981	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 145,085	$ 139,494	4.0 %	4.0 %	4.5 %	3.9 %	4.4 %
523,089	364,537	20.0	19.8	14.5	14.1	11.5
567,216	463,401	20.8	22.5	15.9	15.3	14.6
958,115	593,736	25.9	24.6	24.5	25.8	18.7
94,812	74,513	5.3	5.6	2.8	2.6	2.4
285,940	299,200	1.9	2.1	4.8	7.7	9.4
			6.4			
$ 2,574,257	$ 1,934,881	77.9 %	85.0 %	67.0 %	69.4 %	61.0 %
$ 1,134,876	$ 1,233,100	22.1 %	15.0 %	33.0 %	30.6 %	39.0 %
3,016,499	1,783,399					
$ 4,151,375	$ 3,016,499					

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Debt Service and Contract Tax Revenues	$ 7,209,334	$ 7,384,056	$ 8,436,402
Penalty and Interest	47,423	71,120	66,100
Investment and Miscellaneous Revenues	492,557	578,975	505,858
TOTAL REVENUES	$ 7,749,314	$ 8,034,151	$ 9,008,360
EXPENDITURES			
Tax Collection Expenditures	$ 130,996	$ 124,647	$ 121,544
Debt Service Principal	1,155,000	830,000	645,000
Debt Service Interest and Fees	1,622,182	1,660,665	995,520
Contractual Obligation	4,651,533	4,734,468	4,377,784
TOTAL EXPENDITURES	$ 7,559,711	$ 7,349,780	$ 6,139,848
NET CHANGE IN FUND BALANCE	$ 189,603	$ 684,371	$ 2,868,512
BEGINNING FUND BALANCE	13,689,278	13,004,907	10,136,395
ENDING FUND BALANCE	$ 13,878,881	$ 13,689,278	$ 13,004,907
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,614	1,610	1,613
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,590	1,586	1,591

See accompanying independent auditor's report.

2023	2022	2026	2025	2024	2023	2022
$ 7,700,824	$ 6,300,322	93.0 %	91.9 %	93.7 %	97.0 %	99.3 %
49,998	40,473	0.6	0.9	0.7	0.6	0.6
190,354	6,540	6.4	7.2	5.6	2.4	0.1
$ 7,941,176	$ 6,347,335	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 102,266	$ 85,978	1.7 %	1.6 %	1.3 %	1.3 %	1.4 %
605,000	460,000	14.9	10.3	7.2	7.6	7.2
664,724	664,665	20.9	20.7	11.1	8.4	10.5
3,629,320	2,925,259	60.0	58.9	48.6	45.7	46.1
$ 5,001,310	$ 4,135,902	97.5 %	91.5 %	68.2 %	63.0 %	65.2 %
$ 2,939,866	$ 2,211,433	2.5 %	8.5 %	31.8 %	37.0 %	34.8 %
7,196,529	4,985,096					
$ 10,136,395	$ 7,196,529					
1,565	1,435					
1,551	1,423					

The five percentage columns (2026, 2025, 2024, 2023, 2022) are under the heading "Percentage of Total Revenues".

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2026

District Mailing Address	-	Harris County Municipal Utility District No. 502 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, TX 77019
District Telephone Number	-	(713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended March 31, 2026	Expense Reimbursements for the year ended March 31, 2026	Title
Brian Thomas	05/22 - 05/26 (Elected)	$ 2,652	$ -0-	President
John Schleier**	12/22 - 05/26 (Appointed)	$ 2,873	$ 183	Vice President
John Suppatkul	05/24 - 05/28 (Elected)	$ 2,652	$ 507	Secretary
Reginald Smith	05/24 - 05/28 (Elected)	$ 2,873	$ 247	Assistant Secretary
Deanna Parmenter**	03/24 - 05/26 (Appointed)	$ 4,199	$ 695	Director

Notes: Directors Schleier and Parmenter were elected in May 2026 with terms ending May 2030. Sanam Harpalani was elected May 2026 with a term ending May 2030.

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants. The District's auditor leases office space from an entity affiliated with the District's Developer. The limit on Fees of Office that a Director may receive during a fiscal year is $7,200. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

The most recent submission date of the District Registration Form was on June 5, 2024.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 502
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2026

Consultants:	Date Hired	Fees for the year ended March 31, 2026	Title
Smith, Murdaugh, Little & Bonham, L.L.P.	07/09/12	$ 88,962	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	03/02/11	$ 19,500	Audit Related
Myrtle Cruz, Inc.	08/03/22	$ 24,253	Bookkeeper
Edminster, Hinshaw, Russ and Associates, Inc.	09/28/07	$ 30,698	Engineer
RBC Capital Markets	09/28/07	$ -0-	Financial Advisor
Mary Jarmon	09/07/22	$ -0-	Investment Officer
Inframark, LLC	11/28/11	$ 293,990	Operator
BLICO, Inc.	09/28/07	$ 32,844	Tax Assessor/ Collector

See accompanying independent auditor's report.