

Harris County Municipal Utility District No. 361 Harris County, Texas

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

May 31, 2025

Harris County Municipal Utility District No. 361

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May 31, 2025

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 361
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 361 (District), as of and for the year ended May 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 and each major fund of the District, as of May 31, 2025, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Forvis Mazars, LLP

Houston, Texas
November 24, 2025

Harris County Municipal Utility District No. 361
Management's Discussion and Analysis
Year Ended May 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).

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Harris County Municipal Utility District No. 361
Management's Discussion and Analysis
Year Ended May 31, 2025

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2025	2024
Current and other assets	\$ 11,764,085	\$ 11,229,428
Capital assets	<u>5,964,619</u>	<u>6,135,949</u>
 Total assets	 <u>17,728,704</u>	 <u>17,365,377</u>
 Deferred outflows of resources	 <u>173,445</u>	 <u>231,956</u>
 Total assets and deferred outflows of resources	 <u>\$ 17,902,149</u>	 <u>\$ 17,597,333</u>
 Long-term liabilities	 <u>\$ 3,055,000</u>	 <u>\$ 4,115,000</u>
Other liabilities	<u>428,028</u>	<u>455,398</u>
 Total liabilities	 <u>3,483,028</u>	 <u>4,570,398</u>

Harris County Municipal Utility District No. 361
Management's Discussion and Analysis
Year Ended May 31, 2025

Summary of Net Position (Continued)

	2025	2024
Net position		
Net investment in capital assets	\$ 3,075,382	\$ 2,252,905
Restricted	1,992,909	1,936,536
Unrestricted	<u>9,350,830</u>	<u>8,837,494</u>
Total net position	<u><u>\$ 14,419,121</u></u>	<u><u>\$ 13,026,935</u></u>

The total net position of the District increased by \$1,392,186, or about 11%. The majority of the increase in net position is related to investment income as well as 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. 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.

Summary of Changes in Net Position

	2025	2024
Revenues		
Property taxes	\$ 2,783,028	\$ 2,709,353
Charges for services	1,244,298	1,308,624
Other revenues	<u>563,793</u>	<u>573,401</u>
Total revenues	<u><u>4,591,119</u></u>	<u><u>4,591,378</u></u>
Expenses		
Services	2,754,854	2,133,746
Depreciation	301,932	298,732
Debt service	<u>142,147</u>	<u>177,668</u>
Total expenses	<u><u>3,198,933</u></u>	<u><u>2,610,146</u></u>
Change in net position	1,392,186	1,981,232
Net position, beginning of year	<u>13,026,935</u>	<u>11,045,703</u>
Net position, end of year	<u><u>\$ 14,419,121</u></u>	<u><u>\$ 13,026,935</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended May 31, 2025 were \$11,216,316, an increase of \$553,969 from the prior year.

The general fund's fund balance increased by \$505,523 due to property taxes and service revenues as well as investment income exceeding service operations and capital outlay expenditures.

The debt service fund's fund balance increased by \$48,446 because property tax revenues and investment income exceeded bond principal and interest requirements.

Harris County Municipal Utility District No. 361
Management's Discussion and Analysis
Year Ended May 31, 2025

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 property taxes revenues and repairs and maintenance expenditures being higher than anticipated as well as regional water fee revenues and purchased services, professional fees, and capital outlay expenditures being lower than anticipated. The fund balance as of May 31, 2025 was expected to be \$8,626,819, and the actual end-of-year fund balance was \$9,297,235.

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 below:

Capital Assets (Net of Accumulated Depreciation)

	2025	2024
Land and improvements	\$ 232,245	\$ 232,245
Construction in progress	86,026	12,056
Water facilities	1,960,382	2,014,824
Wastewater facilities	3,599,980	3,786,061
Other assets	85,986	90,763
 Total capital assets	 \$ 5,964,619	 \$ 6,135,949

During the current year, additions to capital assets were as follows:

Construction in progress related to the District's share of the Harris County Municipal Utility District No. 344 wastewater treatment plant generator replacement and water plant motor control center replacement	\$ 73,970
District's share of the Harris County Municipal Utility District No. 344 water well No. 2 rehabilitation, new water plant soft start, and new wastewater treatment plant pump	56,632
 Total additions to capital assets	 \$ 130,602

Debt

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

Long-term debt payable, beginning of year	\$ 4,115,000
Decreases in long-term debt	(1,060,000)
 Long-term debt payable, end of year	 \$ 3,055,000

At May 31, 2025, the District had \$13,030,000 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.

Harris County Municipal Utility District No. 361
Management's Discussion and Analysis
Year Ended May 31, 2025

The District's Series 2015 refunding bonds are not rated.

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 of Houston (City), the District must conform to the City ordinance consenting to the creation of the District. Effective December 18, 2001, the District and the City entered into a Strategic Partnership Agreement (Agreement) under which the City de-annexed the District, which was inside the City's boundaries, and re-annexed the District for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances, but not the City's ad valorem taxes. Under the Agreement, the City provides fire suppression, police, and emergency medical services to the District. The District has adopted a fire plan in order to compensate the City for fire protection. The District exercises all powers and functions of the municipal utility district as provided by law. The District agreed that the City may annex the District for full purposes once the District's water, wastewater, and drainage facilities have been developed.

Harris County Municipal Utility District No. 361
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2025

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets					
Cash	\$ 155,965	\$ 54,019	\$ 209,984	\$ -	\$ 209,984
Short-term investments	9,083,814	1,913,982	10,997,796	-	10,997,796
Receivables					
Property taxes	45,913	41,307	87,220	-	87,220
Service accounts	105,155	-	105,155	-	105,155
Accrued penalty and interest	-	-	-	51,920	51,920
Interfund receivable	45,260	-	45,260	(45,260)	-
Operating deposit	303,495	-	303,495	-	303,495
Prepaid expenditures	8,515	-	8,515	-	8,515
Capital assets (net of accumulated depreciation)					
Land and improvements	-	-	-	232,245	232,245
Construction in progress	-	-	-	86,026	86,026
Infrastructure	-	-	-	5,560,362	5,560,362
Other assets	-	-	-	85,986	85,986
Total Assets	9,748,117	2,009,308	11,757,425	5,971,279	17,728,704
Deferred Outflows of Resources					
Deferred amount on debt refundings	-	-	-	173,445	173,445
Total Assets and Deferred Outflows of Resources	\$ 9,748,117	\$ 2,009,308	\$ 11,757,425	\$ 6,144,724	\$ 17,902,149

Harris County Municipal Utility District No. 361
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2025

(Continued)

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Liabilities					
Accounts payable	\$ 294,522	\$ 3,660	\$ 298,182	\$ -	\$ 298,182
Accrued interest payable	-	-	-	19,399	19,399
Customer deposits	107,251	-	107,251	-	107,251
Due to other district	3,196	-	3,196	-	3,196
Interfund payable	-	45,260	45,260	(45,260)	-
Long-term liabilities					
Due within one year	-	-	-	1,125,000	1,125,000
Due after one year	-	-	-	1,930,000	1,930,000
Total Liabilities	404,969	48,920	453,889	3,029,139	3,483,028
Deferred Inflows of Resources					
Deferred property tax revenues	45,913	41,307	87,220	(87,220)	-
Fund Balances/Net Position					
Fund balances					
Nonspendable, prepaid expenditures	8,515	-	8,515	(8,515)	-
Restricted, unlimited tax bonds	-	1,919,081	1,919,081	(1,919,081)	-
Assigned, operating deposit	303,495	-	303,495	(303,495)	-
Unassigned	8,985,225	-	8,985,225	(8,985,225)	-
Total Fund Balances	9,297,235	1,919,081	11,216,316	(11,216,316)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,748,117	\$ 2,009,308	\$ 11,757,425		
Net position					
Net investment in capital assets				3,075,382	3,075,382
Restricted for debt service				1,992,909	1,992,909
Unrestricted				9,350,830	9,350,830
Total net position	\$ 14,419,121			\$ 14,419,121	

Harris County Municipal Utility District No. 361
Statement of Activities and Governmental Funds Revenues,
Expenditures, and Changes in Fund Balances
Year Ended May 31, 2025

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues					
Property taxes	\$ 1,636,947	\$ 1,145,846	\$ 2,782,793	\$ 235	\$ 2,783,028
Water service	328,460	-	328,460	-	328,460
Sewer service	368,620	-	368,620	-	368,620
Regional water fee	325,110	-	325,110	-	325,110
Fire protection	222,108	-	222,108	-	222,108
Penalty and interest	28,770	27,761	56,531	1,784	58,315
Tap connection and inspection fees	4,600	-	4,600	-	4,600
Investment income	417,686	68,848	486,534	-	486,534
Other income	14,344	-	14,344	-	14,344
Total Revenues	3,346,645	1,242,455	4,589,100	2,019	4,591,119
Expenditures/Expenses					
Service operations					
Purchased services	719,882	-	719,882	-	719,882
Professional fees	147,736	7,011	154,747	-	154,747
Contracted services	835,498	27,912	863,410	-	863,410
Utilities	46,423	-	46,423	-	46,423
Repairs and maintenance	200,279	-	200,279	641,638	841,917
Other expenditures	119,064	9,411	128,475	-	128,475
Capital outlay	772,240	-	772,240	(772,240)	-
Depreciation	-	-	-	301,932	301,932
Debt service					
Principal retirement	-	1,060,000	1,060,000	(1,060,000)	-
Interest and fees	-	89,675	89,675	52,472	142,147
Total Expenditures/Expenses	2,841,122	1,194,009	4,035,131	(836,198)	3,198,933
Excess of Revenues Over Expenditures	505,523	48,446	553,969	(553,969)	
Change in Net Position				1,392,186	1,392,186
Fund Balances/Net Position					
Beginning of year	8,791,712	1,870,635	10,662,347	-	13,026,935
End of year	\$ 9,297,235	\$ 1,919,081	\$ 11,216,316	\$ -	\$ 14,419,121

Harris County Municipal Utility District No. 361

Notes to Financial Statements

May 31, 2025

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

Harris County Municipal Utility District No. 361 (District) was created by an order of the Texas Natural Resource Conservation Commission, now known as the Texas Commission on Environmental Quality (Commission), effective March 10, 1997, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, and drainage facilities and to provide such facilities and services to the customers of the District.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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.

Harris County Municipal Utility District No. 361

Notes to Financial Statements

May 31, 2025

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures, and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services, and investment income. Other revenues are considered to be measurable and available only when cash is received by the District.

Harris County Municipal Utility District No. 361

Notes to Financial Statements

May 31, 2025

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended May 31, 2025 include collections during the current period or within 60 days of year-end related to the 2024 and prior years' tax levies.

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 May 31, 2025, the 2024 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Harris County Municipal Utility District No. 361

Notes to Financial Statements

May 31, 2025

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives is not capitalized.

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
Other assets	20 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 bond premiums and discounts 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.

Harris County Municipal Utility District No. 361

Notes to Financial Statements

May 31, 2025

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:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 5,964,619
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	87,220
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	51,920
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	173,445
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(19,399)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(3,055,000)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ 3,202,805</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.	\$ 553,969
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 by which depreciation expense and noncapitalized costs exceeded capital outlay expenditures in the current period.	(171,330)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	1,060,000
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.	2,019
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 governmental funds.	<u>(52,472)</u>
Change in net position of governmental activities.	<u>\$ 1,392,186</u>

Harris County Municipal Utility District No. 361

Notes to Financial Statements

May 31, 2025

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

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

Type	Fair Value	Maturity in Years			More Than 10
		Less Than 1	1-5	6-10	
Texas CLASS	\$ 10,997,796	\$ 10,997,796	\$ -	\$ -	\$ -

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2025, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

Harris County Municipal Utility District No. 361
Notes to Financial Statements
May 31, 2025

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at May 31, 2025 as follows:

Carrying value	
Deposits	\$ 209,984
Investments	<u>10,997,796</u>
Total	<u><u>\$ 11,207,780</u></u>

Investment Income

Investment income of \$486,534 for the year ended May 31, 2025 consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of May 31, 2025:

- Pooled investments of \$10,997,796 are valued at fair value per share of the pool's underlying portfolio.

Note 3. Capital Assets

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

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable			
Land and improvements	\$ 232,245	\$ -	\$ 232,245
Construction in progress	12,056	73,970	86,026
Total capital assets, non-depreciable	244,301	73,970	318,271
Capital assets, depreciable			
Water production and distribution facilities	3,714,090	45,640	3,759,730
Wastewater collection and treatment facilities	6,959,568	10,992	6,970,560
Other assets	95,540	-	95,540
Total capital assets, depreciable	10,769,198	56,632	10,825,830
Less accumulated depreciation			
Water production and distribution facilities	(1,699,266)	(100,082)	(1,799,348)
Wastewater collection and treatment facilities	(3,173,507)	(197,073)	(3,370,580)
Other assets	(4,777)	(4,777)	(9,554)
Total accumulated depreciation	(4,877,550)	(301,932)	(5,179,482)
Total governmental activities, net	\$ 6,135,949	\$ (171,330)	\$ 5,964,619

Harris County Municipal Utility District No. 361
Notes to Financial Statements
May 31, 2025

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended May 31, 2025 were as follows:

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable				
Direct placement bonds	\$ 4,115,000	\$ 1,060,000	\$ 3,055,000	\$ 1,125,000

Direct Placement Bonds

	Refunding Series 2015
Amount outstanding, May 31, 2025	\$3,055,000
Interest rate	2.54%
Maturity dates, serially beginning/ending	September 1, 2025/2028
Interest payment dates	March 1/September 1
Callable date*	September 1, 2023

*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 May 31, 2025:

Year	Direct Placement Bonds		
	Principal	Interest	Total
2026	\$ 1,125,000	\$ 63,309	\$ 1,188,309
2027	950,000	36,957	986,957
2028	720,000	15,748	735,748
2029	260,000	3,302	263,302
Total	\$ 3,055,000	\$ 119,316	\$ 3,174,316

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	\$ 31,100,000
Bonds sold	18,070,000
Refunding bonds voted	20,200,000
Refunding bonds authorization used	895,000

Harris County Municipal Utility District No. 361
Notes to Financial Statements
May 31, 2025

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 May 31, 2025, the District levied an ad valorem debt service tax at the rate of \$0.2800 per \$100 of assessed valuation, which resulted in a tax levy of \$1,145,908 on the taxable valuation of \$409,252,792 for the 2024 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$1,202,597, of which \$38,799 has been paid and \$1,163,798 is due September 1, 2025.

Note 6. Maintenance Taxes

At an election held May 1, 1999, voters authorized a maintenance tax not to exceed \$1.25 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended May 31, 2025, the District levied an ad valorem maintenance tax at the rate of \$0.4000 per \$100 of assessed valuation, which resulted in a tax levy of \$1,637,011 on the taxable valuation of \$409,252,792 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Strategic Partnership Agreement

Effective December 18, 2001, the District and the City entered into an Agreement under which the City de-annexed the District, which was inside the City's boundaries, and re-annexed the District for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances, but not the City's ad valorem taxes. Under the Agreement, the City provides fire suppression, police, and emergency medical services to the District. The District has adopted a fire plan in order to compensate the City for fire protection. The District exercises all powers and functions of a municipal utility district as provided by law. The District has agreed that the City may annex the District for full purposes once the District's water, wastewater, and drainage facilities have been developed.

Note 8. Contracts With Other Districts

Joint Water and Wastewater Facilities

On August 18, 1997, the District accepted an assignment of contracts effective July 25, 1996 and began participating in joint water facilities and joint wastewater treatment contracts with Harris County Municipal Utility District No. 344 (District No. 344) and Harris County Municipal Utility District No. 342 (District No. 342) to provide joint production treatment and storage of potable water and the treatment of wastewater. Under the terms of the agreement, District No. 344 owns and operates the facilities on behalf of the participants. Costs of the facilities constructed are shared based on capacity acquired by the participants. The facilities consist of a water plant and a permanent wastewater treatment plant. Operating costs are shared based on capacity owned. At May 31, 2025, the participant's proportionate share of the facilities is as follows.

Harris County Municipal Utility District No. 361
Notes to Financial Statements
May 31, 2025

Participants	Percentage of Ownership	
	Water Plant	Wastewater Treatment Plant
District No. 344	39.00%	39.00%
District No. 342	30.00%	30.00%
The District	31.00%	31.00%
Totals	100.00%	100.00%

During the current year, the District incurred costs of \$84,881 and \$235,120 as its share of operating the water plant and wastewater treatment plant. The District has also deposited \$156,696 and \$146,799, respectively, with District No. 344 for its share of an operating reserve in these facilities.

The following table shows condensed audited financial information of the facilities as of and for the year ended January 31, 2025:

	Water Plant	Wastewater Treatment Plant
Total assets	\$ 690,731	\$ 493,589
Total liabilities	\$ 204,506	\$ 117,948
Total fund balance	486,225	375,641
Total liabilities and fund balance	\$ 690,731	\$ 493,589
Total revenues	\$ 1,953,007	\$ 933,549
Total expenditures	(1,979,103)	(933,549)
Excess expenditures	\$ (26,096)	\$ -

Effective September 23, 2015, the contracts for both joint water supply and waste disposal facilities were amended to reflect the ultimate capacity requirements and cost sharing between the District, District No. 344, and District No. 342. As a result of the cost reallocation and revised capacity, the District paid an additional \$292,800 from available funds to District No. 342.

Lift Station and Force Main Agreement

On June 1, 2002, and as amended October 10, 2003, and June 1, 2017, the District and District No. 344 entered into a contract for the construction of a lift station and force main to serve a portion of each district. Under the terms of the contract, the District owns and operates the facilities. Fixed operating costs are shared based on each district's reserved capacity and variable costs are shared based on the total number of active wastewater equivalent single-family connections. The District's share of reserved capacity is 73% and District No. 344's share is 27%. During the current year, the District received \$14,344 from District No. 344 pursuant to this contract.

Harris County Municipal Utility District No. 361

Notes to Financial Statements

May 31, 2025

Groundwater Reduction Plan Agreement

The District is within the boundaries of the Harris-Galveston Coastal Subsidence District (Subsidence District), which regulates groundwater withdrawal. District No. 344's authority to pump groundwater from its well is subject to an annual permit issued by the Subsidence District. In 1999, the Subsidence District adopted a district regulatory plan to reduce groundwater withdrawal through the conversion of surface water. District No. 344 has entered into a Groundwater Reduction Plan Agreement with the City in order to meet the Subsidence District's requirements for surface water conversion, but it is obligated to pay to the City a groundwater withdrawal fee for all groundwater produced and used and a water purchase fee for any water actually purchased from the City in the future. For the year ended May 31, 2025, District No. 344 billed the District \$399,881 in groundwater withdrawal fees.

Note 9. Risk Management

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

Required Supplementary Information

Harris County Municipal Utility District No. 361
Budgetary Comparison Schedule – General Fund
Year Ended May 31, 2025

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,569,698	\$ 1,636,947	\$ 67,249
Water service	360,000	328,460	(31,540)
Sewer service	374,200	368,620	(5,580)
Regional water fee	441,750	325,110	(116,640)
Fire protection	222,300	222,108	(192)
Penalty and interest	26,000	28,770	2,770
Tap connection and inspection fees	4,600	4,600	-
Investment income	430,000	417,686	(12,314)
Other income	18,000	14,344	(3,656)
Total Revenues	3,446,548	3,346,645	(99,903)
Expenditures			
Service operations			
Purchased services	1,067,529	719,882	347,647
Professional fees	191,600	147,736	43,864
Contracted services	824,150	835,498	(11,348)
Utilities	48,000	46,423	1,577
Repairs and maintenance	167,600	200,279	(32,679)
Other expenditures	131,160	119,064	12,096
Capital outlay	1,181,402	772,240	409,162
Total Expenditures	3,611,441	2,841,122	770,319
Excess (Deficiency) of Revenues Over Expenditures	(164,893)	505,523	670,416
Fund Balance, Beginning of Year	8,791,712	8,791,712	-
Fund Balance, End of Year	\$ 8,626,819	\$ 9,297,235	\$ 670,416

Harris County Municipal Utility District No. 361
Notes to Required Supplementary Information
May 31, 2025

Budgets and Budgetary Accounting

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

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

Supplementary Information

Harris County Municipal Utility District No. 361

Other Schedules Included Within This Report

May 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 11–21
- [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] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years
- [X] Board Members, Key Personnel, and Consultants

Harris County Municipal Utility District No. 361

Schedule of Services and Rates

Year Ended May 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 checked="" type="checkbox"/> Fire Protection	<input checked="" type="checkbox"/> Security
<input checked="" 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>	
					10,001 to 15,000	15,001 to 20,000
Water:	\$ 19.91	10,000	N	\$ 1.50 \$ 2.00 \$ 3.00	10,001 to 15,000 15,001 to 20,000 20,001 to No Limit	
Wastewater:	\$ 25.91	-	Y			
Fire protection:	\$ 15.00	-	Y			
Regional water fee:	\$ 2.68	1	N	\$ 2.68	1 to No Limit	
Does the District employ winter averaging for wastewater usage?					Yes _____	No X
Total charges per 10,000 gallons usage (including fees):				Water \$ 46.71	Wastewater \$ 25.91	

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"	1,139	1,135	x1.0	1,135
1"	127	127	x2.5	318
1 1/2"	-	-	x5.0	-
2"	17	17	x8.0	136
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	1,283	1,279		1,589
Total wastewater	1,235	1,231	x1.0	1,231

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

Gallons pumped into the system:	127,371
Gallons billed to customers:	127,371
Water accountability ratio (gallons billed/gallons pumped):	100.00%

**ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 361
Schedule of General Fund Expenditures
Year Ended May 31, 2025

Personnel (including benefits)	\$	-
Professional Fees		
Auditing	\$ 23,200	
Legal	102,302	
Engineering	22,234	
Financial advisor	-	147,736
Purchased Services for Resale		
Bulk water and wastewater service purchases		719,882
Regional Water Fee		-
Contracted Services		
Bookkeeping	64,244	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	91,864	
Other contracted services	<u>61,815</u>	217,923
Utilities		46,423
Repairs and Maintenance		200,279
Administrative Expenditures		
Directors' fees	20,018	
Office supplies	42,844	
Insurance	3,330	
Other administrative expenditures	<u>52,872</u>	119,064
Capital Outlay		
Capitalized assets	130,602	
Expenditures not capitalized	<u>641,638</u>	772,240
Tap Connection Expenditures		-
Solid Waste Disposal		395,275
Fire Fighting		222,300
Parks and Recreation		-
Other Expenditures		-
Total Expenditures	\$	<u>2,841,122</u>

Harris County Municipal Utility District No. 361
Schedule of Temporary Investments
May 31, 2025

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Reivable
General Fund				
Texas CLASS	4.42%	Demand	\$ 8,520,059	\$ -
Texas CLASS	4.42%	Demand	<u>563,755</u>	<u>-</u>
			9,083,814	-
Debt Service Fund				
Texas CLASS	4.42%	Demand	<u>1,913,982</u>	<u>-</u>
Totals			<u>\$ 10,997,796</u>	<u>\$ -</u>

Harris County Municipal Utility District No. 361
Analysis of Taxes Levied and Receivable
Year Ended May 31, 2025

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 45,782	\$ 41,203
Additions and corrections to prior years' taxes	67	42
Adjusted Receivable, Beginning of Year	<u>45,849</u>	<u>41,245</u>
 2024 Original Tax Levy	1,577,347	1,104,143
Additions and corrections	59,664	41,765
Adjusted tax levy	<u>1,637,011</u>	<u>1,145,908</u>
 Total to Be Accounted For	1,682,860	1,187,153
 Tax collections: Current year	(1,614,690)	(1,130,283)
Prior years	<u>(22,257)</u>	<u>(15,563)</u>
 Receivable, End of Year	<u><u>\$ 45,913</u></u>	<u><u>\$ 41,307</u></u>
 Receivable, by Years		
2024	\$ 22,321	\$ 15,625
2023	4,407	3,085
2022	2,650	1,988
2021	2,335	1,792
2020	2,068	1,516
2019	2,094	1,470
2018	2,347	1,130
2017	1,695	2,000
2016	1,836	1,920
2015	943	963
2014	730	1,094
2013	779	962
2012	398	1,343
2011	322	1,555
2010	304	1,573
2009	314	1,627
2008	370	1,664
 Receivable, End of Year	<u><u>\$ 45,913</u></u>	<u><u>\$ 41,307</u></u>

Harris County Municipal Utility District No. 361
Analysis of Taxes Levied and Receivable
Year Ended May 31, 2025

(Continued)

	2024	2023	2022	2021
Property Valuations				
Land	\$ 99,009,422	\$ 68,622,012	\$ 68,674,958	\$ 62,411,570
Improvements	336,375,274	350,276,916	311,121,367	271,131,785
Personal property	4,923,438	5,289,375	5,058,879	3,400,229
Exemptions	(31,055,342)	(24,131,775)	(20,513,429)	(10,642,927)
Total Property Valuations	\$ 409,252,792	\$ 400,056,528	\$ 364,341,775	\$ 326,300,657
Tax Rates Per \$100 Valuation				
Debt service tax rates	\$ 0.2800	\$ 0.2800	\$ 0.3000	\$ 0.3300
Maintenance tax rates*	0.4000	0.4000	0.4000	0.4300
Total Tax Rates Per \$100 Valuation	\$ 0.6800	\$ 0.6800	\$ 0.7000	\$ 0.7600
Tax Levy	\$ 2,782,919	\$ 2,720,384	\$ 2,550,387	\$ 2,479,880
Percent of Taxes Collected to Taxes Levied**	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$1.25 on May 1, 1999

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

Harris County Municipal Utility District No. 361
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2025

Due During Fiscal Years Ending May 31	Refunding Series 2015		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	\$ 1,125,000	\$ 63,309	\$ 1,188,309
2027	950,000	36,957	986,957
2028	720,000	15,748	735,748
2029	260,000	3,302	263,302
Totals	\$ 3,055,000	\$ 119,316	\$ 3,174,316

Harris County Municipal Utility District No. 361
Changes in Long-Term Bonded Debt
Year Ended May 31, 2025

	Bond Issues		
	Refunding Series 2015	Refunding Series 2016	Totals
Interest rates	2.54%	1.76%	
Dates interest payable	March 1/ September 1	March 1/ September 1	
Maturity dates	September 1, 2025/2028		
Bonds outstanding, beginning of current year	\$ 3,760,000	\$ 355,000	\$ 4,115,000
Retirements, principal	<u>705,000</u>	<u>355,000</u>	<u>1,060,000</u>
Bonds outstanding, end of current year	<u>\$ 3,055,000</u>	<u>\$ -</u>	<u>\$ 3,055,000</u>
Interest paid during current year	<u>\$ 86,551</u>	<u>\$ 3,124</u>	<u>\$ 89,675</u>

Paying agent's name and address

Series 2015 – Branch Banking and Trust Company, Charlotte, North Carolina

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	\$ 31,100,000	\$ -	\$ 20,200,000
Amount issued	<u>\$ 18,070,000</u>	<u>\$ -</u>	<u>\$ 895,000</u>
Remaining to be issued	<u>\$ 13,030,000</u>	<u>\$ -</u>	<u>\$ 19,305,000</u>
Debt service fund cash and temporary investment balances as of May 31, 2025:			\$ 1,968,001
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 793,579

Harris County Municipal Utility District No. 361
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended May 31,

	Amounts				
	2025	2024	2023	2022	2021
General Fund					
Revenues					
Property taxes	\$ 1,636,947	\$ 1,601,566	\$ 1,452,603	\$ 1,391,425	\$ 1,393,606
Water service	328,460	355,854	352,344	337,673	352,044
Sewer service	368,620	368,418	371,629	382,806	384,854
Regional water fee	325,110	362,014	175,763	121,102	129,060
Fire protection	222,108	222,338	222,453	221,483	222,869
Penalty and interest	28,770	26,643	21,772	17,223	9,315
Tap connection and inspection fees	4,600	4,200	5,570	6,520	9,170
Investment income	417,686	424,389	246,794	17,369	13,720
Other	14,344	17,332	17,885	59,207	10,529
Total Revenues	3,346,645	3,382,754	2,866,813	2,554,808	2,525,167
Expenditures					
Service operations					
Purchased services	719,882	714,818	658,947	497,942	431,921
Professional fees	147,736	178,088	153,114	129,937	111,065
Contracted services	835,498	814,622	751,687	689,475	636,997
Utilities	46,423	47,319	50,004	44,872	84,497
Repairs and maintenance	200,279	168,479	122,028	130,673	277,431
Other expenditures	119,064	151,835	112,165	112,812	99,273
Capital outlay	772,240	137,841	960,045	595,067	225,198
Total Expenditures	2,841,122	2,213,002	2,807,990	2,200,778	1,866,382
Excess of Revenues Over Expenditures	505,523	1,169,752	58,823	354,030	658,785
Other Financing Sources					
Interfund transfers in	-	3,762	-	145	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	505,523	1,173,514	58,823	354,175	658,785
Fund Balance, Beginning of Year	8,791,712	7,618,198	7,559,375	7,205,200	6,546,415
Fund Balance, End of Year	\$ 9,297,235	\$ 8,791,712	\$ 7,618,198	\$ 7,559,375	\$ 7,205,200
Total Active Retail Water Connections	1,279	1,279	1,282	1,281	1,277
Total Active Retail Wastewater Connections	1,231	1,231	1,234	1,233	1,229

Percent of Fund Total Revenues					
2025	2024	2023	2022	2021	
48.9 %	47.4 %	50.7 %	54.5 %	55.2 %	
9.8	10.5	12.3	13.2	13.9	
11.0	10.9	13.0	15.0	15.3	
9.7	10.7	6.1	4.7	5.1	
6.7	6.6	7.8	8.7	8.8	
0.9	0.8	0.7	0.7	0.4	
0.1	0.1	0.2	0.2	0.4	
12.5	12.5	8.6	0.7	0.5	
0.4	0.5	0.6	2.3	0.4	
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	
21.5	21.1	23.0	19.5	17.1	
4.4	5.3	5.3	5.1	4.4	
25.0	24.1	26.2	27.0	25.2	
1.4	1.4	1.7	1.7	3.4	
6.0	5.0	4.3	5.1	11.0	
3.5	4.5	3.9	4.4	3.9	
23.1	4.0	33.5	23.3	8.9	
<u>84.9</u>	<u>65.4</u>	<u>97.9</u>	<u>86.1</u>	<u>73.9</u>	
<u>15.1 %</u>	<u>34.6 %</u>	<u>2.1 %</u>	<u>13.9 %</u>	<u>26.1 %</u>	

Harris County Municipal Utility District No. 361
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended May 31,

	Amounts				
	2025	2024	2023	2022	2021
Debt Service Fund					
Revenues					
Property taxes	\$ 1,145,846	\$ 1,123,408	\$ 1,089,633	\$ 1,067,522	\$ 1,021,711
Penalty and interest	27,761	36,766	14,511	8,617	8,169
Investment income	68,848	73,815	46,671	5,525	6,469
Other	-	-	9	516	-
Total Revenues	1,242,455	1,233,989	1,150,824	1,082,180	1,036,349
Expenditures					
Current					
Professional fees	7,011	7,244	3,111	2,473	2,681
Contracted services	27,912	39,648	35,393	32,669	33,290
Other expenditures	9,411	11,693	16,106	11,371	13,143
Debt service					
Principal retirement	1,060,000	1,045,000	1,010,000	980,000	840,000
Interest and fees	89,675	114,804	138,136	159,258	178,645
Total Expenditures	1,194,009	1,218,389	1,202,746	1,185,771	1,067,759
Excess (Deficiency) of Revenues Over Expenditures	48,446	15,600	(51,922)	(103,591)	(31,410)
Fund Balance, Beginning of Year	1,870,635	1,855,035	1,906,957	2,010,548	2,041,958
Fund Balance, End of Year	\$ 1,919,081	\$ 1,870,635	\$ 1,855,035	\$ 1,906,957	\$ 2,010,548

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
92.2 %	91.0 %	94.7 %	98.6 %	98.4 %
2.2	3.0	1.2	0.8	1.0
5.6	6.0	4.1	0.5	0.6
-	-	0.0	0.1	-
100.0	100.0	100.0	100.0	100.0
0.6	0.6	0.3	0.2	0.3
2.2	3.2	3.1	3.0	3.2
0.8	1.0	1.4	1.1	1.3
85.3	84.7	87.7	90.6	81.0
7.2	9.3	12.0	14.7	17.2
96.1	98.8	104.5	109.6	103.0
3.9 %	1.2 %	(4.5) %	(9.6) %	(3.0) %

**Harris County Municipal Utility District No. 361
Board Members, Key Personnel, and Consultants
Year Ended May 31, 2025**

Complete District mailing address:	Harris County Municipal Utility District No. 361 c/o Roach & Associates, PLLC 2001 Timberloch Place, Suite 500 The Woodlands, TX 77380		
District business telephone number:	832.789.1899		
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 10, 2024		
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200		

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-End
Todd Covart	Elected 05/22– 05/26	\$ 4,641	\$ 1,633	President
Jaclyn Hood	Elected 05/24– 05/28	4,641	1,719	Vice President
Christopher D. Roundy	Elected 05/22– 05/26	3,536	1,541	Secretary
Erica Dobbs	Elected 05/22– 05/26	7,200	4,903	Assistant Vice President

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

**Harris County Municipal Utility District No. 361
Board Members, Key Personnel, and Consultants
Year Ended May 31, 2025**

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements		Title
BGE, Inc.	05/09/14	\$	22,234	Engineer
Forvis Mazars, LLP	06/08/01		23,200	Auditor
Harris Central Appraisal District	Legislative Action		11,023	Appraiser
M. Marlon Ivy & Associates, Inc.	06/08/12		335,504	Operator
Municipal Accounts & Consulting, L.P.	03/13/20		66,364	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	02/09/01		7,011	Delinquent Tax Attorney
Roach & Associates, PLLC	09/01/22		125,406	Attorney
Robert W. Baird & Co. Incorporated	06/12/15		-	Financial Advisor
Utility Tax Service, LLC	08/01/23		21,559	Tax Assessor/ Collector
Investment Officers				
Mark Burton and Ghia Lewis	05/08/20		N/A	Bookkeepers