



Harris County Municipal Utility District No. 391

Harris County, Texas

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

May 31, 2025



Harris County Municipal Utility District No. 391
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May 31, 2025

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 391
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. 391 (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 12, 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. 391
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

	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 17,638,890	\$ 17,344,296
Capital assets	<u>36,541,632</u>	<u>37,402,057</u>
Total assets	<u>54,180,522</u>	<u>54,746,353</u>
Deferred outflows of resources	<u>1,154,204</u>	<u>1,261,499</u>
Total assets and deferred outflows of resources	<u>\$ 55,334,726</u>	<u>\$ 56,007,852</u>
Long-term liabilities	\$ 41,044,056	\$ 44,217,594
Other liabilities	<u>938,573</u>	<u>1,218,275</u>
Total liabilities	<u>41,982,629</u>	<u>45,435,869</u>

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Management's Discussion and Analysis
Year Ended May 31, 2025

Summary of Net Position (Continued)

	<u>2025</u>	<u>2024</u>
Net position		
Net investment in capital assets	\$ 12,253,493	\$ 10,122,287
Restricted	5,973,282	5,877,363
Unrestricted	<u>(4,874,678)</u>	<u>(5,427,667)</u>
Total net position	<u><u>\$ 13,352,097</u></u>	<u><u>\$ 10,571,983</u></u>

The total net position of the District increased by \$2,780,114, or about 26%. The majority of the increase in net position is related to 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

	<u>2025</u>	<u>2024</u>
Revenues		
Property taxes	\$ 7,087,171	\$ 7,162,161
City of Houston rebates	218,415	223,860
Charges for services	2,533,481	2,998,568
Other revenues	<u>951,277</u>	<u>881,363</u>
Total revenues	<u>10,790,344</u>	<u>11,265,952</u>
Expenses		
Services	5,339,501	5,154,693
Depreciation	1,338,821	1,212,969
Debt service	<u>1,331,908</u>	<u>1,429,856</u>
Total expenses	<u>8,010,230</u>	<u>7,797,518</u>
Change in net position	2,780,114	3,468,434
Net position, beginning of year	<u>10,571,983</u>	<u>7,103,549</u>
Net position, end of year	<u><u>\$ 13,352,097</u></u>	<u><u>\$ 10,571,983</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 \$16,795,960, an increase of \$595,499 from the prior year.

The general fund's fund balance increased by \$564,437 due to property taxes, City of Houston rebates, and service revenues as well as investment income being greater than service operations and capital outlay expenditures.

Harris County Municipal Utility District No. 391
Management's Discussion and Analysis
Year Ended May 31, 2025

The debt service fund's fund balance increased by \$85,890 due to property tax revenues and investment income exceeding bond principal and interest expenditures.

The capital projects fund's fund balance decreased by \$54,828 due to capital outlay expenditures exceeding investment income.

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 tax revenues, investment and other income, contracted services expenditures, and repairs and maintenance expenditures being higher than anticipated. In addition, regional water fee revenues and related expenditures and capital outlay expenditures were lower than anticipated. The fund balance as of May 31, 2025 was expected to be \$9,257,247, and the actual end-of-year fund balance was \$10,436,746.

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)

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 10,618,768	\$ 10,618,768
Construction in progress	112,825	987,053
Water facilities	7,818,585	8,152,674
Wastewater facilities	15,529,201	16,025,380
Park facilities	<u>2,462,253</u>	<u>1,618,182</u>
Total capital assets	<u><u>\$ 36,541,632</u></u>	<u><u>\$ 37,402,057</u></u>

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

Construction in progress related to sidewalk enhancements and water plant No. 1 coating and ground storage tank rehabilitation	\$ 112,825
Trail lighting around lakes	142,141
Fountain replacements in lakes 2 and 3	28,597
Fencing at lift station Nos. 2, 4, and 5	57,684
Booster pump No. 4 at water plant No. 1	28,168
Lift station lift pumps	64,206
Replacing valves and paint piping at lift station No. 2	18,815
Non-potable pumps at wastewater treatment plant No. 2	15,755
Blower motor at wastewater treatment plant No. 1	<u>10,205</u>
Total additions to capital assets	<u><u>\$ 478,396</u></u>

The developer within the District has constructed water, sewer, drainage, and park facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission. As of May 31, 2025, a liability for developer-constructed capital assets of \$120,720 was recorded in the government-wide financial statements.

Harris County Municipal Utility District No. 391
Management's Discussion and Analysis
Year Ended May 31, 2025

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	\$ 44,217,594
Decreases in long-term debt	<u>(3,173,538)</u>
Long-term debt payable, end of year	<u>\$ 41,044,056</u>

At May 31, 2025, the District had \$15,190,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems and \$1,100,000 for financing and constructing recreational facilities within the District.

The District's bonds carry underlying ratings of "A" from Standard & Poor's and "A2" from Moody's Investors Service. The District's Series 2015 refunding bonds and 2021 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Inc. The Series 2015 refunding bonds also carry an "A1" rating from Moody's Investors Service by virtue of bond insurance issued by Assured Guaranty, Inc. The District's Series 2016 and 2019 refunding bonds and Series 2014A, 2014B, 2015A, 2017, and 2020 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The District's Series 2016A bonds carry a "Baa3" rating from Moody's Investors Service by virtue of bond insurance issued by National Public Finance Guarantee Corp.

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. In addition, the District may be annexed by the City without the District's consent, except as set forth as follows.

Strategic Partnership Agreement

Effective December 20, 2007, the District entered into a Strategic Partnership Agreement with the City, which annexed certain portions of the District into the City for "limited purposes" as described therein. Under the terms of the Strategic Partnership Agreement, the City has agreed it will not annex the District as a whole for full purposes for 30 years from the date of the agreement.

Harris County Municipal Utility District No. 391
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 285,676	\$ 386,205	\$ 124	\$ 672,005	\$ -	\$ 672,005
Short-term investments	10,511,791	5,570,393	381,321	16,463,505	-	16,463,505
Receivables						
Property taxes	56,878	93,311	-	150,189	-	150,189
Service accounts	175,231	-	-	175,231	-	175,231
Sales tax rebates	35,747	-	-	35,747	19,000	54,747
Due from others	19,525	-	-	19,525	-	19,525
Accrued penalty and interest	-	-	-	-	45,775	45,775
Interfund receivable	-	23,834	-	23,834	(23,834)	-
Prepaid expenditures	57,913	-	-	57,913	-	57,913
Capital assets (net of accumulated depreciation)						
Land and improvements	-	-	-	-	10,618,768	10,618,768
Construction in progress	-	-	-	-	112,825	112,825
Infrastructure	-	-	-	-	23,347,786	23,347,786
Parks	-	-	-	-	2,462,253	2,462,253
Total Assets	11,142,761	6,073,743	381,445	17,597,949	36,582,573	54,180,522
Deferred Outflows of Resources						
Deferred amount on debt refundings	-	-	-	-	1,154,204	1,154,204
Total Assets and Deferred Outflows of Resources	\$ 11,142,761	\$ 6,073,743	\$ 381,445	\$ 17,597,949	\$ 37,736,777	\$ 55,334,726

Harris County Municipal Utility District No. 391
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2025

(Continued)

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 421,628	\$ 2,663	\$ -	\$ 424,291	\$ -	\$ 424,291
Accrued interest payable	-	-	-	-	310,607	310,607
Customer deposits	203,675	-	-	203,675	-	203,675
Interfund payable	23,834	-	-	23,834	(23,834)	-
Long-term liabilities						
Due within one year	-	-	-	-	3,195,000	3,195,000
Due after one year	-	-	-	-	37,849,056	37,849,056
Total Liabilities	649,137	2,663	-	651,800	41,330,829	41,982,629
Deferred Inflows of Resources						
Deferred property tax revenues	56,878	93,311	-	150,189	(150,189)	-
Fund Balances/Net Position						
Fund balances						
Nonspendable, prepaid expenditures	57,913	-	-	57,913	(57,913)	-
Restricted						
Unlimited tax bonds	-	5,977,769	-	5,977,769	(5,977,769)	-
Water, sewer, and drainage	-	-	381,445	381,445	(381,445)	-
Assigned, future expenditures	116,610	-	-	116,610	(116,610)	-
Unassigned	10,262,223	-	-	10,262,223	(10,262,223)	-
Total fund balances	10,436,746	5,977,769	381,445	16,795,960	(16,795,960)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,142,761	\$ 6,073,743	\$ 381,445	\$ 17,597,949		
Net position						
Net investment in capital assets					12,253,493	12,253,493
Restricted for debt service					5,806,248	5,806,248
Restricted for capital projects					167,034	167,034
Unrestricted					(4,874,678)	(4,874,678)
Total net position					\$ 13,352,097	\$ 13,352,097

Harris County Municipal Utility District No. 391
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended May 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 2,761,743	\$ 4,356,388	\$ -	\$ 7,118,131	\$ (30,960)	\$ 7,087,171
City of Houston rebates	219,799	-	-	219,799	(1,384)	218,415
Water service	537,506	-	-	537,506	-	537,506
Sewer service	925,483	-	-	925,483	-	925,483
Regional water fee	1,070,492	-	-	1,070,492	-	1,070,492
Penalty and interest	47,083	64,768	-	111,851	(13,434)	98,417
Tap connection and inspection fees	17,733	-	-	17,733	-	17,733
Investment income	464,774	200,882	20,144	685,800	-	685,800
Other income	149,327	-	-	149,327	-	149,327
Total Revenues	6,193,940	4,622,038	20,144	10,836,122	(45,778)	10,790,344
Expenditures/Expenses						
Service operations						
Regional water fee	1,099,544	-	-	1,099,544	-	1,099,544
Professional fees	175,498	11,226	-	186,724	6,884	193,608
Contracted services	939,083	93,153	-	1,032,236	-	1,032,236
Solid waste	731,968	-	-	731,968	-	731,968
Utilities	274,229	-	-	274,229	-	274,229
Repairs and maintenance	1,694,290	-	-	1,694,290	100,101	1,794,391
Other expenditures	202,817	9,043	360	212,220	-	212,220
Tap connections	1,305	-	-	1,305	-	1,305
Capital outlay	510,769	-	74,612	585,381	(585,381)	-
Depreciation	-	-	-	-	1,338,821	1,338,821
Debt service						
Principal retirement	-	3,125,000	-	3,125,000	(3,125,000)	-
Interest and fees	-	1,297,726	-	1,297,726	34,182	1,331,908
Total Expenditures/Expenses	5,629,503	4,536,148	74,972	10,240,623	(2,230,393)	8,010,230
Excess (Deficiency) of Revenues Over Expenditures	564,437	85,890	(54,828)	595,499	(595,499)	
Change in Net Position					2,780,114	2,780,114
Fund Balances/Net Position						
Beginning of year	9,872,309	5,891,879	436,273	16,200,461	-	10,571,983
End of year	<u>\$ 10,436,746</u>	<u>\$ 5,977,769</u>	<u>\$ 381,445</u>	<u>\$ 16,795,960</u>	<u>\$ -</u>	<u>\$ 13,352,097</u>

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

Harris County Municipal Utility District No. 391 (District) was created by an order of the Texas Commission on Environmental Quality (Commission), effective November 14, 2002, 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. 391
Notes to Financial Statements
May 31, 2025

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays.

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

Harris County Municipal Utility District No. 391
Notes to Financial Statements
May 31, 2025

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended 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.

Harris County Municipal Utility District No. 391
Notes to Financial Statements
May 31, 2025

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended 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.

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
Park facilities	15–20 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.

Harris County Municipal Utility District No. 391
Notes to Financial Statements
May 31, 2025

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

Reconciliation of Government-Wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 36,541,632
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	150,189
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	45,775
Tax rebates are not receivable in the current period and are not reported in the funds.	19,000
Deferred amount on debt refundings for governmental activities is not financial resources and is not reported in the funds.	1,154,204
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(310,607)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(41,044,056)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (3,443,863)</u></u>

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

Change in fund balances.	\$ 595,499
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.	(860,425)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	3,125,000

Harris County Municipal Utility District No. 391
Notes to Financial Statements
May 31, 2025

Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	\$ (45,778)
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>(34,182)</u>
Change in net position of governmental activities.	<u>\$ 2,780,114</u>

Note 2. Deposits, Investments, and Investment Income

Deposits

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

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

At 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 TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. The District's investments in TexPool are reported at amortized cost.

The District also 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.

Harris County Municipal Utility District No. 391
Notes to Financial Statements
May 31, 2025

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

Type	Amortized Cost/Fair Value	Maturities in Years			
		Less Than 1	1–5	6–10	More Than 10
TexPool	\$ 9,835,761	\$ 9,835,761	\$ -	\$ -	\$ -
Texas CLASS	<u>6,627,744</u>	<u>6,627,744</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,463,505</u>	<u>\$ 16,463,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

Summary of Carrying Values

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

Carrying value	
Deposits	\$ 672,005
Investments	<u>16,463,505</u>
Total	<u>\$ 17,135,510</u>

Investment Income

Investment income of \$685,800 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 \$6,627,744 are valued at fair value per share of the pool's underlying portfolio.

Note 3. Capital Assets

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

Harris County Municipal Utility District No. 391
Notes to Financial Statements
May 31, 2025

Governmental Activities	Balances, Beginning of Year	Additions	Reclassifi- cations	Balances, End of Year
Capital assets, non-depreciable				
Land and improvements	\$ 10,618,768	\$ -	\$ -	\$ 10,618,768
Construction in progress	987,053	112,825	(987,053)	112,825
Total capital assets, non-depreciable	11,605,821	112,825	(987,053)	10,731,593
Capital assets, depreciable				
Water production and distribution facilities	13,447,474	28,168	-	13,475,642
Wastewater collection and treatment facilities	23,744,642	166,665	-	23,911,307
Park facilities	2,894,431	170,738	987,053	4,052,222
Total capital assets, depreciable	40,086,547	365,571	987,053	41,439,171
Less accumulated depreciation				
Water production and distribution facilities	(5,294,800)	(362,257)	-	(5,657,057)
Wastewater collection and treatment facilities	(7,719,262)	(662,844)	-	(8,382,106)
Park facilities	(1,276,249)	(313,720)	-	(1,589,969)
Total accumulated depreciation	(14,290,311)	(1,338,821)	-	(15,629,132)
Total governmental activities, net	<u>\$ 37,402,057</u>	<u>\$ (860,425)</u>	<u>\$ -</u>	<u>\$ 36,541,632</u>

Note 4. Long-Term Liabilities

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

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable				
General obligation bonds	\$ 41,645,000	\$ 2,825,000	\$ 38,820,000	\$ 2,885,000
Direct placement bonds	1,980,000	300,000	1,680,000	310,000
Less discounts on bonds	361,733	16,960	344,773	-
Add premiums on bonds	833,607	65,498	768,109	-
	44,096,874	3,173,538	40,923,336	3,195,000
Due to developer	120,720	-	120,720	-
Total governmental activities long-term liabilities	<u>\$ 44,217,594</u>	<u>\$ 3,173,538</u>	<u>\$ 41,044,056</u>	<u>\$ 3,195,000</u>

Harris County Municipal Utility District No. 391
Notes to Financial Statements
May 31, 2025

General Obligation Bonds

	Refunding Series 2014**	Series 2014A
Amounts outstanding, May 31, 2025	\$1,680,000	\$1,555,000
Interest rates	3.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2025/2029	September 1, 2025/2038
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2023	September 1, 2022
	Series 2014B	Refunding Series 2015
Amounts outstanding, May 31, 2025	\$1,855,000	\$5,870,000
Interest rates	2.00% to 4.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2025/2038	September 1, 2025/2034
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2022	September 1, 2022
	Series 2015A	Refunding Series 2016
Amounts outstanding, May 31, 2025	\$6,880,000	\$4,005,000
Interest rates	2.00% to 4.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2025/2040	September 1, 2025/2034
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2023	September 1, 2024

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

**Direct placement bonds

Harris County Municipal Utility District No. 391
Notes to Financial Statements
May 31, 2025

	Series 2016A	Series 2017
Amounts outstanding, May 31, 2025	\$1,140,000	\$3,600,000
Interest rates	3.00% to 3.75%	2.000% to 3.375%
Maturity dates, serially beginning/ending	September 1, 2025/2040	September 1, 2025/2040
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2024	September 1, 2024
	Refunding Series 2019	Series 2020
Amounts outstanding, May 31, 2025	\$4,120,000	\$5,650,000
Interest rates	3.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2025/2034	September 1, 2025/2040
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2025	September 1, 2025
		Refunding Series 2021
Amount outstanding, May 31, 2025		\$4,145,000
Interest rates		2.00% to 3.00%
Maturity dates, serially beginning/ending		September 1, 2025/2037
Interest payment dates		September 1/March 1
Callable date*		September 1, 2026

*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 and direct placement bonds outstanding at May 31, 2025.

Harris County Municipal Utility District No. 391
Notes to Financial Statements
May 31, 2025

Year	General Obligation Bonds		Direct Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2026	\$ 2,885,000	\$ 1,144,452	\$ 310,000	\$ 45,750	\$ 4,385,202
2027	2,925,000	1,053,202	320,000	36,300	4,334,502
2028	2,970,000	964,852	335,000	26,475	4,296,327
2029	3,005,000	876,701	350,000	16,200	4,247,901
2030	3,060,000	788,152	365,000	5,475	4,218,627
2031–2035	14,585,000	2,534,491	-	-	17,119,491
2036–2040	8,060,000	838,621	-	-	8,898,621
2041	1,330,000	22,209	-	-	1,352,209
Total	<u>\$ 38,820,000</u>	<u>\$ 8,222,680</u>	<u>\$ 1,680,000</u>	<u>\$ 130,200</u>	<u>\$ 48,852,880</u>

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

Bonds voted	\$ 81,500,000
Bonds sold	66,310,000
Refunding bonds voted	32,600,000
Refunding bonds authorization used	2,211,202
Park bonds voted	6,000,000
Park bonds sold	4,900,000

Due to Developer

The developer of the District has constructed underground utilities and park facilities on behalf of the District. The District is maintaining and operating these facilities and has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission. The District's engineer estimates reimbursable costs for completed projects are \$120,720. The District has agreed to reimburse these amounts, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. These amounts have been recorded in the financial statements as long-term liabilities.

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 \$0.4650 per \$100 of assessed valuation, which resulted in a tax levy of \$4,409,290 on the taxable valuation of \$948,234,334 for the 2024 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$4,437,426, of which \$621,213 has been paid and \$3,816,213 is due September 1, 2025.

Note 6. Maintenance Taxes

At an election held February 1, 2003, voters authorized a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended May 31, 2025, the District levied an ad valorem maintenance tax at the rate of \$0.2950 per \$100 of assessed valuation, which resulted in a tax levy of \$2,797,291 on the taxable valuation of \$948,234,334 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Regional Water Authority

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

Note 8. 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. The District has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts in the past three fiscal years.

Note 9. Strategic Partnership Agreement

Effective December 20, 2007, the District and the City entered into a Strategic Partnership Agreement (Agreement) under which the City annexed a tract of land (tract) within the boundaries of the District for limited purposes. The District continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments by the City, the District agrees to continue to provide and develop water, sewer, and drainage services within the District in lieu of full purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 30 years. During the current year, the District recorded \$218,415 in revenues related to the Agreement.

Required Supplementary Information

Harris County Municipal Utility District No. 391
Budgetary Comparison Schedule – General Fund
Year Ended May 31, 2025

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 2,600,000	\$ 2,761,743	\$ 161,743
City of Houston rebates	192,000	219,799	27,799
Water service	585,600	537,506	(48,094)
Sewer service	909,600	925,483	15,883
Regional water fee	1,970,400	1,070,492	(899,908)
Penalty and interest	50,400	47,083	(3,317)
Tap connection and inspection fees	14,400	17,733	3,333
Investment income	78,000	464,774	386,774
Other income	5,887	149,327	143,440
Total Revenues	6,406,287	6,193,940	(212,347)
Expenditures			
Service operations			
Regional water fee	1,970,400	1,099,544	870,856
Professional fees	193,500	175,498	18,002
Contracted services	838,281	939,083	(100,802)
Solid waste	731,224	731,968	(744)
Utilities	276,000	274,229	1,771
Repairs and maintenance	1,500,740	1,694,290	(193,550)
Other expenditures	233,779	202,817	30,962
Tap connections	-	1,305	(1,305)
Capital outlay	1,277,425	510,769	766,656
Total Expenditures	7,021,349	5,629,503	1,391,846
Excess (Deficiency) of Revenues Over Expenditures	(615,062)	564,437	1,179,499
Fund Balance, Beginning of Year	9,872,309	9,872,309	-
Fund Balance, End of Year	\$ 9,257,247	\$ 10,436,746	\$ 1,179,499

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. 391
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 11–22
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedules of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel, and Consultants

Harris County Municipal Utility District No. 391
Schedule of Services and Rates
Year Ended May 31, 2025

1. Services provided by the District

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 8.00	6,000	N	\$ 1.25	6,001 to 10,000
				\$ 1.50	10,001 to 15,000
				\$ 1.75	15,001 to 20,000
				\$ 2.00	20,001 to No Limit

Wastewater: \$ 26.33 0 Y

Regional water fee: \$ 2.86 1 N \$ 2.86 1 to No Limit

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

Total charges per 10,000 gallons usage (including fees): Water \$ 41.60 Wastewater \$ 26.33

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"	2,605	2,599	x1.0	2,599
1"	32	32	x2.5	80
1 1/2"	8	8	x5.0	40
2"	54	53	x8.0	424
3"	2	2	x15.0	30
4"	1	1	x25.0	25
6"	1	1	x50.0	50
8"	1	1	x80.0	80
10"	-	-	x115.0	-
Total water	2,704	2,697		3,328
Total wastewater	2,647	2,641	x1.0	2,641

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

Gallons pumped into the system:	370,976
Gallons billed to customers:	341,463
Water accountability ratio (gallons billed/gallons pumped):	92.04%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 391
Schedule of General Fund Expenditures
Year Ended May 31, 2025

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 25,000	
Legal	107,173	
Engineering	43,325	
Financial advisor	-	175,498
Purchased Services for Resale		
Bulk water and wastewater service purchases		-
Regional Water Fee		1,099,544
Contracted Services		
Bookkeeping	23,962	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	769,920	
Other contracted services	145,201	939,083
Utilities		274,229
Repairs and Maintenance		1,694,290
Administrative Expenditures		
Directors' fees	28,765	
Office supplies	44,655	
Insurance	44,866	
Other administrative expenditures	84,531	202,817
Capital Outlay		
Capitalized assets	450,639	
Expenditures not capitalized	60,130	510,769
Tap Connection Expenditures		1,305
Solid Waste Disposal		731,968
Fire Fighting		-
Lease payments		-
Other Expenditures		-
Total Expenditures		<u>\$ 5,629,503</u>

Harris County Municipal Utility District No. 391
Schedule of Temporary Investments
May 31, 2025

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
General Fund				
TexPool	4.33%	Demand	\$ 5,645,509	\$ -
Texas CLASS	4.42%	Demand	<u>4,866,282</u>	<u>-</u>
			<u>10,511,791</u>	<u>-</u>
Debt Service Fund				
TexPool	4.33%	Demand	3,808,931	-
Texas CLASS	4.42%	Demand	<u>1,761,462</u>	<u>-</u>
			<u>5,570,393</u>	<u>-</u>
Capital Projects Fund				
TexPool	4.33%	Demand	<u>381,321</u>	<u>-</u>
Totals			<u><u>\$ 16,463,505</u></u>	<u><u>\$ -</u></u>

Harris County Municipal Utility District No. 391
Analysis of Taxes Levied and Receivable
Year Ended May 31, 2025

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 66,942	\$ 114,207
Additions and corrections to prior years' taxes	(45,612)	(73,798)
Adjusted Receivable, Beginning of Year	21,330	40,409
2024 Original Tax Levy	2,635,249	4,153,868
Additions and corrections	162,042	255,422
Adjusted tax levy	2,797,291	4,409,290
Total to Be Accounted For	2,818,621	4,449,699
Tax (collections) refunds: Current year	(2,773,928)	(4,372,462)
Prior years	12,185	16,074
Receivable, End of Year	<u>\$ 56,878</u>	<u>\$ 93,311</u>
Receivable, by Years		
2024	\$ 23,363	\$ 36,828
2023	15,035	25,058
2022	12,050	19,280
2021	3,149	5,577
2020	1,270	2,163
2019	241	374
2018	237	375
2017	589	1,132
2016	280	539
2015	212	650
2014	345	1,013
2013	27	68
2012	4	8
2011	4	9
2006	72	237
Receivable, End of Year	<u>\$ 56,878</u>	<u>\$ 93,311</u>

Harris County Municipal Utility District No. 391
Analysis of Taxes Levied and Receivable
Year Ended May 31, 2025

(Continued)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Property Valuations				
Land	\$ 227,629,570	\$ 226,487,093	\$ 189,505,990	\$ 175,843,180
Improvements	901,371,370	914,755,181	836,846,572	640,452,223
Personal property	34,278,340	34,247,737	30,212,592	24,327,712
Exemptions	<u>(215,044,946)</u>	<u>(268,253,068)</u>	<u>(237,329,238)</u>	<u>(101,015,809)</u>
Total Property Valuations	<u>\$ 948,234,334</u>	<u>\$ 907,236,943</u>	<u>\$ 819,235,916</u>	<u>\$ 739,607,306</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.4650	\$ 0.5000	\$ 0.5600	\$ 0.6200
Maintenance tax rates*	<u>0.2950</u>	<u>0.3000</u>	<u>0.3500</u>	<u>0.3500</u>
Total Tax Rates per \$100 Valuation	<u>\$ 0.7600</u>	<u>\$ 0.8000</u>	<u>\$ 0.9100</u>	<u>\$ 0.9700</u>
Tax Levy	<u>\$ 7,206,581</u>	<u>\$ 7,257,895</u>	<u>\$ 7,455,047</u>	<u>\$ 7,174,191</u>
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: \$1.00 on February 1, 2003

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

Harris County Municipal Utility District No. 391
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2025

Due During Fiscal Years Ending May 31	Refunding Series 2014		
	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 310,000	\$ 45,750	\$ 355,750
2027	320,000	36,300	356,300
2028	335,000	26,475	361,475
2029	350,000	16,200	366,200
2030	365,000	5,475	370,475
Totals	<u>\$ 1,680,000</u>	<u>\$ 130,200</u>	<u>\$ 1,810,200</u>

Harris County Municipal Utility District No. 391
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Series 2014A		Total
	Principal Due September 1	Interest Due September 1, March 1	
2026	\$ 115,000	\$ 49,105	\$ 164,105
2027	115,000	45,655	160,655
2028	115,000	42,205	157,205
2029	110,000	38,830	148,830
2030	110,000	35,530	145,530
2031	110,000	32,230	142,230
2032	110,000	28,930	138,930
2033	110,000	25,630	135,630
2034	110,000	22,248	132,248
2035	110,000	18,782	128,782
2036	110,000	14,988	124,988
2037	110,000	10,862	120,862
2038	110,000	6,600	116,600
2039	110,000	2,200	112,200
Totals	<u>\$ 1,555,000</u>	<u>\$ 373,795</u>	<u>\$ 1,928,795</u>

Harris County Municipal Utility District No. 391
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Series 2014B		Total
	Principal Due September 1	Interest Due September 1, March 1	
2026	\$ 135,000	\$ 58,565	\$ 193,565
2027	135,000	54,515	189,515
2028	135,000	50,465	185,465
2029	135,000	46,415	181,415
2030	135,000	42,365	177,365
2031	135,000	38,315	173,315
2032	135,000	34,265	169,265
2033	130,000	30,290	160,290
2034	130,000	26,292	156,292
2035	130,000	22,198	152,198
2036	130,000	17,713	147,713
2037	130,000	12,837	142,837
2038	130,000	7,800	137,800
2039	130,000	2,600	132,600
Totals	<u>\$ 1,855,000</u>	<u>\$ 444,635</u>	<u>\$ 2,299,635</u>

Harris County Municipal Utility District No. 391
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Refunding Series 2015		
	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 645,000	\$ 179,175	\$ 824,175
2027	650,000	156,525	806,525
2028	650,000	137,025	787,025
2029	655,000	117,450	772,450
2030	660,000	97,313	757,313
2031	1,070,000	69,612	1,139,612
2032	670,000	41,338	711,338
2033	675,000	18,637	693,637
2034	100,000	5,075	105,075
2035	95,000	1,663	96,663
Totals	<u>\$ 5,870,000</u>	<u>\$ 823,813</u>	<u>\$ 6,693,813</u>

Harris County Municipal Utility District No. 391
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Series 2015A		Total
	Principal Due September 1	Interest Due September 1, March 1	
2026	\$ 200,000	\$ 244,387	\$ 444,387
2027	200,000	239,138	439,138
2028	200,000	233,387	433,387
2029	200,000	227,263	427,263
2030	200,000	220,887	420,887
2031	200,000	214,388	414,388
2032	500,000	202,387	702,387
2033	500,000	184,888	684,888
2034	500,000	167,387	667,387
2035	500,000	149,888	649,888
2036	600,000	129,887	729,887
2037	600,000	107,388	707,388
2038	600,000	84,887	684,887
2039	625,000	61,919	686,919
2040	625,000	37,700	662,700
2041	630,000	12,600	642,600
Totals	<u>\$ 6,880,000</u>	<u>\$ 2,518,381</u>	<u>\$ 9,398,381</u>

Harris County Municipal Utility District No. 391
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Refunding Series 2016		
	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 315,000	\$ 153,900	\$ 468,900
2027	335,000	140,900	475,900
2028	350,000	127,200	477,200
2029	365,000	112,900	477,900
2030	390,000	97,800	487,800
2031	405,000	81,900	486,900
2032	425,000	65,300	490,300
2033	450,000	47,800	497,800
2034	470,000	29,400	499,400
2035	500,000	10,000	510,000
Totals	<u>\$ 4,005,000</u>	<u>\$ 867,100</u>	<u>\$ 4,872,100</u>

Harris County Municipal Utility District No. 391
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Series 2016A		Total
	Principal Due September 1	Interest Due September 1, March 1	
2026	\$ 70,000	\$ 37,488	\$ 107,488
2027	70,000	35,387	105,387
2028	70,000	33,288	103,288
2029	70,000	31,187	101,187
2030	70,000	29,000	99,000
2031	70,000	26,725	96,725
2032	70,000	24,450	94,450
2033	70,000	22,088	92,088
2034	70,000	19,638	89,638
2035	70,000	17,188	87,188
2036	70,000	14,738	84,738
2037	70,000	12,287	82,287
2038	75,000	9,750	84,750
2039	75,000	7,031	82,031
2040	75,000	4,218	79,218
2041	75,000	1,406	76,406
Totals	<u>\$ 1,140,000</u>	<u>\$ 325,869</u>	<u>\$ 1,465,869</u>

Harris County Municipal Utility District No. 391
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Series 2017		Total
	Principal Due September 1	Interest Due September 1, March 1	
2026	\$ 200,000	\$ 108,438	\$ 308,438
2027	200,000	102,438	302,438
2028	200,000	96,438	296,438
2029	200,000	90,437	290,437
2030	200,000	84,438	284,438
2031	200,000	78,438	278,438
2032	225,000	72,063	297,063
2033	225,000	65,313	290,313
2034	225,000	58,562	283,562
2035	225,000	51,813	276,813
2036	250,000	44,531	294,531
2037	250,000	36,719	286,719
2038	250,000	28,750	278,750
2039	250,000	20,625	270,625
2040	250,000	12,500	262,500
2041	250,000	4,219	254,219
Totals	<u>\$ 3,600,000</u>	<u>\$ 955,722</u>	<u>\$ 4,555,722</u>

Harris County Municipal Utility District No. 391
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Refunding Series 2019		
	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 655,000	\$ 113,775	\$ 768,775
2027	675,000	93,825	768,825
2028	545,000	75,525	620,525
2029	560,000	58,950	618,950
2030	590,000	41,700	631,700
2031	610,000	23,700	633,700
2032	115,000	12,825	127,825
2033	120,000	9,300	129,300
2034	125,000	5,625	130,625
2035	125,000	1,875	126,875
Totals	<u>\$ 4,120,000</u>	<u>\$ 437,100</u>	<u>\$ 4,557,100</u>

Harris County Municipal Utility District No. 391
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Series 2020		Total
	Principal Due September 1	Interest Due September 1, March 1	
2026	\$ 325,000	\$ 111,844	\$ 436,844
2027	325,000	103,719	428,719
2028	325,000	97,219	422,219
2029	325,000	90,719	415,719
2030	325,000	84,219	409,219
2031	325,000	77,719	402,719
2032	350,000	70,969	420,969
2033	350,000	63,969	413,969
2034	375,000	56,719	431,719
2035	375,000	49,219	424,219
2036	375,000	41,719	416,719
2037	375,000	34,218	409,218
2038	375,000	26,718	401,718
2039	375,000	19,218	394,218
2040	375,000	11,718	386,718
2041	375,000	3,984	378,984
Totals	<u>\$ 5,650,000</u>	<u>\$ 943,890</u>	<u>\$ 6,593,890</u>

Harris County Municipal Utility District No. 391
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Refunding Series 2021		
	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 225,000	\$ 87,775	\$ 312,775
2027	220,000	81,100	301,100
2028	380,000	72,100	452,100
2029	385,000	62,550	447,550
2030	380,000	54,900	434,900
2031	385,000	47,250	432,250
2032	390,000	39,500	429,500
2033	390,000	31,700	421,700
2034	415,000	23,650	438,650
2035	415,000	15,350	430,350
2036	195,000	9,250	204,250
2037	185,000	5,450	190,450
2038	180,000	1,800	181,800
Totals	<u>\$ 4,145,000</u>	<u>\$ 532,375</u>	<u>\$ 4,677,375</u>

Harris County Municipal Utility District No. 391
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2025

(Continued)

Due During Fiscal Years Ending May 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 3,195,000	\$ 1,190,202	\$ 4,385,202
2027	3,245,000	1,089,502	4,334,502
2028	3,305,000	991,327	4,296,327
2029	3,355,000	892,901	4,247,901
2030	3,425,000	793,627	4,218,627
2031	3,510,000	690,277	4,200,277
2032	2,990,000	592,027	3,582,027
2033	3,020,000	499,615	3,519,615
2034	2,520,000	414,596	2,934,596
2035	2,545,000	337,976	2,882,976
2036	1,730,000	272,826	2,002,826
2037	1,720,000	219,761	1,939,761
2038	1,720,000	166,305	1,886,305
2039	1,565,000	113,593	1,678,593
2040	1,325,000	66,136	1,391,136
2041	1,330,000	22,209	1,352,209
Totals	<u>\$ 40,500,000</u>	<u>\$ 8,352,880</u>	<u>\$ 48,852,880</u>

Harris County Municipal Utility District No. 391
Changes in Long-Term Bonded Debt
Year Ended May 31, 2025

	Bond		
	Refunding Series 2014	Series 2014A	Series 2014B
Interest rates	3.00%	2.00% to 4.00%	2.00% to 4.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2025/2029	September 1, 2025/2038	September 1, 2025/2038
Bonds outstanding, beginning of current year	\$ 1,980,000	\$ 1,670,000	\$ 1,990,000
Retirements, principal	300,000	115,000	135,000
Bonds outstanding, end of current year	<u>\$ 1,680,000</u>	<u>\$ 1,555,000</u>	<u>\$ 1,855,000</u>
Interest paid during current year	<u>\$ 54,900</u>	<u>\$ 52,383</u>	<u>\$ 62,412</u>
Paying agent's name and address			
Series 2014	– US Bank N.A., Houston, Texas		
Series 2014A	– US Bank N.A., Houston, Texas		
Series 2014B	– US Bank N.A., Houston, Texas		
Series 2015	– US Bank N.A., Houston, Texas		
Series 2015A	– US Bank N.A., Houston, Texas		
Series 2016	– US Bank N.A., Houston, Texas		
Series 2016A	– US Bank N.A., Houston, Texas		
Bond authority	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 81,500,000	\$ 6,000,000	\$ 32,600,000
Amount issued	\$ 66,310,000	\$ 4,900,000	\$ 2,211,202
Remaining to be issued	<u>\$ 15,190,000</u>	<u>\$ 1,100,000</u>	<u>\$ 30,388,798</u>
Debt service fund cash and temporary investment balances as of May 31, 2025:			<u>\$ 5,956,598</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 3,053,305</u>

Issues

Refunding Series 2015	Series 2015A	Refunding Series 2016	Series 2016A
2.00% to 4.00%	2.00% to 4.00%	2.00% to 4.00%	3.00% to 3.75%
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
September 1, 2025/2034	September 1, 2025/2040	September 1, 2025/2034	September 1, 2025/2040
\$ 6,500,000	\$ 7,080,000	\$ 4,305,000	\$ 1,210,000
630,000	200,000	300,000	70,000
<u>\$ 5,870,000</u>	<u>\$ 6,880,000</u>	<u>\$ 4,005,000</u>	<u>\$ 1,140,000</u>
<u>\$ 204,675</u>	<u>\$ 249,388</u>	<u>\$ 164,700</u>	<u>\$ 39,587</u>

Harris County Municipal Utility District No. 391
Changes in Long-Term Bonded Debt
Year Ended May 31, 2025

(Continued)

	Bond		
	Series 2017	Refunding Series 2019	Series 2020
Interest rates	2.000% to 3.375%	3.00%	2.00% to 3.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2025/2040	September 1, 2025/2034	September 1, 2025/2040
Bonds outstanding, beginning of current year	\$ 3,800,000	\$ 4,745,000	\$ 5,975,000
Retirements, principal	200,000	625,000	325,000
Bonds outstanding, end of current year	<u>\$ 3,600,000</u>	<u>\$ 4,120,000</u>	<u>\$ 5,650,000</u>
Interest paid during current year	<u>\$ 114,437</u>	<u>\$ 132,975</u>	<u>\$ 121,594</u>
Paying agent's name and address			
Series 2017	– US Bank N.A., Houston, Texas		
Series 2019	– US Bank N.A., Houston, Texas		
Series 2020	– US Bank N.A., Houston, Texas		
Series 2021	– US Bank N.A., Houston, Texas		

Issues

Refunding Series 2021	Totals
2.00% to 3.00%	
September 1/ March 1	
September 1, 2025/2037	
\$ 4,370,000	\$ 43,625,000
225,000	3,125,000
<u>\$ 4,145,000</u>	<u>\$ 40,500,000</u>
<u>\$ 94,525</u>	<u>\$ 1,291,576</u>

Harris County Municipal Utility District No. 391
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended May 31,

	Amounts				
	2025	2024	2023	2022	2021
General Fund					
Revenues					
Property taxes	\$ 2,761,743	\$ 2,663,524	\$ 2,778,715	\$ 2,612,947	\$ 2,606,902
City of Houston rebates	219,799	223,860	212,890	201,054	171,164
Water service	537,506	561,598	570,797	495,988	541,155
Sewer service	925,483	929,624	914,862	916,545	950,928
Regional water fee	1,070,492	1,507,346	1,722,583	1,529,218	1,479,440
Penalty and interest	47,083	51,863	48,477	51,362	28,126
Tap connection and inspection fees	17,733	23,897	184,461	142,050	78,932
Investment income	464,774	501,207	290,643	8,882	6,162
Other income	149,327	-	4,571	-	4,571
Total Revenues	6,193,940	6,462,919	6,727,999	5,958,046	5,867,380
Expenditures					
Service operations					
Regional water fees	1,099,544	1,399,512	1,700,756	1,571,406	1,500,286
Professional fees	175,498	182,904	149,146	149,827	192,010
Contracted services	939,083	627,222	650,381	642,124	647,455
Solid waste	731,968	692,504	622,697	592,344	554,600
Utilities	274,229	251,168	271,367	295,844	279,723
Repairs and maintenance	1,694,290	1,668,490	1,264,675	1,269,437	1,289,549
Other expenditures	202,817	195,177	188,432	170,131	137,325
Tap connections	1,305	5,700	54,702	48,228	38,445
Capital outlay	510,769	1,080,243	183,608	124,122	244,551
Total Expenditures	5,629,503	6,102,920	5,085,764	4,863,463	4,883,944
Excess of Revenues Over Expenditures	564,437	359,999	1,642,235	1,094,583	983,436
Other Financing Sources					
Interfund transfers in	-	-	-	26,493	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	564,437	359,999	1,642,235	1,121,076	983,436
Fund Balance, Beginning of Year	9,872,309	9,512,310	7,870,075	6,748,999	5,765,563
Fund Balance, End of Year	\$ 10,436,746	\$ 9,872,309	\$ 9,512,310	\$ 7,870,075	\$ 6,748,999
Total Active Retail Water Connections	2,697	2,696	2,681	2,673	2,659
Total Active Retail Wastewater Connections	2,641	2,640	2,625	2,616	2,603

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
44.6 %	41.2 %	41.3 %	43.8 %	44.4 %
3.5	3.4	3.2	3.4	2.9
8.7	8.7	8.5	8.3	9.2
14.9	14.4	13.6	15.4	16.2
17.3	23.3	25.6	25.6	25.2
0.8	0.8	0.7	0.9	0.5
0.3	0.4	2.7	2.4	1.4
7.5	7.8	4.3	0.2	0.1
2.4	-	0.1	-	0.1
100.0	100.0	100.0	100.0	100.0
17.8	21.7	25.3	26.4	25.6
2.8	2.8	2.2	2.5	3.3
15.2	9.7	9.7	10.8	11.0
11.8	10.7	9.3	9.9	9.4
4.4	3.9	4.0	5.0	4.8
27.4	25.8	18.8	21.3	22.0
3.3	3.0	2.8	2.8	2.3
0.0	0.1	0.8	0.8	0.6
8.2	16.7	2.7	2.1	4.2
90.9	94.4	75.6	81.6	83.2
9.1 %	5.6 %	24.4 %	18.4 %	16.8 %

Harris County Municipal Utility District No. 391
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	\$ 4,356,388	\$ 4,440,384	\$ 4,437,705	\$ 4,626,939	\$ 4,437,017
Penalty and interest	64,768	39,697	41,346	28,865	33,553
Investment income	200,882	212,645	138,711	5,709	4,099
Total Revenues	4,622,038	4,692,726	4,617,762	4,661,513	4,474,669
Expenditures					
Current					
Professional fees	11,226	7,907	8,034	5,730	7,836
Contracted services	93,153	95,665	90,442	86,721	83,428
Other expenditures	9,043	8,954	9,108	7,151	7,898
Debt service					
Principal retirement	3,125,000	3,070,000	3,025,000	2,945,000	2,575,000
Interest and fees	1,297,726	1,392,401	1,479,651	1,525,607	1,652,103
Debt issuance costs	-	-	-	179,810	-
Debt defeasance	-	-	-	52,500	-
Total Expenditures	4,536,148	4,574,927	4,612,235	4,802,519	4,326,265
Excess (Deficiency) of Revenues Over Expenditures	85,890	117,799	5,527	(141,006)	148,404
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	-	4,820,000	-
Premium on debt issued	-	-	-	196,884	-
Deposit with escrow agent	-	-	-	(4,832,731)	-
Total Other Financing Sources	-	-	-	184,153	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	85,890	117,799	5,527	43,147	148,404
Fund Balance, Beginning of Year	5,891,879	5,774,080	5,768,553	5,725,406	5,577,002
Fund Balance, End of Year	\$ 5,977,769	\$ 5,891,879	\$ 5,774,080	\$ 5,768,553	\$ 5,725,406

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
94.2 %	94.8 %	96.1 %	99.3 %	99.2 %
1.4	0.7	0.9	0.6	0.7
4.4	4.5	3.0	0.1	0.1
100.0	100.0	100.0	100.0	100.0
0.2	0.2	0.2	0.1	0.2
2.0	2.0	2.0	1.9	1.9
0.2	0.2	0.2	0.1	0.2
67.6	65.4	65.5	63.2	57.5
28.1	29.7	32.0	32.7	36.9
-	-	-	3.9	-
-	-	-	1.1	-
98.1	97.5	99.9	103.0	96.7
1.9 %	2.5 %	0.1 %	(3.0) %	3.3 %

Harris County Municipal Utility District No. 391
Board Members, Key Personnel, and Consultants
Year Ended May 31, 2025

Complete District mailing address:	Harris County Municipal Utility District No. 391 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	July 16, 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
George W. Porter Jr.	Elected 05/24– 05/28	\$ 7,200	\$ 3,677	President
William Blackwell	Elected 05/24– 05/28	7,072	3,603	Vice President
Catherine Shook	Elected 05/22– 05/26	7,200	2,766	Secretary
Kevin J. Force	Elected 05/22– 05/26	3,094	228	Assistant Vice President
Rachel Broom	Appointed 02/24– 05/26	4,199	555	Assistant Secretary

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

**Harris County Municipal Utility District No. 391
Board Members, Key Personnel, and Consultants
Year Ended May 31, 2025**

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	07/28/03	\$ 107,288	General Counsel
Bob Leared Interests	02/06/03	49,396	Tax Assessor/ Collector
Forvis Mazars, LLP	04/22/04	25,000	Auditor
Harris Central Appraisal District	Legislative Action	55,716	Appraiser
Inframark, LLC	07/28/05	1,583,090	Operator
Masterson Advisors LLC	05/14/18	-	Financial Advisor
McLennan & Associates, LP	04/22/04	33,488	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/25/04	11,226	Delinquent Tax Attorney
R.G. Miller Engineers, Inc.	02/06/03	71,082	Engineer
Investment Officer			
Jorge Diaz	01/09/17	N/A	Bookkeeper