

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

NOVEMBER 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	12-13
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	14
NOTES TO THE FINANCIAL STATEMENTS	15-24
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUNDS	26-28
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES (NOT APPLICABLE)	
GENERAL FUND EXPENDITURES	30
INVESTMENTS	31
CHANGES IN ASSESSMENT RECEIVABLE	32-33
LONG-TERM DEBT SERVICE REQUIREMENTS (NOT APPLICABLE)	
CHANGE IN LONG-TERM BOND DEBT (NOT APPLICABLE)	
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND - FIVE YEARS	34-35
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	36-38

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

*Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin*

*Mike M. McCall
(retired)
Debbie Gibson
(retired)*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Management District No. 1
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Management District No. 1 (the "District") as of and for the year ended November 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund and Special Revenue Funds be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Directors
Harris County Municipal
Management District No. 1

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

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

March 18, 2026

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED NOVEMBER 30, 2025**

Management’s discussion and analysis of Harris County Municipal Management District No. 1’s (the “District”) financial performance provides an overview of the District’s financial activities for the year ended November 30, 2025. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for assessment revenues, operating costs and general expenditures. The Defined Area No. 1 Fund accounts for assessment revenues, operating costs and general expenditures within Defined Area No. 1. The Defined Area No. 2 Fund accounts for assessment revenues, operating costs and general expenditures within Defined Area No. 2.

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED NOVEMBER 30, 2025**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”) and other supplementary information. The budgetary comparison schedule is included as RSI for the General Fund and each Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$5,626,991 as of November 30, 2025.

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

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED NOVEMBER 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 8,622,199	\$ 9,981,273	\$ (1,359,074)
Capital Assets (Net of Accumulated Depreciation)	<u>974,824</u>	<u>690,997</u>	<u>283,827</u>
Total Assets	\$ 9,597,023	\$ 10,672,270	\$ (1,075,247)
Total Liabilities	\$ 51,362	\$ 59,684	\$ (8,322)
Deferred Inflows of Resources	\$ 3,918,670	\$ 3,828,684	\$ (89,986)
Net Position:			
Net Investment in Capital Assets	\$ 974,824	\$ 690,997	\$ 283,827
Unrestricted	<u>4,652,167</u>	<u>6,092,905</u>	<u>(1,440,738)</u>
Total Net Position	<u>\$ 5,626,991</u>	<u>\$ 6,783,902</u>	<u>\$ (1,156,911)</u>

The following table provides a summary of the District's operations for the years ended November 30, 2025, and November 30, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Assessment Revenue	\$ 3,552,210	\$ 3,949,567	\$ (397,357)
Other Revenues	<u>327,732</u>	<u>358,246</u>	<u>(30,514)</u>
Total Revenues	\$ 3,879,942	\$ 4,307,813	\$ (427,871)
Expenses for Services	<u>5,036,853</u>	<u>2,738,405</u>	<u>(2,298,448)</u>
Change in Net Position	\$ (1,156,911)	\$ 1,569,408	\$ (2,726,319)
Net Position, Beginning of Year	<u>6,783,902</u>	<u>5,214,494</u>	<u>1,569,408</u>
Net Position, End of Year	<u>\$ 5,626,991</u>	<u>\$ 6,783,902</u>	<u>\$ (1,156,911)</u>

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED NOVEMBER 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of November 30, 2025, was \$4,650,605, a decrease of \$1,417,841 during the current year.

The General Fund fund balance decreased by \$2,276,652, primarily due to operating costs and capital outlay expenses exceeding assessment revenues and investment revenues.

The Defined Area No. 1 Fund fund balance increased by \$771,574 primarily due to assessment revenues exceeding operating costs.

The Defined Area No. 2 Fund fund balance increased by \$87,237 primarily due to assessment revenues exceeding operating costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$108,744 less than budgeted. Actual expenditures were \$528,208 more than budgeted. This resulted in a negative budget variance of \$636,952. See the budget to actual comparison for further information.

CAPITAL ASSETS

Capital assets as of November 30, 2025, total \$974,824 (net of accumulated depreciation) and include district monuments and equipment.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated			
Construction in Progress	\$ -0-	\$ 77,125	\$ (77,125)
Capital Assets Net of Depreciation			
Buildings and Improvements	188,697	204,341	(15,644)
Other	786,127	409,531	376,596
Total Net Capital Assets	\$ 974,824	\$ 690,997	\$ 283,827

Additional information on the District's capital assets can be found in Note 4.

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED NOVEMBER 30, 2025**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District did not have long-term debt.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Management District No. 1, c/o Ms. Gabrielle Luevano, 9811 Katy Freeway, Suite 925B, Houston, Texas 77024.

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
NOVEMBER 30, 2025

	General Fund	Special Revenue Funds	
		Defined Area No. 1	Defined Area No. 2
ASSETS			
Cash	\$ 40,183	\$ 2,280	\$ 4,010
Investments	3,787,175	769,294	86,785
Receivables:			
Property Assessments	2,892,569	823,639	204,024
Prepaid Expenditures	12,240		
Capital Assets, Net of Accumulated Depreciation			
TOTAL ASSETS	\$ 6,732,167	\$ 1,595,213	\$ 294,819
LIABILITIES			
Accounts Payable	\$ 31,032	\$	\$
Due to Taxpayer	16,772		3,558
TOTAL LIABILITIES	\$ 47,804	\$ -0-	\$ 3,558
DEFERRED INFLOWS OF RESOURCES			
Property Assessment	\$ 2,892,569	\$ 823,639	\$ 204,024
FUND BALANCES			
Nonspendable: Prepaid Costs	\$ 12,240	\$	\$
Assigned to 2026 Budget Deficit	646,384		
Unassigned	3,133,170	771,574	87,237
TOTAL FUND BALANCES	\$ 3,791,794	\$ 771,574	\$ 87,237
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,732,167	\$ 1,595,213	\$ 294,819
NET POSITION			
Net Investment in Capital Assets			
Unrestricted			
TOTAL NET POSITION			

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 46,473	\$	\$ 46,473
4,643,254		4,643,254
3,920,232		3,920,232
12,240		12,240
	<u>974,824</u>	<u>974,824</u>
<u>\$ 8,622,199</u>	<u>\$ 974,824</u>	<u>\$ 9,597,023</u>
\$ 31,032	\$	\$ 31,032
20,330		20,330
<u>\$ 51,362</u>	<u>\$ -0-</u>	<u>\$ 51,362</u>
<u>3,920,232</u>	<u>\$ (1,562)</u>	<u>\$ 3,918,670</u>
\$ 12,240	\$ (12,240)	\$
646,384	(646,384)	
3,991,981	(3,991,981)	
<u>\$ 4,650,605</u>	<u>\$ (4,650,605)</u>	<u>\$ -0-</u>
<u>\$ 8,622,199</u>		
	\$ 974,824	\$ 974,824
	<u>4,652,167</u>	<u>4,652,167</u>
	<u>\$ 5,626,991</u>	<u>\$ 5,626,991</u>

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

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
NOVEMBER 30, 2025**

Total Fund Balances - Governmental Funds	\$ 4,650,605
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	974,824
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Deferred inflows of resources related to assessment revenues for the 2024 assessments became part of recognized revenues in the governmental activities of the District.	<u>1,562</u>
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Total Net Position - Governmental Activities	<u><u>\$ 5,626,991</u></u>
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The accompanying notes to the financial statements are an integral part of this report.

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED NOVEMBER 30, 2025**

	General Fund	Special Revenue Funds	
		Defined Area No. 1	Defined Area No. 2
REVENUES			
Assessment Revenue	\$ 2,702,223	\$ 777,405	\$ 95,479
Penalty and Interest	1,635	1,720	150
Investment Revenues	290,410	23,723	2,846
Miscellaneous Revenues	6,988	260	
TOTAL REVENUES	<u>\$ 3,001,256</u>	<u>\$ 803,108</u>	<u>\$ 98,475</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Administrative			
Personnel	\$ 126,326	\$	\$
Professional Fees	291,558	260	
Contracted Services	87,211	30,926	10,890
Insurance	14,400		
Depreciation			
Other	48,291	348	348
Mobility, Transportation & Urban Design	3,612,338		
Security and Public Safety	781,258		
Building Relationships	1,799		
Capital Outlay	314,727		
TOTAL EXPENDITURES/EXPENSES	<u>\$ 5,277,908</u>	<u>\$ 31,534</u>	<u>\$ 11,238</u>
NET CHANGE IN FUND BALANCES	\$ (2,276,652)	\$ 771,574	\$ 87,237
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - DECEMBER 1, 2024	<u>6,068,446</u>		
FUND BALANCES/NET POSITION - NOVEMBER 30, 2025	<u>\$ 3,791,794</u>	<u>\$ 771,574</u>	<u>\$ 87,237</u>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 3,575,107	\$ (22,897)	\$ 3,552,210
3,505		3,505
316,979		316,979
7,248		7,248
\$ 3,902,839	\$ (22,897)	\$ 3,879,942
\$ 126,326	\$	\$ 126,326
291,818		291,818
129,027		129,027
14,400		14,400
	30,900	30,900
48,987		48,987
3,612,338		3,612,338
781,258		781,258
1,799		1,799
314,727	(314,727)	
\$ 5,320,680	\$ (283,827)	\$ 5,036,853
\$ (1,417,841)	\$ 1,417,841	
	(1,156,911)	(1,156,911)
6,068,446	715,456	6,783,902
\$ 4,650,605	\$ 976,386	\$ 5,626,991

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

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED NOVEMBER 30, 2025**

Net Change in Fund Balances - Governmental Funds \$ (1,417,841)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report assessment revenues when collected. However, in the Statement of Activities, revenues are recorded in the accounting period for which the assessments are levied. (22,897)

Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (30,900)

Governmental funds report capital asset costs as expenditures in the year paid. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. 314,727

Change in Net Position - Governmental Activities \$ (1,156,911)

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

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2025

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Management District No. 1, also known as Memorial Management District, (the “District”) was created by the Texas Legislature under provisions of Senate Bill No. 1866, of the 76th Legislature, effective June 18, 1999, which was codified as Chapter 3810, Texas Special District Local Laws Code (formerly as subchapter H, of Chapter 376, Texas Local Government Code). The District is empowered to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, arts entertainment, economic development, safety, and the public welfare in the District. The District’s Mission Statement is “To promote and ensure the long-term economic vibrancy of the area through comprehensive planning and urban design, creating and reinforcing the District as an outstanding place to live, work, shop, build, invest, or visit.” The Board of Directors held its first meeting on November 10, 1999.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets– This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has three major governmental funds.

General Fund - To account for assessment revenues, operating costs and general expenditures.

Defined Area No. 1 Fund - To account for assessment revenues, operating costs and general expenditures within Defined Area No. 1.

Defined Area No. 2 Fund - To account for assessment revenues, operating costs and general expenditures within Defined Area No. 2.

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Fund Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Individual tangible capital items, including infrastructure assets, with a useful life of at least two years and a total cost of \$5,000, and other capital assets, with a total cost of \$500 or more, are capitalized. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Street Lights	15
Signal Light Standards	15
Signs	15
Decorative Statues or Icons	15
Office Equipment	3
Vehicles	5
Other	5

Budgeting

An annual unappropriated budget is adopted for the General Fund and each Special Revenue Fund by the District’s Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. The original General Fund and Special Revenue Fund budgets for the current year were not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and each Special Revenue Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

On April 9, 2007, the District established a SEP IRA plan for its employees. The District agreed to contribute 10% of employee’s salary into the plan. To be eligible, employees must be hired for a regular full-time position, at least 21 years of age in the current year, not be union employees or non-resident aliens and do not earn less than \$550 in compensation for the year.

The Internal Revenue Service has determined that fees of office received by Directors are wages subject to federal income tax withholding for payroll tax purposes only.

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriate resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. As of November 30, 2025, the District has assigned \$646,384 of the General Fund fund balance to cover a portion of the 2026 budget.

Unassigned: all other spendable amounts in the General Fund.

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

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At November 30, 2025, the carrying amount of the District's deposits was \$46,473 and the bank balance was \$133,386. The bank balance was fully covered by federal depository insurance.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at November 30, 2025, as listed below:

	Cash
GENERAL FUND	\$ 40,183
DEFINED AREA No. 1	2,280
DEFINED AREA No. 2	4,010
TOTAL DEPOSITS	\$ 46,473

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2025

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. 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 SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. The District measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool. As of November 30, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 3,787,175	\$ 3,787,175
<u>DEFINED AREA No. 1</u>		
TexPool	\$ 769,294	\$ 769,294
<u>DEFINED AREA No. 2</u>		
TexPool	\$ 86,785	\$ 86,785
TOTAL INVESTMENTS	\$ 4,643,254	\$ 4,643,254

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2025

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At November 30, 2025, the District's investment in TexPool was rated AAAM by Standard and Poor's.

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

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2025:

	December 1, 2024	Increases	Decreases	November 30, 2025
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 77,125	\$ 314,727	\$ 391,852	\$ - 0 -
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 312,883	\$	\$	\$ 312,883
Equipment	7,332			7,332
Other	446,103	391,852		837,955
Total Capital Assets Subject to Depreciation	\$ 766,318	\$ 391,852	\$ - 0 -	\$ 1,158,170
Less Accumulated Depreciation				
Buildings and Improvements	\$ 108,542	\$ 15,644	\$	\$ 124,186
Equipment	7,332			7,332
Other	36,572	15,256		51,828
Total Accumulated Depreciation	\$ 152,446	\$ 30,900	\$ - 0 -	\$ 183,346
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 613,872	\$ 360,952	\$ - 0 -	\$ 974,824
Total Capital Assets, Net of Accumulated Depreciation	\$ 690,997	\$ 675,679	\$ 391,852	\$ 974,824

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2025

NOTE 5. ANNUAL AD VALOREM ASSESSMENT

In accordance with Chapter 3810, Texas Special District Local Laws Code, the District may levy ad valorem taxes or assessments, promote, develop, encourage, and maintain employment commerce, transportation, housing, tourism, recreation, arts, entertainment, economic development, safety, and the public welfare in the District.

On December 11, 2024, an order was approved granting petitions for a service plan and an assessment roll for the District. In addition, the order authorized levying annual assessments of \$0.065 per \$100 of valuation against property within the District for a ten-year period. On December 11, 2024, two additional orders were approved granting petitions for a service and improvement plan and assessment roll for certain properties within the District. The properties subject to the orders were designated by the District as Defined Area No. 1 and Defined Area No. 2. In addition, the orders authorized levying annual assessments of \$0.035 per \$100 of valuation against properties within Defined Area No. 1 and Defined Area No. 2 for a ten-year period. The orders provide for the Board to vary the rate of assessment each year, provided that in the second year the rate may not be increased by more than 5% over the initial year's rate, and in subsequent years the rate may not be increased by more than 5% over the maximum allowable rate of the previous year. The orders specified the method of payment and the amount of annual installment of the assessment, providing for penalties and interest on delinquent assessments and authorizing the collection of the assessment.

The District levied the 2025 ad valorem assessment of \$0.065 per \$100 of assessed valuation on all property within the District, resulting in an assessment of \$2,891,677 on the taxable valuation of \$4,462,462,568. Additionally, the District levied the 2025 ad valorem assessment of \$0.035 per \$100 of assessed value on those properties within Defined Area No. 1 and Defined Area No. 2, resulting in an assessment in Defined Area No. 1 of \$823,639 on the taxable valuation of \$2,353,253,575, and an assessment in Defined Area No. 2 of \$203,354 on the taxable valuation of \$581,010,370.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Assessments are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2025

NOTE 6. 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. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, boiler and machinery, general liability, automobile, errors and omissions, cyber liability, law enforcement and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 7. REIMBURSEMENT AGREEMENTS

The District has entered into reimbursement agreements with developers in the District for shared funding for the burial of overhead electrical and other utility lines within the District. Each developer agrees to make all payments necessary to fund its project. Upon completion of the project, the assets included in the project will be owned and operated by the utility providers in accordance with the applicable utility easement agreement. The District will have no responsibly, financial or otherwise, for the ownership and/or operation of the project.

Upon completion of project, the District's auditor will perform an AUP to verify costs and expenses related to that Phase(s) of the project.

The District agrees to reimburse a developer for each project upon the completion of such project on the earliest date that funds are available from the District's assessment revenue (and from no other source of District funds). The District agrees to continue to reimburse each developer until the reimbursement amount has been paid in full.

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1

REQUIRED SUPPLEMENTARY INFORMATION

NOVEMBER 30, 2025

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED NOVEMBER 30, 2025**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Assessment Revenue	\$ 2,900,000	\$ 2,702,223	\$ (197,777)
Penalty and Interest		1,635	1,635
Investment Revenues	210,000	290,410	80,410
Miscellaneous Revenues		6,988	6,988
TOTAL REVENUES	<u>\$ 3,110,000</u>	<u>\$ 3,001,256</u>	<u>\$ (108,744)</u>
EXPENDITURES			
Service Operations:			
Administrative			
Personnel	\$ 136,100	\$ 126,326	\$ 9,774
Professional Fees	220,000	291,558	(71,558)
Contracted Services	68,000	87,211	(19,211)
Insurance	14,000	14,400	(400)
Other	35,600	48,291	(12,691)
Mobility, Transportation & Urban Design	3,368,600	3,612,338	(243,738)
Security and Public Safety	887,400	781,258	106,142
Building Relationships	20,000	1,799	18,201
Capital Outlay		314,727	(314,727)
TOTAL EXPENDITURES	<u>\$ 4,749,700</u>	<u>\$ 5,277,908</u>	<u>\$ (528,208)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,639,700)</u>	<u>\$ (2,276,652)</u>	<u>\$ (636,952)</u>
FUND BALANCE - DECEMBER 1, 2024	<u>6,068,446</u>	<u>6,068,446</u>	
FUND BALANCE - NOVEMBER 30, 2025	<u>\$ 4,428,746</u>	<u>\$ 3,791,794</u>	<u>\$ (636,952)</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – DEFINED AREA NO. 1
FOR THE YEAR ENDED NOVEMBER 30, 2025**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Assessment Revenue	\$ 821,947	\$ 777,405	\$ (44,542)
Penalty and Interest		1,720	1,720
Investment Revenues		23,723	23,723
Miscellaneous Revenues		260	260
	<u>821,947</u>	<u>803,108</u>	<u>(18,839)</u>
TOTAL REVENUES	<u>\$ 821,947</u>	<u>\$ 803,108</u>	<u>\$ (18,839)</u>
 EXPENDITURES			
Service Operations:			
Administrative			
Professional Fees	\$	\$ 260	\$ (260)
Contracted Services		30,926	(30,926)
Other		348	(348)
Mobility, Transportation & Urban Design	164,390		164,390
Security and Public Safety	30,823		30,823
Building Relationships	10,274		10,274
	<u>205,487</u>	<u>31,534</u>	<u>173,953</u>
TOTAL EXPENDITURES	<u>\$ 205,487</u>	<u>\$ 31,534</u>	<u>\$ 173,953</u>
NET CHANGE IN FUND BALANCE	\$ 616,460	\$ 771,574	\$ 155,114
FUND BALANCE - DECEMBER 1, 2024	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE - NOVEMBER 30, 2025	<u>\$ 616,460</u>	<u>\$ 771,574</u>	<u>\$ 155,114</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – DEFINED AREA NO. 2
FOR THE YEAR ENDED NOVEMBER 30, 2025**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Assessment Revenue	\$ 106,377	\$ 95,479	\$ (10,898)
Penalty and Interest		150	150
Investment Revenues		2,846	2,846
TOTAL REVENUES	<u>\$ 106,377</u>	<u>\$ 98,475</u>	<u>\$ (7,902)</u>
EXPENDITURES			
Service Operations:			
Administrative			
Contracted Services	\$	\$ 10,890	\$ (10,890)
Other		348	(348)
Mobility, Transportation & Urban Design	47,871		47,871
Security and Public Safety	56,379		56,379
Building Relationships	2,127		2,127
TOTAL EXPENDITURES	<u>\$ 106,377</u>	<u>\$ 11,238</u>	<u>\$ 95,139</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ 87,237	\$ 87,237
FUND BALANCE - DECEMBER 1, 2024			
FUND BALANCE - NOVEMBER 30, 2025	<u>\$ -0-</u>	<u>\$ 87,237</u>	<u>\$ 87,237</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

NOVEMBER 30, 2025

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED NOVEMBER 30, 2025**

PERSONNEL EXPENDITURES (including benefits)	<u>\$ 126,326</u>
PROFESSIONAL FEES:	
Auditing	\$ 24,000
Engineering	124,317
Legal	<u>143,241</u>
TOTAL PROFESSIONAL FEES	<u>\$ 291,558</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 26,930
Assessment Collector	<u>60,281</u>
TOTAL CONTRACTED FEES	<u>\$ 87,211</u>
UTILITIES	<u>\$ 3,331</u>
ADMINISTRATIVE EXPENDITURES:	
Rent	\$ 26,266
Insurance	14,400
Legal Notices	528
Office Supplies and Postage	16,105
Marketing	<u>2,061</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 59,360</u>
CAPITAL OUTLAY	<u>\$ 314,727</u>
MOBILITY, TRANSPORTATION & URBAN DESIGN	<u>\$ 3,612,338</u>
BUILDING RELATIONSHIPS	<u>\$ 1,799</u>
SECURITY	<u>\$ 781,258</u>
TOTAL EXPENDITURES	<u><u>\$ 5,277,908</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
INVESTMENTS
NOVEMBER 30, 2025**

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 3,266,612	\$
TexPool	XXXX0002	Varies	Daily	<u>520,563</u>	<u> </u>
TOTAL GENERAL FUND				<u>\$ 3,787,175</u>	<u>\$ - 0 -</u>
<u>DEFINED AREA No. 1</u>					
TexPool	XXXX0004	Varies	Daily	<u>\$ 769,294</u>	<u>\$ - 0 -</u>
<u>DEFINED AREA No. 2</u>					
TexPool	XXXX0003	Varies	Daily	<u>\$ 86,785</u>	<u>\$ - 0 -</u>
TOTAL ALL FUNDS				<u>\$ 4,643,254</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
CHANGES IN ASSESSMENTS RECEIVABLE
FOR THE YEAR ENDED NOVEMBER 30, 2025

	Assessments	
ASSESSMENT RECEIVABLE - DECEMBER 1, 2024	\$ 3,853,143	
Adjustments to Beginning Balance	(276,475)	\$ 3,576,668
Whole District		
Original 2025 Assessment Levy	\$ 2,891,677	
Adjustments to 2025 Assessment Levy		2,891,677
Defined Area No. 1		
Original 2025 Assessment Levy	\$ 823,639	
Adjustments to 2025 Assessment Levy		823,639
Defined Area No. 2		
Original 2025 Assessment Levy	\$ 203,354	
Adjustments to 2025 Assessment Levy		203,354
TOTAL TO BE ACCOUNTED FOR		\$ 7,495,338
ASSESSMENT COLLECTIONS:		
Prior Years	\$ 3,575,106	
Current Year		3,575,106
ASSESSMENT RECEIVABLE - NOVEMBER 30, 2025		\$ 3,920,232
ASSESSMENT RECEIVABLE BY YEAR:		
2025		\$ 3,918,670
2024		1,562
TOTAL		\$ 3,920,232
ASSESSMENT RECEIVABLE BY FUND:		
General Fund		\$ 2,892,569
Defined Area No. 1		823,639
Defined Area No. 2		204,024
TOTAL		\$ 3,920,232

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
CHANGES IN ASSESSMENTS RECEIVABLE
FOR THE YEAR ENDED NOVEMBER 30, 2025

	2025	2024	2023	2022
WHOLE DISTRICT				
PROPERTY VALUATIONS:				
Land, Improvements, Personal Property, Exemptions	<u>\$ 4,462,462,568</u>	<u>\$ 4,463,494,132</u>	<u>\$ 4,391,682,818</u>	<u>\$ 4,190,701,173</u>
ASSESSMENT RATES PER \$100 VALUATION:				
Assessment	<u>\$ 0.065</u>	<u>\$ 0.065</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
ASSESSMENT ROLLS*	<u>\$ 2,891,677</u>	<u>\$ 2,901,271</u>	<u>\$ 4,207,541</u>	<u>\$ 4,044,288</u>
DEFINED AREA No. 1				
PROPERTY VALUATIONS:				
Land, Improvements, Personal Property, Exemptions	<u>\$ 2,353,253,575</u>	<u>\$ 2,348,477,523</u>	<u>N/A</u>	<u>N/A</u>
ASSESSMENT RATES PER \$100 VALUATION:				
Assessment	<u>\$ 0.035</u>	<u>\$ 0.035</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
ASSESSMENT ROLLS*	<u>\$ 823,639</u>	<u>\$ 821,967</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
DEFINED AREA No. 2				
PROPERTY VALUATIONS:				
Land, Improvements, Personal Property, Exemptions	<u>\$ 581,010,370</u>	<u>\$ 301,273,021</u>	<u>N/A</u>	<u>N/A</u>
ASSESSMENT RATES PER \$100 VALUATION:				
Assessment	<u>\$ 0.035</u>	<u>\$ 0.035</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
ASSESSMENT ROLLS*	<u>\$ 203,354</u>	<u>\$ 105,446</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
TOTAL ASSESSMENT ROLLS*	<u>\$ 3,918,670</u>	<u>\$ 3,828,684</u>	<u>\$ 4,207,541</u>	<u>\$ 4,044,288</u>
PERCENTAGE OF ASSESSMENTS COLLECTED TO AMOUNT ASSESSED				
	<u>0.00</u> %	<u>99.96</u> %	<u>100.00</u> %	<u>100.00</u> %

* Based upon adjusted assessment at time of audit for the period in which the assessment was levied.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Assessment Revenue	\$ 2,702,223	\$ 3,926,255	\$ 3,788,046
Penalty and Interest	1,635	5,224	7,093
Investment Revenues	290,410	344,277	250,954
Miscellaneous Revenues	6,988	8,745	
TOTAL REVENUES	\$ 3,001,256	\$ 4,284,501	\$ 4,046,093
EXPENDITURES			
Service Operations:			
Administrative			
Personnel	\$ 126,326	\$ 130,523	\$ 118,137
Professional Fees	291,558	229,055	115,160
Contracted Services	87,211	63,734	56,606
Insurance	14,400	14,721	10,825
Other	48,291	36,588	77,256
Mobility, Transportation & Urban Design	3,612,338	1,379,217	1,361,974
Security and Public Safety	781,258	856,472	774,130
Building Relationships	1,799	598	1,790
Capital Outlay	314,727	68,125	635
TOTAL EXPENDITURES	\$ 5,277,908	\$ 2,779,033	\$ 2,516,513
NET CHANGE IN FUND BALANCE	\$ (2,276,652)	\$ 1,505,468	\$ 1,529,580
BEGINNING FUND BALANCE	6,068,446	4,562,978	3,033,398
ENDING FUND BALANCE	\$ 3,791,794	\$ 6,068,446	\$ 4,562,978

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2022</u>	<u>2021</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
\$ 3,546,199	\$ 3,471,471	90.0 %	91.7 %	93.6 %	98.6 %	98.7 %
9,903	375	0.1	0.1	0.2	0.3	
40,224	4,264	9.7	8.0	6.2	1.1	0.1
	42,620	0.2	0.2			1.2
<u>\$ 3,596,326</u>	<u>\$ 3,518,730</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 141,817	\$ 284,855	4.3 %	3.1 %	3.0 %	4.0 %	8.1 %
143,982	75,168	9.7	5.3	2.8	4.0	2.1
54,764	52,022	2.9	1.5	1.4	1.5	1.5
10,467	8,959	0.5	0.3	0.3	0.3	0.3
83,054	33,585	1.6	0.9	1.9	2.3	0.9
1,792,471	2,000,113	120.4	32.2	33.7	49.8	56.8
679,481	316,773	26.0	20.0	19.1	18.9	9.0
20,776	37,230	0.1			0.6	1.0
355,854		10.5	1.6		9.9	
<u>\$ 3,282,666</u>	<u>\$ 2,808,705</u>	<u>176.0 %</u>	<u>64.9 %</u>	<u>62.2 %</u>	<u>91.3 %</u>	<u>79.7 %</u>
\$ 313,660	\$ 710,025	<u>(76.0) %</u>	<u>35.1 %</u>	<u>37.8 %</u>	<u>8.7 %</u>	<u>20.3 %</u>
<u>2,719,738</u>	<u>2,009,713</u>					
<u>\$ 3,033,398</u>	<u>\$ 2,719,738</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
NOVEMBER 30, 2025**

District Mailing Address - Harris County Municipal Management District No. 1
9811 Katy Freeway, Suite 925B
Houston, TX 77024

District Telephone Number - (713) 984-8737

Board Members	Term of Office (Appointed)	Fees of Office for the year ended <u>November 30, 2025</u>	Expense Reimbursements for the year ended <u>November 30, 2025</u>	<u>Title</u>
Steven Goss	06/23 06/27 (Appointed)	\$ -0-	\$ -0-	President
C. Beau Harrison	06/23 06/27 (Appointed)	\$ -0-	\$ -0-	Director
Dan Moody, III	06/23 06/27 (Appointed)	\$ -0-	\$ -0-	Vice President
William Mosley, Jr.	06/23 06/27 (Appointed)	\$ -0-	\$ -0-	Director
Jeremy Wheat	06/25 06/27 (Appointed)	\$ -0-	\$ -0-	Director
Perry Hicks	06/23 06/27 (Appointed)	\$ -0-	\$ -0-	Director

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
NOVEMBER 30, 2025**

Board Members	Term of Office (Appointed)	Fees of Office for the year ended <u>November 30, 2025</u>	Expense Reimbursements for the year ended <u>November 30, 2025</u>	<u>Title</u>
Ben Pisklak	06/21 06/25 (Appointed)	\$ -0-	\$ -0-	Secretary
Christian Johnson	06/21 06/25 (Appointed)	\$ -0-	\$ -0-	Director
Trevor Janecek	02/25 06/25 (Appointed)	\$ -0-	\$ -0-	Director
Kirk Guilanshah	06/21 06/25 (Appointed)	\$ -0-	\$ -0-	Assistant Secretary

Submission date of most recent District Registration Form: June 17, 2025.

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL MANAGEMENT DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
NOVEMBER 30, 2025**

<u>Consultants:</u>	<u>Date Hired</u>	<u>Fees for the year ended November 30, 2025</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	09/25/03	\$ 143,241	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	10/10/02	\$ 24,000	Auditor
ETI Bookkeeping Services	12/17/01	\$ 47,360	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	02/01/02	\$ 6,699	Delinquent Assessment Attorney
Gabrielle Luevano	02/16/22	\$ 107,546	Executive Director
Jennifer Landreville	04/17/24	\$ -0-	Investment Officer
Equi-Tax, Inc.	12/17/01	\$ 82,297	Assessment Collector

See accompanying independent auditor's report.

