




Harris County Municipal Utility District No. 489 Harris County, Texas

Independent Auditor's Report and Financial Statements

May 31, 2023



Harris County Municipal Utility District No. 489
May 31, 2023

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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 489
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. 489 (the District), as of and for the year ended May 31, 2023, 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, 2023, 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 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.

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, LLP

Houston, Texas
October 12, 2023

Harris County Municipal Utility District No. 489

Management's Discussion and Analysis

May 31, 2023

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 other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which 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.

Harris County Municipal Utility District No. 489
Management's Discussion and Analysis (Continued)
May 31, 2023

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

Fund Financial Statements

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

Governmental Funds

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

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

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.

Harris County Municipal Utility District No. 489
Management's Discussion and Analysis (Continued)
May 31, 2023

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>2023</u>	<u>2022</u>
Current and other assets	\$ 21,020,737	\$ 16,401,370
Capital assets	<u>73,098,564</u>	<u>58,110,118</u>
Total assets	<u>\$ 94,119,301</u>	<u>\$ 74,511,488</u>
Long-term liabilities	\$ 164,095,518	\$ 143,143,337
Other liabilities	<u>2,452,400</u>	<u>2,022,697</u>
Total liabilities	<u>166,547,918</u>	<u>145,166,034</u>
Net position:		
Net investment in capital assets	(89,686,442)	(81,529,944)
Restricted	8,743,920	5,282,406
Unrestricted	<u>8,513,905</u>	<u>5,592,992</u>
Total net position	<u>\$ (72,428,617)</u>	<u>\$ (70,654,546)</u>

The total net position of the District decreased by \$1,774,071, or about 3 percent. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity for ownership and maintenance.

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues:		
Property taxes	\$ 11,525,061	\$ 8,510,010
Charges for services	4,956,457	3,943,109
Other revenues	<u>1,285,363</u>	<u>1,101,267</u>
Total revenues	<u>17,766,881</u>	<u>13,554,386</u>

Harris County Municipal Utility District No. 489
Management's Discussion and Analysis (Continued)
May 31, 2023

Summary of Changes in Net Position (Continued)

	2023	2022
Expenses:		
Services	\$ 6,879,094	\$ 5,973,205
Conveyance of capital assets	5,683,822	14,417,208
Purchase of capacity	-	14,289,241
Depreciation	2,014,847	1,646,554
Debt service	4,963,189	4,860,902
Total expenses	19,540,952	41,187,110
Change in net position	(1,774,071)	(27,632,724)
Net position, beginning of year	(70,654,546)	(43,021,822)
Net position, end of year	\$ (72,428,617)	\$ (70,654,546)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended May 31, 2023, were \$19,254,806, an increase of \$4,379,248 from the prior year.

The general fund's fund balance increased by \$2,877,795, primarily due to property tax and service revenues exceeding service operations expenditures. In addition, tap connection and inspection fee revenues exceeded the related tap connection expenditures.

The debt service fund's fund balance increased by \$3,000,052 due to property tax revenues and proceeds received from the sale of bonds exceeding bond principal and interest requirements.

The capital projects fund's fund balance decreased by \$1,498,599, primarily due to debt issuance costs and capital outlay expenditures exceeding proceeds received from the sale of bonds.

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 sewer service revenues, and tap connection and inspection fee revenues and related expenditures, as well as purchased services expenditures being greater than anticipated, and property tax revenues, and regional water fee revenues and related expenditures, and professional fees expenditures being less than anticipated. In addition, capital outlay expenditures and debt issuance costs were not included in the current year budget. The fund balance as of May 31, 2023, was expected to be \$8,968,198 and the actual end-of-year fund balance was \$8,402,560.

Harris County Municipal Utility District No. 489
Management's Discussion and Analysis (Continued)
May 31, 2023

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)

	2023	2022
Land	\$ 1,176,690	\$ 1,176,690
Construction in progress	695,621	-
Water facilities	11,285,179	8,532,202
Wastewater facilities	17,926,586	13,048,336
Drainage facilities	35,611,938	28,485,525
Parks and recreational facilities	6,402,550	6,867,365
Total capital assets	\$ 73,098,564	\$ 58,110,118

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

Construction in progress related to the water, wastewater and drainage facilities to serve Parkland Village, Sections 49 and 54	\$ 695,621
Water, wastewater and drainage facilities for Parkland Village, Sections 27, 29, 33, 34, 37, 39, 40, 41, 42, 44, 46, 47, 48, 50, 52, 53, 55, 56 and 58	7,756,243
Water, wastewater and drainage facilities for Tuckerton Road street dedication, Section 1, and Westgreen Boulevard street dedication, Section 4	106,872
Water, wastewater and drainage facilities for Mason Road street dedication, Section 5, and reserve rebid	227,383
Parkland Village lift station Nos. 1, 2, 4, 5, 6 and 7	2,409,046
Lift pump No. 1 at lift station No. 4	11,547
Water and drainage facilities for Tuckerton Road street dedication, and Summer Camp Drive street dedication and reserve	84,268
Water, wastewater and drainage facilities for Tuckerton Road and Copper Breaks Crossing street dedication	130,590
Water, wastewater and drainage facilities at Parkland Village, Sections 9 and 10, and Westgreen Boulevard street dedication, Section 3	1,818,472
Water and drainage facilities for Westgreen Boulevard, Section 6	461,563
Water, wastewater and drainage facilities at Parkland Village, Section 5, Parkland Crossing, Section 1, and Westgreen Boulevard, Section 2	1,409,671
Water, wastewater and drainage facilities at Copper Breaks Crossing, Section 2, Tuckerton, Section 5, and Summer Camp and Marvelous Place	1,892,017
Total additions to capital assets	\$ 17,003,293

Harris County Municipal Utility District No. 489
Management's Discussion and Analysis (Continued)
May 31, 2023

The developer within the District has constructed water, wastewater, drainage, road and recreational 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, if required. As of May 31, 2023, a liability for developer-constructed capital assets of \$27,385,708 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended May 31, 2023, are summarized as follows:

Long-term debt payable, beginning of year	\$ 143,143,337
Increases in long-term debt	35,144,558
Decreases in long-term debt	<u>(14,192,377)</u>
Long-term debt payable, end of year	<u>\$ 164,095,518</u>

At May 31, 2023, the District had \$242,925,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District, \$132,635,000 for financing and constructing recreational facilities, and \$33,730,000 for financing and constructing roads.

The District's bonds carry an underlying rating of "A3" from Moody's Investors Service. The Series 2019, Series 2020, Series 2020 Road, Series 2021, Series 2021A, Series 2022 Road and Series 2022 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2019 Road bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal 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 (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. Effective December 1, 2017, prior to annexation, the City would be required to hold an election in the District whereby the qualified voters of the District would approve the annexation. If the District is annexed, the City must assume the District's assets and obligations (including any bond indebtedness) and abolish the District within 90 days.

Harris County Municipal Utility District No. 489
Management's Discussion and Analysis (Continued)
May 31, 2023

Contingencies

The developer of the District is constructing facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds from future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction amounts are approximately \$11,530,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Subsequent Events

On September 18, 2023, the District awarded the sales of its unlimited tax bonds, Series 2023, in the amount of \$22,525,000 at a net effective interest rate of approximately 4.49 percent, its unlimited tax park bonds, Series 2023A, in the amount of \$33,475,000 at a net effective interest rate of approximately 4.56 percent, and its unlimited tax road bonds, Series 2023, in the amount of \$12,345,000, at a net effective interest rate of approximately 4.50 percent. The bonds were sold to finance construction projects within the District.

Harris County Municipal Utility District No. 489
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 681,041	\$ 502,507	\$ 200	\$ 1,183,748	\$ -	\$ 1,183,748
Certificates of deposit	1,420,000	-	-	1,420,000	-	1,420,000
Short-term investments	6,164,445	9,411,157	1,218,766	16,794,368	-	16,794,368
Receivables:						
Property taxes	111,345	219,656	-	331,001	-	331,001
Service accounts receivable	790,328	-	-	790,328	-	790,328
Prepaid expenditures	19,495	-	-	19,495	-	19,495
Accrued penalty and interest	-	-	-	-	44,225	44,225
Accrued interest	21,966	-	-	21,966	-	21,966
Due from others	415,606	-	-	415,606	-	415,606
Interfund receivable	275,680	-	-	275,680	(275,680)	-
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	1,176,690	1,176,690
Construction in progress	-	-	-	-	695,621	695,621
Infrastructure	-	-	-	-	64,823,703	64,823,703
Parks and recreation	-	-	-	-	6,402,550	6,402,550
Total assets	\$ 9,899,906	\$ 10,133,320	\$ 1,218,966	\$ 21,252,192	\$ 72,867,109	\$ 94,119,301

Harris County Municipal Utility District No. 489
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
May 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 998,670	\$ 2,314	\$ 2,390	\$ 1,003,374	\$ -	\$ 1,003,374
Accrued interest payable	-	-	-	-	1,061,695	1,061,695
Customer deposits	380,975	-	-	380,975	-	380,975
Due to others	6,356	-	-	6,356	-	6,356
Interfund payable	-	275,680	-	275,680	(275,680)	-
Long-term liabilities:						
Due within one year	-	-	-	-	4,090,000	4,090,000
Due after one year	-	-	-	-	160,005,518	160,005,518
Total liabilities	<u>1,386,001</u>	<u>277,994</u>	<u>2,390</u>	<u>1,666,385</u>	<u>164,881,533</u>	<u>166,547,918</u>
Deferred Inflows of Resources						
Deferred property tax revenue	<u>111,345</u>	<u>219,656</u>	<u>0</u>	<u>331,001</u>	<u>(331,001)</u>	<u>0</u>
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	19,495	-	-	19,495	(19,495)	-
Restricted:						
Unlimited tax bonds	-	6,451,445	-	6,451,445	(6,451,445)	-
Water, sewer and drainage	-	-	929,511	929,511	(929,511)	-
Roads	-	3,184,225	287,065	3,471,290	(3,471,290)	-
Assigned, operating reserve	407,698	-	-	407,698	(407,698)	-
Unassigned	<u>7,975,367</u>	<u>-</u>	<u>-</u>	<u>7,975,367</u>	<u>(7,975,367)</u>	<u>-</u>
Total fund balances	<u>8,402,560</u>	<u>9,635,670</u>	<u>1,216,576</u>	<u>19,254,806</u>	<u>(19,254,806)</u>	<u>0</u>
Total liabilities and fund balances	<u>\$ 9,899,906</u>	<u>\$ 10,133,320</u>	<u>\$ 1,218,966</u>	<u>\$ 21,252,192</u>		
Net position:						
Net investment in capital assets					(89,686,442)	(89,686,442)
Restricted for debt service					8,661,172	8,661,172
Restricted for capital projects					82,748	82,748
Unrestricted					<u>8,513,905</u>	<u>8,513,905</u>
Total net position					<u>\$ (72,428,617)</u>	<u>\$ (72,428,617)</u>

Harris County Municipal Utility District No. 489
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended May 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 3,796,185	\$ 7,584,511	\$ -	\$ 11,380,696	\$ 144,365	\$ 11,525,061
Water service	1,146,864	-	-	1,146,864	-	1,146,864
Sewer service	2,091,461	-	-	2,091,461	-	2,091,461
Regional water fee	1,718,132	-	-	1,718,132	-	1,718,132
Penalty and interest	90,770	49,407	-	140,177	19,809	159,986
Tap connection and inspection fees	605,573	-	-	605,573	-	605,573
Investment income	190,702	232,883	62,510	486,095	-	486,095
Other income	4,954	28,755	-	33,709	-	33,709
Total revenues	9,644,641	7,895,556	62,510	17,602,707	164,174	17,766,881
Expenditures/Expenses						
Service operations:						
Purchased services	2,362,269	-	-	2,362,269	-	2,362,269
Regional water fee	530,334	-	-	530,334	-	530,334
Professional fees	231,608	25,685	-	257,293	46,498	303,791
Contracted services	1,245,864	112,083	-	1,357,947	-	1,357,947
Utilities	91,743	-	-	91,743	-	91,743
Repairs and maintenance	1,547,226	-	-	1,547,226	105,924	1,653,150
Other expenditures	168,805	10,211	499	179,515	-	179,515
Tap connections	400,345	-	-	400,345	-	400,345
Capital outlay	117,471	-	24,409,770	24,527,241	(24,527,241)	-
Conveyance of capital assets	-	-	-	-	5,683,822	5,683,822
Depreciation	-	-	-	-	2,014,847	2,014,847
Debt service:						
Principal retirement	-	1,930,000	-	1,930,000	(1,930,000)	-
Interest and fees	-	3,308,525	-	3,308,525	405,840	3,714,365
Debt issuance costs	71,181	-	1,177,643	1,248,824	-	1,248,824
Total expenditures/expenses	6,766,846	5,386,504	25,587,912	37,741,262	(18,200,310)	19,540,952
Excess (Deficiency) of Revenues Over Expenditures	2,877,795	2,509,052	(25,525,402)	(20,138,555)	18,364,484	

Harris County Municipal Utility District No. 489
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances (Continued)
Year Ended May 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
General obligation bonds issued	\$ -	\$ 491,000	\$ 24,059,000	\$ 24,550,000	\$ (24,550,000)	
Discount on debt issued	-	-	(32,197)	(32,197)	32,197	
Total other financing sources	<u>0</u>	<u>491,000</u>	<u>24,026,803</u>	<u>24,517,803</u>	<u>(24,517,803)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses						
	2,877,795	3,000,052	(1,498,599)	4,379,248	(4,379,248)	
Change in Net Position						
					(1,774,071)	\$ (1,774,071)
Fund Balances/Net Position						
Beginning of year	<u>5,524,765</u>	<u>6,635,618</u>	<u>2,715,175</u>	<u>14,875,558</u>	-	<u>(70,654,546)</u>
End of year	<u>\$ 8,402,560</u>	<u>\$ 9,635,670</u>	<u>\$ 1,216,576</u>	<u>\$ 19,254,806</u>	<u>\$ 0</u>	<u>\$ (72,428,617)</u>

Harris County Municipal Utility District No. 489
Notes to Financial Statements
May 31, 2023

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

Harris County Municipal Utility District No. 489 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective July 11, 2007, 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 Article XVI, Section 59, of the Constitution of the State of Texas 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 also authorized by the Texas Water Code, Chapter 49, to provide recreational facilities and has acquired the authority to provide road facilities under the Texas Water Code, Chapter 54.

The District is governed by a Board of Directors (the 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 which 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.

Harris County Municipal Utility District No. 489

Notes to Financial Statements

May 31, 2023

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.

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.

Harris County Municipal Utility District No. 489

Notes to Financial Statements

May 31, 2023

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

Fund Financial Statements

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

Harris County Municipal Utility District No. 489

Notes to Financial Statements

May 31, 2023

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, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal

Harris County Municipal Utility District No. 489
Notes to Financial Statements
May 31, 2023

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, 2023, include collections during the current period or within 60 days of year-end related to the 2022 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended May 31, 2023, the 2022 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 are not capitalized.

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

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Parks and recreational facilities	15-20

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.

Harris County Municipal Utility District No. 489
Notes to Financial Statements
May 31, 2023

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, generally, it is 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.	\$ 73,098,564
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	331,001
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	44,225
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(1,061,695)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(164,095,518)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (91,683,423)</u></u>

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Notes to Financial Statements
May 31, 2023

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.	\$ 4,379,248
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 capital outlay expenditures exceeded depreciation expense, noncapital costs and conveyed capital assets in the current year.	16,676,150
Governmental funds report proceeds from the sales of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	(22,620,000)
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas amounts are deferred and amortized in the statement of activities.	32,197
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities.	164,174
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.	(405,840)
Change in net position of governmental activities.	<u>\$ (1,774,071)</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.

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Notes to Financial Statements
May 31, 2023

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, 2023, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

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

At May 31, 2023, the District has the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Texas CLASS	\$ 16,794,368	\$ 16,794,368	\$ 0	\$ 0	\$ 0

Harris County Municipal Utility District No. 489
Notes to Financial Statements
May 31, 2023

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2023, the District's investments in 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 at May 31, 2023, as follows:

Carrying value:		
Deposits	\$	2,603,748
Investments		<u>16,794,368</u>
Total	\$	<u><u>19,398,116</u></u>

Included in the following statement of net position captions:

Cash	\$	1,183,748
Certificates of deposit		1,420,000
Short-term investments		<u>16,794,368</u>
Total	\$	<u><u>19,398,116</u></u>

Investment Income

Investment income of \$486,095 for the year ended May 31, 2023, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of May 31, 2023:

- Pooled investments of \$16,794,368 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended May 31, 2023, is presented below.

Harris County Municipal Utility District No. 489
Notes to Financial Statements
May 31, 2023

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 1,176,690	\$ -	\$ 1,176,690
Construction in progress	-	695,621	695,621
Total capital assets, non-depreciable	<u>1,176,690</u>	<u>695,621</u>	<u>1,872,311</u>
Capital assets, depreciable:			
Water production and distribution facilities	9,051,983	3,021,943	12,073,926
Wastewater collection and treatment facilities	13,819,246	5,305,902	19,125,148
Drainage facilities	30,156,547	7,979,827	38,136,374
Parks and recreational facilities	7,332,180	-	7,332,180
Total capital assets, depreciable	<u>60,359,956</u>	<u>16,307,672</u>	<u>76,667,628</u>
Less accumulated depreciation:			
Water production and distribution facilities	(519,781)	(268,966)	(788,747)
Wastewater collection and treatment facilities	(770,910)	(427,652)	(1,198,562)
Drainage facilities	(1,671,022)	(853,414)	(2,524,436)
Parks and recreational facilities	(464,815)	(464,815)	(929,630)
Total accumulated depreciation	<u>(3,426,528)</u>	<u>(2,014,847)</u>	<u>(5,441,375)</u>
Total governmental activities, net	<u>\$ 58,110,118</u>	<u>\$ 14,988,446</u>	<u>\$ 73,098,564</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended May 31, 2023, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 115,760,000	\$ 24,550,000	\$ 1,930,000	\$ 138,380,000	\$ 4,090,000
Less discounts on bonds	1,750,075	32,197	52,082	1,730,190	-
	114,009,925	24,517,803	1,877,918	136,649,810	4,090,000
Due to developer, advances	60,000	-	-	60,000	-
Due to developer, construction	29,073,412	10,626,755	12,314,459	27,385,708	-
Total governmental activities long-term liabilities	<u>\$ 143,143,337</u>	<u>\$ 35,144,558</u>	<u>\$ 14,192,377</u>	<u>\$ 164,095,518</u>	<u>\$ 4,090,000</u>

Harris County Municipal Utility District No. 489
Notes to Financial Statements
May 31, 2023

General Obligation Bonds

	Series 2018	Series 2018 Road
Amounts outstanding, May 31, 2023	\$3,815,000	\$4,640,000
Interest rates	3.00% to 4.00%	4.00% to 4.50%
Maturity dates, serially beginning/ending	September 1, 2023/2044	September 1, 2023/2044
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2024	September 1, 2024
	Series 2019	Series 2019 Road
Amounts outstanding, May 31, 2023	\$10,580,000	\$18,400,000
Interest rates	2.00% to 4.50%	2.00% to 4.50%
Maturity dates, serially beginning/ending	September 1, 2023/2045	September 1, 2023/2045
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2024	September 1, 2025
	Series 2020	Series 2020 Road
Amounts outstanding, May 31, 2023	\$14,785,000	\$7,120,000
Interest rates	2.00% to 4.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2023/2046	September 1, 2023/2046
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2025	September 1, 2025

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

Harris County Municipal Utility District No. 489
Notes to Financial Statements
May 31, 2023

	Series 2021	Series 2021A
Amounts outstanding, May 31, 2023	\$32,725,000	\$7,365,000
Interest rates	2.00% to 3.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2023/2047	September 1, 2023/2047
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2026	September 1, 2026
	Series 2022 Road	Series 2022
Amounts outstanding, May 31, 2023	\$14,400,000	\$24,550,000
Interest rates	3.00% to 4.00%	4.00% to 6.00%
Maturity dates, serially beginning/ending	September 1, 2023/2048	September 1, 2024/2048
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2027	September 1, 2029

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at May 31, 2023:

Year	Principal	Interest	Total
2024	\$ 4,090,000	\$ 4,180,244	\$ 8,270,244
2025	5,115,000	4,010,669	9,125,669
2026	5,155,000	3,811,904	8,966,904
2027	5,200,000	3,636,956	8,836,956
2028	5,250,000	3,477,437	8,727,437
2029-2033	27,095,000	15,071,444	42,166,444
2034-2038	28,550,000	11,236,215	39,786,215
2039-2043	30,450,000	6,887,769	37,337,769
2044-2048	25,940,000	2,161,375	28,101,375
2049	1,535,000	34,250	1,569,250
Total	<u>\$ 138,380,000</u>	<u>\$ 54,508,263</u>	<u>\$ 192,888,263</u>

Harris County Municipal Utility District No. 489
Notes to Financial Statements
May 31, 2023

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:	
Water, sewer and drainage facilities	\$ 331,000,000
Recreational facilities	140,000,000
Road facilities	80,000,000
Bonds sold:	
Water, sewer and drainage facilities	88,075,000
Recreational facilities	7,365,000
Road facilities	46,270,000
Refunding bonds voted:	
Water, sewer, drainage or recreational facilities bonds	471,000,000
Road facilities bonds	80,000,000

Due to Developer

The developer of the District has constructed water, wastewater, drainage, road and recreational 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, if required. As of May 31, 2023, a liability for developer-constructed capital assets of \$27,385,708 was recorded in the government-wide financial statements.

Developer Advances

Since inception, the developer has advanced \$60,000 to the District for operations, net of repayments. These advances have been recorded as liabilities in the government-wide financial statements.

Note 5: Significant Bond Order and Commission Requirements

- A. The Bond Orders 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, 2023, the District levied an ad valorem debt service tax at the rate of \$0.6200 per \$100 of assessed valuation, which resulted in a tax levy of \$7,728,824 on the taxable valuation of \$1,246,584,543 for the 2022 tax year. The interest and principal requirements to be paid from the tax revenues and available resources for utility bonds are \$5,139,750, of which \$1,142,050 has been paid and \$3,997,700 is due September 1, 2023. The interest and principal requirements to be paid from the tax revenues and available resources for road bonds are \$2,896,381, of which \$680,691 has been paid and \$2,215,690 is due September 1, 2023.

Harris County Municipal Utility District No. 489
Notes to Financial Statements
May 31, 2023

B. In accordance with the Series 2021, 2021A, 2022 Road and 2022 Bond Orders, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year		\$ 808,837
Additions, Series 2022	\$ 491,000	
Deductions--Appropriation from bond interest paid:		
Series 2021	470,623	
Series 2021A	105,626	
Series 2022 Road	232,588	
Series 2022	314,316	
	1,123,153	
Bond interest reserve, end of year		\$ 176,684

Note 6: Maintenance Taxes

At an election held November 5, 2013, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended May 31, 2023, the District levied an ad valorem maintenance tax at the rate of \$0.31000 per \$100 of assessed valuation, which resulted in a tax levy of \$3,864,412 on the taxable valuation of \$1,246,584,543 for the 2022 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Contract With Other District

The District is served by a regional water supply and wastewater treatment system that is owned and operated by Harris County Municipal Utility District No. 418 (District No. 418), in its capacity as "Master District," pursuant to that certain Contract for Financing, Operation and Maintenance of Master Water and Sanitary Sewer Facilities, dated August 1, 2006, as amended from time to time, by and between District No. 418, the District and other participating districts. District No. 418 will acquire, construct, own, operate and/or maintain central water supply and wastewater treatment facilities, as well as major trunk lines related to said facilities necessary to serve itself, the District and other municipal utility districts that comprise the Bridgeland community.

District No. 418 charges a connection charge to pay for the costs of constructing regional facilities. The current charge is \$4,913 per equivalent single-family connection for water supply capacity and \$3,527 for wastewater treatment capacity. District No. 418 also charges a wastewater collection connection charge, which varies based on the location of the area to be served by the system, ranging from \$0 to \$5,217 per equivalent single-family connection. These charges are subject to adjustment annually. Through May 31, 2023, the District has been credited with water and sewer connections

Harris County Municipal Utility District No. 489
Notes to Financial Statements
May 31, 2023

with a value of \$22,324,977. In addition, District No. 418 is authorized, in certain circumstances, to issue contract revenue bonds sufficient to complete acquisition and construction of the facilities, as needed, to serve all districts in the service area. Once bonds are issued, each participating district would contribute to the debt service requirements of the bonds. The District's voters have approved such a contract-revenue tax proposition.

The contract requires that operations and maintenance costs and a percentage of the administrative costs be paid to the Master District on a monthly basis. Additionally, each participant is required to advance funds to the Master District to create a reserve for the benefit of such participant in an amount equal to the participant's projected share of operations and maintenance costs for a two-month period commencing at the beginning of the Master District's fiscal year (currently June 1).

During the current year, the District incurred operating charges of \$2,206,581 for water supply and \$686,022 for wastewater services. In addition, the District has contributed \$306,865 for its share of the water supply reserve and \$100,833 for its share of the wastewater treatment reserve.

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 which exceeded coverage amounts in the past three fiscal years.

Note 9: Contingencies

The developer of the District is constructing facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds from future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction amounts are approximately \$11,530,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 10: Subsequent Events

On September 18, 2023, the District awarded the sales of its unlimited tax bonds, Series 2023, in the amount of \$22,525,000 at a net effective interest rate of approximately 4.49 percent, its unlimited tax park bonds, Series 2023A, in the amount of \$33,475,000 at a net effective interest rate of approximately 4.56 percent, and its unlimited tax road bonds, Series 2023, in the amount of \$12,345,000, at a net effective interest rate of approximately 4.50 percent. The bonds were sold to finance construction projects within the District.

Required Supplementary Information

Harris County Municipal Utility District No. 489
Budgetary Comparison Schedule – General Fund
Year Ended May 31, 2023

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 2,015,010	\$ 3,846,609	\$ 3,796,185	\$ (50,424)
Water service	1,006,000	1,180,000	1,146,864	(33,136)
Sewer service	1,895,000	2,038,000	2,091,461	53,461
Regional water fee	1,398,240	1,787,000	1,718,132	(68,868)
Penalty and interest	80,000	100,000	90,770	(9,230)
Tap connection and inspection fees	860,000	553,000	605,573	52,573
Investment income	18,120	153,600	190,702	37,102
Other income	500	500	4,954	4,454
Total revenues	7,272,870	9,658,709	9,644,641	(14,068)
Expenditures				
Service operations:				
Purchased services	901,699	1,205,000	2,362,269	(1,157,269)
Regional water fee	1,398,240	1,414,496	530,334	884,162
Professional fees	316,000	306,950	231,608	75,342
Contracted services	973,000	1,225,630	1,245,864	(20,234)
Utilities	73,000	69,350	91,743	(22,393)
Repairs and maintenance	1,426,000	1,508,000	1,547,226	(39,226)
Other expenditures	195,360	185,850	168,805	17,045
Tap connections	450,000	300,000	400,345	(100,345)
Debt service, debt issuance costs	-	-	71,181	(71,181)
Capital outlay	-	-	117,471	(117,471)
Total expenditures	5,733,299	6,215,276	6,766,846	(551,570)
Excess of Revenues Over Expenditures	1,539,571	3,443,433	2,877,795	(565,638)
Fund Balance, Beginning of Year	5,524,765	5,524,765	5,524,765	-
Fund Balance, End of Year	\$ 7,064,336	\$ 8,968,198	\$ 8,402,560	\$ (565,638)

Harris County Municipal Utility District No. 489
Notes to Required Supplementary Information
May 31, 2023

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 of Directors 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 amended during fiscal 2023.

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. 489
Other Schedules Included Within This Report
May 31, 2023

(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 15-29
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund
- [X] Board Members, Key Personnel and Consultants

Harris County Municipal Utility District No. 489

Schedule of Services and Rates

Year Ended May 31, 2023

1. Services provided by the District:

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

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
Water:	\$ 18.00	5,000	N	\$ 1.75	5,001 to 10,000
				\$ 2.00	10,001 to 20,000
				\$ 2.50	20,000 to No Limit
Wastewater:	\$ 57.50	0	Y		
Regional water fee:	\$ 4.66	1	N	\$ 4.66	1,001 to No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 73.35	Wastewater \$ 57.50

b. Water and wastewater retail connections:

<u>Meter Size</u>	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	2,506	2,486	x1.0	2,486
1"	617	613	x2.5	1,533
1 1/2"	8	8	x5.0	40
2"	23	23	x8.0	184
3"	3	3	x15.0	45
4"	1	1	x25.0	25
6"	1	1	x50.0	50
8"	6	6	x80.0	480
10"	-	-	x115.0	-
Total water	3,165	3,141		4,843
Total wastewater	3,043	3,020	x1.0	3,020

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

Gallons pumped into the system:	389,231
Gallons billed to customers:	389,231
Water accountability ratio (gallons billed/gallons pumped):	100.00%

**ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 489
Schedule of General Fund Expenditures
Year Ended May 31, 2023

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 18,300	
Legal	75,992	
Engineering	137,316	
Financial advisor	-	
	-	231,608
Purchased Services for Resale		
Bulk water and wastewater service purchases		2,362,269
Regional Water Fee		530,334
Contracted Services		
Bookkeeping	75,000	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	286,480	
Other contracted services	264,717	
	264,717	626,197
Utilities		91,743
Repairs and Maintenance		1,547,226
Administrative Expenditures		
Directors' fees	9,150	
Office supplies	29,594	
Insurance	17,257	
Other administrative expenditures	112,804	
	112,804	168,805
Capital Outlay		
Capitalized assets	11,547	
Expenditures not capitalized	105,924	
	105,924	117,471
Tap Connection Expenditures		400,345
Solid Waste Disposal		619,667
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		71,181
Total expenditures		\$ 6,766,846

Harris County Municipal Utility District No. 489
Schedule of Temporary Investments
May 31, 2023

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 91300012034844	3.50%	10/31/23	\$ 235,000	\$ 2,637
No. 12953	4.18%	01/19/24	235,000	3,552
No. 440020860	4.25%	01/13/24	235,000	3,776
No. 6000050192	3.50%	11/28/23	240,000	4,235
No. 9009005162	4.44%	01/12/24	235,000	3,973
No. 6550120675	4.15%	01/12/24	240,000	3,793
Texas CLASS	5.24%	Demand	<u>6,164,445</u>	<u>-</u>
			<u>7,584,445</u>	<u>21,966</u>
Debt Service Fund				
Texas CLASS	5.24%	Demand	6,226,932	-
Texas CLASS	5.24%	Demand	<u>3,184,225</u>	<u>-</u>
			<u>9,411,157</u>	<u>0</u>
Capital Projects Fund				
Texas CLASS	5.24%	Demand	471	-
Texas CLASS	5.24%	Demand	422	-
Texas CLASS	5.24%	Demand	341,850	-
Texas CLASS	5.24%	Demand	582,562	-
Texas CLASS	5.24%	Demand	7,289	-
Texas CLASS	5.24%	Demand	<u>286,172</u>	<u>-</u>
			<u>1,218,766</u>	<u>0</u>
Totals			<u>\$ 18,214,368</u>	<u>\$ 21,966</u>

Harris County Municipal Utility District No. 489
Analysis of Taxes Levied and Receivable
Year Ended May 31, 2023

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 68,227	\$ 118,409
Additions and corrections to prior years' taxes	(25,109)	(43,066)
Adjusted receivable, beginning of year	43,118	75,343
 2022 Original Tax Levy	 3,383,279	 6,766,558
Additions and corrections	481,133	962,266
Adjusted tax levy	3,864,412	7,728,824
Total to be accounted for	3,907,530	7,804,167
Tax collections: Current year	(3,761,874)	(7,523,748)
Prior years	(34,311)	(60,763)
Receivable, end of year	\$ 111,345	\$ 219,656
 Receivable, by Years		
2022	\$ 102,538	\$ 205,076
2021	3,358	5,876
2020	5,449	8,704
Receivable, end of year	\$ 111,345	\$ 219,656

Harris County Municipal Utility District No. 489
Analysis of Taxes Levied and Receivable (Continued)
Year Ended May 31, 2023

	2022	2021	2020	2019
Property Valuations				
Land	\$ 276,693,108	\$ 267,024,142	\$ 174,631,876	\$ 98,916,553
Improvements	1,135,455,857	714,016,706	431,209,570	201,595,156
Personal property	13,317,673	5,480,658	3,557,110	1,080,272
Exemptions	<u>(178,882,095)</u>	<u>(143,663,729)</u>	<u>(135,808,093)</u>	<u>(135,817,504)</u>
 Total property valuations	 <u>\$ 1,246,584,543</u>	 <u>\$ 842,857,777</u>	 <u>\$ 473,590,463</u>	 <u>\$ 165,774,477</u>
 Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.62000	\$ 0.63000	\$ 0.61500	\$ 0.42000
Maintenance tax rates*	<u>0.31000</u>	<u>0.36000</u>	<u>0.38500</u>	<u>0.58000</u>
 Total tax rates per \$100 valuation	 <u>\$ 0.9300</u>	 <u>\$ 0.9900</u>	 <u>\$ 1.0000</u>	 <u>\$ 1.0000</u>
 Tax Levy	 <u>\$ 11,593,236</u>	 <u>\$ 8,344,292</u>	 <u>\$ 4,735,904</u>	 <u>\$ 1,657,744</u>
 Percent of Taxes Collected to Taxes Levied**				
	<u>97%</u>	<u>99%</u>	<u>99%</u>	<u>100%</u>

*Maximum tax rate approved by voters: \$1.50 on November 5, 2013.

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

Harris County Municipal Utility District No. 489
Schedule of Long-term Debt Service Requirements by Years
May 31, 2023

Due During Fiscal Years Ending May 31	Series 2018		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 100,000	\$ 138,119	\$ 238,119
2025	105,000	135,044	240,044
2026	110,000	131,818	241,818
2027	115,000	128,444	243,444
2028	125,000	124,766	249,766
2029	130,000	120,699	250,699
2030	135,000	116,309	251,309
2031	140,000	111,581	251,581
2032	150,000	106,506	256,506
2033	155,000	101,169	256,169
2034	165,000	95,466	260,466
2035	170,000	89,288	259,288
2036	180,000	82,725	262,725
2037	185,000	75,881	260,881
2038	195,000	68,756	263,756
2039	205,000	61,128	266,128
2040	215,000	52,991	267,991
2041	225,000	44,466	269,466
2042	235,000	35,553	270,553
2043	245,000	26,100	271,100
2044	260,000	16,000	276,000
2045	270,000	5,400	275,400
Totals	\$ 3,815,000	\$ 1,868,209	\$ 5,683,209

Harris County Municipal Utility District No. 489
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2023

Due During Fiscal Years Ending May 31	Series 2018 Road		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 130,000	\$ 197,093	\$ 327,093
2025	140,000	191,694	331,694
2026	145,000	185,994	330,994
2027	150,000	180,094	330,094
2028	155,000	173,994	328,994
2029	160,000	167,693	327,693
2030	170,000	161,094	331,094
2031	175,000	154,194	329,194
2032	185,000	146,878	331,878
2033	190,000	139,144	329,144
2034	200,000	130,974	330,974
2035	210,000	122,263	332,263
2036	215,000	113,097	328,097
2037	225,000	103,472	328,472
2038	235,000	93,262	328,262
2039	245,000	82,462	327,462
2040	255,000	71,212	326,212
2041	265,000	59,512	324,512
2042	280,000	47,250	327,250
2043	290,000	34,425	324,425
2044	305,000	21,038	326,038
2045	315,000	7,088	322,088
Totals	<u>\$ 4,640,000</u>	<u>\$ 2,583,927</u>	<u>\$ 7,223,927</u>

Harris County Municipal Utility District No. 489
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2023

Due During Fiscal Years Ending May 31	Series 2019		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 265,000	\$ 266,719	\$ 531,719
2025	275,000	254,569	529,569
2026	290,000	245,481	535,481
2027	305,000	239,531	544,531
2028	320,000	233,281	553,281
2029	335,000	226,731	561,731
2030	350,000	219,881	569,881
2031	365,000	212,732	577,732
2032	380,000	205,282	585,282
2033	400,000	197,481	597,481
2034	420,000	188,756	608,756
2035	440,000	179,082	619,082
2036	460,000	168,668	628,668
2037	480,000	157,507	637,507
2038	505,000	145,494	650,494
2039	525,000	132,618	657,618
2040	550,000	119,182	669,182
2041	575,000	105,118	680,118
2042	605,000	89,991	694,991
2043	635,000	72,525	707,525
2044	660,000	53,100	713,100
2045	695,000	32,775	727,775
2046	745,000	11,175	756,175
Totals	<u>\$ 10,580,000</u>	<u>\$ 3,757,679</u>	<u>\$ 14,337,679</u>

Harris County Municipal Utility District No. 489
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2023

Due During Fiscal Years Ending May 31	Series 2019 Road		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 550,000	\$ 515,625	\$ 1,065,625
2025	570,000	490,425	1,060,425
2026	585,000	471,750	1,056,750
2027	605,000	459,850	1,064,850
2028	625,000	447,159	1,072,159
2029	645,000	433,263	1,078,263
2030	665,000	418,525	1,083,525
2031	690,000	402,418	1,092,418
2032	710,000	384,919	1,094,919
2033	735,000	366,397	1,101,397
2034	760,000	346,300	1,106,300
2035	780,000	325,125	1,105,125
2036	805,000	302,325	1,107,325
2037	835,000	277,725	1,112,725
2038	860,000	252,300	1,112,300
2039	890,000	226,050	1,116,050
2040	920,000	198,900	1,118,900
2041	950,000	170,850	1,120,850
2042	980,000	141,900	1,121,900
2043	1,010,000	112,050	1,122,050
2044	1,045,000	81,225	1,126,225
2045	1,075,000	49,425	1,124,425
2046	1,110,000	16,650	1,126,650
Totals	<u>\$ 18,400,000</u>	<u>\$ 6,891,156</u>	<u>\$ 25,291,156</u>

Harris County Municipal Utility District No. 489
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2023

Due During Fiscal Years Ending May 31	Series 2020		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 615,000	\$ 331,125	\$ 946,125
2025	615,000	312,675	927,675
2026	615,000	288,075	903,075
2027	615,000	269,625	884,625
2028	615,000	257,325	872,325
2029	615,000	245,025	860,025
2030	615,000	232,725	847,725
2031	615,000	220,425	835,425
2032	615,000	208,125	823,125
2033	615,000	195,825	810,825
2034	615,000	183,525	798,525
2035	615,000	171,225	786,225
2036	615,000	158,541	773,541
2037	615,000	145,472	760,472
2038	615,000	132,018	747,018
2039	615,000	118,181	733,181
2040	615,000	104,344	719,344
2041	615,000	90,506	705,506
2042	615,000	76,669	691,669
2043	620,000	62,775	682,775
2044	620,000	48,825	668,825
2045	620,000	34,875	654,875
2046	620,000	20,925	640,925
2047	620,000	6,975	626,975
Totals	<u>\$ 14,785,000</u>	<u>\$ 3,915,806</u>	<u>\$ 18,700,806</u>

Harris County Municipal Utility District No. 489
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2023

Series 2020 Road			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 300,000	\$ 162,513	\$ 462,513
2025	300,000	150,512	450,512
2026	300,000	138,512	438,512
2027	300,000	129,512	429,512
2028	300,000	123,512	423,512
2029	300,000	117,512	417,512
2030	300,000	111,512	411,512
2031	300,000	105,512	405,512
2032	295,000	99,563	394,563
2033	295,000	93,663	388,663
2034	295,000	87,763	382,763
2035	295,000	81,863	376,863
2036	295,000	75,778	370,778
2037	295,000	69,509	364,509
2038	295,000	63,056	358,056
2039	295,000	56,419	351,419
2040	295,000	49,781	344,781
2041	295,000	43,144	338,144
2042	295,000	36,506	331,506
2043	295,000	29,869	324,869
2044	295,000	23,231	318,231
2045	295,000	16,594	311,594
2046	295,000	9,956	304,956
2047	295,000	3,319	298,319
Totals	<u>\$ 7,120,000</u>	<u>\$ 1,879,111</u>	<u>\$ 8,999,111</u>

Harris County Municipal Utility District No. 489
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2023

Due During Fiscal Years Ending May 31	Series 2021		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 1,300,000	\$ 720,344	\$ 2,020,344
2025	1,300,000	681,344	1,981,344
2026	1,300,000	642,343	1,942,343
2027	1,300,000	609,844	1,909,844
2028	1,300,000	583,844	1,883,844
2029	1,300,000	557,843	1,857,843
2030	1,300,000	531,844	1,831,844
2031	1,300,000	505,844	1,805,844
2032	1,300,000	479,843	1,779,843
2033	1,300,000	453,844	1,753,844
2034	1,300,000	427,844	1,727,844
2035	1,300,000	401,843	1,701,843
2036	1,300,000	375,844	1,675,844
2037	1,300,000	349,844	1,649,844
2038	1,300,000	323,843	1,623,843
2039	1,300,000	297,031	1,597,031
2040	1,325,000	269,141	1,594,141
2041	1,325,000	240,156	1,565,156
2042	1,325,000	210,344	1,535,344
2043	1,325,000	179,703	1,504,703
2044	1,325,000	148,234	1,473,234
2045	1,325,000	115,938	1,440,938
2046	1,325,000	82,813	1,407,813
2047	1,325,000	49,688	1,374,688
2048	1,325,000	16,563	1,341,563
Totals	<u>\$ 32,725,000</u>	<u>\$ 9,255,766</u>	<u>\$ 41,980,766</u>

Harris County Municipal Utility District No. 489
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2023

Due During Fiscal Years Ending May 31	Series 2021A		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 275,000	\$ 161,925	\$ 436,925
2025	275,000	153,675	428,675
2026	275,000	145,425	420,425
2027	275,000	138,550	413,550
2028	275,000	133,050	408,050
2029	290,000	127,400	417,400
2030	300,000	121,500	421,500
2031	300,000	115,500	415,500
2032	300,000	109,500	409,500
2033	300,000	103,500	403,500
2034	300,000	97,500	397,500
2035	300,000	91,500	391,500
2036	300,000	85,500	385,500
2037	300,000	79,500	379,500
2038	300,000	73,500	373,500
2039	300,000	67,312	367,312
2040	300,000	60,938	360,938
2041	300,000	54,375	354,375
2042	300,000	47,625	347,625
2043	300,000	40,687	340,687
2044	300,000	33,563	333,563
2045	300,000	26,250	326,250
2046	300,000	18,750	318,750
2047	300,000	11,250	311,250
2048	300,000	3,750	303,750
Totals	<u>\$ 7,365,000</u>	<u>\$ 2,102,025</u>	<u>\$ 9,467,025</u>

Harris County Municipal Utility District No. 489
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2023

Series 2022 Road			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 555,000	\$ 456,850	\$ 1,011,850
2025	555,000	440,200	995,200
2026	555,000	420,775	975,775
2027	555,000	398,575	953,575
2028	555,000	376,375	931,375
2029	555,000	356,950	911,950
2030	555,000	340,300	895,300
2031	555,000	323,650	878,650
2032	555,000	307,000	862,000
2033	555,000	290,350	845,350
2034	555,000	273,700	828,700
2035	555,000	257,050	812,050
2036	555,000	240,400	795,400
2037	555,000	223,750	778,750
2038	555,000	207,100	762,100
2039	555,000	190,450	745,450
2040	555,000	173,800	728,800
2041	555,000	157,150	712,150
2042	555,000	139,806	694,806
2043	555,000	121,769	676,769
2044	550,000	103,813	653,813
2045	550,000	85,937	635,937
2046	550,000	67,375	617,375
2047	550,000	48,125	598,125
2048	550,000	28,875	578,875
2049	550,000	9,625	559,625
Totals	<u>\$ 14,400,000</u>	<u>\$ 6,039,750</u>	<u>\$ 20,439,750</u>

Harris County Municipal Utility District No. 489
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2023

Due During Fiscal Years Ending May 31	Series 2022		
	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ -	\$ 1,229,931	\$ 1,229,931
2025	980,000	1,200,531	2,180,531
2026	980,000	1,141,731	2,121,731
2027	980,000	1,082,931	2,062,931
2028	980,000	1,024,131	2,004,131
2029	980,000	965,331	1,945,331
2030	980,000	906,531	1,886,531
2031	980,000	857,531	1,837,531
2032	980,000	817,719	1,797,719
2033	980,000	776,681	1,756,681
2034	980,000	735,031	1,715,031
2035	980,000	692,769	1,672,769
2036	980,000	649,281	1,629,281
2037	980,000	604,569	1,584,569
2038	980,000	558,631	1,538,631
2039	980,000	512,082	1,492,082
2040	985,000	465,413	1,450,413
2041	985,000	418,010	1,403,010
2042	985,000	369,375	1,354,375
2043	985,000	320,125	1,305,125
2044	985,000	270,875	1,255,875
2045	985,000	221,625	1,206,625
2046	985,000	172,375	1,157,375
2047	985,000	123,125	1,108,125
2048	985,000	73,875	1,058,875
2049	985,000	24,625	1,009,625
Totals	<u>\$ 24,550,000</u>	<u>\$ 16,214,834</u>	<u>\$ 40,764,834</u>

Harris County Municipal Utility District No. 489
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2023

Due During Fiscal Years Ending May 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 4,090,000	\$ 4,180,244	\$ 8,270,244
2025	5,115,000	4,010,669	9,125,669
2026	5,155,000	3,811,904	8,966,904
2027	5,200,000	3,636,956	8,836,956
2028	5,250,000	3,477,437	8,727,437
2029	5,310,000	3,318,447	8,628,447
2030	5,370,000	3,160,221	8,530,221
2031	5,420,000	3,009,387	8,429,387
2032	5,470,000	2,865,335	8,335,335
2033	5,525,000	2,718,054	8,243,054
2034	5,590,000	2,566,859	8,156,859
2035	5,645,000	2,412,008	8,057,008
2036	5,705,000	2,252,159	7,957,159
2037	5,770,000	2,087,229	7,857,229
2038	5,840,000	1,917,960	7,757,960
2039	5,910,000	1,743,733	7,653,733
2040	6,015,000	1,565,702	7,580,702
2041	6,090,000	1,383,287	7,473,287
2042	6,175,000	1,195,019	7,370,019
2043	6,260,000	1,000,028	7,260,028
2044	6,345,000	799,904	7,144,904
2045	6,430,000	595,907	7,025,907
2046	5,930,000	400,019	6,330,019
2047	4,075,000	242,482	4,317,482
2048	3,160,000	123,063	3,283,063
2049	1,535,000	34,250	1,569,250
Totals	\$ 138,380,000	\$ 54,508,263	\$ 192,888,263

Harris County Municipal Utility District No. 489

Changes in Long-term Bonded Debt

Year Ended May 31, 2023

	Bond			
	Series 2018	Series 2018 Road	Series 2019	Series 2019 Road
Interest rates	3.00% to 4.00%	4.00% to 4.50%	2.00% to 4.50%	2.00% to 4.50%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2023/2044	September 1, 2023/2044	September 1, 2023/2045	September 1, 2023/2045
Bonds outstanding, beginning of current year	\$ 3,915,000	\$ 4,765,000	\$ 10,835,000	\$ 18,935,000
Bonds sold during current year	-	-	-	-
Retirements, principal	100,000	125,000	255,000	535,000
Bonds outstanding, end of current year	\$ 3,815,000	\$ 4,640,000	\$ 10,580,000	\$ 18,400,000
Interest paid during current year	\$ 141,118	\$ 202,194	\$ 278,419	\$ 540,038

Paying agent's name and address:

Series 2018	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2018 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2019	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2019 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2020	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2020 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2021	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2021A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2022 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2022	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:	Tax Bonds	Recreational Bonds	Road Bonds	Refunding Bonds
Amount authorized by voters	\$ 331,000,000	\$ 140,000,000	\$ 80,000,000	\$ 551,000,000
Amount issued	\$ 88,075,000	\$ 7,365,000	\$ 46,270,000	\$ -
Remaining to be issued	\$ 242,925,000	\$ 132,635,000	\$ 33,730,000	\$ 551,000,000

Debt service fund cash and temporary investment balances as of May 31, 2023: \$ 9,913,664

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 7,418,779

Issues

Series 2020	Series 2020 Road	Series 2021	Series 2021A	Series 2022 Road	Series 2022	Totals
2.00% to 4.00%	2.00% to 4.00%	2.00% to 3.00%	2.00% to 3.00%	3.00% to 4.00%	4.00% to 6.00%	
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	
September 1, 2023/2046	September 1, 2023/2046	September 1, 2023/2047	September 1, 2023/2047	September 1, 2023/2048	September 1, 2024/2048	
\$ 15,400,000	\$ 7,420,000	\$ 32,725,000	\$ 7,365,000	\$ 14,400,000	\$ -	\$ 115,760,000
-	-	-	-	-	24,550,000	24,550,000
615,000	300,000	-	-	-	-	1,930,000
<u>\$ 14,785,000</u>	<u>\$ 7,120,000</u>	<u>\$ 32,725,000</u>	<u>\$ 7,365,000</u>	<u>\$ 14,400,000</u>	<u>\$ 24,550,000</u>	<u>\$ 138,380,000</u>
<u>\$ 343,425</u>	<u>\$ 174,513</u>	<u>\$ 739,844</u>	<u>\$ 166,050</u>	<u>\$ 401,860</u>	<u>\$ 314,316</u>	<u>\$ 3,301,775</u>

Harris County Municipal Utility District No. 489
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended May 31,

	Amounts				
	2023	2022	2021	2020	2019
General Fund					
Revenues					
Property taxes	\$ 3,796,185	\$ 3,124,670	\$ 1,784,484	\$ 940,068	\$ 340,970
Water service	1,146,864	929,760	740,747	462,887	200,412
Sewer service	2,091,461	1,784,959	1,328,184	749,884	273,035
Regional water fee	1,718,132	1,228,390	959,730	587,474	217,954
Penalty and interest	90,770	72,179	40,990	24,222	8,337
Tap connection and inspection fees	605,573	934,704	1,689,081	1,107,932	594,317
Sale of capacity	-	-	578,699	25,483	25,483
Investment income	190,702	7,001	2,863	7,847	2,694
Other income	4,954	992	-	241,833	-
Total revenues	<u>9,644,641</u>	<u>8,082,655</u>	<u>7,124,778</u>	<u>4,147,630</u>	<u>1,663,202</u>
Expenditures					
Service operations:					
Purchased services	2,362,269	1,690,063	1,059,022	593,166	309,131
Regional water fee	530,334	612,071	458,212	240,436	69,607
Professional fees	231,608	261,280	261,399	256,606	216,927
Contracted services	1,245,864	914,861	680,508	376,526	135,273
Utilities	91,743	73,681	57,679	42,870	16,155
Repairs and maintenance	1,547,226	1,662,351	1,630,079	1,154,500	442,876
Other expenditures	168,805	136,220	138,497	74,325	59,450
Tap connections	400,345	473,006	755,180	423,245	252,689
Capital outlay	117,471	-	-	32,050	-
Debt service, debt issuance costs	71,181	37,500	-	-	-
Total expenditures	<u>6,766,846</u>	<u>5,861,033</u>	<u>5,040,576</u>	<u>3,193,724</u>	<u>1,502,108</u>
Excess of Revenues Over Expenditures	2,877,795	2,221,622	2,084,202	953,906	161,094
Other Financing Sources					
Interfund transfers in	-	-	-	-	7,408
Excess of Revenues and Transfers In Over Expenditures and Transfers Out	2,877,795	2,221,622	2,084,202	953,906	168,502
Fund Balance, Beginning of Year	<u>5,524,765</u>	<u>3,303,143</u>	<u>1,218,941</u>	<u>265,035</u>	<u>96,533</u>
Fund Balance, End of Year	<u>\$ 8,402,560</u>	<u>\$ 5,524,765</u>	<u>\$ 3,303,143</u>	<u>\$ 1,218,941</u>	<u>\$ 265,035</u>
Total Active Retail Water Connections	<u>3,141</u>	<u>2,804</u>	<u>2,357</u>	<u>1,482</u>	<u>638</u>
Total Active Retail Wastewater Connections	<u>3,020</u>	<u>2,700</u>	<u>2,255</u>	<u>1,406</u>	<u>586</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
39.4 %	38.7 %	25.1 %	22.7 %	20.5 %
11.9	11.5	10.4	11.2	12.1
21.7	22.1	18.6	18.1	16.4
17.8	15.2	13.5	14.1	13.1
0.9	0.9	0.6	0.6	0.5
6.3	11.5	23.7	26.7	35.7
-	-	8.1	0.6	1.5
2.0	0.1	0.0	0.2	0.2
0.0	0.0	-	5.8	-
100.0	100.0	100.0	100.0	100.0
24.5	20.9	14.9	14.3	18.6
5.5	7.6	6.4	5.8	4.2
2.4	3.2	3.7	6.2	13.0
12.9	11.3	9.5	9.1	8.1
1.0	0.9	0.8	1.0	1.0
16.0	20.6	22.9	27.8	26.6
1.8	1.7	1.9	1.8	3.6
4.2	5.8	10.6	10.2	15.2
1.2	-	-	0.8	-
0.7	0.5	-	-	-
70.2	72.5	70.7	77.0	90.3
29.8 %	27.5 %	29.3 %	23.0 %	9.7 %

Harris County Municipal Utility District No. 489
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended May 31,

	Amounts				
	2023	2022	2021	2020	2019
Debt Service Fund					
Revenues					
Property taxes	\$ 7,584,511	\$ 5,442,107	\$ 2,803,922	\$ 680,800	\$ 134,082
Penalty and interest	49,407	53,526	14,405	4,768	6,049
Investment income	232,883	11,342	3,212	15,069	3,162
Other income	28,755	21,408	5,808	1,317	199
Total revenues	<u>7,895,556</u>	<u>5,528,383</u>	<u>2,827,347</u>	<u>701,954</u>	<u>143,492</u>
Expenditures					
Current:					
Professional fees	25,685	21,848	-	774	-
Contracted services	112,083	83,347	52,452	25,525	12,214
Other expenditures	10,211	10,115	7,440	5,932	4,960
Debt service:					
Principal retirement	1,930,000	970,000	330,000	100,000	-
Interest and fees	3,308,525	2,068,589	1,426,052	618,007	99,087
Total expenditures	<u>5,386,504</u>	<u>3,153,899</u>	<u>1,815,944</u>	<u>750,238</u>	<u>116,261</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,509,052</u>	<u>2,374,484</u>	<u>1,011,403</u>	<u>(48,284)</u>	<u>27,231</u>
Other Financing Sources (Uses)					
Interfund transfers out	-	-	-	-	(4,141)
General obligation bonds issued	491,000	1,138,481	530,088	875,831	730,525
Total other financing sources	<u>491,000</u>	<u>1,138,481</u>	<u>530,088</u>	<u>875,831</u>	<u>726,384</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	3,000,052	3,512,965	1,541,491	827,547	753,615
Fund Balance, Beginning of Year	<u>6,635,618</u>	<u>3,122,653</u>	<u>1,581,162</u>	<u>753,615</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 9,635,670</u>	<u>\$ 6,635,618</u>	<u>\$ 3,122,653</u>	<u>\$ 1,581,162</u>	<u>\$ 753,615</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
96.1 %	98.4 %	99.2 %	97.0 %	93.4 %
0.6	1.0	0.5	0.7	4.2
2.9	0.2	0.1	2.1	2.2
0.4	0.4	0.2	0.2	0.2
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.3	0.4	-	0.1	-
1.4	1.5	1.8	3.6	7.4
0.1	0.2	0.3	0.9	4.5
24.5	17.5	11.7	14.2	-
<u>41.9</u>	<u>37.4</u>	<u>50.4</u>	<u>88.0</u>	<u>69.1</u>
<u>68.2</u>	<u>57.0</u>	<u>64.2</u>	<u>106.8</u>	<u>81.0</u>
<u><u>31.8 %</u></u>	<u><u>43.0 %</u></u>	<u><u>35.8 %</u></u>	<u><u>(6.8) %</u></u>	<u><u>19.0 %</u></u>

Harris County Municipal Utility District No. 489
Board Members, Key Personnel and Consultants
Year Ended May 31, 2023

Complete District mailing address:	Harris County Municipal Utility District No. 489 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 2400 Houston, Texas 77056
District business telephone number:	713.623.4531
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	July 18, 2022
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
Anthony McBride	Elected 11/20-** 05/24	\$ 1,200	\$ 276	President
Ashley Poe	Elected 11/20-** 05/24	1,650	347	Vice President
Christian Carroll	Elected 11/20-** 05/24	1,950	502	Secretary
Arlene Harper-Veith	Appointed 07/22- 05/26	2,100	1,056	Assistant Secretary
Trace Salazar	Elected 05/22- 05/26	2,250	425	Assistant Secretary

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

**May 2020 director election was deferred until November 2020.

Harris County Municipal Utility District No. 489
Board Members, Key Personnel and Consultants (Continued)
Year Ended May 31, 2023

Consultants	Date Hired	Fees and Expense Reimbursements	Title
B&A Municipal Tax Services, LLC	12/01/13	\$ 54,654	Tax Assessor/ Collector
BGE, Inc.	02/27/08	295,016	Engineer
FORVIS, LLP	05/15/17	43,400	Auditor
Harris Central Appraisal District	Legislative Action	71,605	Appraiser
Inframark, LLC	02/10/15	2,237,308	Operator
Masterson Advisors LLC	04/16/18	395,480	Financial Advisor
Municipal Accounts & Consulting, L.P.	02/27/08	83,887	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/19/16	25,685	Delinquent Tax Attorney
Schwartz, Page & Harding, L.L.P.	02/27/08	132,202 551,509	General Counsel/ Bond Counsel
Investment Officers			
Mark M. Burton and Ghia Lewis	07/31/13	N/A	Bookkeepers