

**WALLER COUNTY MUNICIPAL
UTILITY DISTRICT NO. 37**

WALLER COUNTY, TEXAS

FINANCIAL REPORT

April 30, 2023

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McGRATH & CO., PLLC

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Independent Auditor's Report

Board of Directors
Waller County Municipal Utility District No. 37
Waller County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Waller County Municipal Utility District No. 37 (the "District"), as of and for the year ended April 30, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Waller County Municipal Utility District No. 37, as of April 30, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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

***Board of Directors
Waller County Municipal Utility District No. 37
Waller County, Texas***

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 Texas Supplementary Information schedules 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

McGuire & Co, P.C.

Houston, Texas
August 10, 2023

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Management's Discussion and Analysis

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***Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
April 30, 2023***

Using this Annual Report

Within this section of the financial report of Waller County Municipal Utility District No. 37 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2023. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
April 30, 2023***

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. 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, governmental statutes, or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at April 30, 2023, was negative \$9,069,759. This amount is negative primarily because the District incurs debt to construct public roads which it conveys to the Waller County. A comparative summary of the District's overall financial position, as of April 30, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 411,288	\$ 115,281
Capital assets	13,010,773	
Total assets	<u>13,422,061</u>	<u>115,281</u>
Current liabilities	2,427,780	111,213
Long-term liabilities	20,064,040	97,500
Total liabilities	<u>22,491,820</u>	<u>208,713</u>
Net position		
Net investment in capital assets	(453,355)	
Unrestricted	<u>(8,616,404)</u>	<u>(93,432)</u>
Total net position	<u>\$ (9,069,759)</u>	<u>\$ (93,432)</u>

Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
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The total net position of the District decreased during the current fiscal year by \$8,976,327. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2023</u>	<u>2022</u>
Revenues		
Property taxes, penalties and interest	\$ 280,838	\$ 121,596
Water and sewer service	81,691	
Other	616,240	
Total revenues	<u>978,769</u>	<u>121,596</u>
Expenses		
Current service operations	570,932	127,925
Debt interest and fees	40,882	
Debt issuance costs	44,700	
Intergovernmental	302,287	
Depreciation	333,610	
Total expenses	<u>1,292,411</u>	<u>127,925</u>
Change in net position before other item	(313,642)	(6,329)
Other item		
Transfers to other governments	<u>(8,662,685)</u>	
Change in net position	(8,976,327)	(6,329)
Net position, beginning of year	<u>(93,432)</u>	<u>(87,103)</u>
Net position, end of year	<u>\$ (9,069,759)</u>	<u>\$ (93,432)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of April 30, 2023, were \$134,376, which consists of \$116,133 in the General Fund and \$18,243 in the Capital Projects Fund.

***Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
April 30, 2023***

General Fund

A comparative summary of the General Fund's financial position as of April 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Total assets	<u>\$ 393,045</u>	<u>\$ 115,281</u>
Total liabilities	\$ 276,898	\$ 111,213
Total deferred inflows	14	8
Total fund balance	<u>116,133</u>	<u>4,060</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 393,045</u>	<u>\$ 115,281</u>

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	<u>2023</u>	<u>2022</u>
Total revenues	\$ 978,712	\$ 121,588
Total expenditures	<u>(866,639)</u>	<u>(127,925)</u>
Revenues over/(under) expenditures	112,073	(6,337)
Other changes in fund balance		37,500
Net change in fund balance	<u>\$ 112,073</u>	<u>\$ 31,163</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District and tap connection fees charged to homebuilders in the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because assessed values increased from prior year.
- Water and sewer revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.

Waller County Municipal Utility District No. 37
Management’s Discussion and Analysis
April 30, 2023

Capital Projects Fund

A Capital Projects Fund was established to account for the expenditure of proceeds from the issuance of the District’s Series 2022 Bond Anticipation Note. A summary of the financial position of the Capital Projects Fund as of April 30, 2023 is as follows:

Total assets	<u>\$ 18,243</u>
Total fund balance	<u>\$ 18,243</u>

A summary of activities in the Capital Projects Fund for the current fiscal year is as follows:

Total revenues	\$ 51
Total expenditures	<u>(2,043,058)</u>
Revenues under expenditures	<u>(2,043,007)</u>
Other changes in fund balance	<u>2,061,250</u>
Net change in fund balance	<u>\$ 18,243</u>

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District’s budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$85,987 greater than budgeted. The *Budgetary Comparison Schedule* on page 32 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District’s financial statements upon completion of construction.

***Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
April 30, 2023***

Capital assets held by the District at April 30, 2023 are summarized as follows:

Capital assets being depreciated	
Infrastructure	\$ 13,344,383
Less accumulated depreciation	(333,610)
Capital assets, net	<u>\$ 13,010,773</u>

The District did not have any capital assets to report as of April 30, 2022.

Capital asset additions during the current year include the utilities to serve Sunterra Sections 14, 15, 16, 22, 23, 24, 25, 28, 29, 30, 31 and Sunterra Shores Drive.

Waller County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended April 30, 2023, capital assets in the amount of \$8,662,685 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 9.

Long-Term Debt and Related Liabilities

As of April 30, 2023, the District owes approximately \$20,064,040 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of \$7,102,412 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

During the current year, the District issued a \$2,110,000 bond anticipation note (BAN) to provide short-term financing for developer reimbursements. The District intends to repay the BAN with proceeds from the issuance of long-term debt. See Note 5 for additional information.

At April 30, 2023, the District had \$122,760,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$36,828,000 for the refunding of such bonds; \$40,545,000 for parks and recreational facilities and \$12,164,000 for the refunding of such bonds; \$117,145,000 for road improvements and \$35,144,000 for the refunding of such bonds.

***Waller County Municipal Utility District No. 37
Management's Discussion and Analysis
April 30, 2023***

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic may affect the factors that District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	<u>2023 Actual</u>	<u>2024 Budget</u>
Total revenues	\$ 978,712	\$ 1,562,104
Total expenditures	<u>(866,639)</u>	<u>(1,244,125)</u>
Revenues over expenditures	112,073	317,979
Beginning fund balance	4,060	116,133
Ending fund balance	<u><u>\$ 116,133</u></u>	<u><u>\$ 434,112</u></u>

Property Taxes

The District's property tax base increased approximately \$85,380,000 for the 2023 tax year from \$18,607,952 to \$103,987,495, based on preliminary values. This increase was primarily due to increased property values.

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Basic Financial Statements

Waller County Municipal Utility District No. 37
Statement of Net Position and Governmental Fund Balance Sheet
April 30, 2023

	General Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets					
Cash	\$ 350,440	\$ 18,243	\$ 368,683	\$ -	\$ 368,683
Taxes receivable	14		14		14
Customer service receivables	28,158		28,158		28,158
Other receivables	12,452		12,452		12,452
Prepaid items	1,981		1,981		1,981
Capital assets, net				13,010,773	13,010,773
Total Assets	\$ 393,045	\$ 18,243	\$ 411,288	13,010,773	13,422,061
Liabilities					
Accounts payable	\$ 146,235	\$ -	\$ 146,235		146,235
Customer deposits	43,750		43,750		43,750
Unearned revenue	86,618		86,618		86,618
Other payables	295		295		295
Accrued interest payable				40,882	40,882
Bond anticipation note payable				2,110,000	2,110,000
Due to developers				20,064,040	20,064,040
Total Liabilities	276,898		276,898	22,214,922	22,491,820
Deferred Inflows of Resources					
Deferred property taxes	14		14	(14)	
Fund Balance/Net Position					
Fund Balance					
Nonspendable	1,981		1,981	(1,981)	
Restricted		18,243	18,243	(18,243)	
Unassigned	114,152		114,152	(114,152)	
Total Fund Balances	116,133	18,243	134,376	(134,376)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 393,045	\$ 18,243	\$ 411,288		
Net Position					
Net investment in capital assets				(453,355)	(453,355)
Unrestricted				(8,616,404)	(8,616,404)
Total Net Position				\$ (9,069,759)	\$ (9,069,759)

See notes to basic financial statements.

Waller County Municipal Utility District No. 37

**Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2023**

	General Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues					
Water service	\$ 61,064	\$ -	\$ 61,064	\$ -	\$ 61,064
Sewer service	20,627		20,627		20,627
Property taxes	279,516		279,516	6	279,522
Penalties and interest	1,316		1,316		1,316
Tap connection and inspection	614,815		614,815		614,815
Miscellaneous	915		915		915
Investment earnings	459	51	510		510
Total Revenues	978,712	51	978,763	6	978,769
Expenditures/Expenses					
Current service operations					
Professional fees	180,814	6,375	187,189		187,189
Contracted services	343,083		343,083		343,083
Repairs and maintenance	20,522		20,522		20,522
Administrative	18,529		18,529		18,529
Other	1,404	205	1,609		1,609
Capital outlay					
Interest and fees		1,991,778	1,991,778	(1,991,778)	40,882
Debt issuance costs		44,700	44,700		44,700
Intergovernmental					
Master District connection fees	205,743		205,743		205,743
Maintenance charges	65,516		65,516		65,516
Contractual obligations	31,028		31,028		31,028
Depreciation				333,610	333,610
Total Expenditures/Expenses	866,639	2,043,058	2,909,697	(1,617,286)	1,292,411
Revenues Over/(Under) Expenditures/Expenses	112,073	(2,043,007)	(1,930,934)	1,617,292	(313,642)
Other Financing Sources/(Uses)					
Proceeds from bond anticipation note		2,110,000	2,110,000	(2,110,000)	
Repayment of operating advances		(48,750)	(48,750)	48,750	
Other Items					
Transfers to other governments				(8,662,685)	(8,662,685)
Net Change in Fund Balance	112,073	18,243	130,316	(130,316)	
Change in Net Position				(8,976,327)	(8,976,327)
Fund Balance/Net Position					
Beginning of the year	4,060	-	4,060	(97,492)	(93,432)
End of the year	\$ 116,133	\$ 18,243	\$ 134,376	\$ (9,204,135)	\$ (9,069,759)

See notes to basic financial statements.

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Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2023

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Waller County Municipal Utility District No. 37 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant the House Bill No. 4520, 86th Session of the Texas Legislature, Regular Session, codified as Chapter 8047, Texas Special District Local Law Code (The “Act”), effective May 3, 2019, and operates in accordance with Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution, and the Texas Water Code, Chapters 49 and 54. On July 30, 2020 the voters of the District approved a proposition dividing the District into three districts: the District, Harris - Waller Counties Municipal Utility District No. 4 (“MUD 4”) and Harris -Waller Counties Municipal Utility District No. 5 (“MUD 5”). The Board of Directors held its first meeting on August 11, 2020.

The District’s primary activities include construction, maintenance and operation of water, sewer, and drainage facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll, or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has two governmental funds, which are both considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District’s water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District’s water, sewer, and drainage facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on deposits and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset unless a legal right of offset exists. At April 30, 2023, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables, and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$50,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater, and drainage facilities, are depreciated using the straight-line method over an estimated useful life of 40 years.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District’s nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balances consist of unspent bond anticipation note proceeds in the Capital Projects Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets transferred to the Waller County and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2023

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Fund Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds	\$	134,376
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$	13,344,383
Less accumulated depreciation		<u>(333,610)</u>
Change due to capital assets		13,010,773
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bond anticipation note payable		(2,110,000)
Interest payable on bonds		<u>(40,882)</u>
Change due to long-term debt		(2,150,882)
Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the <i>Statement of Net Position</i> .		(20,064,040)
Property taxes receivable have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		14
Total net position - governmental activities	<u>\$</u>	<u>(9,069,759)</u>

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2023

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the *Governmental Fund Statement of Revenues, Expenditures and Change in Fund Balance* to the *Statement of Activities*

Net change in fund balances - total governmental funds \$ 130,316

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes. 6

Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset.

Capital outlays	\$ 1,991,778	
Depreciation expense	(333,610)	
		1,658,168

The issuance of a bond anticipation note provides current financial resources to governmental funds. However, this transaction has no effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.

Proceeds from bond anticipation note	(2,110,000)	
Interest expense accrual	(40,882)	
		(2,150,882)

Amounts repaid to the District's developer for operating advances use financial resources at the fund level, but reduce the liability in the *Statement of Net Position*. 48,750

The District constructs roads which are accepted into the public road system of Waller County. Since these improvements are funded by the developer, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities*, these amounts are reported as transfers to other governments. (8,662,685)

Change in net position of governmental activities		\$ (8,976,327)
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Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e., cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or 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, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers’ acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District’s investment program should be managed. This policy further restricts the types of investments in which the District may invest. During current year, the District did not have any investment account.

Note 4 – Capital Assets

A summary of changes in capital assets, for the year ended April 30, 2023, is as follows:

	Beginning Balances	Additions	Ending Balance
Capital assets being depreciated			
Infrastructure	\$ -	\$ 13,344,383	\$ 13,344,383
Less accumulated depreciation		(333,610)	(333,610)
Capital assets, net	<u>\$ -</u>	<u>\$ 13,010,773</u>	<u>\$ 13,010,773</u>

Depreciation expense for the current year was \$333,610.

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2023

Note 5 – Bond Anticipation Note

The District uses a bond anticipation note (BAN) to provide short-term financing for reimbursements to its developers. Despite its short-term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long-term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

On December 15, 2022, the District issued a \$2,110,000 BAN with an interest rate of 5.20%, which is due on December 14, 2023. This BAN will be repaid subsequent to year end. See Note 13 for additional information.

The effect of this transaction on the District’s short-term obligations are as follows:

Beginning balance	\$ -
Amounts borrowed	2,110,000
Ending balance	<u>\$ 2,110,000</u>

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

The District’s developers have also advanced funds to the District for operating expenses.

Changes in the estimated amounts due to developers during the year are as follows:

Due to developers, beginning of year	\$ 97,500
Developer reimbursements	(1,991,778)
Developer funded construction	22,007,068
Repayment of operating advances	(48,750)
Due to developers, end of year	<u>\$ 20,064,040</u>

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2023

Note 6 – Due to Developers (continued)

In addition, the District will owe the developers approximately \$7,102,412, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District’s auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percent Complete
Sunterra Sections 18-20 - utilities	\$ 577,500	97.3%
Sunterra Sections 18-20 - paving	659,258	98.9%
Sunterra Section. 32 - utilities	1,220,981	82.3%
Sunterra Section 29 and 30 - paving	58,215	0.0%
Sunterra Sections 14-16 - hardscape, landscaping and irrigation	848,815	90.0%
Sunterra Section 28 - hardscape, landscaping and irrigation	220,578	84.1%
Sunterra Section 29 - hardscape, landscaping and irrigation	387,330	64.3%
Sunterra Section 22 - hardscape, landscaping and irrigation	189,767	0.0%
Sunterra Section 23 - hardscape, landscaping and irrigation	330,000	0.0%
Sunterra Section 24 - hardscape, landscaping and irrigation	405,180	0.0%
Sunterra Section 25 - hardscape, landscaping and irrigation	860,352	0.0%
Sunterra Section 30 - hardscape, landscaping and irrigation	369,661	0.0%
Sunterra Section 31 - hardscape, landscaping and irrigation	381,452	0.0%
Sunterra Section 32 - hardscape, landscaping and irrigation	338,642	0.0%
Sunterra Section 20 of Sections 17-20 - hardscape, landscaping and irrigation	254,681	60.6%
	<u>\$ 7,102,412</u>	

Note 7 – Long-Term Debt

At April 30, 2023, the District had authorized but unissued bonds in the amount of \$122,760,000 for water, sewer and drainage facilities and \$36,828,000 for the refunding of such bonds; \$40,545,000 for park and recreational facilities and \$12,164,000 for the refunding of such bonds; and \$117,145,000 for road improvements and \$35,144,000 for refunding of such bonds.

Note 8 – Property Taxes

On May 11, 2021, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value.

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

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2023

Note 8 – Property Taxes (continued)

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2023 fiscal year was financed through the 2022 tax levy, pursuant to which the District levied property taxes of \$1.50 per \$100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was \$279,119 on the adjusted taxable value of \$18,607,952.

Note 9 – Transfers to Other Governments

Waller County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Waller County, not the District. The estimated cost of each road project is recorded as a transfer to other government upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended April 30, 2023, the District recorded transfers to other governments in the amount of \$8,662,685 for road facilities constructed by a developer within the District.

Note 10 – Master District

On November 17, 2020, (amended effective February 1, 2021) the District entered into a contract for Financing, Operation, and Maintenance of Regional Facilities (the “Contract”) with Harris-Waller County MUD No.4 (the “Master District”) whereby the Master District agrees to provide or cause to be provided the regional water supply and distribution facilities and the wastewater collection, treatment and disposal facilities, drainage, and road facilities necessary to serve all participant districts located within the Master District’s service area.

The Contract authorizes the establishment of an operating and maintenance reserve by the Master District equivalent to three months’ operating and maintenance expenses, as set forth in the Master District’s annual budget. Prior to commencement of services, the Master District shall bill the District an amount calculated by multiplying the monthly fee (as defined below) by three in order to provide the initial funding required to establish the reserve. The Master District shall adjust the reserve as needed, not less than annually. As of April 30, 2023, the District has paid \$60,925 for an operating reserve.

Upon commencement of services, the Master District will charge each participating district a monthly fee for Master District operating and maintenance expenses based on the unit cost per connection multiplied by the number of equivalent single-family connections (“ESFCs”) reserved to the District. The term of the Contracts is 40 years. During the current year, the District paid \$271,259 to the Master District for its share of operation and maintenance expenses.

The Master District is authorized to issue contract revenue bonds for the purpose of acquiring and constructing regional water, wastewater, drainage, and road facilities needed to provide services to all participating districts in service area. The District shall contribute annually to the payment of debt service requirements based on its pro rata share of the total certified assessed valuation of all participating districts. On December 20, 2022, the Master District issued its \$12,480,000 Series 2022 Contract Revenue Bonds and \$10,400,000 Series 2022 Contract Revenue Road Bonds. During the current year, the District paid the Master District \$31,028 for its share of debt service.

Waller County Municipal Utility District No. 37
Notes to Financial Statements
April 30, 2023

Note 11 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 12 – Concentration of Risk

Approximately 98% of the taxable property within the District is owned by the top 10 taxpayers. Since property taxes are the primary source of revenue for the General Fund the continued ability of these taxpayers to continue to pay their property taxes is an important factor in the District's ability to meet its future obligations.

Note 13 – Subsequent Event

On July 13, 2023, the District approved the sale of its Series 2023 Unlimited Tax Bonds in the amount of \$4,195,000. Proceeds from the bonds will be used to repay a \$2,110,000 BAN issued in the current fiscal year and reimburse the District's developers for operating advances and infrastructure improvements in the District.

Required Supplementary Information

Waller County Municipal Utility District No. 37
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended April 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	\$ 151,800	\$ 99,180	\$ 61,064	\$ (38,116)
Sewer service	156,750	82,650	20,627	(62,023)
Property taxes	245,000	245,000	279,516	34,516
Penalties and interest		1,000	1,316	316
Tap connection and inspection	1,147,000	269,525	614,815	345,290
Miscellaneous			915	915
Investment earnings	10	15	459	444
Total Revenues	<u>1,700,560</u>	<u>697,370</u>	<u>978,712</u>	<u>281,342</u>
Expenditures				
Current service operations				
Professional fees	37,000	127,000	180,814	(53,814)
Contracted services	456,450	207,545	343,083	(135,538)
Repairs and maintenance	9,600	25,000	20,522	4,478
Administrative	35,200	79,600	18,529	61,071
Other	500	1,000	1,404	(404)
Intergovernmental				
Master District connection fees	393,228	199,574	205,743	(6,169)
Maintenance charges	224,000	31,565	65,516	(33,951)
Contractual obligations			31,028	(31,028)
Total Expenditures	<u>1,155,978</u>	<u>671,284</u>	<u>866,639</u>	<u>(195,355)</u>
Revenues Over Expenditures	544,582	26,086	112,073	85,987
Fund Balance				
Beginning of the year	4,060	4,060	4,060	
End of the year	<u>\$ 548,642</u>	<u>\$ 30,146</u>	<u>\$ 116,133</u>	<u>\$ 85,987</u>

Waller County Municipal Utility District No. 37
Notes to Required Supplementary Information
April 30, 2023

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

Waller County Municipal Utility District No. 37
TSI-1. Services and Rates
April 30, 2023

1. Services provided by the District During the Fiscal Year:

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

2. Retail Service Providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate (Y / N)</u>	<u>Rate per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>
Water:	\$ 57.00	10,000	N	\$ 4.30	10,001 to <u>no limit</u>
Wastewater:	\$ 47.50	N/A	Y		

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 57.00 Wastewater \$ 47.50

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC'S</u>
Unmetered			x 1.0	
less than 3/4"	<u>313</u>	<u>313</u>	x 1.0	<u>313</u>
1"			x 2.5	
1.5"			x 5.0	
2"	<u>5</u>	<u>5</u>	x 8.0	<u>40</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	<u>318</u>	<u>318</u>		<u>353</u>
Total Wastewater	<u>313</u>	<u>313</u>	x 1.0	<u>313</u>

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-1. Services and Rates
April 30, 2023

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	<u>2,875,000</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>2,875,000</u>	(Gallons billed / Gallons pumped)
		<u>100.00%</u>

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, Date of the most recent commission Order: _____

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

If yes, Date of the most recent commission Order: _____

5. Location of District

Is the District located entirely within one county? Yes No

County(ies) in which the District is located: Waller County

Is the District located within a city? Entirely Partly Not at all

City(ies) in which the District is located: _____

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

Entirely Partly Not at all

ETJs in which the District is located: City of Houston

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom? _____

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-2. General Fund Expenditures
For the Year Ended April 30, 2023

Professional fees	
Legal	\$ 85,415
Audit	10,000
Engineering	85,399
	<u>180,814</u>
Contracted services	
Bookkeeping	11,800
Operator	15,209
Garbage collection	24,181
Tap connection and inspection	241,782
Tax assessor/collector	10,537
Appraisal District fees	6,046
Security	33,528
	<u>343,083</u>
Repairs and maintenance	<u>20,522</u>
Administrative	
Directors fees	6,000
Printing and office supplies	4,494
Insurance	5,193
Other	2,842
	<u>18,529</u>
Other	<u>1,404</u>
Intergovernmental	
Master District connection fees	205,743
Maintenance charges	65,516
Contractual obligations	31,028
	<u>302,287</u>
Total expenditures	<u>\$ 866,639</u>

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-4. Taxes Levied and Receivable
April 30, 2023

	Maintenance Taxes	
Taxes Receivable, Beginning of Year	\$	8
Adjustments to Prior Year Tax Levy		403
Adjusted Receivable		<u>411</u>
2022 Original Tax Levy		279,160
Adjustments		(41)
Adjusted Tax Levy		<u>279,119</u>
Total to be accounted for		<u>279,530</u>
Tax collections:		
Current year		279,105
Prior years		411
Total Collections		<u>279,516</u>
Taxes Receivable, End of Year	\$	<u>14</u>
Taxes Receivable, By Years		
2022	\$	<u>14</u>
	<u>2022</u>	<u>2021</u>
Property Valuations:		
Land	\$ 18,351,960	\$ 7,937,030
Improvements		97,060
Personal Property	306,390	131,898
Exemptions	(50,398)	(59,561)
Total Property Valuations	<u>\$ 18,607,952</u>	<u>\$ 8,106,427</u>
Tax Rates per \$100 Valuation:		
Maintenance tax rates	<u>\$ 1.50</u>	<u>\$ 1.50</u>
Adjusted Tax Levy:	<u>\$ 279,119</u>	<u>\$ 121,596</u>
Percentage of Taxes Collected to Taxes Levied **	<u>99.99%</u>	<u>100.00%</u>

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on May 11, 2021

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

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Three Fiscal Years

	Amounts		
	2023	2022	2021**
Revenues			
Water service	\$ 61,064.00	\$ -	\$ -
Sewer service	20,627		
Property taxes	279,516	121,588	
Penalties and interest	1,316		
Tap connection and inspection	614,815		
Miscellaneous	915		
Investment earnings	459		4
Total Revenues	<u>978,712</u>	<u>121,588</u>	<u>4</u>
Expenditures			
Current service operations			
Professional fees	180,814	89,435	77,830
Contracted services	343,083	19,253	2,400
Repairs and maintenance	20,522		
Administrative	18,529	19,017	6,877
Other	1,404	220	
Intergovernmental			
Master District connection fees	205,743		
Maintenance charges	65,516		
Contractual obligations	31,028		
Total Expenditures	<u>866,639</u>	<u>127,925</u>	<u>87,107</u>
Revenues Over/(Under) Expenditures	<u>\$ 112,073</u>	<u>\$ (6,337)</u>	<u>\$ (87,103)</u>
Total Active Retail Water Connections	<u>318</u>	<u>N/A</u>	<u>N/A</u>
Total Active Retail Wastewater Connections	<u>313</u>	<u>N/A</u>	<u>N/A</u>

*Percentage is negligible

** Unaudited

See accompanying auditor's report.

Percent of Fund Total Revenues		
2023	2022	2021**
6%		
2%		
29%	100%	
*		
63%		
*		
*		
100%	100%	N/A
18%	74%	
35%	16%	
2%		
2%	16%	
*	*	
21%		
7%		
3%		
88%	106%	N/A
12%	(6%)	N/A

Waller County Municipal Utility District No. 37
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended April 30, 2023

Complete District Mailing Address: 3200 Southwest Freeway Suite 2600 Houston, TX 77027
District Business Telephone Number: (713)-860-6400
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): September 9, 2022
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Matthew C. Deal	05/22 - 05/26	\$ 1,050	\$ -	President
Mark Witcher	09/22 - 05/26	1,050		Vice President
Brian Welch	11/20 - 05/24	1,200		Secretary
David Moriniere	10/21 - 05/24	1,200		Assistant Vice President
Leigh Ellis	11/20 - 05/24	1,500		Assistant Secretary
Jeth Jones	11/20 - 05/22			Former Director
Consultants				
		<u>Amounts Paid</u>		
Allen Boone Humphries Robinson LLP	2020			Attorney
<i>General legal fees</i>		\$ 188,260		
<i>Bond counsel</i>		21,100		Operator
Myrtle Cruz, Inc.	2020	13,160		Bookkeeper
Bob Leared Interests	2020	10,646		Tax Collector
Waller County Appraisal District	<i>Legislation</i>	6,046		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2020	2		Delinquent Tax Attorney
Quiddity Engineering, LLC	2020	78,019		Engineer
McGrath & Co., PLLC	2020	16,375		Auditor
R.W. Baird & Co., Incorporated	2020	21,100		Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
See accompanying auditor's report.