

**HARRIS – WALLER COUNTIES
MUNICIPAL UTILITY DISTRICT NO. 4
HARRIS AND WALLER COUNTIES, TEXAS
FINANCIAL REPORT
April 30, 2025**

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Certified Public Accountants

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Houston, Texas 77092

Independent Auditor's Report

Board of Directors

Harris - Waller Counties Municipal Utility District No. 4

Harris and Waller Counties, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris - Waller Counties Municipal Utility District No. 4 (the "District"), as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Harris - Waller Counties Municipal Utility District No. 4, as of April 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the District restated beginning fund balances in the General Fund and Master District Debt Service Fund during the current fiscal year. Our opinion is not modified with respect to this matter.

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.

Board of Directors
Harris - Waller Counties Municipal Utility District No. 4
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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.

***Board of Directors
Harris - Waller Counties Municipal Utility District No. 4
Harris and Waller Counties, Texas***

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 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 21, 2025

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Management's Discussion and Analysis

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***Harris - Waller Counties Municipal Utility District No. 4
Management's Discussion and Analysis
April 30, 2025***

Using this Annual Report

This section of the financial report of Harris - Waller Counties Municipal Utility District No. 4 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2025. 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.

***Harris - Waller Counties Municipal Utility District No. 4
Management's Discussion and Analysis
April 30, 2025***

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, 2025, was negative \$53,909,976. This amount is negative primarily because the District incurs debt to construct public roads which it conveys to Waller County. A comparative summary of the District's overall financial position, as of April 30, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 9,342,106	\$ 6,399,869
Capital assets	96,708,598	76,067,024
Total assets	<u>106,050,704</u>	<u>82,466,893</u>
Current liabilities	12,132,733	10,524,224
Long-term liabilities	147,827,947	112,521,963
Total liabilities	<u>159,960,680</u>	<u>123,046,187</u>
Net position		
Net investment in capital assets	(15,660,566)	(10,207,540)
Restricted	7,486,465	4,533,862
Unrestricted	(45,735,875)	(34,905,616)
Total net position	<u>\$ (53,909,976)</u>	<u>\$ (40,579,294)</u>

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Management's Discussion and Analysis
April 30, 2025

The total net position of the District decreased during the current fiscal year by \$13,330,682. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Property taxes, penalties and interest	\$ 37,139	\$ 37,534
Water and sewer service	12,786	11,593
Tap connection and inspection	67,681	
Participant billings	6,876,177	4,529,850
Contract taxes from participants	5,367,125	3,584,549
Other	269,299	253,783
Total revenues	<u>12,630,207</u>	<u>8,417,309</u>
Expenses		
Current service operations	6,556,060	4,541,394
Debt interest and fees	3,989,273	2,351,298
Developer interest	1,939,533	1,778,011
Debt issuance costs	2,594,294	2,569,827
Intergovernmental	32,916	38,807
Depreciation and amortization	1,229,087	962,239
Total expenses	<u>16,341,163</u>	<u>12,241,576</u>
Change in net position before other item	(3,710,956)	(3,824,267)
Other item		
Transfers to other governments	<u>(9,619,726)</u>	<u>(14,173,896)</u>
Change in net position	(13,330,682)	(17,998,163)
Net position, beginning of year	<u>(40,579,294)</u>	<u>(22,581,131)</u>
Net position, end of year	<u><u>\$ (53,909,976)</u></u>	<u><u>\$ (40,579,294)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of April 30, 2025, were \$8,191,903, which consists of negative \$230,248 in the General Fund, \$7,486,465 in the Master District Debt Service Fund, \$14,084 in the Master District Capital Projects Fund and \$921,602 in the Master District Operating Fund.

***Harris - Waller Counties Municipal Utility District No. 4
Management's Discussion and Analysis
April 30, 2025***

General Fund

A comparative summary of the General Fund's financial position as of April 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	\$ 84,559	\$ 135,666
Total liabilities	\$ 314,798	\$ 306,657
Total deferred inflows	9	10
Total fund balance (2025 restated)	(230,248)	(171,001)
Total liabilities, deferred inflows and fund balance	\$ 84,559	\$ 135,666

During the current year, the District concluded that the activities of the tax assessor-collector are more appropriately reported within the General Fund, since these costs are paid from the District's maintenance and operations tax levy. This change resulted in a restatement of beginning fund balance and a decrease to total assets in the General Fund. See Note 3 for additional information.

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

	2025	2024
Total revenues	\$ 124,343	\$ 147,126
Total expenditures	(173,987)	(80,872)
Revenues over/(under) expenditures	\$ (49,644)	\$ 66,254

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 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. While the District decreased its maintenance tax levy, property tax revenues increased due to a decrease in property value exemptions from the prior year.
- Tap connection fees fluctuate with homebuilding activity within the District.

***Harris - Waller Counties Municipal Utility District No. 4
Management's Discussion and Analysis
April 30, 2025***

Master District Debt Service Fund

A comparative summary of the Master District Debt Service Fund's financial position as of April 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 7,486,465</u>	<u>\$ 4,533,862</u>
Total fund balance (2025 restated)	<u>\$ 7,486,465</u>	<u>\$ 4,533,862</u>

As previously noted, the District restated beginning fund balance in the Master District Debt Service Fund. This resulted in an increase in total assets and fund balance. See Note 3 for additional information.

A comparative summary of the Master District Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 5,582,999	\$ 3,710,406
Total expenditures	(4,038,468)	(2,081,618)
Revenues over expenditures	1,544,531	1,628,788
Other changes in fund balance	1,398,469	1,532,781
Net change in fund balance	<u>\$ 2,943,000</u>	<u>\$ 3,161,569</u>

The District's financial resources in the Master District Debt Service Fund in both the current and prior fiscal year are from property tax revenues, contract tax revenues and capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Master District Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Master District Capital Projects Fund

A comparative summary of the Master District Capital Projects Fund's financial position as of April 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 18,111</u>	<u>\$ 812,695</u>
Total liabilities	\$ 4,027	\$ -
Total fund balance	14,084	812,695
Total liabilities and fund balance	<u>\$ 18,111</u>	<u>\$ 812,695</u>

Harris - Waller Counties Municipal Utility District No. 4
Management's Discussion and Analysis
April 30, 2025

A comparative summary of activities in the Master District Capital Projects Fund for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 11,409	\$ 28,052
Total expenditures	(32,346,551)	(31,122,873)
Revenues under expenditures	(32,335,142)	(31,094,821)
Other changes in fund balance	31,536,531	31,617,219
Net change in fund balance	<u>\$ (798,611)</u>	<u>\$ 522,398</u>

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2024 Contract Revenue Bonds, Series 2024 Contract Revenue Road Bonds and Series 2024 Bond Anticipation Note in the current fiscal year and proceeds from the issuance of its Series 2023 Contract Revenue Bonds, Series 2023 Contract Revenue Road Bonds and Series 2023 Bond Anticipation Note in the prior year.

Master District Operating Fund

The Master District Operating Fund is used to account for the operations of the Master District. A comparative summary of the Master District Operating Fund's financial position as of April 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 1,752,971</u>	<u>\$ 917,646</u>
Total liabilities	\$ 831,369	\$ 645,261
Total fund balance	921,602	272,385
Total liabilities and fund balance	<u>\$ 1,752,971</u>	<u>\$ 917,646</u>

A comparative summary of activities for the Master District Operating Fund's current and prior fiscal year is as follows

	2025	2024
Total revenues	\$ 6,911,456	\$ 4,532,830
Total expenditures	(6,262,239)	(4,634,684)
Revenues over/(under) expenditures	<u>\$ 649,217</u>	<u>\$ (101,854)</u>

Revenues in the Master District Operating Fund primarily consist of charges to participants. The amount the District (in its Master District capacity) charges is based upon the actual cost of providing services. See Note 13 for additional information.

***Harris - Waller Counties Municipal Utility District No. 4
Management's Discussion and Analysis
April 30, 2025***

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 \$39,302 less than budgeted. The *Budgetary Comparison Schedule* on page 42 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.

Capital assets held by the District at April 30, 2025 and 2024, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Land and improvements	\$ 47,449,311	\$ 38,416,310
Construction in progress		213,022
	<u>47,449,311</u>	<u>38,629,332</u>
Capital assets being depreciated/amortized		
Infrastructure	42,058,356	31,913,375
Landscaping improvements	5,622,041	3,546,640
Water and wastewater capacity	4,577,800	3,747,500
	<u>52,258,197</u>	<u>39,207,515</u>
Less accumulated depreciation/amortization		
Infrastructure	(2,253,506)	(1,344,607)
Landscaping improvements	(523,688)	(300,236)
Water and wastewater capacity	(221,716)	(124,980)
	<u>(2,998,910)</u>	<u>(1,769,823)</u>
Depreciable capital assets, net	<u>49,259,287</u>	<u>37,437,692</u>
Capital assets, net	<u>\$ 96,708,598</u>	<u>\$ 76,067,024</u>

Capital asset additions during the current fiscal year include the following:

- Sunterra Lift Station No. 1
- Sunterra Lift Station No. 4
- Sunterra Phase 4 detention and mass grading
- Sunterra Phase 5 detention and mass grading

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Management's Discussion and Analysis
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- Tantara Bend Drive Street Dedication – utilities
- Water Plant No. 3 fencing
- Bartlett Road Street Dedication Sections 4 and 5 – utilities
- Stockdick Road corridor landscaping improvements
- Sunterra handicap ramps
- Smart meters

Additionally, Waller County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of Waller 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, 2025, capital assets in the amount of \$9,619,726 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 12.

Long-Term Debt and Related Liabilities

As of April 30, 2025, the District owes approximately \$64,022,947 to developers for completed projects. 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 9, the District has an additional commitment in the amount of \$20,673,474 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers are trued up when the developer is reimbursed.

At April 30, 2025 and 2024, the District in its capacity as a Master District, had total bonded debt outstanding as shown below:

Series	2025	2024
2022	\$ 12,225,000	\$ 12,480,000
2022 Road	10,190,000	10,400,000
2023	14,250,000	14,250,000
2023 Road	16,085,000	16,085,000
2024	15,770,000	
2024 Road	16,395,000	
	<u>\$ 84,915,000</u>	<u>\$ 53,215,000</u>

During the current fiscal year, the District, in its capacity as a Master District, issued \$15,770,000 in contract revenue bonds and \$16,395,000 in contract revenue road bonds. At April 30, 2025, the District, in its capacity as a Master District, had \$567,727,000 contract revenue bonds authorized, but unissued for the purposes of regional water, sanitary sewer and drainage facilities and \$156,781,000 authorized, but unissued for road improvements.

***Harris - Waller Counties Municipal Utility District No. 4
Management's Discussion and Analysis
April 30, 2025***

At April 30, 2025, the District, in its capacity as a participating district, had \$27,610,000 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 \$8,284,000 for the refunding of such bonds; \$23,285,000 authorized, but unissued for parks and recreational facilities and \$6,986,000 for the refunding of such bonds; and \$28,545,000 authorized, but unissued for road improvements and \$8,564,000 for refunding of such bonds.

During the current fiscal year, the District, in its capacity as a Master District, issued a \$9,680,000 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 8 for additional information.

Property Taxes

The District's property tax base increased approximately \$237,000 for the 2025 tax year from \$2,446,879 to \$2,684,259, based on preliminary and certified values. This increase was primarily due to new construction in the District.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the 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 fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	<u>2025 Actual</u>	<u>2026 Budget</u>
Total revenues	\$ 124,343	\$ 54,690
Total expenditures	<u>(173,987)</u>	<u>(70,850)</u>
Revenues under expenditures	(49,644)	(16,160)
Beginning fund balance (2025 restated)	<u>(180,604)</u>	<u>(230,248)</u>
Ending fund balance	<u>\$ (230,248)</u>	<u>\$ (246,408)</u>

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Basic Financial Statements

Harris - Waller Counties Municipal Utility District No. 4
Statement of Net Position and Governmental Funds Balance Sheet
April 30, 2025

	General Fund	Master District Debt Service Fund	Master District Capital Projects Fund	Master District Operating Fund
Assets				
Cash	\$ 67,660	\$ -	\$ 40,985	\$ 217,010
Investments	16,884	4,861,844	55,704	2,082
Taxes receivable	9			
Customer service receivables	2,111			
Internal balances	(2,105)		(78,578)	80,683
Due from participants		2,624,621		1,453,196
Capital assets not being depreciated				
Capital assets, net				
Total Assets	<u>\$ 84,559</u>	<u>\$ 7,486,465</u>	<u>\$ 18,111</u>	<u>\$ 1,752,971</u>
Liabilities				
Accounts payable	\$ 290,313	\$ -	\$ 4,027	\$ 831,369
Other payables	35			
Customer deposits	24,450			
Accrued interest payable				
Bond anticipation note payable				
Due to developers				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	<u>314,798</u>		<u>4,027</u>	<u>831,369</u>
Deferred Inflows of Resources				
Deferred property taxes	<u>9</u>			
Fund Balances/Net Position				
Fund Balances				
Restricted		7,486,465	14,084	
Committed				921,602
Unassigned	(230,248)			
Total Fund Balances	<u>(230,248)</u>	<u>7,486,465</u>	<u>14,084</u>	<u>921,602</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 84,559</u>	<u>\$ 7,486,465</u>	<u>\$ 18,111</u>	<u>\$ 1,752,971</u>
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Total	Adjustments	Statement of Net Position
\$ 325,655	\$ -	\$ 325,655
4,936,514		4,936,514
9		9
2,111		2,111
4,077,817		4,077,817
	47,449,311	47,449,311
	49,259,287	49,259,287
<u>\$ 9,342,106</u>	<u>96,708,598</u>	<u>106,050,704</u>
\$ 1,125,709		1,125,709
35		35
24,450		24,450
	192,539	192,539
	9,680,000	9,680,000
	64,022,947	64,022,947
	1,110,000	1,110,000
	83,805,000	83,805,000
<u>1,150,194</u>	<u>158,810,486</u>	<u>159,960,680</u>
<u>9</u>	<u>(9)</u>	
7,500,549	(7,500,549)	
921,602	(921,602)	
(230,248)	230,248	
<u>8,191,903</u>	<u>(8,191,903)</u>	
<u>\$ 9,342,106</u>		
	(15,660,566)	(15,660,566)
	7,486,465	7,486,465
	(45,735,875)	(45,735,875)
	<u>\$ (53,909,976)</u>	<u>\$ (53,909,976)</u>

Harris - Waller Counties Municipal Utility District No. 4

**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2025**

	General Fund	Master District Debt Service Fund	Master District Capital Projects Fund	Master District Operating Fund
Revenues				
Water service	\$ 11,852	\$ -	\$ -	\$ -
Sewer service	934			
Property taxes	36,704			
Penalties and interest	435			
Tap connection and inspection	67,681			
Participant billings				6,876,177
Contract taxes from participants		5,367,125		
Miscellaneous	5,906			34,000
Investment earnings	831	215,874	11,409	1,279
Total Revenues	124,343	5,582,999	11,409	6,911,456
Expenditures/Expenses				
Current service operations				
Purchased services				4,417,044
Professional fees	35,226		158,407	301,785
Contracted services	27,131			40,775
Repairs and maintenance	123		81,741	1,171,942
Utilities				5,863
Regional water authority fees				258,757
Administrative	9,325			34,815
Other	70		885	12,171
Capital outlay	69,196		27,151,120	19,087
Debt service				
Principal		465,000		
Interest and fees		3,573,468	420,571	
Developer interest			1,939,533	
Debt issuance costs			2,594,294	
Intergovernmental				
Master District connection fees	19,354			
Contractual obligations	13,562			
Depreciation and amortization				
Total Expenditures/Expenses	173,987	4,038,468	32,346,551	6,262,239
Revenues Over (Under) Expenditures/Expenses	(49,644)	1,544,531	(32,335,142)	649,217
Other Financing Sources/(Uses)				
Proceeds from sale of bonds		1,398,469	30,766,531	
Proceeds from sale of bond anticipation note			9,680,000	
Repayment of bond anticipation note			(8,910,000)	
Other Items				
Transfers to other governments				
Net Change in Fund Balances	(49,644)	2,943,000	(798,611)	649,217
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year, as reported	(171,001)	4,533,862	812,695	272,385
Change in reporting entity (See Note 3)	(9,603)	9,603		
Beginning of the year, as restated	(180,604)	4,543,465	812,695	272,385
End of the year	\$ (230,248)	\$ 7,486,465	\$ 14,084	\$ 921,602

See notes to basic financial statements.

Total	Adjustments	Statement of Activities
\$ 11,852	\$ -	\$ 11,852
934		934
36,704		36,704
435		435
67,681		67,681
6,876,177		6,876,177
5,367,125		5,367,125
39,906		39,906
229,393		229,393
12,630,207		12,630,207
4,417,044		4,417,044
495,418		495,418
67,906		67,906
1,253,806		1,253,806
5,863		5,863
258,757		258,757
44,140		44,140
13,126		13,126
27,239,403	(27,239,403)	
465,000	(465,000)	
3,994,039	(4,766)	3,989,273
1,939,533		1,939,533
2,594,294		2,594,294
19,354		19,354
13,562		13,562
	1,229,087	1,229,087
42,821,245	(26,480,082)	16,341,163
(30,191,038)	26,480,082	(3,710,956)
32,165,000	(32,165,000)	
9,680,000	(9,680,000)	
(8,910,000)	8,910,000	
	(9,619,726)	(9,619,726)
2,743,962	(2,743,962)	
	(13,330,682)	(13,330,682)
5,447,941	(46,027,235)	(40,579,294)
5,447,941	(46,027,235)	(40,579,294)
\$ 8,191,903	\$ (62,101,879)	\$ (53,909,976)

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Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Harris - Waller Counties Municipal Utility District No. 4 (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 to 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, Chapter 49 and 54. On July 30, 2020, voters of the District approved a proposition dividing the District into three districts: the District, Harris – Waller Counties Municipal Utility District No. 5 (“MUD 5”) and Waller County Municipal Utility District No. 37 (“MUD 37”). The Board of Directors held its first meeting on July 30, 2020, and the first Master District contract revenue bonds were issued on December 20, 2022.

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*.

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

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 four governmental funds, which are all 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 tap connection fees. Expenditures include costs associated with the daily operations of the District and costs incurred in assessing and collecting taxes.
- The Master District Debt Service Fund is used to account for the payment of interest and principal on the contract revenue bonds. The primary source of revenue for debt service are contract tax payments from participating districts in the Master District service area and capitalized interest from the sale of bonds.
- The Master District Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the Master District’s regional facilities.
- The Master District Operating Fund is used to account for the operation and maintenance of the regional facilities. The principal source of revenue is from Master District service fees received from participating districts. Expenditures include costs associated with the daily operations of the regional facilities. See Note 13.

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 investments 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.

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

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

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.

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, 2025, 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 that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is \$50,000. The threshold for subscription-based information technology arrangements (SBITAs) is \$100,000.

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 (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	10-45 years
Landscaping improvements	20 years
Water and wastewater capacity	Remaining life of contract

The District's detention facilities are considered improvements to land and are non-depreciable.

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 does not have any nonspendable fund balances.

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 proceeds in the Master District Capital Projects Fund and capitalized interest from the sale of bonds and contract taxes from participants in the Master District Debt Service 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’s committed fund balances in the Master District Operating Fund consist of amounts restricted for the operation of the regional facilities as discussed in Note 13.

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

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 - resources not included in the other components.

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 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.

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds	\$ 8,191,903
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 99,707,508	
Less accumulated depreciation/amortization	<u>(2,998,910)</u>	
		96,708,598

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:

Accrued interest payable	(192,539)	
Bond anticipation note payable	(9,680,000)	
Due to developers	(64,022,947)	
Bonds payable	<u>(84,915,000)</u>	
		(158,810,486)

Deferred inflows in the fund statements consist of property tax receivables that are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.

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Total net position - governmental activities	<u><u>\$ (53,909,976)</u></u>
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Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds	\$ 2,743,962
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Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:

Capital outlays	\$ 27,239,403	
Transfers to other governments	(9,619,726)	
Depreciation/amortization expense	<u>(1,229,087)</u>	
		16,390,590

Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:

Issuance of long-term debt	(32,165,000)	
Proceeds from bond anticipation note	(9,680,000)	
Repayment of bond anticipation note	8,910,000	
Principal payments	465,000	
Interest payable on bonds	<u>4,766</u>	
		(32,465,234)

Change in net position of governmental activities	<u><u>\$ (13,330,682)</u></u>
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Note 3 – Change in Reporting Entity

During the current fiscal year, the District concluded that the activities of the tax assessor-collector are more appropriately reported within the General Fund rather than the Debt Service Fund, as these costs are financed through the District's maintenance and operations tax levy. Pursuant to GASB Statement No. 100, *Accounting Changes and Error Corrections*, the District restated beginning fund balances to reflect the reclassification of the deficit fund balance in the Tax Fund, resulting in a decrease of \$9,603 in the General Fund and a corresponding increase in the Master District Debt Service Fund. This reclassification had no effect on the District's beginning net position. Prior year

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

amounts presented in the Management's Discussion and Analysis were not restated, in accordance with GASB 100.

Note 4 – Implementation of New Accounting Guidance

During the current fiscal year, the District implemented GASB Implementation Guide ("GASBIG") 2021-1, Question 5.1, which requires the capitalization of the acquisition of a group of individual capital assets whose individual acquisition costs are less than the capitalization threshold when the cost of the acquisition of the assets in the aggregate is significant. Under this new guidance, the District's acquisition of water meters that exceeds the capitalization threshold in the aggregate should be recorded as Capital outlays instead of Contracted services in the *Statement of Revenues, Expenditures and Changes in Fund Balances*. On the government-wide statements, the acquisition of water meters should not be recorded as an expense on the *Statement of Activities* but should be recorded as capital assets on the *Statement of Net Position*.

Note 5 – 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.

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

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.

As of April 30, 2025, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexSTAR	General	\$ 16,884		
	Master District Debt Service	4,861,844		
	Master District Capital Projects	55,704		
	Master District Operating	2,082		
Total		<u>\$ 4,936,514</u>	AAAm	40 days

TexSTAR

The Texas Short Term Asset Reserve fund ("TexSTAR") is managed by Hilltop Securities, and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

TexSTAR uses amortized cost rather than fair value to report net assets to compute share price. Accordingly, investments in TexSTAR are stated at amortized cost which approximates fair value. Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 6 – Interfund Balances and Transactions

Amounts due to/from other funds at April 30, 2025, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
Master District Operating	General	\$ 2,105	Participant billings not remitted as of fiscal
Master District Operating	Master District Capital Projects	78,578	Bond application fees paid by the Master District Operating Fund

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Note 7 – Capital Assets

A summary of changes in capital assets, for the year ended April 30, 2025, is as follows:

	Beginning Balances	Increases/ Decreases	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 38,416,310	\$ 9,033,001	\$ 47,449,311
Construction in progress	213,022	(213,022)	
	<u>38,629,332</u>	<u>8,819,979</u>	<u>47,449,311</u>
Capital assets being depreciated/amortized			
Infrastructure	31,913,375	10,144,981	42,058,356
Landscaping improvements	3,546,640	2,075,401	5,622,041
Water and wastewater capacity	3,747,500	830,300	4,577,800
	<u>39,207,515</u>	<u>13,050,682</u>	<u>52,258,197</u>
Less accumulated depreciation/amortization			
Infrastructure	(1,344,607)	(908,899)	(2,253,506)
Landscaping improvements	(300,236)	(223,452)	(523,688)
Water and wastewater capacity	(124,980)	(96,736)	(221,716)
	<u>(1,769,823)</u>	<u>(1,229,087)</u>	<u>(2,998,910)</u>
Subtotal depreciable capital assets, net	<u>37,437,692</u>	<u>11,821,595</u>	<u>49,259,287</u>
Capital assets, net	<u>\$ 76,067,024</u>	<u>\$ 20,641,574</u>	<u>\$ 96,708,598</u>

Depreciation/amortization expense for the current fiscal year was \$1,229,087.

Note 8 – 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.

At the beginning of the fiscal year, the District had a BAN outstanding in the amount of \$8,910,000. This BAN was repaid on September 26, 2024, with proceeds from the issuance of the District’s Series 2024 Contract Revenue Bonds.

On December 19, 2024, the District, in its capacity as a Master District, issued a \$9,680,000 BAN with an interest rate of 5.50%, which is due on December 18, 2025.

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

The effect of these transactions on the District's short-term obligations are as follows:

Beginning balance	\$ 8,910,000
Amounts borrowed	9,680,000
Amounts repaid	<u>(8,910,000)</u>
Ending balance	<u><u>\$ 9,680,000</u></u>

Note 9 – 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 construct facilities on behalf of 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.

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

Due to developers, beginning of year	\$ 59,771,963
Developer reimbursements	(26,141,931)
Developer funded construction and adjustments	<u>30,392,915</u>
Due to developers, end of year	<u><u>\$ 64,022,947</u></u>

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

In addition, the District will owe the developers approximately \$20,673,474, 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 Recreation Center and Street Dedication - utilities	\$ 1,479,000	94%
Sunterra Recreation Center and Street Dedication - paving	2,159,133	99%
Beckendorff Road Street Dedication Section 4 - drainage and paving	967,663	95%
Sunterra Lift Station No. 5	1,244,996	95%
Sunterra Lift Station No. 6	1,157,771	52%
Beckendorff Section 3 - utilities	1,134,728	97%
Beckendorff Section 3 - paving	2,721,470	99%
Clay Road Section 2 - drainage and paving	3,318,588	23%
Beckendorff Road Street Dedication Section 5 - utilities and paving	2,339,041	67%
Sunterra Sections 65 and 66 - utilities*	150,284	96%
Sunterra Sections 65 and 66 - paving*	128,635	96%
Beckendorff Road Street Dedication Section 6 - utilities and paving	1,595,061	68%
Sunterra Section 73 and Caymus Creek Drive Street Dedication - utilities*	128,598	92%
Stockdick Road Street Dedication Sections 6 and 7 - utilities and paving	2,148,506	87%
	<u>\$ 20,673,474</u>	

*District's estimated share of contract

Note 10 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u>\$ 84,915,000</u>
Due within one year	<u>\$ 1,110,000</u>

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

The District's bonds payable at April 30, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2022	\$ 12,225,000	\$ 12,480,000	5.00% - 5.50%	November 1, 2024/2048	November 1, May 1	November 1, 2029
2022 Road	10,190,000	10,400,000	5.00% - 5.50%	November 1, 2024/2048	November 1, May 1	November 1, 2029
2023	14,250,000	14,250,000	4.00% - 6.50%	November 1, 2025/2049	November 1, May 1	November 1, 2030
2023 Road	16,085,000	16,085,000	4.75% - 7.25%	November 1, 2025/2049	November 1, May 1	November 1, 2030
2024	15,770,000	15,770,000	4.00% - 6.50%	November 1, 2026/2050	November 1, May 1	November 1, 2030
2024 Road	16,395,000	16,395,000	4.00% - 6.50%	November 1, 2026/2050	November 1, May 1	November 1, 2030
	<u>\$ 84,915,000</u>					

Payments of principal and interest on all series of contract revenue bonds are to be provided from the participating districts, including the District in its capacity as a participating district, based on their pro rata share of the total certified assessed valuation of all participating districts. The participating districts are contractually required to levy a contract tax in an amount sufficient to meet their required contributions. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the term of its bond resolution.

At April 30, 2025, the District, in its capacity as a Master District, had contract revenue bonds of \$567,727,000 authorized, but unissued for the purpose of regional water, sanitary sewer and drainage facilities and \$156,781,000 for road improvements.

As of April 30, 2025, the District in its capacity as a participating district, had \$27,610,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District and \$8,284,000 for the refunding of such bonds; \$23,285,000 for parks and recreational facilities and \$6,986,000 for the refunding of such bonds; and \$28,545,000 for road improvements and \$8,564,000 for the refunding of such bonds.

On September 26, 2024, the District, in its capacity as a Master District, issued its \$15,770,000 Series 2024 Contract Revenue Bonds at a net effective interest rate of 4.324306%. Proceeds of the bonds were used to (1) reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds; (2) to repay a \$8,910,000 BAN issued in the previous fiscal year; and (3) to pay capitalized interest into the Debt Service Fund.

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

On September 26, 2024, the District, in its capacity as a Master District, issued its \$16,395,000 Series 2024 Contract Revenue Road Bonds at a net effective interest rate of 4.323547%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and to pay capitalized interest into the Debt Service Fund.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	\$ 53,215,000
Bonds issued	32,165,000
Bonds retired	<u>(465,000)</u>
Bonds payable, end of year	<u><u>\$ 84,915,000</u></u>

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

The debt service payment due May 1 was made during the current fiscal year. The following schedule was prepared presuming this practice will continue. As of April 30, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	\$ 1,110,000	\$ 4,086,331	\$ 5,196,331
2027	1,865,000	3,992,225	5,857,225
2028	1,965,000	3,870,475	5,835,475
2029	2,060,000	3,742,513	5,802,513
2030	2,160,000	3,608,339	5,768,339
2031	2,270,000	3,469,063	5,739,063
2032	2,385,000	3,334,462	5,719,462
2033	2,505,000	3,204,025	5,709,025
2034	2,635,000	3,073,175	5,708,175
2035	2,760,000	2,947,151	5,707,151
2036	2,900,000	2,820,801	5,720,801
2037	3,045,000	2,688,757	5,733,757
2038	3,200,000	2,550,713	5,750,713
2039	3,355,000	2,405,776	5,760,776
2040	3,530,000	2,251,413	5,781,413
2041	3,710,000	2,086,944	5,796,944
2042	3,890,000	1,914,275	5,804,275
2043	4,090,000	1,731,463	5,821,463
2044	4,295,000	1,537,813	5,832,813
2045	4,515,000	1,333,809	5,848,809
2046	4,740,000	1,117,912	5,857,912
2047	4,985,000	889,918	5,874,918
2048	5,225,000	649,926	5,874,926
2049	5,490,000	397,452	5,887,452
2050	4,105,000	177,873	4,282,873
2051	2,125,000	43,828	2,168,828
	<u>\$ 84,915,000</u>	<u>\$ 59,926,432</u>	<u>\$ 144,841,432</u>

Note 11 – Property Taxes

On November 3, 2020, 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. In addition, the voters of the District authorized the District's Board of Directors to levy taxes annually for road maintenance limited to \$0.25 per \$100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

All property values and exempt status, if any, are determined by the Harris Central and Waller County Appraisal Districts. 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.

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of \$1.50 per \$100 of assessed value, of which \$0.93 was allocated to maintenance and operations and \$0.57 was allocated to contract tax debt service. The resulting tax levy was \$36,703 on the adjusted taxable value of \$2,446,879.

Total property taxes receivable, at April 30, 2025, consisted of the following:

Current year taxes receivable	\$ -
Prior years taxes receivable	9
Total property taxes receivable	<u><u>\$ 9</u></u>

Note 12 – 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 transfers to other government upon completion of construction. This cost is trued-up when the developers are subsequently reimbursed. For the year ended April 30, 2025, the District recorded transfers to other governments in the amount of \$9,619,726 for road facilities constructed by a developer within the District.

Note 13 – Master District

The District, in its capacity as a Master District, has entered into contracts (the “Contracts”) with the District in its capacity as a participating district, MUD 5, MUD 37, Harris County Municipal Utility District No. 569 (“MUD 569”) and Waller County Municipal Utility District No. 35 (“MUD 35”) whereby the Master District agrees to provide or cause to be provided the regional water supply and distribution facilities, wastewater collection, treatment and disposal facilities, detention/drainage facilities, and road facilities to serve all districts located within the Master District’s service area. Pursuant to the Contracts with each of the participating districts, and pursuant to the Contract between the District (in its capacity as a participating district) and the District (in its capacity as a Master District), the District, in addition to its role as a Master District, has the same rights and duties as the other participating districts. The term of the Contracts is 40 years.

The Master District has entered into a Wholesale Agreement for Water and Wastewater Service with Quadvest, under which Quadvest will provide wholesale water and wastewater supply to land within the Master District’s service area. See Note 14 for additional information.

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

Operating Reserve

The Contracts authorize 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 participating districts to provide the initial funding required to establish the reserve. As of April 30, 2025, the District has established an operating and maintenance reserve of \$312,219. The Master District shall adjust the reserve as needed, not less than annually.

Monthly Connection Fees for Operating Expenses

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. As of April 30, 2025, the Master District billed \$6,876,177 to the participating districts for the operation and maintenance of the regional facilities.

Master District Debt

As of April 30, 2025, the District, in its Master District capacity, is authorized to issue \$567,727,000 in contract revenue bonds for the purpose of acquiring and constructing water, sewer, and drainage facilities needed to provide services to all participating districts in the service area and \$156,781,000 for road facilities. The participating districts, including the District in its capacity as a participating district, shall contribute to the payment of debt service requirements based on its pro rata share of the total certified assessed valuation of all participating districts. During the current fiscal year, the Master District issued its \$15,770,000 Series 2024 Contract Revenue Bonds and \$16,395,000 Series 2024 Contract Revenue Road Bonds. As of April 30, 2025, the District, in its Master District capacity has \$84,915,000 in contract revenue bonds outstanding. For the year ended April 30, 2025, participating districts were billed contract taxes in the amount of \$5,367,125, of which \$2,624,621 is due as of fiscal year end.

Summary of Charges

For the fiscal year ended April 30, 2025, the District, in its capacity as a participating district, incurred the following costs pursuant to the Contract with the Master District:

- Monthly connection fees for operating expenses in the amount of \$19,354.
- Contractual obligations for Master District debt service requirements in the amount of \$13,562.

Note 14 – Wholesale Agreement

On September 15, 2020, Katy 1039, Ltd. ("Katy 1039") and Quadvest, L.P. ("Quadvest") entered into a Wholesale Agreement for Water and Wastewater Service (the "Agreement") for the purchase of wholesale water and wastewater service necessary to serve 6,968 ESFCs within the Master District's service area. On May 10, 2021, Katy 1039, the District, and Quadvest entered into an Assignment and

Harris - Waller Counties Municipal Utility District No. 4
Notes to Financial Statements
April 30, 2025

First Amendment to the Agreement. On August 18, 2022, the District and Quadvest entered into a Second Amendment to the Agreement. On April 15, 2024, the District, Quadvest Wholesale, LLC (successor to Quadvest, L.P.), and Astro Sunterra, L.P. (successor to Katy 1039, Ltd.) entered into a Third Amendment to the Agreement (collectively, the “Amended Agreement”).

The Third Amendment increased the reserved capacity to 8,968 water ESFCs and 7,968 wastewater ESFCs, with a provision for up to 8,237 wastewater ESFCs upon TCEQ re-rating approval. The purchase price for capacity remains \$575 per ESFC for the initial 6,968 ESFCs, and increases to \$700 per ESFC for all capacity purchased beyond that threshold.

Quadvest is responsible for the meter installation and the design and construction of the interconnect facilities necessary to connect the District to Quadvest’s water system. The wholesale water service charge is \$3.70 per 1,000 gallons of meter water flow. Quadvest is also responsible for the design and construction of the interconnect facilities necessary to connect the District to Quadvest’s wastewater system. The wholesale sewer service charge is \$55 per ESFC.

The purchased price of the reserved water and wastewater capacity shall be based on \$575 per ESFC, representing one water ESFC and one wastewater ESFC per residential lot. As of April 30, 2025, the District has paid a total of \$4,577,800 for reserved water and wastewater capacity in Quadvest’s systems. The term of this Agreement is 50 years.

Note 15 – 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 16 – Concentration of Risk

Approximately 99% of the taxable property within the District is owned by the top 10 taxpayers. Since property taxes are primary source of revenue for General Fund, the 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 17 – Subsequent Events

On July 17, 2025, the District, in its capacity as a Master District, approved the sale of its \$17,425,000 Series 2025 Contract Revenue Bonds at a net effective rate of 4.936681%. Proceeds from the bonds were used to reimburse the Master District’s developers for infrastructure improvements in the District.

On July 17, 2025, the District, in its capacity as a Master District, approved the sale of its \$16,135,000 Series 2025 Contract Revenue Road Bonds at a net effective rate of 4.939333%. Proceeds from the bonds were used to reimburse the Master District’s developers for infrastructure improvements in the District.

Required Supplementary Information

Harris - Waller Counties Municipal Utility District No. 4
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended April 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	\$ 30,000	\$ 30,000	\$ 11,852	\$ (18,148)
Sewer service			934	934
Property taxes	27,500	22,000	36,704	14,704
Penalties and interest	500	500	435	(65)
Tap connection and inspection			67,681	67,681
Miscellaneous			5,906	5,906
Investment earnings			831	831
Total Revenues	<u>58,000</u>	<u>52,500</u>	<u>124,343</u>	<u>71,843</u>
Expenditures				
Current service operations				
Professional fees	30,000	30,000	35,226	(5,226)
Contracted services	10,000	10,000	27,131	(17,131)
Repairs and maintenance			123	(123)
Administrative	1,500	1,500	9,325	(7,825)
Other	1,800	1,800	70	1,730
Capital outlay	8,541	19,542	69,196	(49,654)
Intergovernmental				
Master District connection fees			19,354	(19,354)
Contractual obligations			13,562	(13,562)
Total Expenditures	<u>51,841</u>	<u>62,842</u>	<u>173,987</u>	<u>(111,145)</u>
Revenues Over (Under) Expenditures	6,159	(10,342)	(49,644)	(39,302)
Fund Balance				
Beginning of the year, as restated	<u>(180,604)</u>	<u>(180,604)</u>	<u>(180,604)</u>	
End of the year	<u>\$ (174,445)</u>	<u>\$ (190,946)</u>	<u>\$ (230,248)</u>	<u>\$ (39,302)</u>

***Harris - Waller Counties Municipal Utility District No. 4
Required Supplementary Information - Budgetary Comparison Schedule -
Master District Operating Fund
For the Year Ended April 30, 2025***

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Participant billings	\$ 4,376,449	\$ 6,332,387	\$ 6,876,177	\$ 543,790
Miscellaneous			34,000	34,000
Investment earnings	1,000	1,000	1,279	279
Total Revenues	<u>4,377,449</u>	<u>6,333,387</u>	<u>6,911,456</u>	<u>578,069</u>
Expenditures				
Current service operations				
Purchased services	3,076,222	4,246,500	4,417,044	(170,544)
Professional fees	299,000	299,000	301,785	(2,785)
Contracted services	46,500	51,500	40,775	10,725
Repairs and maintenance	150,000	200,000	1,171,942	(971,942)
Utilities	5,000	5,000	5,863	(863)
Regional water authority fees	261,738	261,738	258,757	2,981
Administrative	25,000	25,000	34,815	(9,815)
Other	15,000	15,000	12,171	2,829
Capital outlay	500,000	777,355	19,087	758,268
Total Expenditures	<u>4,378,460</u>	<u>5,881,093</u>	<u>6,262,239</u>	<u>(381,146)</u>
Revenues Over (Under) Expenditures	(1,011)	452,294	649,217	196,923
Fund Balance				
Beginning of the year	<u>272,385</u>	<u>272,385</u>	<u>272,385</u>	
End of the year	<u>\$ 271,374</u>	<u>\$ 724,679</u>	<u>\$ 921,602</u>	<u>\$ 196,923</u>

Harris - Waller Counties Municipal Utility District No. 4
Notes to Required Supplementary Information
April 30, 2025

Budgets and Budgetary Accounting

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

Texas Supplementary Information

Harris - Waller Counties Municipal Utility District No. 4
TSI-1. Services and Rates
April 30, 2025

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):

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

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1	1	x 1.0	1
1"	3	3	x 2.5	8
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"	6	6	x 50.0	300
8"			x 80.0	
10"			x 115.0	
Total Water	10	10		309
Total Wastewater	3	3	x 1.0	3

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 4
TSI-1. Services and Rates
April 30, 2025

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

Gallons pumped into system:	<u>504,871,000</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>504,248,000</u>	(Gallons billed / Gallons pumped)
		<u>99.88%</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: Harris and Waller Counties

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.

Harris - Waller Counties Municipal Utility District No. 4
TSI-2. General Fund Expenditures
For the Year Ended April 30, 2025

Professional fees	
Legal	<u>\$ 35,226</u>
Contracted services	
Bookkeeping	10,675
Operator	340
Tap Connection and Inspection	4,713
Tax assessor collector	7,974
Appraisal District	3,429
	<u>27,131</u>
Repairs and maintenance	<u>123</u>
Administrative	
Directors fees	
Printing and office supplies	1,295
Insurance	837
Other	7,193
	<u>9,325</u>
Other	<u>70</u>
Capital Outlay	<u>69,196</u>
Intergovernmental	
Master District connection fees	19,354
Contractual obligations	13,562
	<u>32,916</u>
Total expenditures	<u><u>\$ 173,987</u></u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 4
TSI-3. Investments
April 30, 2025

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
TexSTAR	Variable	N/A	\$ 14,868
TexSTAR	Variable	N/A	2,016
			<u>16,884</u>
Master District Debt Service			
TexSTAR	Variable	N/A	2,559,658
TexSTAR	Variable	N/A	2,302,186
			<u>4,861,844</u>
Master District Capital Projects			
TexSTAR	Variable	N/A	549
TexSTAR	Variable	N/A	55,155
			<u>55,704</u>
Master District Operating			
TexSTAR	Variable	N/A	<u>2,082</u>
Total - All Funds			<u><u>\$ 4,936,514</u></u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 4
TSI-4. Taxes Levied and Receivable
April 30, 2025

	Maintenance Taxes	Contract Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 10	\$ -	\$ 10
Adjustments to Prior Year Tax Levy	(1)		(1)
Adjusted Receivable	9	-	9
2024 Original Tax Levy	22,756	13,947	36,703
Total to be accounted for	22,765	13,947	36,712
Tax collections:			
Current year	22,756	13,947	36,703
Taxes Receivable, End of Year	\$ 9	\$ -	\$ 9
Taxes Receivable, By Year			
2022	\$ 9	\$ -	\$ 9
	2024	2023	2022
Property Valuations:			
Land	\$ 3,147,108	\$ 3,427,486	\$ 5,826,770
Personal Property	13,682	130,684	195,814
Exemptions	(713,911)	(1,110,213)	(322,188)
Total Property Valuations	\$ 2,446,879	\$ 2,447,957	\$ 5,700,396
Tax Rates per \$100 Valuation:			
Maintenance tax rates	\$ 0.93	\$ 1.14	\$ 1.50
Debt service tax rates	0.57	0.36	
Total Tax Rates per \$100 Valuation	\$ 1.50	\$ 1.50	\$ 1.50
Adjusted Tax Levy:	\$ 36,703	\$ 36,719	\$ 85,506
Percentage of Taxes Collected to Taxes Levied **	100.00%	100.00%	99.99%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 3, 2020

** Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on November 3, 2020

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

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2022 Contract Revenue Bonds--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 265,000	\$ 641,687	\$ 906,687
2027	280,000	626,700	906,700
2028	295,000	610,887	905,887
2029	310,000	594,250	904,250
2030	325,000	576,788	901,788
2031	345,000	559,225	904,225
2032	360,000	541,600	901,600
2033	380,000	523,100	903,100
2034	400,000	503,600	903,600
2035	420,000	483,100	903,100
2036	445,000	461,475	906,475
2037	465,000	438,725	903,725
2038	490,000	414,850	904,850
2039	515,000	389,725	904,725
2040	545,000	362,544	907,544
2041	575,000	333,144	908,144
2042	600,000	302,300	902,300
2043	635,000	269,088	904,088
2044	670,000	233,200	903,200
2045	705,000	195,388	900,388
2046	740,000	155,650	895,650
2047	780,000	113,850	893,850
2048	820,000	69,850	889,850
2049	860,000	23,650	883,650
	<u>\$ 12,225,000</u>	<u>\$ 9,424,376</u>	<u>\$ 21,649,376</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2022 Contract Revenue Road Bonds--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 220,000	\$ 534,887	\$ 754,887
2027	235,000	522,375	757,375
2028	245,000	509,175	754,175
2029	260,000	495,287	755,287
2030	270,000	480,712	750,712
2031	285,000	466,162	751,162
2032	300,000	451,537	751,537
2033	315,000	436,162	751,162
2034	335,000	419,912	754,912
2035	350,000	402,788	752,788
2036	370,000	384,788	754,788
2037	390,000	365,788	755,788
2038	410,000	345,788	755,788
2039	430,000	324,788	754,788
2040	455,000	302,094	757,094
2041	480,000	277,550	757,550
2042	500,000	251,825	751,825
2043	530,000	224,125	754,125
2044	555,000	194,288	749,288
2045	585,000	162,938	747,938
2046	615,000	129,938	744,938
2047	650,000	95,150	745,150
2048	685,000	58,438	743,438
2049	720,000	19,800	739,800
	<u>\$ 10,190,000</u>	<u>\$ 7,856,295</u>	<u>\$ 18,046,295</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2023 Contract Revenue Bonds--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 310,000	\$ 654,094	\$ 964,094
2027	325,000	633,456	958,456
2028	340,000	611,844	951,844
2029	355,000	589,256	944,256
2030	370,000	565,694	935,694
2031	390,000	540,994	930,994
2032	410,000	514,994	924,994
2033	430,000	487,694	917,694
2034	450,000	459,094	909,094
2035	470,000	435,069	905,069
2036	490,000	415,869	905,869
2037	515,000	395,769	910,769
2038	540,000	374,669	914,669
2039	565,000	352,569	917,569
2040	590,000	329,469	919,469
2041	620,000	305,269	925,269
2042	650,000	279,869	929,869
2043	680,000	253,269	933,269
2044	710,000	225,469	935,469
2045	745,000	195,903	940,903
2046	780,000	164,450	944,450
2047	820,000	131,449	951,449
2048	855,000	96,368	951,368
2049	900,000	59,074	959,074
2050	940,000	19,974	959,974
	<u>\$ 14,250,000</u>	<u>\$ 9,091,628</u>	<u>\$ 23,341,628</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2023 Contract Revenue Road Bonds--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 315,000	\$ 857,194	\$ 1,172,194
2027	330,000	833,813	1,163,813
2028	350,000	809,163	1,159,163
2029	370,000	783,063	1,153,063
2030	390,000	755,513	1,145,513
2031	410,000	726,513	1,136,513
2032	435,000	695,881	1,130,881
2033	460,000	663,438	1,123,438
2034	485,000	634,638	1,119,638
2035	510,000	609,763	1,119,763
2036	535,000	583,638	1,118,638
2037	565,000	556,844	1,121,844
2038	600,000	529,175	1,129,175
2039	630,000	499,963	1,129,963
2040	665,000	468,375	1,133,375
2041	700,000	434,250	1,134,250
2042	740,000	398,250	1,138,250
2043	780,000	360,250	1,140,250
2044	825,000	320,125	1,145,125
2045	870,000	277,749	1,147,749
2046	920,000	232,999	1,152,999
2047	970,000	185,749	1,155,749
2048	1,020,000	135,999	1,155,999
2049	1,075,000	83,624	1,158,624
2050	1,135,000	28,374	1,163,374
	<u>\$ 16,085,000</u>	<u>\$ 12,464,343</u>	<u>\$ 28,549,343</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2024 Contract Revenue Bonds--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ -	\$ 685,850	\$ 685,850
2027	340,000	674,800	1,014,800
2028	360,000	652,050	1,012,050
2029	375,000	628,163	1,003,163
2030	395,000	603,138	998,138
2031	410,000	576,975	986,975
2032	430,000	554,513	984,513
2033	450,000	536,375	986,375
2034	475,000	517,875	992,875
2035	495,000	498,475	993,475
2036	520,000	478,175	998,175
2037	545,000	456,875	1,001,875
2038	570,000	434,575	1,004,575
2039	595,000	411,275	1,006,275
2040	625,000	386,875	1,011,875
2041	655,000	361,275	1,016,275
2042	685,000	334,475	1,019,475
2043	720,000	306,375	1,026,375
2044	755,000	276,875	1,031,875
2045	790,000	245,975	1,035,975
2046	825,000	213,157	1,038,157
2047	865,000	178,303	1,043,303
2048	905,000	141,797	1,046,797
2049	950,000	103,538	1,053,538
2050	995,000	63,422	1,058,422
2051	1,040,000	21,450	1,061,450
	<u>\$ 15,770,000</u>	<u>\$ 10,342,631</u>	<u>\$ 26,112,631</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2024 Contract Revenue Road Bonds--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ -	\$ 712,619	\$ 712,619
2027	355,000	701,081	1,056,081
2028	375,000	677,356	1,052,356
2029	390,000	652,494	1,042,494
2030	410,000	626,494	1,036,494
2031	430,000	599,194	1,029,194
2032	450,000	575,937	1,025,937
2033	470,000	557,256	1,027,256
2034	490,000	538,056	1,028,056
2035	515,000	517,956	1,032,956
2036	540,000	496,856	1,036,856
2037	565,000	474,756	1,039,756
2038	590,000	451,656	1,041,656
2039	620,000	427,456	1,047,456
2040	650,000	402,056	1,052,056
2041	680,000	375,456	1,055,456
2042	715,000	347,556	1,062,556
2043	745,000	318,356	1,063,356
2044	780,000	287,856	1,067,856
2045	820,000	255,856	1,075,856
2046	860,000	221,718	1,081,718
2047	900,000	185,417	1,085,417
2048	940,000	147,474	1,087,474
2049	985,000	107,766	1,092,766
2050	1,035,000	66,103	1,101,103
2051	1,085,000	22,378	1,107,378
	<u>\$ 16,395,000</u>	<u>\$ 10,747,159</u>	<u>\$ 27,142,159</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
April 30, 2025

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2026	\$ 1,110,000	\$ 4,086,331	\$ 5,196,331
2027	1,865,000	3,992,225	5,857,225
2028	1,965,000	3,870,475	5,835,475
2029	2,060,000	3,742,513	5,802,513
2030	2,160,000	3,608,339	5,768,339
2031	2,270,000	3,469,063	5,739,063
2032	2,385,000	3,334,462	5,719,462
2033	2,505,000	3,204,025	5,709,025
2034	2,635,000	3,073,175	5,708,175
2035	2,760,000	2,947,151	5,707,151
2036	2,900,000	2,820,801	5,720,801
2037	3,045,000	2,688,757	5,733,757
2038	3,200,000	2,550,713	5,750,713
2039	3,355,000	2,405,776	5,760,776
2040	3,530,000	2,251,413	5,781,413
2041	3,710,000	2,086,944	5,796,944
2042	3,890,000	1,914,275	5,804,275
2043	4,090,000	1,731,463	5,821,463
2044	4,295,000	1,537,813	5,832,813
2045	4,515,000	1,333,809	5,848,809
2046	4,740,000	1,117,912	5,857,912
2047	4,985,000	889,918	5,874,918
2048	5,225,000	649,926	5,874,926
2049	5,490,000	397,452	5,887,452
2050	4,105,000	177,873	4,282,873
2051	2,125,000	43,828	2,168,828
	<u>\$ 84,915,000</u>	<u>\$ 59,926,432</u>	<u>\$ 144,841,432</u>

See accompanying auditor's report.

Harris - Waller Counties Municipal Utility District No. 4
TSI-6. Change in Long-Term Bonded Debt
April 30, 2025

	Bond Issue		
	Series 2022	Series 2022 Road	Series 2023
Interest rate	5.00% - 5.50%	5.00% - 5.50%	4.00% - 6.50%
Dates interest payable	11/1; 5/1	11/1; 5/1	11/1; 5/1
Maturity dates	11/1/24 - 11/1/48	11/1/24 - 11/1/48	11/1/25 - 11/1/49
Beginning bonds outstanding	\$ 12,480,000	\$ 10,400,000	\$ 14,250,000
Bonds issued			
Bonds retired	(255,000)	(210,000)	
Ending bonds outstanding	\$ 12,225,000	\$ 10,190,000	\$ 14,250,000
Interest paid during fiscal year	\$ 655,987	\$ 546,712	\$ 664,169
Paying agent's name and city			
All other Series	BOKF, NA, Dallas, Texas		
Series 2022 and Series 2022 Road	Regions Bank, Houston, Texas		

Master District Contract Revenue	Water, Sewer and	
Bond Authority:	Drainage Bonds	Road Bonds
Amount Authorized by Voters	\$ 610,227,000	\$ 199,661,000
Amount Issued	(42,500,000)	(42,880,000)
Remaining To Be Issued	\$ 567,727,000	\$ 156,781,000

All contract revenue bonds are secured with contract tax revenues from participating districts.

Internal District Unlimited Tax	Water, Sewer and		
	Drainage Bonds	Drainage Refunding Bonds	Road Bonds
Bond Authority:			
Amount Authorized by Voters	\$ 27,610,000	\$ 8,284,000	\$ 28,545,000
Amount Issued			
Remaining To Be Issued	\$ 27,610,000	\$ 8,284,000	\$ 28,545,000
Bond Authority:	Road Refunding Bonds	Park and Recreation Facilities Bonds	Park and Recreation Facilities Refunding Bonds
Amount Authorized by Voters	\$ 8,564,000	\$ 23,285,000	\$ 6,986,000
Amount Issued			
Remaining To Be Issued	\$ 8,564,000	\$ 23,285,000	\$ 6,986,000

All bonds are secured with tax revenues. Bonds may also be secured with other revenues taxes in combination with taxes.

Debt Service Fund cash and investments balance as of April 30, 2025:	\$ 4,861,844
Average annual debt service payment (principal and interest) for remaining term of all debt:	\$ 5,570,824

See accompanying auditor's report.

Bond Issue			Totals
Series 2023 Road	Series 2024	Series 2024 Road	
4.75% - 7.25%	4.00% - 6.50%	4.00% - 6.50%	
11/1; 5/1	11/1; 5/1	11/1; 5/1	
11/1/25 - 11/1/49	11/1/26 - 11/1/50	11/1/26 - 11/1/50	
\$ 16,085,000	\$ -	\$ -	\$ 53,215,000
	15,770,000	16,395,000	32,165,000
			(465,000)
<u>\$ 16,085,000</u>	<u>\$ 15,770,000</u>	<u>\$ 16,395,000</u>	<u>\$ 84,915,000</u>
<u>\$ 868,613</u>	<u>\$ 409,605</u>	<u>\$ 425,592</u>	<u>\$ 3,570,678</u>

Harris - Waller Counties Municipal Utility District No. 4
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2025**	2024	2023	2022	2021
Revenues					
Water service	\$ 11,852	\$ 11,593	\$ 3,597	\$ -	\$ -
Sewer service	934				
Property taxes	36,704	29,013	85,501		
Penalties and interest	435	228	2,932		
Tap connection and inspection	67,681	104,825	11,330		
Miscellaneous	5,906	20			
Investment earnings	831	1,447	581		8
Total Revenues	124,343	147,126	103,941		8
Expenditures					
Current service operations					
Purchased services				684	
Professional fees	35,226	29,066	23,668	156,841	183,508
Contracted services	27,131	9,625	15,975	6,680	6,400
Repairs and maintenance	123				
Administrative	9,325	3,324	11,777	13,091	12,574
Other	70	50	542	3,029	1,348
Capital outlay	69,196				
Intergovernmental					
Master District connection fees	19,354	13,948	9,785		
Contractual Obligations	13,562	24,859	11,902		
Total Expenditures	173,987	80,872	73,649	180,325	203,830
Revenues Over (Under) Expenditures	\$ (49,644)	\$ 66,254	\$ 30,292	\$ (180,325)	\$ (203,822)
Total Active Retail Water Connections	10	5	N/A	N/A	N/A
Total Active Retail Wastewater Connections	3	2	N/A	N/A	N/A

*Percentage is negligible

**Tax assessment and collection expenditures are reported in the General Fund beginning with the 2025 fiscal year.

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025**	2024	2023	2022	2021
10%	8%	3%	-%	-%
1%				
30%	20%	82%		
*	*	3%		
	71%	11%		
5%	*			
1%	1%	1%		*
47%	100%	100%		0%
			-	
28%	20%	23%	-	-
22%	7%	15%	-	-
*				
7%	2%	11%	-	-
*	*	1%	-	-
56%				
16%	9%	9%		
11%	17%	11%	-	-
140%	55%	70%	0%	0%
(93%)	45%	30%	-%	-%

Harris - Waller Counties Municipal Utility District No. 4

***TSI-7b. Comparative Schedule of Revenues and Expenditures - Master District Debt Service Fund
For the Last Three Fiscal Years***

	Amounts		
	2025**	2024	2023
Revenues			
Property taxes	\$ -	\$ 8,813	\$ -
Contract tax from participants	5,367,125	3,584,549	221,002
Penalties and interest		585	
Investment earnings	215,874	116,459	25,793
Total Revenues	5,582,999	3,710,406	246,795
Expenditures			
Tax collection services		19,001	
Debt service			
Principal	465,000		
Interest and fees	3,573,468	2,062,617	442,302
Total Expenditures	4,038,468	2,081,618	442,302
Revenues Over (Under) Expenditures	\$ 1,544,531	\$ 1,628,788	\$ (195,507)

*Percentage is negligible

**Tax assessment and collection expenditures are reported in the General Fund beginning with the 2025 fiscal year.

See accompanying auditor's report.

Percent of Fund Total Revenues		
2025**	2024	2023
	*	
96%	97%	90%
	*	
4%	3%	10%
100%	100%	100%
	1%	
8%		
64%	56%	179%
72%	57%	179%
28%	43%	(79%)

***Harris - Waller Counties Municipal Utility District No. 4
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended April 30, 2025***

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): April 17, 2025
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Rhonda Gideon	05/24 - 05/28	\$ 2,873	\$ 195	President
Cindy Morrow	04/25 - 05/28			Vice President
Ruth Delaunay	05/24 - 05/28	4,489	285	Secretary
Sabrina Alaqueinez	05/22 - 05/26	2,873	221	Assistant Vice President
Way Denkler	05/22 - 05/26	1,768	104	Assistant Secretary
Erica Tabrizi	05/24 - 03/25	663	39	Former Director
Consultants				
Allen Boone Humphries Robinson LLP	2020	Amounts Paid		Attorney
<i>General legal fees</i>		\$ 195,294		
Municipal District Services	2020	391,129		Operator
Myrtle Cruz, Inc.	2020	51,398		Bookkeeper
Bob Leared Interests	2020	8,534		Tax Collector
Waller County Appraisal District	Legislation	472		Property Valuation
Harris Central Appraisal District	Legislation	3,065		Property Valuation
Perdue Brandon Fielder Collins	2023			Delinquent Tax Attorney
Quiddity Engineering, LLC	2020	238,744		Engineer
Kimley-Horn & Associates, Inc.	2020			Landscape Architect
McGrath & Co., PLLC	2020	42,500		Auditor
R.W. Baird & Co., Inc.	2020	645,006		Financial Advisor
Schwartz, Page & Harding, L.L.P	2024	713,800		Bond counsel

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