

WALLER COUNTY MUNICIPAL UTILITY DISTRICT NO. 35

Minutes of the Meeting of Board of Directors September 9, 2024

The Board of Directors (the "Board") of Waller County Municipal Utility District No. 35 (the "District") met in regular session, open to the public, on September 9, 2024, in accordance with the duly posted Notice of Public Meeting, and the roll was called of the duly constituted members of the Board, as follows:

Victoria A. Battistini, President
Ryan C. Ward, Vice President
Jaclyn Day, Secretary
Daniel C. Feiler, Assistant Secretary
Tiffani S. Walker, Assistant Secretary

all of whom were present with the exception of Directors Ward and Day, thus constituting a quorum. Director Ward entered later in the meeting, as noted herein.

Also present were: Blair Bozoarth of Quiddity Engineering, LLC ("Quiddity"); Jennifer Abad of Municipal Accounts & Consulting, L.P. ("MA&C"); Dana Hollingsworth and Mia Hargrove of Municipal District Services, LLC ("MDS"); David Wood of Robert W. Baird & Co., Inc. ("Baird"); Patty Rodriguez of BLICO, Inc., dba Bob Leared Interests ("BLICO"); Wendy Ramirez of Forvis Mazars, LLP ("Forvis"); Damon Vela of Kudela & Weinheimer ("K&W"); Christie Leighton of Best Trash, LLC ("Best Trash"), who entered later in the meeting as noted herein; and Christina Cole and Kris Eddlemon of Schwartz, Page & Harding, L.L.P. ("SPH").

The President called the meeting to order and declared it open for such business as might regularly come before the Board.

PUBLIC COMMENTS

There were no comments from members of the public.

MINUTES

The Board considered the minutes of its meeting held on August 12, 2024. After discussion regarding the minutes previously forwarded for review, it was moved by Director Walker, seconded by Director Battistini, and unanimously carried, that said minutes be approved, as written.

REVIEW AND APPROVAL OF AUDIT REPORT FOR FISCAL YEAR ENDED MAY 31, 2024

The Board considered the review and approval of the District's audit report for the fiscal year ended May 31, 2024. In connection therewith, Ms. Ramirez presented a draft of the audit report prepared by Forvis, a copy of which is attached hereto as **Exhibit A**, and reviewed said report in detail with the Board. She also presented and reviewed with the Board a draft Management Letter prepared by Forvis, concerning the Board's internal controls over financial reporting (the "Management Letter"), a copy of which is attached hereto as part of **Exhibit A**. Ms. Ramirez advised the Board that the Management Letter is being submitted in connection with the requirements of Statement on Auditing Standards No. 115 and includes a response prepared by SPH on the District's behalf ("Management's Response"). After discussion concerning the audit presented, Director Feiler moved that (i) the audit report for the fiscal year ended May 31, 2024, be approved, subject to incorporation of any final comments from the District's consultants and the Board, (ii) the President be authorized to execute the Annual Filing Affidavit on behalf of the Board and the District, (iii) such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, and (iv) the Management's Response previously prepared by SPH be approved by the Board and included by Forvis as part of the final Management Letter. Director Battistini seconded said motion, which unanimously carried.

Director Ward entered during review of the audit report.

AUDIT RELATIVE TO PAYMENT OF PROCEEDS OF THE DISTRICT'S \$1,170,000 UNLIMITED TAX BONDS, SERIES 2024 (THE "BONDS")

Ms. Ramirez presented to and reviewed with the Board an Independent Accountant's Report on Applying Agreed-upon Procedures on Amounts Reimbursable to Astro Sunterra, L.P. (the "Series 2024 Bonds Reimbursement Audit") prepared by Forvis, a copy of which Series 2024 Bonds Reimbursement Audit is attached hereto as **Exhibit B**, in connection with the use of \$242,312.67 from the proceeds of the Bonds to reimburse Astro Sunterra, L.P. After discussion, Director Ward moved that the Series 2024 Bonds Reimbursement Audit be approved and the payment to Astro Sunterra, L.P. as reflected in said report, be approved, subject to the District's receipt of a Receipt and Indemnity executed by Astro Sunterra, L.P. in the form required by the District and approved by SPH. Director Battistini seconded said motion, which unanimously carried.

INTERNAL REVENUE SERVICE FORM 8038-G RELATIVE TO THE BONDS

The Board considered the execution and filing of an Internal Revenue Service reporting form 8038-G relative to the Bonds. Ms. Cole reviewed the form with the Board. After discussion, Director Ward moved that said reporting form be approved, that the President be authorized to execute same on behalf of the Board and District, and that it be filed with the Internal Revenue Service as required. Director Battistini seconded said motion, which carried unanimously.

CORRESPONDENCE FROM BOND COUNSEL

Ms. Cole presented and reviewed correspondence from SPH as Bond Counsel for the

issuance of the Bonds, addressed to the Board regarding certain provisions of the federal tax law and regulations of the Internal Revenue Service pertaining to the expenditure and investment of proceeds of the Bonds, a copy of which is attached hereto as **Exhibit C**. Ms. Cole advised the Board that certain periodic reviews and reports are required to monitor compliance with the requirements set forth therein and that arbitrage rebate or yield reduction payments could be required to be made based on said review and reports. Ms. Cole also advised the Board that the District's bookkeepers would monitor investment rates and that the District's financial advisor would review the debt service fund balance and coverage in connection with the annual tax rate recommendation. Ms. Cole advised the Board, however, that compliance with the requirements is the responsibility ultimately of the Board.

OTHER MATTERS IN CONNECTION WITH THE ISSUANCE OF THE BONDS

The Board considered the approval of various documents to be executed by the District in connection with the closing of the sale of the District's Bonds. In that regard, Ms. Cole presented and reviewed various closing documents with the Board, including the No-Litigation Certificate, the Certificate of Official Statement, the District's Receipt, and the Federal Tax Certificate, and advised that the closing is scheduled for Wednesday, September 11, 2024, at 10:00 a.m., Houston, Texas time. After further discussion of the closing documents, it was moved by Director Ward, seconded by Director Battistini, and unanimously carried that the above-referenced documents be approved by the Board, that the President and Assistant Secretary be authorized to execute same on behalf of the Board and District, and that SPH be authorized to deliver same, as appropriate, upon the closing of the Bonds.

AUDIT RELATIVE TO PAYMENT OF PROCEEDS OF THE DISTRICT'S \$2,385,000 UNLIMITED TAX ROAD BONDS, SERIES 2024 (THE "ROAD BONDS")

Ms. Ramirez presented to and reviewed with the Board an Independent Accountant's Report on Applying Agreed-upon Procedures on Amounts Reimbursable to Astro Sunterra, L.P. (the "Series 2024 Road Bonds Reimbursement Audit") prepared by Forvis, a copy of which Series 2024 Road Bonds Reimbursement Audit is attached hereto as **Exhibit D**, in connection with the use of \$2,002,983.99 from proceeds of the Road Bonds to reimburse Astro Sunterra, L.P. After discussion, Director Ward moved that the Series 2024 Road Bonds Reimbursement Audit be approved and the payment to Astro Sunterra, L.P. as reflected in said report, be approved, subject to the District's receipt of a Receipt and Indemnity executed by Astro Sunterra, L.P. in the form required by the District and approved by SPH. Director Battistini seconded said motion, which unanimously carried.

INTERNAL REVENUE SERVICE FORM 8038-G RELATIVE TO THE ROAD BONDS

The Board considered the execution and filing of an Internal Revenue Service reporting form 8038-G relative to the Road Bonds. Ms. Cole reviewed the form with the Board. After discussion, Director Ward moved that said reporting form be approved, that the President be authorized to execute same on behalf of the Board and District, and that it be filed with the Internal Revenue Service as required. Director Battistini seconded said motion, which carried unanimously.

CORRESPONDENCE FROM BOND COUNSEL

Ms. Cole presented and reviewed correspondence from SPH as Bond Counsel for the issuance of the Road Bonds, addressed to the Board regarding certain provisions of the federal tax law and regulations of the Internal Revenue Service pertaining to the expenditure and investment of proceeds of the Road Bonds, a copy of which is attached hereto as **Exhibit E**. Ms. Cole advised the Board that certain periodic reviews and reports are required to monitor compliance with the requirements set forth therein and that arbitrage rebate or yield reduction payments could be required to be made based on said review and reports. Ms. Cole also advised the Board that the District's bookkeepers would monitor investment rates and that the District's financial advisor would review the debt service fund balance and coverage in connection with the annual tax rate recommendation. Ms. Cole advised the Board, however, that compliance with the requirements is the responsibility ultimately of the Board.

OTHER MATTERS IN CONNECTION WITH THE ISSUANCE OF THE ROAD BONDS

The Board considered the approval of various documents to be executed by the District in connection with the closing of the sale of the District's Road Bonds. In that regard, Ms. Cole presented and reviewed various closing documents with the Board, including the No-Litigation Certificate, the Certificate of Official Statement, the District's Receipt, and the Federal Tax Certificate, and advised that the closing is scheduled for Wednesday, September 11, 2024, at 10:00 a.m., Houston, Texas time. After further discussion of the closing documents, it was moved by Director Ward, seconded by Director Battistini, and unanimously carried that the above-referenced documents be approved by the Board, that the President and Assistant Secretary be authorized to execute same on behalf of the Board and District, and that SPH be authorized to deliver same, as appropriate, upon the closing of the Road Bonds.

APPROVE AMENDMENT TO DISTRICT INFORMATION FORM

Ms. Cole presented and discussed with the Board an Amendment to the District Information Form ("DIF") relative to the issuance of the Bonds and the Road Bonds. After discussion regarding the amendment to the DIF, Director Ward moved that the amended DIF be approved and that the Board members present be authorized to execute same on behalf of the Board and the District. Director Battistini seconded said motion, which carried unanimously.

Ms. Leighton entered the meeting at this time.

TAX ASSESSOR-COLLECTOR REPORT

Ms. Rodriguez presented to and reviewed with the Board a written Tax Assessor-Collector Report ("TAC Report") for the period ended August 31, 2024, including the disbursements presented therein for payment from the District's tax account, a copy of which TAC Report is attached hereto as **Exhibit F**. After discussion, on motion made by Director Ward, seconded by Director Battistini and unanimously carried, the Board approved the TAC Report and authorized the payments listed therein.

FINANCIAL ADVISOR'S RECOMMENDATION CONCERNING THE DISTRICT'S PROPOSED 2024 TAX RATE

The Board next considered the Financial Advisor's recommendation concerning the District's proposed 2024 tax rate. In connection therewith, Mr. Wood presented to and reviewed with the Board the recommendation for the District's proposed 2024 maintenance and contract tax rates, a copy of the recommendation is attached hereto as **Exhibit G**. Mr. Wood advised that Baird is recommending a proposed debt service tax rate of \$0.28 per \$100 of assessed valuation, a maintenance tax rate of \$0.66 per \$100 of assessed valuation, and a contract tax rate of \$0.56 per \$100 of assessed valuation, for a total tax rate of \$1.50.

There next followed a discussion concerning the requirements for notice of the District's intention to adopt a 2024 tax rate. Ms. Cole advised that, pursuant to §49.236 of the Texas Water Code, as amended, the District is required to provide a notice containing certain tax-related information in connection with each meeting at which the adoption of a tax rate will be considered. Ms. Cole further advised that the information to be included in the notice is set forth in the Water Code and includes the proposed tax rate to be adopted. She advised that the District must provide the notice by either (1) publishing it at least once in a newspaper having general circulation in the District at least seven days before the date of the meeting at which the tax rate will be adopted, or (2) mailing it to each owner of taxable property in the District, at the address shown on the most recently certified tax roll of the District, at least 10 days before the date of the meeting.

After discussion on the matter, Director Feiler moved that (i) the Board declare its intention to levy a proposed 2024 debt service tax rate of \$0.28 per \$100 of assessed valuation, a 2024 maintenance tax rate of \$0.66 per \$100 of assessed valuation, and a proposed contract tax rate of \$0.56 per \$100 of assessed valuation, for a total tax rate of \$1.50 per \$100 of assessed valuation, and (ii) the District's tax assessor-collector be authorized to publish, in the *Waller County Times* in the section directed to the zip code(s) in which the District is located, notice of the District's intention to adopt a 2024 tax rate at its next meeting in the form and at the time required by law. Director Battistini seconded said motion, which unanimously carried.

OPERATOR'S REPORT

Ms. Hollingsworth presented to and reviewed with the Board the Operations Report dated September 9, 2024, a copy of which is attached hereto as **Exhibit H**. She advised the Board that there is one (1) delinquent account in the amount of \$91.93, which MDS has been unable to collect. She advised that MDS recommends this account be turned over to collections for further collection efforts. Following discussion, Director Feiler moved that MDS be authorized to turn over the subject account to collections for further collection efforts, as discussed and as reflected in the Operations Report. Director Battistini seconded said motion, which unanimously carried.

BEST TRASH

Ms. Leighton next addressed the Board on behalf of Best Trash and presented to and reviewed with the Board correspondence, a copy of which is attached hereto as **Exhibit I**, regarding Best Trash's annual CPI rate adjustment effective as of the August 2024 billing cycle. She noted that the rate for solid waste collection and recycling services will increase from \$23.80 to \$25.36 per month per residence. Ms. Cole advised that no changes are being recommended to the District's Rate Order at this time.

ENGINEERING REPORT

Mr. Bozoarth next presented to and reviewed with the Board an Engineering Report dated September 5, 2024, a copy of which report is attached hereto as **Exhibit J**, relative to the status of various engineering and construction projects within the District. Mr. Bozoarth next presented a revised Schedule of Hourly Rates (the "Schedule") for the Professional Services Agreement between Quiddity and the District. He noted that the Schedule is subject to annual revision in January of each year, but that Quiddity has not revised the Schedule since 2022. Mr. Bozoarth requested that the Schedule be revised effective October 1, 2024, and the Board concurred. A copy of the Schedule is attached hereto as part of **Exhibit J**. Upon review, Director Feiler moved that the Engineering Report and all actions noted therein be approved as recommended by Quiddity, including award of the construction contracts to the lowest qualified bidders, subject to SPH's review of the payment and performance bonds and insurance certificates submitted in connection with the contracts to determine if the payment and performance bonds and insurance meet the requirements of the bid specifications, the Texas Insurance Code, the rules of the Texas Commission on Environmental Quality and the provisions of the Texas Water Code and Astro Sunterra's or Sunterra 6A-Katy, L.P., as applicable, execution of the special conditions of the contracts under which Astro Sunterra or Sunterra 6A-Katy, L.P., as applicable, guarantees payment of all sums due thereunder. Director Battistini seconded the motion, which unanimously carried.

SILT SOLUTIONS, INC.

The Board next considered a report from Silt Solutions, Inc. ("SSI") in connection with storm water pollution and prevention services. Ms. Cole advised that SSI provided a report for the period August 12, 2024 – September 2, 2024, a copy of which is attached hereto as **Exhibit K**.

LANDSCAPE ARCHITECTURE REPORT(S)

Mr. Vela presented to and reviewed with the Board a monthly report prepared by K&W regarding the status of various recreational projects, a copy of which report is attached hereto as **Exhibit L**. Following discussion, Director Feiler moved that K&W's report and all actions noted therein be approved as recommended by K&W. Director Battistini seconded the motion, which unanimously carried.

BOOKKEEPER'S REPORT

Ms. Abad presented to and reviewed with the Board the Bookkeeper's Report, dated

September 9, 2024, attached hereto as **Exhibit M**, including the disbursements presented for payment, as prepared by MA&C. After discussion, it was moved by Director Feiler that the Bookkeeper's Report be approved, and that the disbursements identified in the Bookkeeper's Report be authorized for payment. Director Battistini seconded said motion, which unanimously carried.

DEVELOPER'S REPORT

It was noted that a developer representative was not present at the meeting.

SECURITY PATROL REPORT

Ms. Cole presented to and reviewed with the Board the Security Patrol Report prepared by On-Site Services, LLC for the month of August 2024, a copy of which is attached hereto as **Exhibit N**.

ATTORNEY'S REPORT

The Board considered the attorney's report. In connection therewith, Ms. Cole advised the Board that she had nothing further to discuss with the Board of a legal nature which was not covered under a specific agenda item.

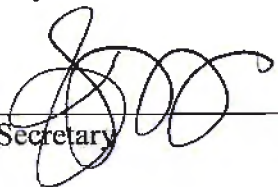
FUTURE AGENDA ITEMS

The Board considered items for placement on future agendas. No items were requested to be added to future agendas other than those items discussed hereinabove.

ADJOURNMENT

There being no further business to come before the Board, on motion made by Director Battistini, seconded by Director Feiler, and unanimously carried, the meeting was adjourned.

(SEAL)


Secretary

LIST OF ATTACHMENTS

- EXHIBIT A Draft Audit Report (2024)
- EXHIBIT B Draft Series 2024 Bonds Reimbursement Audit
- EXHIBIT C Correspondence from SPH as Bond Counsel for the Bonds
- EXHIBIT D Series 2024 Road Bonds Reimbursement Audit
- EXHIBIT E Correspondence from SPH as Bond Counsel for the Road Bonds
- EXHIBIT F Tax Assessor-Collector's Report
- EXHIBIT G 2024 Tax Rate Recommendation
- EXHIBIT H Operations Report
- EXHIBIT I Correspondence from Best Trash, LLC
- EXHIBIT J Engineering Report
- EXHIBIT K Report provided by Silt Solutions, Inc.
- EXHIBIT L Report provided by Kudela & Weinheimer
- EXHIBIT M Bookkeeper's Report
- EXHIBIT N Security Patrol Report

Exhibit A

Waller County Municipal Utility District No. 35 Waller County, Texas

Independent Auditor's Report and Financial Statements

May 31, 2024

Waller County Municipal Utility District No. 35
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May 31, 2024

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Independent Auditor's Report

Board of Directors
Waller County Municipal Utility District No. 35
Waller County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Waller County Municipal Utility District No. 35 (the District), as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of May 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance

and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Houston, Texas
_____, 2024

Draft 8/29/24

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

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

Fund Financial Statements

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

**Waller County Municipal Utility District No. 35
Management's Discussion and Analysis (Continued)
May 31, 2024**

Governmental Funds

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

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

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 912,579	\$ 459,564
Capital assets	<u>7,214,729</u>	<u>3,203,324</u>
Total assets	<u>\$ 8,127,308</u>	<u>\$ 3,662,888</u>
Long-term liabilities	\$ 15,217,528	\$ 8,319,638
Other liabilities	<u>574,581</u>	<u>201,730</u>
Total liabilities	<u>15,792,109</u>	<u>8,521,368</u>
Net position:		
Net investment in capital assets	(824,566)	(5,116,314)
Restricted	1,081	-
Unrestricted	<u>(6,841,316)</u>	<u>257,834</u>
Total net position	<u>\$ (7,664,801)</u>	<u>\$ (4,858,480)</u>

Waller County Municipal Utility District No. 35
Management's Discussion and Analysis (Continued)
May 31, 2024

The total net position of the District decreased by \$2,806,321, or about 58%. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity for maintenance, as well as contractual obligation and debt service expenses. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2024	2023
Revenues:		
Property taxes	\$ 551,664	\$ 180,151
Charges for services	458,740	106,737
Other revenues	456,504	310,936
Total revenues	<u>1,466,908</u>	<u>597,824</u>
Expenses:		
Services	1,196,903	367,581
Conveyance of capital assets	2,049,303	4,852,511
Depreciation	165,626	72,803
Contractual obligation	399,993	58,024
Debt service	461,404	-
Total expenses	<u>4,273,229</u>	<u>5,350,919</u>
Change in net position	(2,806,321)	(4,753,095)
Net position, beginning of year	<u>(4,858,480)</u>	<u>(105,385)</u>
Net position, end of year	<u><u>\$ (7,664,801)</u></u>	<u><u>\$ (4,858,480)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended May 31, 2024, were \$401,651, an increase of \$143,885 from the prior year.

The general fund's fund balance decreased by \$161,943, due to service operations and debt service expenditures exceeding property taxes and services revenues and tap connection and inspection fee revenues.

The debt service fund's fund balance increased by \$302,792, primarily due to property tax revenues, proceeds received from the Road Series 2023 bonds and a transfer in from the general fund exceeding debt service interest and fees and contractual obligation expenditures.

The capital projects fund's fund balance increased by \$3,036, due to bond and bond anticipation note proceeds exceeding capital outlay expenditures, repayment of developer advances and debt issuance costs.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to water service revenues, tap connection and inspection fee revenues and related expenditures, purchased services expenditures and repairs and maintenance expenditures being greater

**Waller County Municipal Utility District No. 35
Management's Discussion and Analysis (Continued)
May 31, 2024**

than anticipated and contracted services expenditures being less than anticipated. In addition, debt issuance costs and contractual obligation expenditures incurred were not included in the budget. The fund balance as of May 31, 2024, was expected to be \$390,370 and the actual end-of-year fund balance was \$95,823.

Capital Assets and Related Debt

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below:

	<u>Capital Assets (Net of Accumulated Depreciation)</u>	
	<u>2024</u>	<u>2023</u>
Water facilities	\$ 1,465,430	\$ 701,361
Wastewater facilities	2,600,580	1,089,692
Drainage facilities	3,148,719	1,412,271
Total capital assets	<u>\$ 7,214,729</u>	<u>\$ 3,203,324</u>

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

Water, sewer and drainage facilities to serve Sunterra, Sections 48, 49 and 53	<u>\$ 4,177,031</u>
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Debt

The changes in the debt position of the District during the fiscal year ended May 31, 2024, are summarized as follows.

Long-term debt payable, beginning of year	\$ 8,319,638
Increases in long-term debt	9,693,930
Decreases in long-term debt	<u>(2,796,040)</u>
Long-term debt payable, end of year	<u>\$ 15,217,528</u>

At May 31, 2024, the District had \$290,905,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District, \$127,390,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing roads and \$64,650,000 of unlimited tax bonds authorized, but unissued, for the purposes of constructing park and recreational facilities.

Developers of the District have constructed water, sewer, drainage and road facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission, if applicable. At May 31, 2024, a liability for developer-constructed capital assets of \$10,455,228 was recorded in the government-wide financial statements.

The Road Series 2023 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed for full purposes by the City, subject to compliance by the City with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements may include the requirement that the City hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days of the date of annexation.

Contingencies

Developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs, plus interest, from the proceeds from future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction amounts are approximately \$2,020,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Economic Dependency

The District's developers own the majority of the taxable property in the District. The District's ability to meet its obligations is dependent on the developers' ability to pay future property taxes.

As of May 31, 2024, the developers have advanced \$165,500, net of repayments, to the District for operations. These advances have been recorded as liabilities in the government-wide financial statements.

Subsequent Events

On September 11, 2024, the District issued its Unlimited Tax Bonds, Series 2024 in the amount of \$1,170,000 at a net effective interest rate of approximately 4.414%. The bonds were sold to redeem the Series 2023 bond anticipation note and repay the developer for previously completed utility construction projects within the District.

On September 11, 2024, the District also issued its Unlimited Tax Road Bonds, Series 2024 in the amount of \$2,385,000 at a net effective interest rate of approximately 4.418%. The bonds were sold to repay the developer for previously completed road construction projects within the District.

Waller County Municipal Utility District No. 35
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 241,659	\$ 9,633	\$ 2,126	\$ 253,418	\$ -	\$ 253,418
Short-term investments	300,273	284,843	910	586,026	-	586,026
Receivables:						
Property taxes	1,595	2,328	-	3,923	-	3,923
Service accounts	57,393	-	-	57,393	-	57,393
Interfund receivable	-	8,316	-	8,316	(8,316)	-
Due from others	9,299	-	-	9,299	-	9,299
Prepaid expenditures	2,520	-	-	2,520	-	2,520
Capital assets (net of accumulated depreciation):						
Infrastructure	-	-	-	-	7,214,729	7,214,729
Total assets	<u>\$ 612,739</u>	<u>\$ 305,120</u>	<u>\$ 3,036</u>	<u>\$ 920,895</u>	<u>\$ 7,206,413</u>	<u>\$ 8,127,308</u>
Liabilities						
Accounts payable	\$ 200,265	\$ -	\$ -	\$ 200,265	\$ -	\$ 200,265
Accrued interest payable	-	-	-	-	67,576	67,576
Customer deposits	169,195	-	-	169,195	-	169,195
Unearned tap connection fees	137,545	-	-	137,545	-	137,545
Interfund payable	8,316	-	-	8,316	(8,316)	-
Long-term liabilities, due after one year	-	-	-	-	15,217,528	15,217,528
Total liabilities	<u>515,321</u>	<u>-</u>	<u>-</u>	<u>515,321</u>	<u>15,276,788</u>	<u>15,792,109</u>
Deferred Inflows of Resources						
Deferred property tax revenues	<u>1,595</u>	<u>2,328</u>	<u>-</u>	<u>3,923</u>	<u>(3,923)</u>	<u>-</u>
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	2,520	-	-	2,520	(2,520)	-
Restricted :						
Unlimited tax bonds	-	20,710	-	20,710	(20,710)	-
Unlimited tax road bonds	-	282,082	-	282,082	(282,082)	-
Water, sewer and drainage	-	-	2,935	2,935	(2,935)	-
Roads	-	-	101	101	(101)	-
Unassigned	<u>93,303</u>	<u>-</u>	<u>-</u>	<u>93,303</u>	<u>(93,303)</u>	<u>-</u>
Total fund balances	<u>95,823</u>	<u>302,792</u>	<u>3,036</u>	<u>401,651</u>	<u>(401,651)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 612,739</u>	<u>\$ 305,120</u>	<u>\$ 3,036</u>	<u>\$ 920,895</u>		
Net position:						
Net investment in capital assets					(824,566)	(824,566)
Restricted for capital projects					1,081	1,081
Unrestricted					<u>(6,841,316)</u>	<u>(6,841,316)</u>
Total net position					<u>\$ (7,664,801)</u>	<u>\$ (7,664,801)</u>

Waller County Municipal Utility District No. 35
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended May 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 222,816	\$ 324,993	\$ -	\$ 547,809	\$ 3,855	\$ 551,664
Water service	255,096	-	-	255,096	-	255,096
Sewer service	143,644	-	-	143,644	-	143,644
Security service	60,000	-	-	60,000	-	60,000
Penalty and interest	15,140	381	-	15,521	-	15,521
Tap connection and inspection fees	421,123	-	-	421,123	-	421,123
Investment income	7,360	11,170	1,106	19,636	-	19,636
Other income	-	224	-	224	-	224
Total revenues	1,125,179	336,768	1,106	1,463,053	3,855	1,466,908
Expenditures/Expenses						
Service operations:						
Purchased services	344,218	-	-	344,218	-	344,218
Professional fees	172,924	-	-	172,924	64,809	237,733
Contracted services	126,370	14,282	-	140,652	-	140,652
Repairs and maintenance	270,526	-	-	270,526	-	270,526
Other expenditures	42,078	4,274	25	46,377	-	46,377
Tap connections	157,397	-	-	157,397	-	157,397
Capital outlay	-	-	3,964,553	3,964,553	(3,964,553)	-
Conveyance of capital assets	-	-	-	-	2,049,303	2,049,303
Depreciation	-	-	-	-	165,626	165,626
Debt service:						
Interest and fees	-	45,645	-	45,645	70,551	116,196
Debt issuance costs	63,500	-	281,708	345,208	-	345,208
Contractual obligation	77,702	322,291	-	399,993	-	399,993
Total expenditures/expenses	1,254,715	386,492	4,246,286	5,887,493	(1,614,264)	4,273,229
Deficiency of Revenues Over Expenditures	(129,536)	(49,724)	(4,245,180)	(4,424,440)	1,618,119	
Other Financing Sources (Uses)						
Interfund transfers in (out)	(32,407)	32,407	-	-	-	
Repayment of developer advances	-	-	(25,500)	(25,500)	25,500	
General obligation bonds issued	-	320,109	3,889,891	4,210,000	(4,210,000)	
Discount on debt issued	-	-	(126,175)	(126,175)	126,175	
Bond anticipation note issued	-	-	510,000	510,000	(510,000)	
Total other financing sources (uses)	(32,407)	352,516	4,248,216	4,568,325	(4,568,325)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(161,943)	302,792	3,036	143,885	(143,885)	
Change in Net Position					(2,806,321)	(2,806,321)
Fund Balances/Net Position						
Beginning of year	257,766	-	-	257,766	-	(4,858,480)
End of year	\$ 95,823	\$ 302,792	\$ 3,036	\$ 401,651	\$ -	\$ (7,664,801)

See Notes to Financial Statements

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

Waller County Municipal Utility District No. 35 (the District), was created by House Bill No. 3209 (the Bill) of the 86th Session of the Texas Legislature of the State of Texas, effective June 10, 2019, in accordance with the provisions of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and Article XVI, Section 59 of the Constitution of the State of Texas and is subject to the continuing supervision of the Texas Commission on Environmental Quality (the Commission). The principal functions of the District are to finance, construct, own and operate waterworks, wastewater, drainage, park, road and other facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Waller County Municipal Utility District No. 35
Notes to Financial Statements
May 31, 2024

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

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

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

Waller County Municipal Utility District No. 35
Notes to Financial Statements
May 31, 2024

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

Waller County Municipal Utility District No. 35
Notes to Financial Statements
May 31, 2024

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended May 31, 2024, include collections during the current period or within 60 days of year-end related to the 2023 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended May 31, 2024, the 2023 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Waller County assumes the maintenance and other incidents of ownership of road facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District.

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

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Park and recreational facilities	10-30

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Long-term Obligations

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

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

Waller County Municipal Utility District No. 35
Notes to Financial Statements
May 31, 2024

Net Position/Fund Balances

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements.	\$ 7,214,729
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	3,923
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(67,576)
Long-term debt obligations are not due and payable in the current period and are not reported in the fund financial statements.	(15,217,528)
Adjustment to fund balances to arrive at net position.	<u>\$ (8,066,452)</u>

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

Change in fund balances.	\$ 143,885
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense or conveyed to another governmental entity for ownership and maintenance. This is the amount by which capital outlay expenditures exceeded conveyed capital assets, depreciation expense and noncapitalized costs in the current year.	1,684,815
Governmental funds report developer advances as other financing sources or uses as amounts are received or paid. However, for government-wide financial statements, these amounts are recorded as an increase or decrease in due to developer.	25,500

Waller County Municipal Utility District No. 35
Notes to Financial Statements
May 31, 2024

Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

\$ 126,175

Governmental funds report proceeds from sales of bonds and bond anticipation notes because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.

(4,720,000)

Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.

3,855

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(70,551)

Change in net position of governmental activities.

\$ (2,806,321)

Note 2. Deposits, Investments and Investment Income

Deposits

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

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

At May 31, 2024, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

Waller County Municipal Utility District No. 35
Notes to Financial Statements
May 31, 2024

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

At May 31, 2024, the District had the following investments and maturities.

Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Texas CLASS	\$ 586,026	\$ 586,026	\$ -	\$ -	\$ -

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2024, the District's investments in Texas CLASS were rated "AAAm," by Standard and Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement on net position at May 31, 2024, as follows:

Carrying value:	
Deposits	\$ 253,418
Investments	586,026
Total	<u>\$ 839,444</u>

Investment Income

Investment income of \$19,636 for the year ended May 31, 2024, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of May 31, 2024:

- Pooled investments of \$586,026 are valued at fair value per share of the pool's underlying portfolio.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended May 31, 2024, is presented as follows.

Waller County Municipal Utility District No. 35
Notes to Financial Statements
May 31, 2024

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Water production and distribution facilities	\$ 717,301	\$ 797,737	\$ 1,515,038
Wastewater collection and treatment facilities	1,114,458	1,570,555	2,685,013
Drainage facilities	1,444,368	1,808,739	3,253,107
Total capital assets, depreciable	3,276,127	4,177,031	7,453,158
Less accumulated depreciation:			
Water production and distribution facilities	(15,940)	(33,668)	(49,608)
Wastewater collection and treatment facilities	(24,766)	(59,667)	(84,433)
Drainage facilities	(32,097)	(72,291)	(104,388)
Total accumulated depreciation	(72,803)	(165,626)	(238,429)
Total governmental activities, net	\$ 3,203,324	\$ 4,011,405	\$ 7,214,729

Note 4. Long-term Liabilities

Changes in long-term liabilities for the year ended May 31, 2024, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ -	\$ 4,210,000	\$ -	\$ 4,210,000	\$ -
Less discounts on bonds	-	126,175	2,975	123,200	-
	-	4,083,825	(2,975)	4,086,800	-
Bond anticipation notes	-	510,000	-	510,000	-
Due to developers	8,128,638	5,100,105	2,773,515	10,455,228	-
Due to developers - advances	191,000	-	25,500	165,500	-
Total governmental activities long-term liabilities	\$ 8,319,638	\$ 9,693,930	\$ 2,796,040	\$ 15,217,528	\$ -

Waller County Municipal Utility District No. 35
Notes to Financial Statements
May 31, 2024

General Obligation Bonds

	<u>Road Series 2023</u>
Amount outstanding, May 31, 2024	\$4,210,000
Interest rates	4.75% to 6.50%
Maturity dates, serially beginning/ending	September 1, 2025/2049
Interest payment dates	September 1/ March 1
Callable date*	September 1, 2030

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at May 31, 2024.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ 213,406	\$ 213,406
2026	85,000	210,750	295,750
2027	85,000	205,331	290,331
2028	90,000	199,644	289,644
2029	95,000	193,869	288,869
2030-2034	565,000	883,219	1,448,219
2035-2039	745,000	719,468	1,464,468
2040-2044	975,000	507,975	1,482,975
2045-2049	1,275,000	238,091	1,513,091
2050	295,000	7,375	302,375
Total	<u>\$ 4,210,000</u>	<u>\$ 3,379,128</u>	<u>\$ 7,589,128</u>

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

Bonds voted:

Water, sanitary sewer and drainage facilities	\$ 290,905,000
Park and recreational facilities	64,650,000
Road facilities	131,600,000

Bonds sold:

Road facilities	4,210,000
-----------------	-----------

Refunding bonds voted:

Water, sanitary sewer and drainage facilities	290,905,000
Park and recreational facilities	64,650,000
Road facilities	131,600,000

Waller County Municipal Utility District No. 35
Notes to Financial Statements
May 31, 2024

Bond Anticipation Note

On December 18, 2023, the District issued its Bond Anticipation Note, Series 2023 in the amount of \$510,000. The Note is dated December 18, 2023, bears interest at the rate of 6.17% and matures December 16, 2024, unless called for early redemption. The note is a special limited obligation of the District and is payable solely from proceeds from the sale of bonds. Subsequent to year end, the District issued its Unlimited Tax Bonds, Series 2024 and will use a portion of the proceeds to redeem the note prior to its maturity.

Due to Developers

Developers of the District have constructed water, sewer, drainage and road facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission, if applicable. At May 31, 2024, a liability for developer-constructed capital assets of \$10,455,228 was recorded in the government-wide financial statements.

Note 5. Significant Bond Order and Commission Requirements

- (A) The Road Bond Order requires that the District levy and collect an ad valorem road debt service tax sufficient to pay interest and principal on road bonds when due. During the year ended May 31, 2024, the District did not levy an ad valorem road debt service tax for the 2023 tax year. The interest requirements to be paid from the available resources are \$152,348 of which \$45,645 has been paid and \$106,703 is due September 1, 2024.
- (B) In accordance with the Road Series 2023 Bond Order, a portion of the bond proceeds were deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year	\$ -
Additions--Interest appropriated from Road Series 2023 bond proceeds	320,109
Deductions--Appropriation from bond interest paid: Road Series 2023	45,645
Bond interest reserve, end of year	<u>\$ 274,464</u>

Note 6. Maintenance Taxes

At an election held November 2, 2021, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended May 31, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.6100 per \$100 of assessed valuation, which resulted in a tax levy of \$224,344 on the taxable valuation of \$36,777,666 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Contract Taxes

At an election held November 2, 2021, voters authorized a contract tax on all property within the District subject to taxation. During the year ended May 31, 2024, the District levied an ad valorem contract tax at the rate of \$0.8900 per \$100 of assessed valuation, which resulted in a tax levy of \$327,321 on the taxable valuation of \$36,777,666 for 2023 tax year. This contract tax is used to pay for the District's pro rata share of principal and interest on Harris-Waller Counties Municipal Utility District No. 4's (the Master District) contract revenue bonds as described in Note 8.

Note 8. Financing and Operation of Regional Facilities

On August 10, 2021, the District entered into a Contract for Financing, Operation and Maintenance of Regional Facilities (the Contract) with the Master District, whereby the Master District agrees to provide, or cause to be provided, the regional water, wastewater, drainage and road facilities necessary to serve all participating districts located within the Master District's service area.

The Contract authorizes the establishment of an operating and maintenance reserve by the Master District equivalent to three months' operating and maintenance expenses, as set forth in the Master District's annual budget. Prior to commencement of services, the Master District shall bill the District to provide the initial funding required to establish the reserve. The Master District shall adjust the reserve as needed, not less than annually.

The Master District is charging 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 reserved to the District. The term of the Contract is 40 years. For the fiscal year ended May 31, 2024, the District incurred fees in the amount of \$344,218 related to the Contract.

The Master District is authorized to issue contract revenue bonds for the purpose of acquiring and constructing regional water, wastewater, drainage and road facilities needed to provide services to all participating districts in the Master District's service area. The District shall contribute annually to the payment of debt service requirements based on its pro rata share of the total certified assessed valuation of all participating districts. For the year ended May 31, 2024, the District incurred \$399,993 in contractual obligations related to Master District contract revenue bonds.

Note 9. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Note 10. Contingencies

Developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs, plus interest, from the proceeds from future bond sales, to the extent approved by the Commission, if applicable. The District's engineer has stated that current construction amounts are approximately \$2,020,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 11. Economic Dependency

The District's developers own the majority of the taxable property in the District. The District's ability to meet its obligations is dependent on the developers' ability to pay future property taxes.

As of May 31, 2024, the developers have advanced \$165,500, net of repayments, to the District for operations. These advances have been recorded as liabilities in the government-wide financial statements.

Note 12. Subsequent Events

On September 11, 2024, the District issued its Unlimited Tax Bonds, Series 2024 in the amount of \$1,170,000 at a net effective interest rate of approximately 4.414%. The bonds were sold to redeem the Series 2023 bond anticipation note and repay the developer for previously completed utility construction projects within the District.

On September 11, 2024, the District also issued its Unlimited Tax Road Bonds, Series 2024 in the amount of \$2,385,000 at a net effective interest rate of approximately 4.418%. The bonds were sold to repay the developer for previously completed road construction projects within the District.

Required Supplementary Information

Waller County Municipal Utility District No. 35
Budgetary Comparison Schedule – General Fund
Year Ended May 31, 2024

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 236,500	\$ 222,816	\$ (13,684)
Water service	123,120	255,096	131,976
Sewer service	156,600	143,644	(12,956)
Security service	60,000	60,000	-
Penalty and interest	3,000	15,140	12,140
Tap connection and inspection fees	278,100	421,123	143,023
Investment income	-	7,360	7,360
Total revenues	857,320	1,125,179	267,859
Expenditures			
Service operations:			
Purchased services	185,670	344,218	(158,548)
Professional fees	137,500	172,924	(35,424)
Contracted services	196,280	126,370	69,910
Repairs and maintenance	80,970	270,526	(189,556)
Other expenditures	31,596	42,078	(10,482)
Tap connections	92,700	157,397	(64,697)
Debt service:			
Debt issuance costs	-	63,500	(63,500)
Contractual obligation	-	77,702	(77,702)
Total expenditures	724,716	1,254,715	(529,999)
Excess (Deficiency) of Revenues Over Expenditures	132,604	(129,536)	(262,140)
Other Financing Uses			
Interfund transfers out	-	(32,407)	(32,407)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	132,604	(161,943)	(294,547)
Fund Balance, Beginning of Period	257,766	257,766	-
Fund Balance, End of Period	\$ 390,370	\$ 95,823	\$ (294,547)

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2024.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Draft 8/29/24

Supplementary Information

Waller County Municipal Utility District No. 35
Other Schedules Included Within This Report
May 31, 2024

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 11-22
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures -- General Fund and Debt Service Fund
- [X] Board Members, Key Personnel and Consultants

Waller County Municipal Utility District No. 35
Schedule of Services and Rates
Year Ended May 31, 2024

1. Services to be provided by the District:

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

2. Retail service providers:

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 57.00	10,000	N	\$ 4.30	10,001 to No Limit
Wastewater:	\$ 47.50	0	Y		

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

Total charges per 10,000 gallons usage (including fees): Water \$ 57.00 Wastewater \$ 47.50

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	418	415	x1.0	415
1"	-	-	x2.5	-
1 1/2"	-	-	x5.0	-
2"	4	4	x8.0	32
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	422	419		447
Total wastewater	417	414	x1.0	414

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

Gallons pumped into the system:	15,889,000
Gallons billed to customers:	15,889,000
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

Waller County Municipal Utility District No. 35
Schedule of General Fund Expenditures
Year Ended May 31, 2024

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	19,300	
Legal		113,086	
Engineering		40,538	
Financial advisor		-	172,924
Purchased Services for Resale			
Bulk water and wastewater service purchases			344,218
Regional Water Fee			-
Contracted Services			
Bookkeeping		43,104	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		55,936	
Other contracted services		8,885	107,925
Utilities			-
Repairs and Maintenance			270,526
Administrative Expenditures			
Directors' fees		10,103	
Office supplies		7,028	
Insurance		6,002	
Other administrative expenditures		18,945	42,078
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		-	-
Tap Connection Expenditures			157,397
Solid Waste Disposal			18,445
Fire Fighting			-
Contractual Obligation			77,702
Parks and Recreation			-
Other Expenditures			63,500
Total expenditures		\$	<u>1,254,715</u>

Waller County Municipal Utility District No. 35
Schedule of Temporary Investments
May 31, 2024

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Texas CLASS	5.43%	Demand	\$ 300,273	\$ -
Debt Service Fund				
Texas CLASS	5.43%	Demand	282,082	-
Texas CLASS	5.43%	Demand	2,761	-
			284,843	-
Capital Projects Fund				
Texas CLASS	5.43%	Demand	809	-
Texas CLASS	5.43%	Demand	101	-
			910	-
Totals			\$ 586,026	\$ -

Waller County Municipal Utility District No. 35
Analysis of Taxes Levied and Receivable
Year Ended May 31, 2024

	Maintenance Taxes	Contract Taxes
Receivable, Beginning of Year	\$ 68	\$ -
Additions and corrections to prior years' taxes	(1)	-
Adjusted receivable, beginning of year	67	-
2023 Original Tax Levy	225,949	329,662
Additions and corrections	(1,605)	(2,341)
Adjusted tax levy	224,344	327,321
Total to be accounted for	224,411	327,321
Tax collections: Current year	(222,749)	(324,993)
Prior years	(67)	-
Receivable, end of year	<u>\$ 1,595</u>	<u>\$ 2,328</u>
Receivable, by Year		
2023	<u>\$ 1,595</u>	<u>\$ 2,328</u>

Waller County Municipal Utility District No. 35
Analysis of Taxes Levied and Receivable (Continued)
Year Ended May 31, 2024

	<u>2023</u>	<u>2022</u>
Property Valuations		
Land	\$ 56,928,955	\$ 34,232,328
Improvements	-	-
Personal property	256,370	65,120
Exemptions	<u>(20,407,659)</u>	<u>(22,287,380)</u>
Total property valuations	<u>\$ 36,777,666</u>	<u>\$ 12,010,068</u>
Tax Rates per \$100 Valuation		
Contract tax rates	\$ 0.8900	\$ -
Maintenance tax rates*	<u>0.6100</u>	<u>1.5000</u>
Total tax rates per \$100 valuation	<u>\$ 1.5000</u>	<u>\$ 1.5000</u>
Tax Levy	<u>\$ 551,665</u>	<u>\$ 180,151</u>
Percent of Taxes Collected to Taxes Levied**	<u>99%</u>	<u>100%</u>

*Maximum tax rate approved by voters: \$1.50 on November 2, 2021

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

Waller County Municipal Utility District No. 35
Schedule of Long-Term Debt Service Requirements by Years
May 31, 2024

Due During Fiscal Years Ending May 31	Road Series 2023		
	Principal Due September 1	Interest Due September 1, March 1	Total
2025	\$ -	\$ 213,406	\$ 213,406
2026	85,000	210,750	295,750
2027	85,000	205,331	290,331
2028	90,000	199,644	289,644
2029	95,000	193,869	288,869
2030	100,000	188,019	288,019
2031	105,000	182,393	287,393
2032	115,000	176,894	291,894
2033	120,000	171,018	291,018
2034	125,000	164,895	289,895
2035	135,000	158,393	293,393
2036	140,000	151,519	291,519
2037	150,000	144,268	294,268
2038	155,000	136,644	291,644
2039	165,000	128,644	293,644
2040	175,000	120,143	295,143
2041	185,000	111,144	296,144
2042	195,000	101,888	296,888
2043	205,000	92,388	297,388
2044	215,000	82,412	297,412
2045	230,000	71,844	301,844
2046	240,000	60,531	300,531
2047	255,000	48,466	303,466
2048	270,000	35,500	305,500
2049	280,000	21,750	301,750
2050	295,000	7,375	302,375
Totals	\$ 4,210,000	\$ 3,379,128	\$ 7,589,128

Waller County Municipal Utility District No. 35
Changes in Long-Term Bonded Debt
Year Ended May 31, 2024

	Bond Issue
	Road Series 2023
Interest rates	4.75% to 6.50%
Dates interest payable	September 1/ March 1
Maturity dates	September 1, 2025/2049
Bonds outstanding, beginning of the current year	\$ -
Bonds sold during the current year	4,210,000
Retirements, principal	-
Bonds outstanding, end of current year	<u>\$ 4,210,000</u>
Interest paid during the current year	<u>\$ 45,645</u>
Paying agent's name and address:	

Series 2023 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:	Tax Bonds	Recreational Bonds	Road Bonds	Refunding Bonds
Amount authorized by voters	<u>\$ 290,905,000</u>	<u>\$ 64,650,000</u>	<u>\$ 131,600,000</u>	<u>\$ 487,155,000</u>
Amount issued	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,210,000</u>	<u>\$ -</u>
Remaining to be issued	<u>\$ 290,905,000</u>	<u>\$ 64,650,000</u>	<u>\$ 127,390,000</u>	<u>\$ 487,155,000</u>
Debt service fund cash and temporary investment balances as of May 31, 2024:				<u>\$ 294,476</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:				<u>\$ 291,890</u>

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Waller County Municipal Utility District No. 35
Comparative Schedule of Revenues and Expenditures – General Fund
Three Years Ended May 31,

	Amounts		
	2024	2023	2022
General Fund			
Revenues			
Property taxes	\$ 222,816	\$ 180,083	\$ -
Water service	255,096	21,688	-
Sewer service	143,644	75,049	-
Security service	60,000	10,000	-
Penalty and interest	15,140	84	-
Tap connection and inspection fees	421,123	267,960	-
Investment income	7,360	190	-
Other income	-	42,702	-
Total revenues	1,125,179	597,756	-
Expenditures			
Service operations:			
Purchased services	344,218	41,658	-
Professional fees	172,924	123,549	70,833
Contracted services	126,370	36,349	7,356
Repairs and maintenance	270,526	36,532	-
Other expenditures	42,078	29,393	27,196
Tap connections	157,397	100,100	-
Debt service:			
Debt issuance costs	63,500	-	-
Contractual obligation	77,702	58,024	-
Total expenditures	1,254,715	425,605	105,385
Excess (Deficiency) of Revenues Over Expenditures	(129,536)	172,151	(105,385)
Other Financing Sources (Uses)			
Interfund transfers out	(32,407)	-	-
Developer advances received	-	104,000	87,000
Total other financing sources (uses)	(32,407)	104,000	87,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(161,943)	276,151	(18,385)
Fund Balance (Deficit), Beginning of Period	257,766	(18,385)	-
Fund Balance (Deficit), End of Period	\$ 95,823	\$ 257,766	\$ (18,385)
Total Active Retail Water Connections	419	180	N/A
Total Active Retail Wastewater Connections	414	180	N/A

*Percentages not meaningful.

Percent of Fund Total Revenues		
2024	2023	2022
19.8 %	30.2 %	* %
22.7	3.6	*
12.8	12.6	*
5.3	1.7	*
1.3	0.0	*
37.4	44.8	*
0.7	0.0	*
-	7.1	*
100.0	100.0	*
30.6	7.0	*
15.4	20.7	*
11.2	6.1	*
24.0	6.1	*
3.7	4.9	*
14.0	16.7	*
5.7	-	*
6.9	9.7	*
111.5	71.2	*
(11.5) %	28.8 %	* %

Waller County Municipal Utility District No. 35
Schedule of Revenues and Expenditures – Debt Service Fund
Year Ended May 31, 2024

	<u>Amounts</u>	<u>Percent of Fund Total Revenues</u>
Debt Service Fund		
Revenues		
Property taxes	\$ 324,993	96.5 %
Penalty and interest	381	0.1
Investment income	11,170	3.3
Other income	224	0.1
	<u>336,768</u>	<u>100.0</u>
Total revenues		
Expenditures		
Current:		
Contracted services	14,282	4.2
Other expenditures	4,274	1.3
Debt service:		
Interest and fees	45,645	13.6
Contractual obligation	322,291	95.7
	<u>386,492</u>	<u>114.8</u>
Total expenditures		
Deficiency of Revenues Over Expenditures	<u>(49,724)</u>	<u>(14.8) %</u>
Other Financing Sources		
Interfund transfers in	32,407	
General obligation bonds issued	320,109	
	<u>352,516</u>	
Total other financing sources		
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	302,792	
Fund Balance, Beginning of Year	<u>-</u>	
Fund Balance, End of Year	<u>\$ 302,792</u>	

**Waller County Municipal Utility District No. 35
Board Members, Key Personnel and Consultants
Year Ended May 31, 2024**

Complete District mailing address:	Waller County Municipal Utility District No. 35 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 2400 Houston, Texas 77056
District business telephone number:	713.623.4531
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	September 12, 2022
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected & Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-end</u>
Victoria A. Battistini	Elected 05/24- 05/28	\$ 2,581	\$ 433	President
Ryan C. Ward	Elected 05/24- 05/28	1,918	98	Vice President
Jaclyn Day	Elected 05/22- 05/26	1,476	203	Secretary
Daniel C. Feiler	Elected 05/24- 05/28	1,768	106	Assistant Secretary
Tiffani Walker	Appointed 09/22- 05/26	2,360	291	Assistant Secretary

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

Waller County Municipal Utility District No. 35
Board Members, Key Personnel and Consultants (Continued)
Year Ended May 31, 2024

<u>Consultants</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title</u>
Bob Leared Interests	08/08/22	\$ 13,473	Tax Assessor/ Collector
FORVIS, LLP	08/08/22	31,100	Auditor
Municipal Accounts & Consulting, L.P.	08/10/21	51,640	Bookkeeper
Municipal District Services, L.L.C.	04/11/22	322,359	Operator
Quiddity Engineering, LLC	08/10/21	124,538	Engineer
Robert W. Baird & Co. Incorporated	08/10/21	96,742	Financial Advisor
Schwartz, Page & Harding, L.L.P.	08/10/21	135,490 130,360	General Counsel Bond Counsel
Waller County Appraisal District	Legislative Action	6,407	Appraiser
<u>Investment Officers</u>			
Mark Burton and Ghia Lewis	12/13/21	N/A	Bookkeepers

Forvis Mazars Internal Control Communication

Waller County Municipal Utility District No. 35

Communication Regarding Internal Control Related Matters Identified in an Audit

Required Communications Regarding Internal Control (AU-C 265)

Consideration of Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Waller County Municipal Utility District No. 35 (the District) as of and for the year ended May 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control).

This consideration served as a basis for designing audit procedures that are appropriate in the circumstance for the purpose of expressing our opinions on the financial statements.

However, this consideration was **not** for the purpose of expressing an opinion on the effectiveness of the District's internal control.

Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

Categorizing Deficiencies by Severity

Deficiency

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.



Significant Deficiency

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatements of the District's financial statements will not be prevented or detected and corrected on a timely basis.



The Board's Management Role & Responsibility for Controls

The District's management consists of an elected Board of Directors (Board). Day-to-day operations are performed by private entities (Consultants) under contract with the District. The Board supervises the performance of the Consultants; however, although Consultants can be part of the District's system of internal control, the Consultants are not members of management. Per auditing standards, management is responsible for design and implementation of the District's system of internal controls.

Identified Deficiencies

We identified certain deficiencies in internal control that we consider to be material weaknesses.

Material Weaknesses

- Per auditing standards, one of the primary controls within the system of internal controls is related to the preparation of the financial statements. Management of the District is responsible for either preparing the financial statements or having the knowledge to determine whether the financial statements have been properly prepared and are free from potential misstatement. The absence of this expertise within management, or a Consultant of the District hired to perform this service, is considered by auditing standards to be a material weakness in internal control over financial reporting.
- During the course of performing an audit, it is not unusual for the auditor to prepare various journal entries to correct and present the financial statements on the government-wide basis of accounting. Additionally, we noted adjustments to various accounts, such as unearned tap connection fees, fund balance, tap connection and inspection fee revenues and interfund transfers, which were necessary in order for the fund financial statements to be in conformity with generally accepted accounting principles. The inability of management, or a Consultant of the District hired to perform this service, to detect these necessary adjustments is considered by auditing standards to be a material weakness in internal control over financial reporting.
- Finally, management, or a Consultant of the District, does not prepare the capital asset and depreciation register or post adjustments related to the presentation of the capital assets in the government-wide financial statements. As management is not preparing or reviewing and does not have the expertise to prevent, detect, and correct related significant potential misstatements, this is considered by auditing standards to be a material weakness in internal control over financial reporting.

The material weaknesses noted above, if not corrected, could result in a material misstatement or omission of a required disclosure in the financial statements.

Management's Response

The District responds that the auditor's Management Letter, and the material weaknesses identified therein, are prepared in response to Statement on Auditing Standards No. 115 (SAS 115) and are not prompted by any other circumstances identified during the course of the audit and disclosed to the District's Board.

As you know, the Board has, since the inception of the District, engaged the auditor to perform the District's audit and to prepare the financial statements and capital asset and depreciation schedules upon which the audit is based. It is our understanding that this is the usual and customary practice for smaller special districts in Texas, as it is more cost effective to engage Consultants to perform such services than to employ persons (who would constitute district management) to perform same. It is also the Board's understanding that, under the requirements of SAS 115, the engagement of the auditor to perform these services resulted in the Management Letter because (1) the Board members are not able to prevent, detect, and correct a misstatement in the preparation of the District's financial statements or its capital asset and depreciation schedules or to make adjustments to same, and (2) the Board has not implemented controls to prevent, detect, and correct a misstatement in the preparation of the District's financial statements or capital asset and depreciation schedules, such as the hiring of an employee or the engagement of another Consultant to prepare the District's financial statements or capital asset and depreciation schedules.

With respect to items (1) and (2) identified above, the Board responds that its members are appointed or elected in accordance with the requirements set forth in the Texas Water Code, and that such members do not necessarily have the ability to prevent, detect, and correct a misstatement in the preparation of the District's financial statements or its capital asset and depreciation schedules or to make adjustments to same.

Further, the Board responds that it is a small government unit and that it engages the auditor based upon the auditor's professional qualifications, and in light of such qualifications, does not feel that the addition at this time of an employee or the engagement of a Consultant to prepare the District's financial statements and capital asset and depreciation schedules (as a form of control) would be cost effective. Additionally, the Board adds that the District does not have any employees, but rather engages Consultants who possess industry knowledge and expertise to provide financial services, including its

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bookkeeper, auditor, and financial advisor, as well as Consultants that provide legal, engineering, and operation and maintenance services. In particular, the District's bookkeeper presents periodic financial information (unaudited) to the Board for review, which information generally reflects income, disbursements, adjustments, and the status of investments relative to the District's various accounts.

Management's written response to the material weaknesses identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Distribution Restriction

This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:

- The Board of Directors
- Texas Commission on Environmental Quality

Draft 8/29/24

Forvis Mazars Report to the Board of Directors

Waller County Municipal Utility District No. 35

Results of the 2024 Financial Statement Audit, Including Required Communications

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	This report covers audit results related to your financial statements and supplementary information: • As of and for the year ended May 31, 2024 • Conducted in accordance with our contract dated May 13, 2024
Our Responsibilities	Forvis Mazars is responsible for forming and expressing opinions about whether the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).
Audit Scope & Inherent Limitations to Reasonable Assurance	An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the opinion unit being audited and did not include a detailed audit of all transactions.
Extent of Our Communication	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
Independence	The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.
Your Responsibilities	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
Distribution Restriction	This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties: • The Board of Directors

Qualitative Aspects of Significant Accounting Policies & Practices

The following matters are detailed in the following pages and included in our assessment:

Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements. We call your attention to the following topics:

- The fund financial statements are reported using the current financial resources focus and the modified accrual basis of accounting
- The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting

Unusual Policies or Methods

- No matters are reportable

Alternative Accounting Treatments

- No matters are reportable

Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Amounts due to developers

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Subsequent events
- Contingent liability for developer construction
- Economic dependency

Our Judgment About the Quality of the District's Accounting Principles

- No matters are reportable

Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- Unearned tap connection fees and tap connection and inspection fee revenues
- Fund balance

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- Interfund transfers
- Capital assets and depreciation expense
- Accrued liabilities
- Long-term liabilities
- Conveyance of capital assets

Uncorrected Misstatements

- No uncorrected misstatements

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter
- Communication Regarding Internal Control Related Matters Identified in an Audit

Draft 8/29/24

Representation of:
Waller County Municipal Utility District No. 35
Waller County, Texas

Provided to:

Forvis Mazars, LLP
Certified Public Accountants
2700 Post Oak Boulevard, Suite 1500
Houston, TX 77056

The undersigned ("We") are providing this letter in connection with Forvis Mazars' audit of our financial statements as of and for the year ended May 31, 2024.

Our representations are current and effective as of the date of Forvis Mazars' report: September 9, 2024.

Our engagement with Forvis Mazars is based on our contract for services dated: May 13, 2024.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to Forvis Mazars' report in conformity with accounting principles generally accepted in the United States of America and in accordance with the reporting requirements of the Texas Commission on Environmental Quality (TCEQ).

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of Forvis Mazars' Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and in accordance with the reporting requirements of the Texas Commission on Environmental Quality (TCEQ).
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.
3. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.

- b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons serving the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of meetings of the Board of Directors held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the Board of Directors, if applicable, and maintained as part of our records.
 - e. All significant contracts.
4. We have responded fully and truthfully to all your inquiries.

Misappropriation, Misstatements, & Fraud

5. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
- a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, liabilities, deferred inflows of resources or net position.
6. We have no knowledge of fraud or suspected fraud affecting the entity involving:
- a. Directors or consultants (including prior consultants) who have significant roles in internal control over financial reporting, or
 - b. Others when the fraud could have a material effect on the financial statements.
7. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

Related Parties

8. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. The entity has not entered into any new agreements with a related party or modified terms related to an existing related-party transaction during the year under audit, or as of the date of this letter. Further, we do not have any existing or ongoing agreements with related parties that are still in effect as of the date of this letter.

Litigation, Laws, Rulings & Regulations

9. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
10. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
11. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

Nonattest Services

12. You have provided nonattest services, including the following, during the period of this engagement:
- Preparing a draft of the financial statements and related notes and supplementary information
 - Maintenance of depreciation schedules
13. With respect to these services:
- a. The Board is qualified to and is accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
 - e. We have established and maintained internal controls, including monitoring ongoing activities.
 - f. When we receive final deliverables from you, we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

Financial Statements & Reports

14. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
15. We acknowledge that submission of audit reports and any related materials to regulators or oversight agencies, including the TCEQ, is our responsibility.
16. We do not issue an annual report, nor do we have plans to issue an annual report at this time.

Transactions, Records, & Adjustments

17. All transactions have been recorded in the accounting records and are reflected in the financial statements.
18. We have everything we need to keep our books and records.
19. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.

Governmental Accounting & Disclosure Matters

20. Based on information provided by our consultants, with regard to deposit and investment activities:
- a. All deposit and investment transactions have been made in accordance with legal and contractual requirements.
 - b. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

- c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
21. The supplementary information required by the Governmental Accounting Standards Board (GASB) consisting of management's discussion and analysis and budgetary comparison schedule, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

Accounting & Disclosure

22. Except as reflected in the financial statements, there are no:
- a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities, deferred inflows of resources or net position.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
 - g. Guarantees, whether written or oral, under which the entity is contingently liable.
 - h. Known or anticipated asset retirement obligations.
23. Except as disclosed in the financial statements, the entity has:
- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements.

Revenue, Accounts Receivable, & Inventory

24. Adequate provisions and allowances have been accrued for any material losses from uncollectible receivables.

Estimates

25. We have identified all accounting estimates that could be material to the financial statements and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.

26. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

27. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
- a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated course of action.
 - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.
 - c. The significant assumptions appropriately reflect market participant assumptions.
 - d. The disclosures related to fair values are complete, adequate, and in conformity with accounting principles generally accepted in the United States of America.
 - e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.


Board President

Exhibit B

Waller County Municipal Utility District No. 35

**Independent Accountant's Report on Applying
Agreed-upon Procedures on Amounts Reimbursable
to Developer**

September 9, 2024

Independent Accountant's Report on Applying Agreed-upon Procedures

Board of Directors
Waller County Municipal Utility District No. 35
Waller County, Texas

We have performed the procedures enumerated below, with respect to the statements submitted by Astro Sunterra, LP (the developer) for costs paid or incurred on behalf of Waller County Municipal Utility District No. 35 (the District). The District is responsible for amounts reimbursable to the developer.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting in verifying the amounts reimbursable from the proceeds of the District's \$1,170,000 Unlimited Tax Bonds, Series 2024. This report may not be suitable for any other purpose. The procedures performed may not address all of the items of interest to a user of this report and may not meet the needs of all users of this report, and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures were as follows:

- (A) We vouched copies of checks, invoices and other relevant documents supporting amounts requested for reimbursement by the developer.
- (B) We recalculated interest due to be paid to the developer in accordance with Rule 30 TAC, Section 293.50, of the Texas Commission on Environmental Quality (the Commission). Interest was calculated from the dates of payment through five years after payment on construction contracts and related costs or December 18, 2023, for items reimbursed from the District's bond anticipation note proceeds, and September 11, 2024, for items reimbursed from bond proceeds.
- (C) The net effective rate used in computing interest on amounts paid from this bond issue was obtained from the Official Bid Form dated August 12, 2024.
- (D) The Commission Order issued July 17, 2024, and the Interoffice Memorandum dated June 28, 2024, were read to determine that funds had been provided in the bond issue for the amounts requested and whether any funds were to be escrowed until released by written order of the Commission.
- (E) Estimates of costs remaining to be incurred were obtained through discussion with the District's other consultants.

The results of our procedures are presented in the accompanying schedules. Schedules A through A-1 detail amounts reimbursable to the developer from bond proceeds. Schedule B presents a comparison of actual costs with costs as approved by the Commission.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, as required by Rule 30 TAC, Section 293.70, of the Commission "Audit of Payments to Developers." We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the statements submitted by the developer for costs paid or incurred on behalf of the District. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the specified parties listed and is not intended to be, and should not be, used by anyone other than these specified parties.

Houston, Texas
September 9, 2024

Waller County Municipal Utility District No. 35
Recapitulation of Amounts Reimbursable to Developer
Schedule A
September 9, 2024

<u>Payee</u>	<u>Astro Sunterra, LP</u>	
	<u>Amounts</u>	
	<u>Reimbursable</u>	<u>Interest</u>
TexasSite, LLC	\$ 170,665.40	\$ 32,591.43
Waller County Municipal Utility District No. 35	23,500.00	4,972.71
Zonda Advisory	5,460.00	333.82
Schwartz, Page & Harding, LLP	-	4,789.31
Total reimbursable amounts	<u>\$ 199,625.40</u>	<u>\$ 42,687.27</u>
Total amounts reimbursable to developer		<u><u>\$ 242,312.67</u></u>

Waller County Municipal Utility District No. 35
Recapitulation of Amounts Reimbursable to Developer
Schedule A-1
September 9, 2024

	% Complete Date Complete	Amounts Reimbursable	
TexasSite, LLC			
Construction of water, sewer and drainage facilities to serve Sunterra, Section 49	100% 01/23	\$ 1,928,422.60	
Less amount to be paid in future		<u>(1,359,537.93)</u>	
		568,884.67	
Less amount previously reimbursed		<u>(398,219.27)</u>	\$ 170,665.40
Interest accrued at 4.414218%			32,591.43
Waller County Municipal Utility District No. 35			
Developer advances received between November 2021 and March 2022		49,000.00	
Less amount previously reimbursed		<u>(25,500.00)</u>	23,500.00
Interest accrued at 4.414218%			4,972.71
Zonda Advisory			
District's share of fees related to: Market study			5,460.00
Interest accrued at 4.414218%			333.82
Schwartz, Page & Harding, LLP			
District's share of creation costs		47,322.51	
Less amount previously reimbursed		<u>(47,322.51)</u>	-
Interest accrued at 4.414218%			<u>4,789.31</u>
Total amounts reimbursable to developer		\$	<u>242,312.67</u>

Waller County Municipal Utility District No. 35
Comparison of Actual Costs With Cost Summary as Approved
by the Texas Commission on Environmental Quality
Schedule B
September 9, 2024

	Amounts Reimbursable to Developer	Amounts Paid Previously by District
Construction Costs		
Developer contribution items:		
Sunterra, Section 49	\$ 170,666	\$ 398,219
Nonconstruction Costs		
Legal fees		
Bond issue	-	-
Bond anticipation note	-	-
Financial Advisor fees		
Bond issue	-	-
Bond anticipation note	-	-
Developer interest	37,714	-
Capitalized interest	-	-
Bond anticipation note interest	-	-
Creation costs	-	47,323
Developer advances	28,473	25,500
Bond discount	-	-
Market study	5,460	-
Bond engineering report costs	-	-
Bond issuance costs		
Bond issue	-	-
Bond anticipation note	-	-
Attorney General fee	-	-
Commission bond issuance fee	-	-
Total nonconstruction costs	\$71,647	72,823
Total bond issue	\$ 242,313	\$ 471,042

Total Amounts Paid	Projected Amounts	Actual and Estimated	Commission Order and Interoffice Memorandum Total	Variance- Actual Over (Under)
<u>\$ 568,885</u>	<u>\$ -</u>	<u>\$ 568,885</u>	<u>\$ 568,885</u>	<u>\$ -</u>
-	39,250	39,250	39,250	-
-	15,000	15,000	15,000	-
-	23,400	23,400	23,400	-
-	10,000	10,000	10,000	-
37,714	-	37,714	52,495	(14,781)
-	80,025	80,025	114,075	(34,050)
-	23,041	23,041	28,050	(5,009)
47,323	50,000	97,323	97,323	-
53,973	-	53,973	56,411	(2,438)
-	35,100	35,100	35,100	-
5,460	-	5,460	5,460	-
-	66,000	66,000	66,000	-
-	40,498	40,498	40,498	-
-	13,958	13,958	13,958	-
-	1,170	1,170	1,170	-
-	2,925	2,925	2,925	-
<u>144,470</u>	<u>400,367</u>	<u>544,837</u>	<u>601,115</u>	<u>(56,278)</u>
<u>\$ 713,355</u>	<u>\$ 400,367</u>	<u>\$ 1,113,722</u>	<u>\$ 1,170,000</u>	<u>\$ (56,278)</u>

Representation of:

Waller County Municipal Utility District No. 35
Waller County, Texas

Provided to:

Forvis Mazars, LLP

Certified Public Accountants
2700 Post Oak Boulevard, Suite 1500
Houston, Texas 77056

The undersigned ("We") are providing this letter in connection with Forvis Mazars' performance of agreed-upon procedures on records submitted by the developer for costs paid or incurred on behalf of Waller County Municipal Utility District No. 35 (the District).

Our representations are current and effective as of the date of Forvis Mazars' report: September 9, 2024.

Our engagement with Forvis Mazars is based on our contract for services dated: August 12, 2024.

Confirmation of Matters Specific to the Subject Matter of Forvis Mazars' Report

We confirm, to the best of our knowledge and belief, the following:

1. We are responsible for the subject matter and for selecting the criteria (the requirements of the Texas Commission on Environmental Quality) applied to the subject matter and for determining that such criteria are appropriate for our purposes.
2. We have provided to you all relevant information and access, as applicable, as agreed upon in the terms of the engagement.
3. All known matters contradicting the subject matter or assertion and any communication from regulatory agencies or others affecting the subject matter have been disclosed to you, including any communications received between the end of the period addressed by the subject matter and the date of your report.
4. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent and detect fraud.
5. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
 - a. Management or employees who have significant roles in internal control, or
 - b. Others, where activities of others could affect the subject matter.
6. We have no knowledge of any allegations of fraud or suspected fraud affecting the subject matter received in communications from employees, customers, regulators, suppliers, or others.
7. We have no knowledge of any known or suspected violations of law, regulations, or requirements of regulatory agencies that could affect the subject matter.
8. We have disclosed to you all deficiencies in internal control relevant to the subject matter of which we are aware.
9. There are no plans or intentions that may affect the subject matter.

10. We have disclosed to you all known events subsequent to the period (or point in time) of the subject matter being reported on that would have a material effect on the subject matter.
11. We are not aware of any material misstatements in the subject matter.
12. The procedures described in your report are the final procedures agreed upon by us. All differences between the procedures described in the report and those described in the contract are approved by us.
13. With respect to any nonattest services you have provided us during the year:
 - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
14. We have responded fully and truthfully to all your inquiries.
15. We have obtained from all necessary parties agreement to the procedures and acknowledgment that the procedures are appropriate for their purposes.


Board President

Exhibit C

**SCHWARTZ
PAGE &
HARDING**

September 9, 2024

Board of Directors
Waller County Municipal Utility District No. 35
1300 Post Oak Boulevard, Suite 2400
Houston, Texas 77056

Re: Waller County Municipal Utility District No. 35
Unlimited Tax Bonds, Series 2024

Dear Directors:

As you know, the District will issue the captioned bonds (the "Bonds") in order to provide for the acquisition and construction of the project described in the Official Statement distributed in connection with the Bonds. As a result of that issuance, the federal income tax laws impose certain restrictions on the investment and expenditure of amounts to be used for the project or to be deposited to the interest and sinking fund (the "Bond Fund") for the Bonds. The purpose of this letter is to set forth, in somewhat less technical language, those provisions of the tax law which require the timely use of the Bond proceeds and that investment of these amounts be at a yield which is not higher than the yield on the Bonds. Periodically, in order to evidence compliance with federal law, the District will be advised to perform arbitrage compliance audits and, if necessary, will be required to make yield reduction and/or arbitrage rebate payments to the Internal Revenue Service, in order to maintain compliance with the restrictions set forth below.

Generally, the federal tax laws provide that, unless excepted, amounts to be used for the project or to be deposited to the Bond Fund must be invested in obligations the combined yield on which does not exceed the yield on the Bonds. For this purpose, please refer to line 21(e) of the I.R.S. Form 8038-G included in the transcript of proceedings for the yield. Importantly, for purposes of administrative convenience, the Bonds have been structured in such a way as to avoid, for the most part, this restriction on investment yield. As such, for analytical purposes only, we have segregated the Bond Fund into three separate accounts. This does not require that you segregate monies deposited to the Bond Fund into those accounts, but you should keep in mind the limitations imposed on each of those hypothetical accounts. They also contain certain covenants relating to expenditures of proceeds designed to alert you to unintentional failures to comply with the laws affecting expenditures of proceeds and dispositions of property.

First, the sale and investment proceeds to be used for the project may be invested for up to three years without regard to yield. (Such amounts, however, may be subject to rebate.) Thereafter, they must be invested at or below the Bond yield. Importantly, expenditure of these proceeds must be accounted in your books and records. Allocations of these expenditures must

occur within 18 months of the later of the date paid or the date the project is completed. The foregoing notwithstanding, the allocation should not occur later than 60 days after the earlier of (1) five years after the delivery date of the Bonds or (2) the date the Bonds are retired unless you obtain an opinion of bond counsel or tax counsel that the tax-exempt status of the Bonds will not be adversely affected.

Second, the Bond Fund is made up of taxes which are levied annually for the payment of current debt service on all the District's outstanding bonds. Any taxes deposited to the Bond Fund which are to be used for the payment of current debt service on the Bonds, or any other outstanding bonds, are not subject to yield restriction. By definition, current debt service refers only to debt service to be paid within one year of the date of receipt of the taxes. For the most part, this would be debt service in the current fiscal year. These amounts deposited to the account for current debt service may be invested without regard to any constraint imposed by the federal income tax laws.

Third, the Bond Fund contains an amount of taxes, which although not expended for debt service within the current year, are necessary to ensure that amounts will be sufficient to pay debt service in the event that taxes are insufficient during that period. This amount, commonly referred to as "coverage," represents a reserve account against periodic fluctuations in the receipt of tax revenues. The Internal Revenue Code permits amounts which are held in reserve for the payment of debt service, in such instances, to be invested without regard to yield restriction if such amounts do not exceed the lesser of (1) 10 percent of the outstanding principal amount of all outstanding bonds, (2) maximum annual debt service on all outstanding bonds, or (3) 125 percent of average annual debt service on all outstanding bonds.

Fourth, a portion of the Bond Fund is permitted to be invested without regard to yield restriction as a "minor portion." The "minor portion" exception is available for de minimis amounts of taxes deposited to the Bond Fund. The maximum amount that may be invested as part of this account may not exceed the lesser of five percent of the principal amount of the Bonds or \$100,000.

Accordingly, you should review the current balance in the Bond Fund in order to determine if such balance exceeds the aggregate amount of these three accounts. Additionally, in the future it is important that you be aware of these accounts as additional amounts are deposited to the Bond Fund. The amounts which are subject to yield restriction would only be the amounts which are in excess of the sum of (1) the current debt service account, (2) the reserve account, and (3) the "minor portion" account. Moreover, to the extent that additional bonds are issued by the District, whether for new money projects or for refunding, these amounts will change in their proportion.

Finally, you should note that the Bond Order contains a covenant that limits the ability of the District to sell or otherwise dispose of Bond-financed property for compensation. With respect to the property financed by the Bonds, or in cases in which an issuer elects to apply new private activity bond regulations, such sale or disposition causes the creation of a class of

proceeds referred to as "disposition proceeds." Disposition proceeds, like sale proceeds and investment earnings, are tax-restricted funds. Failure to appropriately account, invest or expend such disposition proceeds would adversely affect the tax-exempt status of the Bonds. In the event that you anticipate selling property, even in the ordinary course, please contact us.

Obviously, this letter only presents a fundamental discussion of the yield restriction rules as applied to amounts deposited to the Bond Fund. Moreover, this letter does not address the rebate consequences with respect to the Bond Fund. If you have certain concerns with respect to the matters discussed in this letter or wish to ask additional questions with regard to certain limitations imposed, please feel free to contact our firm.

Very truly yours,

SCHWARTZ, PAGE & HARDING, L.L.P.

By: Christina Cole
Christina Cole

cc: Jennifer Abad
Municipal Accounts & Consulting, L.P.

Exhibit D

Waller County Municipal Utility District No. 35

**Independent Accountant's Report on Applying
Agreed-upon Procedures on Amounts Reimbursable
to Developer**

September 9, 2024

**Independent Accountant's Report on
Applying Agreed-upon Procedures**

Board of Directors
Waller County Municipal Utility District No. 35
Waller County, Texas

We have performed the procedures enumerated below, with respect to the statements submitted by Astro Sunterra, LP (the developer) for costs paid or incurred on behalf of Waller County Municipal Utility District No. 35 (the District). The District is responsible for amounts reimbursable to the developer.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting in verifying the amounts reimbursable from the proceeds of the District's \$2,385,000 Unlimited Tax Road Bonds, Series 2024. This report may not be suitable for any other purpose. The procedures performed may not address all of the items of interest to a user of this report and may not meet the needs of all users of this report, and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures were as follows:

- A. We vouched copies of checks, invoices and other relevant documents supporting amounts requested for reimbursement by the developer.
- B. We recalculated interest due to be paid to the developer in accordance with Rule 30 TAC, Section 293.50, of the Texas Commission on Environmental Quality (the Commission). Interest was calculated from the dates of payment through two years after payment on construction contracts and related costs or September 11, 2024, for items reimbursed from bond proceeds.
- C. The net effective rate used in computing interest on amounts to paid from this bond issue was obtained from the Official Bid Form dated August 12, 2024.
- D. The Cost Summary was read to determine that funds had been provided in the bond issue for the amounts requested.
- E. Estimates of costs remaining to be incurred were obtained through discussion with the District's other consultants.

The results of our procedures are presented in the accompanying schedules. Schedules A through A-1 detail amounts reimbursable to the developer from bond proceeds. Schedule B presents a comparison of actual costs with costs as approved by the District.

Board of Directors
Waller County Municipal Utility District No. 35
Page 2

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, as required by Rule 30 TAC, Section 293.70, of the Commission "Audit of Payments to Developers." We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the statements submitted by the developer for costs paid or incurred on behalf of the District. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the specified parties listed and is not intended to be, and should not be, used by anyone other than these specified parties.

Houston, Texas
September 9, 2024

Waller County Municipal Utility District No. 35
Recapitulation of Amounts Reimbursable to Developer
Schedule A
September 9, 2024

<u>Payee</u>	<u>Astro Sunterra LP</u>	
	<u>Amounts</u> <u>Reimbursable</u>	<u>Interest</u>
A&M Contractors, Inc.	\$ 405,868.34	\$ 29,675.82
Allgood Construction Company, Inc.	1,119,740.71	42,159.40
Quiddity Engineering, LLC	73,998.75	6,682.52
Terracon Consultants, Inc.	23,534.00	1,735.62
Land acquisition	299,588.83	-
Total reimbursable amounts	<u>\$ 1,922,730.63</u>	<u>\$ 80,253.36</u>
Total amounts reimbursable to developer		<u>\$ 2,002,983.99</u>

Waller County Municipal Utility District No. 35
Recapitulation of Amounts Reimbursable to Developer
Schedule A-1
September 9, 2024

	% Complete Date Complete	Amounts Reimbursable	
A&M Contractors, Inc.			
Construction of paving facilities to serve	100%		
Sunterra, Section 50	05/23	\$ 1,151,399.60	
Less amount previously reimbursed		<u>(745,531.26)</u>	\$ 405,868.34
Interest accrued at 4.417873%			29,675.82
Allgood Construction Company, Inc.			
Construction of paving facilities to serve	100%		
Sunterra, Section 53	03/24		1,119,740.71
Interest accrued at 4.417873%			42,159.40
Quiddity Engineering, LLC			
District's share of engineering fees related to:			
Sunterra, Section 50			73,998.75
Interest accrued at 4.417873%			6,682.52
Terracon Consultants, Inc.			
District's share of materials testing fees			
related to:			
Sunterra, Section 50			23,534.00
Interest accrued at 4.417873%			1,735.62
Land acquisition			
5.36-acre site to Sunterra, Section 53			
right-of-way		269,835.36	
Interest accrued at 4.417873%		<u>29,753.47</u>	<u>299,588.83</u>
Total amounts reimbursable to developer			<u>\$ 2,002,983.99</u>

Waller County Municipal Utility District No. 35
Comparison of Actual Costs With Cost Summary
as Approved By the District
Schedule B
September 9, 2024

	Amounts Reimbursable to Developer	Amounts Paid Previously by District
Construction Costs		
Developer contribution items:		
Sunterra, Section 50	\$ 405,868	\$ -
Sunterra, Section 53	1,119,741	-
Engineering and materials testing	97,533	-
Land cost for right of way	299,589	-
Total developer contribution items	<u>1,922,731</u>	<u>-</u>
Nonconstruction Costs		
Legal fees	-	-
Financial Advisor fees	-	-
Developer interest	80,253	-
Capitalized interest	-	-
Bond discount	-	-
Bond issuance costs	-	-
Engineering fees	-	-
Attorney General fee	-	-
Total nonconstruction costs	<u>80,253</u>	<u>-</u>
Total bond issue	<u>\$ 2,002,984</u>	<u>\$ -</u>

Total Amounts Paid	Projected Amounts	Actual and Estimated	Cost Summary Total	Variance- Actual Over (Under)
\$ 405,868	\$ -	\$ 405,868	\$ 405,264	\$ 604
1,119,741	-	1,119,741	1,119,741	-
97,533	-	97,533	97,533	-
299,589	-	299,589	304,635	(5,046)
<u>1,922,731</u>	<u>-</u>	<u>1,922,731</u>	<u>1,927,173</u>	<u>(4,442)</u>
-	69,625	69,625	69,625	-
-	47,700	47,700	47,700	-
80,253	-	80,253	103,160	(22,907)
-	108,037	108,037	113,288	(5,251)
-	71,550	71,550	71,550	-
-	29,619	29,619	29,619	-
-	20,500	20,500	20,500	-
-	2,385	2,385	2,385	-
<u>80,253</u>	<u>349,416</u>	<u>429,669</u>	<u>457,827</u>	<u>(28,158)</u>
<u>\$ 2,002,984</u>	<u>\$ 349,416</u>	<u>\$ 2,352,400</u>	<u>\$ 2,385,000</u>	<u>\$ (32,600)</u>

Representation of:

Waller County Municipal Utility District No. 35
Waller County, Texas

Provided to:

Forvis Mazars, LLP

Certified Public Accountants
2700 Post Oak Boulevard, Suite 1500
Houston, Texas 77056

The undersigned ("We") are providing this letter in connection with Forvis Mazars' performance of agreed-upon procedures on records submitted by the developer for costs paid or incurred on behalf of Waller County Municipal Utility District No. 35 (the District).

Our representations are current and effective as of the date of Forvis Mazars' report: September 9, 2024.

Our engagement with Forvis Mazars is based on our contract for services dated: June 10, 2024.

Confirmation of Matters Specific to the Subject Matter of Forvis Mazars' Report

We confirm, to the best of our knowledge and belief, the following:

1. We are responsible for the subject matter and for selecting the criteria (the requirements of the Texas Commission on Environmental Quality) applied to the subject matter and for determining that such criteria are appropriate for our purposes.
2. We have provided to you all relevant information and access, as applicable, as agreed upon in the terms of the engagement.
3. All known matters contradicting the subject matter or assertion and any communication from regulatory agencies or others affecting the subject matter have been disclosed to you, including any communications received between the end of the period addressed by the subject matter and the date of your report.
4. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent and detect fraud.
5. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
 - a. Management or employees who have significant roles in internal control, or
 - b. Others, where activities of others could affect the subject matter.
6. We have no knowledge of any allegations of fraud or suspected fraud affecting the subject matter received in communications from employees, customers, regulators, suppliers, or others.
7. We have no knowledge of any known or suspected violations of law, regulations, or requirements of regulatory agencies that could affect the subject matter.
8. We have disclosed to you all deficiencies in internal control relevant to the subject matter of which we are aware.
9. There are no plans or intentions that may affect the subject matter.

10. We have disclosed to you all known events subsequent to the period (or point in time) of the subject matter being reported on that would have a material effect on the subject matter.
11. We are not aware of any material misstatements in the subject matter.
12. The procedures described in your report are the final procedures agreed upon by us. All differences between the procedures described in the report and those described in the contract are approved by us.
13. With respect to any nonattest services you have provided us during the year:
 - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
14. We have responded fully and truthfully to all your inquiries.
15. We have obtained from all necessary parties agreement to the procedures and acknowledgment that the procedures are appropriate for their purposes.

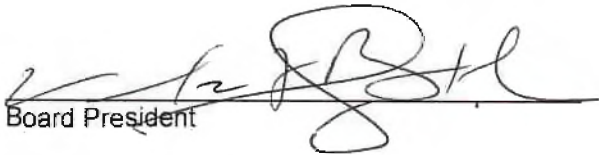

Board President

Exhibit E

**SCHWARTZ
PAGE &
HARDING**

September 9, 2024

Board of Directors
Waller County Municipal Utility District No. 35
1300 Post Oak Boulevard, Suite 2400
Houston, Texas 77056

Re: Waller County Municipal Utility District No. 35
Unlimited Tax Road Bonds, Series 2024

Dear Directors:

As you know, the District will issue the captioned bonds (the "Bonds") in order to provide for the acquisition and construction of the project described in the Official Statement distributed in connection with the Bonds. As a result of that issuance, the federal income tax laws impose certain restrictions on the investment and expenditure of amounts to be used for the project or to be deposited to the interest and sinking fund (the "Bond Fund") for the Bonds. The purpose of this letter is to set forth, in somewhat less technical language, those provisions of the tax law which require the timely use of the Bond proceeds and that investment of these amounts be at a yield which is not higher than the yield on the Bonds. Periodically, in order to evidence compliance with federal law, the District will be advised to perform arbitrage compliance audits and, if necessary, will be required to make yield reduction and/or arbitrage rebate payments to the Internal Revenue Service, in order to maintain compliance with the restrictions set forth below.

Generally, the federal tax laws provide that, unless excepted, amounts to be used for the project or to be deposited to the Bond Fund must be invested in obligations the combined yield on which does not exceed the yield on the Bonds. For this purpose, please refer to line 21(e) of the I.R.S. Form 8038-G included in the transcript of proceedings for the yield. Importantly, for purposes of administrative convenience, the Bonds have been structured in such a way as to avoid, for the most part, this restriction on investment yield. As such, for analytical purposes only, we have segregated the Bond Fund into three separate accounts. This does not require that you segregate monies deposited to the Bond Fund into those accounts, but you should keep in mind the limitations imposed on each of those hypothetical accounts. They also contain certain covenants relating to expenditures of proceeds designed to alert you to unintentional failures to comply with the laws affecting expenditures of proceeds and dispositions of property.

First, the sale and investment proceeds to be used for the project may be invested for up to three years without regard to yield. (Such amounts, however, may be subject to rebate.) Thereafter, they must be invested at or below the Bond yield. Importantly, expenditure of these proceeds must be accounted in your books and records. Allocations of these expenditures must

occur within 18 months of the later of the date paid or the date the project is completed. The foregoing notwithstanding, the allocation should not occur later than 60 days after the earlier of (1) five years after the delivery date of the Bonds or (2) the date the Bonds are retired unless you obtain an opinion of bond counsel or tax counsel that the tax-exempt status of the Bonds will not be adversely affected.

Second, the Bond Fund is made up of taxes which are levied annually for the payment of current debt service on all the District's outstanding bonds. Any taxes deposited to the Bond Fund which are to be used for the payment of current debt service on the Bonds, or any other outstanding bonds, are not subject to yield restriction. By definition, current debt service refers only to debt service to be paid within one year of the date of receipt of the taxes. For the most part, this would be debt service in the current fiscal year. These amounts deposited to the account for current debt service may be invested without regard to any constraint imposed by the federal income tax laws.

Third, the Bond Fund contains an amount of taxes, which although not expended for debt service within the current year, are necessary to ensure that amounts will be sufficient to pay debt service in the event that taxes are insufficient during that period. This amount, commonly referred to as "coverage," represents a reserve account against periodic fluctuations in the receipt of tax revenues. The Internal Revenue Code permits amounts which are held in reserve for the payment of debt service, in such instances, to be invested without regard to yield restriction if such amounts do not exceed the lesser of (1) 10 percent of the outstanding principal amount of all outstanding bonds, (2) maximum annual debt service on all outstanding bonds, or (3) 125 percent of average annual debt service on all outstanding bonds.

Fourth, a portion of the Bond Fund is permitted to be invested without regard to yield restriction as a "minor portion." The "minor portion" exception is available for de minimis amounts of taxes deposited to the Bond Fund. The maximum amount that may be invested as part of this account may not exceed the lesser of five percent of the principal amount of the Bonds or \$100,000.

Accordingly, you should review the current balance in the Bond Fund in order to determine if such balance exceeds the aggregate amount of these three accounts. Additionally, in the future it is important that you be aware of these accounts as additional amounts are deposited to the Bond Fund. The amounts which are subject to yield restriction would only be the amounts which are in excess of the sum of (1) the current debt service account, (2) the reserve account, and (3) the "minor portion" account. Moreover, to the extent that additional bonds are issued by the District, whether for new money projects or for refunding, these amounts will change in their proportion.

Finally, you should note that the Bond Order contains a covenant that limits the ability of the District to sell or otherwise dispose of Bond-financed property for compensation. With respect to the property financed by the Bonds, or in cases in which an issuer elects to apply new private activity bond regulations, such sale or disposition causes the creation of a class of

proceeds referred to as "disposition proceeds." Disposition proceeds, like sale proceeds and investment earnings, are tax-restricted funds. Failure to appropriately account, invest or expend such disposition proceeds would adversely affect the tax-exempt status of the Bonds. In the event that you anticipate selling property, even in the ordinary course, please contact us.

Obviously, this letter only presents a fundamental discussion of the yield restriction rules as applied to amounts deposited to the Bond Fund. Moreover, this letter does not address the rebate consequences with respect to the Bond Fund. If you have certain concerns with respect to the matters discussed in this letter or wish to ask additional questions with regard to certain limitations imposed, please feel free to contact our firm.

Very truly yours,

SCHWARTZ, PAGE & HARDING, L.L.P.

By: _____
Christina Cole

cc: Jennifer Abad
Municipal Accounts & Consulting, L.P.

Exhibit F

TAX COLLECTOR'S OATH

Waller Co. MUD #35 }

STATE OF TEXAS

COUNTY OF Waller }

BRENDA MCLAUGHLIN, BEING duly sworn, states that she is the Tax Collector for the above named taxing unit and that the foregoing contains a true and correct report, accounting for all taxes collected on behalf of said taxing unit during the month therein stated.

Brenda McLaughlin

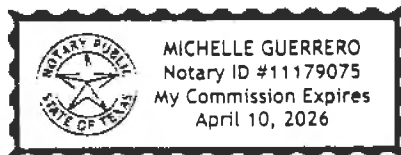
BRENDA MCLAUGHLIN

SWORN TO AND SUBSCRIBED BEFORE ME, this 14th day of September, 2024.

Michelle Guerrero

NOTARY PUBLIC, STATE OF TEXAS

(SEAL)



Submitted to Taxing Unit's Governing Body on _____.

WALLER COUNTY M.U.D. #35
TAX ASSESSOR/COLLECTOR'S REPORT

8/31/2024

Taxes Receivable: 8/31/2023	\$	22.50	
Reserve for Uncollectables	(	.00)	
Adjustments		<u>.00</u>	\$ <u>22.50</u>

Original 2023 Tax Levy	\$	555,611.07	
Adjustments	(	<u>3,946.06</u>	<u>551,665.01</u>

Total Taxes Receivable	\$	551,687.51
-------------------------------	-----------	-------------------

Prior Years Taxes Collected	\$	22.50	
2023 Taxes Collected (99.6%)		<u>549,632.85</u>	<u>549,655.35</u>

Taxes Receivable at: 8/31/2024	\$	<u>2,032.16</u>
---------------------------------------	-----------	------------------------

2023 Receivables:

Maintenance	826.41
Contract	1,205.75

bob leared interests

11111 Katy Freeway, Suite 725
Houston, Texas 77079-2197

Phone: (713) 932-9011
Fax: (713) 932-1150

WALLER COUNTY M.U.D. #35

	Month of 8/2024	Fiscal to Date 6/01/2024 - 8/31/2024
Beginning Cash Balance	\$ <u>7,646.96</u>	<u>9,633.00</u>
 Receipts:		
Current & Prior Years Taxes		1,891.15
Penalty & Interest		140.55
Additional Collection Penalty		5.31
Tax Certificates		200.00
Erroneous Payment		<u>22.50</u>
TOTAL RECEIPTS	\$	<u>2,259.51</u>
 Disbursements:		
CAD Quarterly Assessment		1,783.50
CAD Cost, Estimate of value	1,500.00	1,500.00
Refund - erroneous payments		22.50
Tax Assessor/Collector Fee	500.00	1,500.00
Postage/Deliveries	75.19	304.76
Supplies		52.44
Tax Certificates		200.00
Additional Services - BLI		360.00
Records Maintenance		30.00
Copies		337.04
Mileage Expense	13.05	26.45
Envelopes - May Del Stmts		2.10
Positive Pay	25.00	75.00
SB2 Webpage		<u>165.00</u>
TOTAL DISBURSEMENTS	(\$ 2,113.24)	(6,358.79)
 CASH BALANCE AT: 8/31/2024	 \$ <u><u>5,533.72</u></u>	 <u><u>5,533.72</u></u>

WALLER COUNTY M.U.D. #35

Disbursements for month of September, 2024

Check #	Payee	Description	Amount
1039	WCAD	CAD Quarterly Assessment	\$ 1,783.50
1040	Bob Leared	Tax Assessor/Collector Fee	581.04
TOTAL DISBURSEMENTS			\$ 2,364.54
Remaining Cash Balance			\$ 3,169.18
Stellar Bank			

WALLER COUNTY M.U.D. #35

HISTORICAL COLLECTIONS DATA

Year	Collections Month Of 8/2024	Adjustments To Collections 8/2024	Total Tax Collections at 8/31/2024	Total Taxes Receivable at 8/31/2024	Collection Percentage
2023			549,632.85	2,032.16	99.632
2022			222,852.87		100.000
(Percentage of collections same period last year				99.990	)

WALLER COUNTY M.U.D. #35

HISTORICAL TAX DATA

Year	Taxable Value	SR/CR	Tax Rate	Adjustments	Reserve for Uncollectibles	Adjusted Levy
2023	36,777,666	14 / 14	1.500000	3,946.06-		551,665.01
2022	12,010,068	03 / 03	1.500000	42,701.85		222,852.87

WALLER COUNTY M.U.D. #35

TAX RATE COMPONENTS

Year	Maintenance Rate	Maintenance Levy	Contract Rate	Contract Levy
2023	.610000	224,343.79	.890000	327,321.22
2022	1.500000	222,852.87		

WALLER COUNTY M.U.D. #35

Notes:

2022	Agriculture Deferment	291,608.85
2023	Agriculture Deferment	299,025.90
	Total --->	590,634.75

WALLER COUNTY M.U.D. #35

Tax Exemptions:	2023	2022	2021
Homestead	.00000	.00000	.00000
Over 65	0	0	0
Disabled	0	0	0

Last Bond Premium Paid:

Payee	Date of Check	Amount
McDonald & Wessendorff	2/07/2024	50.00
3/31/24-3/31/25		

Adjustment Summary:	2023	
10/2023	/ CORR 005	3,519.73-
12/2023	/ CORR 007	202.74-
1/2024	/ CORR 008	223.59-
TOTAL		3,946.06-

WALLER COUNTY M.U.D. #35
Homestead Payment Plans

<u>Account no.</u>	<u>Tax</u> <u>Year</u>	<u>Last</u> <u>Payment</u> <u>Amount</u>	<u>Last</u> <u>Payment</u> <u>Date</u>	<u>Balance</u> <u>Due</u>
*Total	Count 0			
(I) - BLI Contract			(A) - Delinquent Attorney Contract	

Standard Payment Plans

<u>Account no.</u>	<u>Tax</u> <u>Year</u>	<u>Last</u> <u>Payment</u> <u>Amount</u>	<u>Last</u> <u>Payment</u> <u>Date</u>	<u>Balance</u> <u>Due</u>
*Total	Count 0			

Exhibit G

September 9, 2024

President and Board of Directors
Waller County Municipal Utility District No. 35
Waller County, Texas

Re: Levy of 2024 Tax Rate

Dear Board Members:

The Waller County Appraisal District has recently certified the 2024 value for your district at \$104,905,041. For the 2024 tax year, we anticipate the District will be classified as a Developing District for the purposes of determining the voter-approval tax rate and tax election tax rate. Last year, the District's value was certified at \$36,777,666 and the Board of Directors levied a total tax rate of \$1.50 per \$100 of assessed valuation. The tax rate was composed of a maintenance tax rate of \$0.61 per \$100 of assessed valuation and a contract tax rate of \$0.89 per \$100 of assessed valuation. For illustration purposes, we have enclosed the cash flow analysis based upon our 2024 recommended debt service tax rate. This analysis is based upon the following assumptions:

- 1) A 2024 net taxable value of \$104,905,041 (an increase of approximately 185.24%);
- 2) 98% tax collections;
- 3) No growth beyond January 1, 2024;
- 4) Debt Service Fund balance of \$284,650 as of August 12, 2024;
- 5) Interest earnings of 2.00% on surplus funds; and
- 6) Adequate ending debt service coverage balances.

Based on this analysis, we are recommending the Board of Directors consider levying a 2024 total tax rate of \$1.50 per \$100 of assessed valuation composed of a maintenance tax rate of \$0.66 per \$100 of assessed valuation, a debt service tax rate of \$0.28 per \$100 of assessed valuation and a contract tax rate of \$0.56 per \$100 of assessed valuation.

Sincerely,
Robert W. Baird & Co. Incorporated

A handwritten signature in black ink, appearing to read "S M Eustis", with a long horizontal flourish extending to the right.

Stephen M. Eustis
Managing Director

Enclosure(s)

Waller County Municipal Utility District No. 35

2024 Debt Service Tax Rate Analysis

Pending \$2,385,000 Unlimited Tax Road Bonds, Series 2024

No growth beyond January 1, 2024

Year Ending 12/31	Beginning Fund Balance as of 08/12/2024	Fund Interest Earnings @ 2.000%	Capitalized Interest	Other Income	Prior Year AV	AV Growth Percentage	Tax Rate / \$100 of AV	Tax Collections @ 98.00%	Total Funds Available	Current Debt Service	Pending Debt Service Series 2024	Total Debt Service	Ending Balance	Debt Service Coverage %
2024	284,650	2,193	108,038	-	36,777,666	-	0.280000	287,859	394,881	106,703	105,036	106,703	288,178	71.430%
2025	288,178	5,764	-	-	104,905,041	185.241%	0.280000	287,859	581,801	298,406	105,036	403,443	178,358	39.536%
2026	178,358	3,567	-	-	104,905,041	-	0.440000	452,351	634,276	293,094	158,038	451,131	183,144	40.487%
2027	183,144	3,663	-	-	104,905,041	-	0.440000	452,351	639,158	292,569	159,788	452,356	186,802	41.703%
2028	186,802	3,736	-	-	104,905,041	-	0.440000	452,351	642,888	291,719	156,813	447,931	194,957	43.454%
2029	194,957	3,899	-	-	104,905,041	-	0.440000	452,351	651,207	291,019	157,638	448,656	202,550	45.645%
2030	202,550	4,051	-	-	104,905,041	-	0.440000	452,351	658,952	290,019	153,738	443,756	215,196	47.863%
2031	215,196	4,304	-	-	104,905,041	-	0.440000	452,351	671,850	294,769	154,838	449,606	222,244	49.321%
2032	222,244	4,445	-	-	104,905,041	-	0.440000	452,351	679,039	294,019	156,588	450,606	228,433	51.206%
2033	228,433	4,569	-	-	104,905,041	-	0.440000	452,351	685,352	293,019	153,088	446,106	239,246	53.006%
2034	239,246	4,785	-	-	104,905,041	-	0.440000	452,351	696,381	296,769	154,588	451,356	245,025	54.347%
2035	245,025	4,901	-	-	104,905,041	-	0.440000	452,351	702,276	295,019	155,838	450,856	251,420	55.880%
2036	251,420	5,028	-	-	104,905,041	-	0.440000	452,351	708,799	298,019	151,838	449,856	258,943	57.754%
2037	258,943	5,179	-	-	104,905,041	-	0.440000	452,351	716,472	295,519	152,838	448,356	268,116	59.402%
2038	268,116	5,362	-	-	104,905,041	-	0.440000	452,351	725,829	297,769	153,888	451,356	274,472	60.389%
2039	274,472	5,489	-	-	104,905,041	-	0.440000	452,351	732,312	299,519	154,988	454,506	277,806	60.795%
2040	277,806	5,556	-	-	104,905,041	-	0.440000	452,351	735,713	300,769	156,188	456,956	278,757	60.770%
2041	278,757	5,575	-	-	104,905,041	-	0.440000	452,351	736,682	301,519	157,188	458,706	277,976	60.398%
2042	277,976	5,560	-	-	104,905,041	-	0.440000	452,351	735,886	302,256	157,988	460,244	275,642	59.778%
2043	275,642	5,513	-	-	104,905,041	-	0.440000	452,351	733,506	302,519	158,988	461,106	272,399	58.418%
2044	272,399	5,448	-	-	104,905,041	-	0.440000	452,351	730,198	307,306	158,988	466,294	263,904	56.684%
2045	263,904	5,278	-	-	104,905,041	-	0.440000	452,351	721,533	306,381	159,188	465,569	255,964	54.592%
2046	255,964	5,119	-	-	104,905,041	-	0.440000	452,351	713,434	309,681	159,188	468,869	244,565	51.898%
2047	244,565	4,891	-	-	104,905,041	-	0.440000	452,351	701,807	312,250	158,988	471,238	230,569	48.815%
2048	230,569	4,611	-	-	104,905,041	-	0.440000	452,351	687,531	308,750	163,588	472,338	215,194	45.540%
2049	215,194	4,304	-	-	104,905,041	-	0.440000	452,351	671,848	309,750	162,788	472,538	199,311	41.633%
2050	199,311	3,986	-	-	104,905,041	-	0.440000	452,351	655,648	-	166,600	166,600	489,048	-
Totals		126,777	108,038	-			Average Tax Rate:	0.433846		7,589,128	4,037,911	11,627,040		
								11,596,623						

Waller County Municipal Utility District No. 35

2024 Utility Debt Service Tax Rate Analysis

Pending \$1,170,000 Unlimited Tax Bonds, Series 2024

No growth beyond January 1, 2024

Year Ending 12/31	Beginning Fund Balance as of 08/12/2024	Fund Interest Earnings @ 2.000%	Capitalized Interest	Other Income	Prior Year AV	AV Growth Percentage	Tax Rate / \$100 of AV	Tax Collections @ 98.00%	Total Funds Available	Current Debt Service	Pending Debt Service Series 2024	Total Debt Service	Ending Balance	Debt Service Coverage %
2024	-	-	80,025	-	36,777,666	-	-	-	80,025	-	-	-	80,025	154.286%
2025	80,025	1,601	-	-	104,905,041	185.241%	-	-	81,626	51,868	51,868	51,868	29,757	37.980%
2026	29,757	595	-	-	104,905,041	-	0.075000	77,105	107,458	78,350	78,350	78,350	29,108	37.938%
2027	29,108	582	-	-	104,905,041	-	0.075000	77,105	106,795	76,725	76,725	76,725	30,070	37.541%
2028	30,070	601	-	-	104,905,041	-	0.075000	77,105	107,777	80,100	80,100	80,100	27,677	35.415%
2029	27,677	554	-	-	104,905,041	-	0.075000	77,105	106,336	78,150	78,150	78,150	27,186	35.677%
2030	27,186	544	-	-	104,905,041	-	0.075000	77,105	104,834	76,200	76,200	76,200	28,634	38.565%
2031	28,634	573	-	-	104,905,041	-	0.075000	77,105	106,312	74,250	74,250	74,250	32,062	41.478%
2032	32,062	641	-	-	104,905,041	-	0.075000	77,105	109,809	77,300	77,300	77,300	32,509	43.029%
2033	32,509	650	-	-	104,905,041	-	0.075000	77,105	110,264	75,550	75,550	75,550	34,714	47.030%
2034	34,714	694	-	-	104,905,041	-	0.075000	77,105	112,514	73,800	73,800	73,800	38,714	50.245%
2035	38,714	774	-	-	104,905,041	-	0.075000	77,105	116,593	77,050	77,050	77,050	39,543	52.689%
2036	39,543	791	-	-	104,905,041	-	0.075000	77,105	117,439	75,050	75,050	75,050	42,389	54.310%
2037	42,389	848	-	-	104,905,041	-	0.075000	77,105	120,342	78,050	78,050	78,050	42,292	55.794%
2038	42,292	846	-	-	104,905,041	-	0.075000	77,105	120,243	75,800	75,800	75,800	44,443	60.058%
2039	44,443	889	-	-	104,905,041	-	0.075000	77,105	122,437	74,000	74,000	74,000	48,437	62.743%
2040	48,437	969	-	-	104,905,041	-	0.075000	77,105	126,511	77,200	77,200	77,200	49,311	65.573%
2041	49,311	986	-	-	104,905,041	-	0.075000	77,105	127,403	75,200	75,200	75,200	52,203	66.755%
2042	52,203	1,044	-	-	104,905,041	-	0.075000	77,105	130,352	78,200	78,200	78,200	52,152	68.621%
2043	52,152	1,043	-	-	104,905,041	-	0.075000	77,105	130,300	76,000	76,000	76,000	53,300	69.009%
2044	54,300	1,086	-	-	104,905,041	-	0.075000	77,105	132,491	78,800	78,800	78,800	53,691	70.277%
2045	53,691	1,074	-	-	104,905,041	-	0.075000	77,105	131,870	76,400	76,400	76,400	55,470	70.218%
2046	55,470	1,109	-	-	104,905,041	-	0.075000	77,105	133,685	79,000	79,000	79,000	54,685	71.577%
2047	54,685	1,094	-	-	104,905,041	-	0.075000	77,105	132,884	76,400	76,400	76,400	56,484	71.680%
2048	56,484	1,130	-	-	104,905,041	-	0.075000	77,105	134,719	78,800	78,800	78,800	55,919	69.036%
2049	55,919	1,118	-	-	104,905,041	-	0.075000	77,105	134,142	81,000	81,000	81,000	53,142	68.131%
2050	53,142	1,063	-	-	104,905,041	-	0.075000	77,105	131,310	78,000	78,000	78,000	53,310	-
Totals		23,965	80,025	-		Average Tax Rate:	0.072222	2,004,735		-	1,977,243	1,977,243		

Maintenance Tax Rate Information

Maintenance taxes are levied at the discretion of the Board of Directors of the District. Should the Board determine that a maintenance tax is necessary, we estimate the following:

<i>2023 M&O Tax Rate</i>	\$	0.61000	@ a 98.00% collections rate generates \$219,857.
<i>Proposed 2024 M&O Tax Rate</i>	\$	0.66000	@ a 98.00% collections rate generates \$678,526.
<i>Parity M&O Tax Rate</i>	\$	0.21390	@ a 98.00% collections rate generates \$219,904.
<i>M&O Tax Rate to Balance Budget</i>	\$	0.20250	@ a 98.00% collections rate generates \$208,184.
<i>Maximum Authorized M&O Tax Rate</i>	\$	1.50000	
<i>Value of One Penny</i>	\$	10,281	@ a 98.00% collections rate.

<i>Last Year's Average Homestead Value</i>	\$	-
<i>Last Year's Average Tax Bill</i>	\$	-
<i>This Year's Average Homestead Value</i>	\$	308,410
<i>This Year's Proposed Average Tax Bill</i>	\$	4,626
<i>Percentage Change</i>		
<i>Value of One Penny on This Year's Average Tax Bill</i>	\$	31

<i>Proposed 2024 Total Tax Rate</i>	\$	1.50000
<i>Parity Tax Rate</i>	\$	-
<i>Type of District</i>		Developing District
<i>Tax Election Tax Rate</i>	\$	-
<i>M&O Tax Rate in Voter-Approval Tax Rate</i>	\$	-
		@ a 98.00% collections rate generates \$0.

Waller County Municipal Utility District No. 35

Tax Rate Recommendation

2024 Contract Tax Rate Calculations

Contract Tax Rate:	\$	0.5600
WS&D Debt Service Tax Rate:		-
Road Debt Service Tax Rate:		0.2800
M&O Tax Rate:		0.6600
Recommended 2024 Tax Rate:	\$	1.5000

CONTRACT TAX PAYMENT CALCULATION

Debt Service Requirements of Regional District Bonds Due in Calendar Year 2025	\$	5,367,124.74
District AV as Percentage of Total AV in Service Area of Regional District for Tax Year 2024		10.76%
District Pro Rata Share of Debt Service Requirements of Regional District Bonds		<u>577,240.21</u>
Adjustment to Prior Tax Years Contract Tax Payment		<u>624.77</u>
Adjusted Contract Tax Payment Due	\$	577,864.98

SOURCES OF CONTRACT TAX FUNDS

Contract Tax Fund balance as of August 12, 2024:	\$	2,786.33
2024 Contract Tax Collections:		
Certified A.V.:	\$	104,905,041 X \$ 0.5600 @ 98.00% \$ 575,718.87
Uncertified A.V.:	\$	- X \$ 0.5600 @ 98.00% \$ -
	\$	<u>104,905,041</u>
	\$	<u>575,718.87</u>
	\$	578,505.20
Difference:	\$	640.21

Harris-Waller Counties Municipal Utility District No. 4

Master District Contract Tax Allocation for 2024 Tax Year and Debt Service Due 2025 Calendar Year

Participating District	2024 Tax Year Total Gross Assessed Value (a)	Share of Service Area 2024 Total Gross Assessed Value (b)	Share of Contract Tax Debt Service Due in 2025	Adjustment to Prior Year Contract Tax Payments	Adjusted Contract Tax Payment Due in 2025
Harris-Waller Counties Municipal Utility District No. 4	\$ 2,446,879	0.25%	\$ 13,463.96	\$ 98.07	\$ 13,562.03
Harris-Waller Counties Municipal Utility District No. 5	478,265,704	49.03%	2,631,658.03	(7,036.64)	2,624,621.39
Waller County Municipal Utility District No. 37	250,728,087	25.71%	1,379,631.82	(1,639.66)	1,377,992.16
Harris County Municipal Utility District No. 569	139,051,419	14.26%	765,130.72	7,953.46	773,084.18
Waller County Municipal Utility District No. 35	104,905,041	10.76%	577,240.21	624.77	577,864.98
SERVICE AREA	\$ 975,397,130	100.00%	\$ 5,367,124.74	\$ (0.00)	\$ 5,367,124.74

(a) Value does not exclude any optional exemptions granted by participants.

(b) Each participant's share is calculated on a pro rata basis by dividing the gross assessed value of a participant by the gross assessed value within the service area.

	WSD Debt	Road Debt	All Debt
Harris Waller Counties Municipal Utility District No. 4	6,672.64	6,889.39	13,562.03
Harris Waller Counties Municipal Utility District No. 5	1,291,337.31	1,333,284.08	2,624,621.39
Waller County Municipal Utility District No. 37	677,984.53	700,007.63	1,377,992.16
Harris County Municipal Utility District No. 569	380,364.36	392,719.81	773,084.18
Waller County Municipal Utility District No. 35	284,314.76	293,550.22	577,864.98
Total	2,640,673.61	2,726,451.13	5,367,124.74

BAIRD

Exhibit H

Waller County MUD #35

OPERATIONS REPORT

September 9, 2024

submitted by



I. Billing and Collections

Connections		7/25/2024	Billed Usage	
Residential:		239	Residential:	2.205
Builder:		184	Builder:	1.123
Commercial:		0	Commercial:	0
Irrigation:		6	Irrigation:	2.721
Temporary:		4	Temporary:	0
Rec Center:		0	Rec Center:	0
Vacant:		5	Vacant:	0
Total Connections:		438	Final Accounts:	0.445
			Total Billed Usage:	6.494

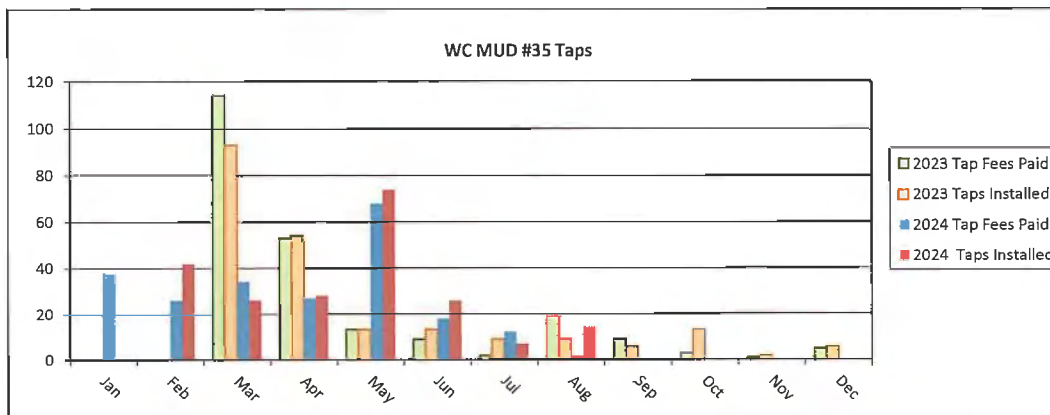
Collections as of		8/2/2024	Billing as of		7/25/2024
Penalty:		\$1,172.81	Penalty:		\$1,017.93
Water:		\$30,366.24	Water:		\$41,691.40
Sewer:		\$19,284.38	Sewer:		\$19,888.28
Deposit:		\$20,002.56	Deposit:		\$8,750.00
Inspection:		\$4,696.98	Backflow Annual Fee:		\$0.00
Back Charge:		\$0.00	Back Charge:		\$1,081.83
Delinquent Letter Fee		\$785.90	Inspection:		\$375.00
Inspection:		\$1,366.30	Rental Meter Fee:		\$415.00
Rental Meter Fee:		\$0.00	Transfer Fee:		\$1,320.00
Returned Pmt Fee:		\$0.00	Arrears:		\$20,892.45
Reconnect Fee:		\$0.00	Credits:		(\$5,415.58)
Transfer Fee:		\$1,179.66	Net Receivable:		\$90,016.31
Deposits Applied:		\$11,750.00			
Total Collections:		\$90,604.83			

Customer Aged Receivables

30 Day:	\$17,449.29
60 Day:	\$2,493.80
90 Day:	\$5,991.44
Overpayments:	(\$4,024.15)
Total Receivables:	\$21,910.38

II. Tap Activity

• Taps fees paid in the month of August:	2
• Total tap fees paid to date:	453
• Taps installed in the month of August:	14
• Total taps installed to date:	435



III. Repairs and Maintenance over \$1000

- Transferred sewage from collection system at Spoon Bill Cove, Cielo Lake Dr and 5097 Steady Breeze Dr.
- Transferred sewage from collection system, installed temporary plugs and tied into manholes at Bartlett & Camus Creek.
- Performed annual fire hydrant inspections in District.

IV. Action Items

- Authorize service termination of delinquent accounts.

Sunterra as of 08/29/2024						
BUILDER	HC569 Total	HWC4 Total	HWC5 Total	WC35 Total	WC37 Total	Grand Total
		1				1
ADAMS HOMES LONE STAR LLC			54			54
ANGLIA HOMES LP	3		1		47	51
ASHTON WOODS	33		45		125	203
BEAZER HOMES C/O RADIUSPOINT DEPT 1	111					111
BRIGHTLAND HOMES	38		85	57	29	209
CASTLEROCK COMMUNITIES	3		42		49	94
CHESMAR HOMES	1		88		41	130
COLINA HOMES			79		8	87
DAVIDSON HOMES LLC	1				88	89
DL MEACHAM CONSTRUCTION			1			1
DR HORTON	47		26	238	129	440
EHT OF TEXAS, LP			70			70
EVERGREEN LIFESTYLES MANAGEMENT/ SU			2		8	8
GBFR SUNTERRA LP	1					1
HAMILTON THOMAS HOMES			24			24
HIGHLAND HOMES			135			135
HISTORY MAKER HOMES	1		106		44	151
KA GREAT MINDS WEST LLC		1				1
KATY 1093 LTD			1			1
KATY INDEPENDENCE SCHOOL DISTRICT					1	1
KB HOMES	1		1	44	127	173
LENNAR HOMES	279		112	84	106	581
LGI HOMES GROUP LLC	1				40	41
LONG LAKE, LTD	41				79	120
MILLIS DEVELOPMENT & CONSTRUCTION	1					1
NUWAY HOMES TEXAS LP	69		156	1	23	249
ONM LIVING			114			114
PERRY HOMES			75			75
PULTE HOMES, LP			298			298
SHAHYAN KAROWADIYA		2				2
SHEA HOMES HOUSTON LLC			76			76
STARLIGHT HOMES-HOUSTON	61					61
SUNTERRA POA	4		7		4	15
SUNTERRA POA C/O PMG HOUSTON			24	2	8	34
SUNTERRA POA INC	6			4	1	11
TRICOAST HOMES	1				22	23
TRIPLE C LANDSCAPES			3			3
WESTIN HOMES	2		32	23	52	109
Grand Total	705	4	1657	453	1029	3848

Waller County MUD #35

CONFIDENTIAL REPORT

September 9, 2024

submitted by



DELINQUENT LETTER ACCOUNTS LISTING - DUE 09/09/2024

District: 20 WALLER COUNTY MUD 35 Select Status... Arrears Only

Account Number	Original Amt.	Arrears Amt.	Total Current	Total Balance	Letter Due	Deposit	# Times Delq. + Rent/Own	Total Due Less Deposit (exposure)
020-00880-01	\$ 22.66	\$ 378.29	\$ 124.41	\$ 158.07	\$ 158.07	\$ 250.00	2 Owner	\$ 91.93
	\$ 22.66	\$ 378.29	\$ 124.41	\$ 158.07	\$ 158.07	\$ 250.00		\$ 91.93
Items Count:	1							

Exhibit I



Kris Eddlemon
c/o SPH, LLP
1300 Post Oak Blvd, Suite 2400
Houston, TX 77056

August 23, 2024

RE: 2024 Automatic Adjustment Waller County MUD No. 35

Best Trash is pleased to be Waller 35's solid waste and recycling collection contractor. We are committed to providing you with the most professional and reliable services available.

A component of the Contract is for an automatic yearly price adjustment based by 100% of the increase or decrease of the most recently published Consumer Price Index-All Urban Consumers, Series ID: CUUR0000SEHG02 Garbage and Trash Collection, Not seasonally Adjusted, Based Period December 1999 = 100 published by the United States Department of Labor, Bureau of Labor Statistics (the "CPI"). The rise or fall of the CPI shall be determined by calculating the percentage increase or decrease of said index during the prior twelve (12) month period, by determining the percentage difference between (a) the average CPI for the most recent twelve (12) months for which data is available (the "Most Recent Year"), and (b) the average CPI for the twelve (12) month period immediately prior to the Most Recent Year. The CPI-U data indicates an adjustment of plus 6.581%. The current rate of \$23.80 for curbside service with recycling will change to \$25.36 per month per residence. The new rate will take effect, it will take effect the billing cycle of August 2024 and continue through July 2025.

Best Trash's goal is to be able to continue to provide you with high quality, trash-hauling services at a competitive rate. We sincerely appreciate the opportunity to service your solid waste needs.

Sincerely,

Christie Leighton

Consumer Price Index for All Urban Consumers (CPI-U)
Original Data Value

Series Id: CUSR0000SEHG02
Seasonally Adjusted
Series Title: Garbage and trash collection in U.S. city average, all
Area: U.S. city average
Item: Garbage and trash collection
Base Period: DECEMBER 1983=100
Years: 2022 to 2024

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022	533.078	538.313	540.719	542.564	544.546	547.554	548.187	548.706	558.254	561.090	563.816	565.185
2023	570.412	575.697	576.773	580.124	587.431	589.812	596.167	597.347	596.997	597.569	601.631	602.164
2024	606.773	610.551	610.015	611.073	609.538							

	1	2	3	4	5	6	7	8	9	10	11	12	Total	Increase	Previous Rate	New Rate
1st 12 Months	547.554	548.187	548.706	558.254	561.090	563.816	565.185	570.412	575.697	576.773	580.124	587.431	565.2691	6.581%	23.8	25.36629
2nd 12 Months	589.812	596.167	597.347	596.997	597.569	601.631	602.164	606.773	610.551	610.015	611.073	609.538	602.4698			

CUUR0000SEHG02

Exhibit J



2322 W. Grand Parkway N, Suite 150
Katy, Texas 77449
Tel: 832.913.4000
www.quiddity.com

September 5, 2024

Board of Directors
Waller County Municipal Utility District No. 35
Schwartz, Page & Harding, L.L.P.
1300 Post Oak Boulevard, Suite 2500
Houston, Texas 77056

Re: Engineering Report
Board Meeting of September 9, 2024

Dear Directors:

This report summarizes our activities during the past month:

11a. Authorizing the design, advertisement for bids and/or award of the construction contracts or concurrence in the award of a contract for the construction of water, sanitary sewer, drainage, and/or paving facilities within the District, and authorize acceptance of a Texas Ethics Commission ("TEC") Form 1295, including:

a) Sunterra Section 47 WS&D and Paving Facilities (Brightland):

- i. We received bids on August 23, 2024, for Section 47 WSD, and the lowest three bid results are below.

Blazey Construction Services, LLC	\$837,317.50	38 Days
Bay Utilities, LLC	\$847,107.10	40 Days
Fellers & Clark, LP	\$922,250.00	30 Days

We have worked with the low bidder, and we found Blazey to be the most advantageous for the District and recommend awarding the contract to Blazey Construction Services, LLC.

- ii. We will receive paving bids in September.

Action Item: Award the WS&D contract to Blazey Construction Services, LLC

b) Sunterra Section 76 & 77 Paving Facilities (Astro):

- i. We received bids on August 2, 2024, for Section 76 & 77 Paving, and the lowest three bid results are below.

Allgood Construction Company, Inc.	\$1,296,389.37	55 Days
Daco Paving, Inc.	\$1,318,398.60	55 Days
HCG	\$1,327,726.90	55 Days

We have worked with the low bidder, and we found Allgood to be the most advantageous for the District and recommend awarding the contract to Allgood Construction Company, Inc.

Action Item: Award the Paving contract to Allgood Construction Company, Inc.



QUIDDITY

c) Sunterra Section 78 WS&D and Paving Facilities (Astro):

- i. We received bids on August 2, 2024, for Section 78 WSD, and the lowest three bid results are below.

Lonnie Lischka Company, LP	\$1,666,448.59	60 Days
Gonzalez Construction Enterprises, Inc.	\$1,674,528.49	48 Days
Bay Utilities, LLC	\$1,713,493.20	60 Days

We have never worked with the low bidder and reviewed their references. Upon review of the references for Lonnie Lischka Companies, LP, we found them to be the most advantageous for the District and recommend awarding to Lonnie Lischka.

- ii. We will receive paving bids in September.

Action Item: Award the WS&D contract to Lonnie Lischka Company, LP

11b. Status of construction contracts, including the approval of any pay estimates, change orders and/or acceptance of facilities for operation and maintenance purposes, and authorize acceptance of TEC Form 1295:

a) Sunterra Section 55 WS&D Facilities:

Original Contract Amount - \$411,593.67

Revised Contract Amount - \$405,706.67

Contractor: Principal Services, Ltd.

Pay Estimate No. 4F: \$20,285.35

CO No. 1: -\$5,886.70

- i. Project is complete.

Action Item: None

b) Sunterra Section 55 Paving Facilities:

Original Contract Amount - \$306,019.50

Revised Contract Amount - \$334,459.75

Contractor: A&M Contractors, Inc.

Pay Estimate No. 4F: \$35,605.98

CO No. 2: -\$4,104.00

- i. The project is accepted into the 1-yr maintenance by Waller County.

Action Item: None

c) Sunterra Section 56 WS&D Facilities:

Original Contract Amount - \$425,250.00

Revised Contract Amount - \$

Contractor: Fellers & Clark, LP

Pay Estimate No. 1: \$

CO No. 1: \$

- i. The contractor is complete with first stage utilities.

- ii. We received Pay Estimate No. 1 for in the amount of \$370,819.20 for Board's approval.

Action Item: Approval of Pay Estimate No. 1

d) Sunterra Section 56 Paving Facilities:

Original Contract Amount - \$612,988.99

Revised Contract Amount - \$

Contractor: Allgood Construction Company, Inc.

Pay Estimate No. 1: \$

CO No. 1: \$

- i. Contractor is mobilizing to site this week.

Action Item: None



QUIDDITY

e) Sunterra Section 65 & 66 WS&D Facilities:

Original Contract Amount - \$1,517,214.37

Pay Estimate No. 2: \$1,165,234.76

Revised Contract Amount – \$

CO No. 1: \$

Contractor: Principal Services, Ltd.

- i. Contractor is working on second stage utilities and testing.
- ii. We received Pay Estimate No. 3 for in the amount of \$64,270.35 for Board's approval.
- iii. We received Change Order No. 1 for additional waterline installation under Beckendorff Road in the amount of -\$14,375.00 for the Board's approval.

Action Item: Approval of Pay Estimate No. 3 and Change Order No. 1

f) Sunterra Section 65 & 66 Paving Facilities:

Original Contract Amount - \$1,183,547.45

Pay Estimate No. 3: \$461,994.39

Revised Contract Amount – \$

CO No. 1: \$14,234.95

Contractor: Allgood Construction Company, Inc.

- i. Contractor is pouring pavement and curb.
- ii. We received Pay Estimate No. 4 for in the amount of \$441,979.21 for Board's approval.
- iii. We received Change Order No. 2 for a temporary driveway connection to Beckendorff Road in the amount of \$13,639.70 for the Board's approval.

Action Item: Approval of Pay Estimate No. 4 and Change Order No. 2

g) Sunterra Section 67 & 68 WS&D Facilities:

Original Contract Amount - \$1,634,513.35

Pay Estimate No. 2: \$7,040.26

Revised Contract Amount – \$1,603,921.70

CO No. 1: -\$30,591.65

Contractor: Gonzalez Construction Enterprises, Inc.

- i. Contractor is complete with second stage and finishing testing.
- ii. We received Pay Estimate No. 3 in the amount of \$30,262.74 for Board's approval.

Action Item: Approval of Pay Estimate No. 3

h) Sunterra Section 67 & 68 Paving Facilities:

Original Contract Amount - \$1,333,862.00

Pay Estimate No. 2: \$592,222.50

Revised Contract Amount – \$1,352,103.00

CO No. 1: \$18,241.00

Contractor: A&M Contractors, Inc.

- i. Contractor is complete with the pavement and finalizing the lot grading.
- ii. We received Pay Estimate No. 3 in the amount of \$538,073.15 for Board's approval.

Action Item: Approval of Pay Estimate No. 3



QUIDDITY

i) Sunterra Section 69 WS&D Facilities:

Original Contract Amount - \$1,199,717.70

Pay Estimate No. 1: \$674,013.60

Revised Contract Amount – \$

CO No. 1: \$

Contractor: R Construction Civil, LLC

- i. Contractor is complete with first stage utilities.
- ii. We received Pay Estimate No. 2 in the amount of \$289,195.20 for Board's approval.

Action Item: Approval of Pay Estimate No. 2

j) Sunterra Section 69 Paving Facilities:

Original Contract Amount - \$1,050,199.93

Pay Estimate No. 1: \$

Revised Contract Amount – \$

CO No. 1: \$

Contractor: Allgood Construction Company, Inc.

- i. Contractor is cutting streets.
- ii. We received Pay Estimate No. 1 in the amount of \$47,651.40 for the Board's approval.

Action Item: Approval of Pay Estimate No. 1

k) Sunterra Section 70 WS&D Facilities:

Original Contract Amount - \$876,500.00

Pay Estimate No. 1: \$587,689.02

Revised Contract Amount – \$

CO No. 1: \$

Contractor: Fellers & Clark, LP

- i. Contractor is complete with first stage utilities.
- ii. We received Pay Estimate No. 2 in the amount of \$185,676.10 for Board's approval.

Action Item: Approval of Pay Estimate No. 2

l) Sunterra Section 70 Paving Facilities:

Original Contract Amount - \$777,060.22

Pay Estimate No. 1: \$

Revised Contract Amount – \$

CO No. 1: \$

Contractor: Hurtado Construction Company

- i. Contractor is cutting streets and beginning stabilization.

Action Item: None

m) Sunterra Section 71 WS&D Facilities:

Original Contract Amount - \$1,057,046.80

Pay Estimate No. 2: \$674,028.00

Revised Contract Amount – \$

CO No. 1: \$0.00

Contractor: TexaSite, LLC

- i. Contractor is working on second stage utilities.

Action Item: None



QUIDDITY

n) Sunterra Section 71 Paving Facilities:

Original Contract Amount - \$940,000.00

Pay Estimate No. 1: \$67,828.32

Revised Contract Amount - \$

CO No. 1: \$

Contractor: Daco Paving, Inc.

- i. Contractor is complete with the pavement and working on curb and lot grading.

Action Item: None

o) Sunterra Section 72 WS&D Facilities:

Original Contract Amount - \$1,370,314.40

Pay Estimate No. 2: \$710,918.10

Revised Contract Amount - \$

CO No. 1: \$0.00

Contractor: TexaSite, LLC

- i. Contractor is complete with first stage utilities.
- ii. We received Pay Estimate No. 3 in the amount of \$320,840.10 for Board's approval.

Action Item: Approval of Pay Estimate No. 3

p) Sunterra Section 72 Paving Facilities:

Original Contract Amount - \$940,069.99

Pay Estimate No. 1: \$

Revised Contract Amount - \$

CO No. 1: \$

Contractor: Allgood Construction Company, Inc.

- i. Contractor is beginning to cut streets.
- ii. We received Pay Estimate No. 1 in the amount of \$47,920.00 for Board's approval.

Action Item: Approval of Pay Estimate No. 1

q) Sunterra Section 73 WS&D Facilities:

Original Contract Amount - \$1,318,770.80

Pay Estimate No. 2: \$878,508.00

Revised Contract Amount - \$

CO No. 1: \$

Contractor: R Construction Civil, LLC

- i. Contractor complete with first stage utilities.
- ii. We received Pay Estimate No. 3 in the amount of \$60,263.30 for Board's approval.

Action Item: Approval of Pay Estimate No. 3

r) Sunterra Section 73 Paving Facilities:

Original Contract Amount - \$1,112,197.25

Pay Estimate No. 1: \$

Revised Contract Amount - \$

CO No. 1: \$

Contractor: Hassell Construction Group, LLC

- i. Contractor is stabilizing streets and beginning to form the pavement.
- ii. We received Pay Estimate No. 1 in the amount of \$133,623.00 for Board's approval.

Action Item: Approval of Pay Estimate No. 1



QUIDDITY

s) Sunterra Section 74 WS&D Facilities:

Original Contract Amount - \$1,551,371.15

Pay Estimate No. 1: \$704,089.71

Revised Contract Amount - \$

CO No. 1: \$

Contractor: Blazey Construction Services, LLC

- i. Contractor is finishing the first stage utilities.
- ii. We received Pay Estimate No. 2 in the amount of \$411,865.83 for Board's approval.

Action Item: Approval of Pay Estimate No. 2

t) Sunterra Section 74 Paving Facilities:

Original Contract Amount - \$1,157,989.35

Pay Estimate No. 1: \$

Revised Contract Amount - \$

CO No. 1: \$

Contractor: Allgood Construction Company, Inc.

- i. Contractor is ready to begin paving once the utilities are complete.

Action Item: None

u) Sunterra Section 75 WS&D Facilities:

Original Contract Amount - \$1,164,281.80

Pay Estimate No. 1: \$84,304.80

Revised Contract Amount - \$

CO No. 1: \$

Contractor: Bay Utilities, LLC

- i. Contractor is installing first stage utilities.
- ii. We received Pay Estimate No. 2 in the amount of \$922,616.82 for Board's approval.

Action Item: Approval of Pay Estimate No. 2

v) Sunterra Section 75 Paving Facilities:

Original Contract Amount - \$906,745.92

Pay Estimate No. 1: \$

Revised Contract Amount - \$

CO No. 1: \$

Contractor: Hurtado Construction Co.

- i. Contractor is ready to begin paving once the utilities are complete.

Action Item: None

w) Sunterra Section 76 & 77 WS&D Facilities:

Original Contract Amount - \$1,670,098.26

Pay Estimate No. 1: \$

Revised Contract Amount - \$

CO No. 1: \$

Contractor: Blazey Construction Services, LLC

- i. Contractor is installing first stage utilities.
- ii. We received Pay Estimate No. 1 in the amount of \$53,320.28 for Board's approval.

Action Item: Approval of Pay Estimate No. 1

11c. Acceptance of site and/or easement conveyances for facilities constructed or to be constructed for the District:

a) None



11d. Review and approval of Stormwater Quality Management Plans related to construction Contracts.

a) **None at this time.**

11e. Status of acceptance by Waller County of Streets for maintenance; authorize any action required in connection therewith.

a) **Sunterra Sec 49:** We are awaiting the completion of the punchlist by the contractor.

11f. Review and/or consider rate increase for Engineering services by Quiddity.

a) **Quiddity has reviewed our rate schedule for engineering and surveying services and have proposed an increase from the 2022 rates. Attached are the updated rates being proposed.**

11g. Status of the Summary of Costs for Series 2025 WS&D Bonds and BAN and 2024 Road Bond.

a) **2025 WS&D Bond w/ BAN:** We have begun preparing the draft Summary of Cost and bond report. We are awaiting final bond values to complete the full draft.

Should you have any questions or need any additional information, please call.

Sincerely,

Blair M. Bozoarth, PE

Enclosures

cc/enc: Ms. Christina Cole— Schwart, Page & Harding, L.L.P.

BMB/

K:\17165\17165-0900-00 WCMUD No. 35 General Consultation- 2021\Meeting Files\Status Reports\2024\09 - September\WALLER COUNTY MUD NO. 35 ENGINEERING REPORT.docx



SCHEDULE OF HOURLY RATES
Effective August 2024 - Subject to Revision

ENGINEERING PERSONNEL

Graduate Engineer I	\$130
Graduate Engineer II	\$155
Professional Engineer I	\$185
Professional Engineer II	\$210
Professional Engineer III	\$240
Professional Engineer IV	\$270
Professional Engineer V	\$290
Professional Engineer VI	\$310

ELECTRICAL ENGINEERING PERSONNEL

Electrical Graduate Engineer I	\$140
Electrical Graduate Engineer II	\$165
Electrical Professional Engineer I	\$200
Electrical Professional Engineer II	\$225
Electrical Professional Engineer III	\$255
Electrical Professional Engineer IV	\$285
Electrical Professional Engineer V	\$305

STRUCTURAL ENGINEERING PERSONNEL

Structural Graduate Engineer I	\$135
Structural Graduate Engineer II	\$160
Structural Professional Engineer I	\$190
Structural Professional Engineer II	\$215
Structural Professional Engineer III	\$245
Structural Professional Engineer IV	\$275
Structural Professional Engineer V	\$295

CONSTRUCTION PERSONNEL

Construction Manager I	\$135
Construction Manager II	\$155
Construction Manager III	\$180
Construction Manager IV	\$200
Construction Manager V	\$240
Field Project Representative I	\$ 85
Field Project Representative II	\$105
Field Project Representative III	\$125
Specialist Field Project Representative I	\$140
Specialist Field Project Representative II	\$150
Senior Specialist Field Project Representative	\$165

SPECIALIST

Specialist I	\$125
Specialist II	\$155
Specialist III	\$190
Specialist IV	\$225
Specialist V	\$260

PLANNING PERSONNEL

Planner I	\$110
Planner II	\$150
Planner III	\$190
Planner IV	\$265

DESIGNER/DRAFTING PERSONNEL

CAD Operator I	\$ 85
CAD Operator II	\$105
CAD Operator III	\$125
Designer I	\$140
Designer II	\$155
Designer III	\$175
GIS I	\$100
GIS II	\$135
GIS III	\$165
GIS IV	\$225

SURVEYING PERSONNEL

1-Person Field Crew	\$155
2-Person Field Crew	\$205
3-Person Field Crew	\$250
4-Person Field Crew	\$285
Scanner Equipment	\$110
Survey Technician I	\$105
Survey Technician II	\$115
Project Surveyor I	\$115
Project Surveyor II	\$135
Project Surveyor III	\$155
Project Surveyor IV	\$190
Chief of Survey Crews	\$160
Certified Photogrammetrist	\$190
Remote Pilot I	\$110
Remote Pilot II	\$140
Remote Pilot III	\$180
Visual Observer	\$105
LiDAR Tech	\$115
Aerial Tech	\$100
Registered Professional Land Surveyor	\$215
Survey Manager	\$250

OFFICE PERSONNEL

Engineer's Assistant I	\$ 80
Engineer's Assistant II	\$ 90
Engineer's Assistant III	\$100
Admin I	\$ 80
Admin II	\$100
Admin III	\$130
Project Admin/Accountant	\$140

SCHEDULE OF HOURLY RATES COMPARISON (2022 – 2024)

ENGINEERING PERSONNEL		2022	2024	PLANNING PERSONNEL		2022	2024
(Design Engineer I) Graduate Engineer I		\$125	\$130	Planner I		\$105	\$110
(Design Engineer II) Graduate Engineer II		\$145	\$155	Planner II		\$145	\$150
Professional Engineer I		\$170	\$185	Planner III		\$175	\$190
Professional Engineer II		\$195	\$210	(Planner Manager) Planner IV		\$250	\$265
Professional Engineer III		\$225	\$240				
Professional Engineer IV		\$255	\$270				
Professional Engineer V		\$275	\$290				
(Practice Leader) Professional Engineer VI		\$295	\$310				
ELECTRICAL ENGINEERING PERSONNEL		2022	2024	DESIGNER/DRAFTING PERSONNEL		2022	2024
(Design) Electrical Graduate Engineer I		\$135	\$140	CAD Operator I		\$80	\$ 85
(Design) Electrical Graduate Engineer II		\$155	\$165	CAD Operator II		\$100	\$105
Electrical Professional Engineer I		\$185	\$200	CAD Operator III		\$120	\$125
Electrical Professional Engineer II		\$210	\$225	Designer I		\$130	\$140
Electrical Professional Engineer III		\$240	\$255	Designer II		\$150	\$155
Electrical Professional Engineer IV		\$270	\$285	Designer III		\$170	\$175
Electrical Professional Engineer V		\$295	\$305	GIS I		\$95	\$100
				GIS II		\$130	\$135
				GIS III		\$160	\$165
				GIS IV		\$220	\$225
STRUCTURAL ENGINEERING PERSONNEL		2022	2024	SURVEYING PERSONNEL		2022	2024
Structural Graduate Engineer I		\$135		1-Person Field Crew		\$145	\$155
Structural Graduate Engineer II		\$160		2-Person Field Crew		\$195	\$205
Structural Professional Engineer I		\$190		3-Person Field Crew		\$240	\$250
Structural Professional Engineer II		\$215		4-Person Field Crew		\$270	\$285
Structural Professional Engineer III		\$245		Scanner Equipment		\$115	\$110
Structural Professional Engineer IV		\$275		Survey Technician I		\$100	\$105
Structural Professional Engineer V		\$295		Survey Technician II		\$110	\$115
				Project Surveyor I		\$105	\$115
				Project Surveyor II		\$125	\$135
				Project Surveyor III		\$145	\$155
				Project Surveyor IV		\$175	\$190
				Chief of Survey Crews		\$150	\$160
				Certified Photogrammetrist		\$175	\$190
				Remote Pilot I		\$95	\$110
				Remote Pilot II		\$130	\$140
				Remote Pilot III		\$170	\$180
				Visual Observer		\$95	\$105
				LiDAR Tech		\$105	\$115
				Aerial Tech		\$90	\$100
				Registered Professional Land Surveyor		\$195	\$215
				Survey Manager		\$225	\$250
CONSTRUCTION PERSONNEL		2022	2024	OFFICE PERSONNEL		2022	2024
Construction Manager I		\$125	\$135	Engineer's Assistant I		\$75	\$ 80
Construction Manager II		\$145	\$155	Engineer's Assistant II		\$85	\$ 90
Construction Manager III		\$170	\$180	Engineer's Assistant III		\$95	\$100
Construction Manager IV		\$190	\$200	Admin I		\$75	\$ 80
Construction Manager V		\$230	\$240	Admin II		\$95	\$100
Field Project Representative I		\$80	\$ 85	Admin III		\$125	\$130
Field Project Representative II		\$100	\$105	Assistant Controller/Chief Accountant		\$130	
Field Project Representative III		\$120	\$125	Project Admin/Accountant		\$110	\$140
Specialist Field Project Representative I		\$135	\$140				
Specialist Field Project Representative II		\$145	\$150				
Senior Specialist Field Project Representative		\$160	\$165				
SPECIALIST		2022	2024				
Specialist I		\$115	\$125				
Specialist II		\$145	\$155				
Specialist III		\$215	\$190				
Specialist IV		\$250	\$225				
Specialist V			\$260				



SCHEDULE OF REIMBURSABLE EXPENSES

Effective August 2024 - Subject to Revision

1. Reproduction performed in office

<u>Size</u>	<u>Black & White</u>	<u>Color</u>
8½ x 11 (single-sided)	\$0.05/page	\$ 0.50/page
8½ x 11 (double-sided)	\$0.15/page	\$ 1.00/page
8½ x 14	\$0.15/page	\$ 0.75/page
11 x 17	\$0.20/page	\$ 1.00/page
<u>Large Document Prints/Plots</u>	<u>Black & White</u>	<u>Color</u>
Bond	\$0.20/sq ft	\$ 1.00/sq ft
Photographic Bond	\$4.00/sq ft	\$ 5.00/sq ft
Mylar (4 mil)	\$2.00/sq ft	\$ 8.00/sq ft

Aerial Backgrounds

All sizes \$5.50/sheet (plus above sq. ft. cost)

2. Transportation (mileage): Standard IRS mileage rate in effect
3. Subcontracts and all other outside expenses and fees: Cost, plus 10% service charge
4. Deliveries, abstracting services, outside reproduction costs, and other reimbursable expenses charged at cost, plus 10%
5. GIS hosting will be charged at \$500/month.
6. Surveying Expenses
- a. Crew Rates: Includes time charged portal to portal and the first 120 miles of transportation and standard survey equipment
 - b. Special Rental Equipment: Cost, plus 10%
 - c. Stakes: Cost, plus 10% service charge when an excessive number of wooden stakes or any special stakes are required
 - d. Iron Rods and Pipes: Cost, plus 10%
 - e. All-Terrain Vehicle (ATV): \$175/day
 - f. Overnight Stays: \$200/night
 - g. Overtime Rates: Jobs requiring work on weekends or holidays billed at 1.5 times the standard rate
 - h. Sales Tax: To be paid on boundary-related services.
 - i. Abstracting services, and other reimbursable expenses charged at cost, plus 10%

EXHIBIT K



Turn-Key Stormwater Management

Waller County MUD No. 35

Inspection Date	Section #	Total Inspected	Total Out of Compliance	Builders Out of Compliance per Section
8/12/2024	46	17	6	Gehan (6)
8/19/2024	46	19	12	Gehan (12)
8/26/2024	46	19	8	Gehan (8)
9/2/2024	46	18	7	Gehan (7)
8/12/2024	48	34	15	Davidson (15)
8/19/2024	48	36	21	Davidson (21)
8/26/2024	48	38	16	Davidson (16)
9/2/2024	48	33	19	Davidson (19)
8/12/2024	50	3	1	Westin (1)
8/19/2024	50	3	1	Westin (1)
8/26/2024	50	3	1	Westin (1)
9/2/2024	50	4	1	Westin (1)
8/12/2024	53	12	0	
8/19/2024	53	6	0	
8/26/2024	53	1	1	DR Horton (1)
9/2/2024	53	1	1	DR Horton (1)

***NOTE* Remaining Sections within WC MUD No. 35 are not ready for inspections at this time per inspector**

www.siltsolutionsinc.com

8906 Cresting Ridge Drive ▪ Richmond, TX 77406 ▪ Office (281) 715-0182

SWPPP Inspections Waller County MUD 35

Sunterra Subdivision
Inspection Photo's
September 2024 MUD Meeting

Colin Walton, QCIS
Silt Solutions Inc.
8906 Cresting Ridge Dr
Richmond, TX 77406
colin@siltsolutionsinc.com
713-295-0274 cell



Sec 46 Blk 3 Lot 1



Sep 3, 2024 at 12:59:03 PM
Penny Green Dr
Suntera TX 77493
United States

Sec 46 Blk 3 Lot 2



Sep 3, 2024 at 12:58:57 PM
Vida Vista Dr
Suntera TX 77493
United States

Sec 48 Blk 3 Lot 15



Sec 48 Blk 3 Lot 16



Sec 50 Blk 1 Lot 16



Sec 50 Blk 1 Lot 17



Sec 53 Blk 4 Lot 21



EXHIBIT L



Waller County Municipal Utility District No. 35
Landscape Architect's Report
September 9, 2024

Landscape Architecture matters, including the following:

- A. Request permission to authorize design/documentation phase, as appropriate, for the following construction projects:
 - i. **None.**
- B. Approve plans and specifications and authorize advertisement for bids for the following construction projects:
 - i. **None.**
- C. Review bids and award contracts, as appropriate, for the following construction projects:
 - i. **None.**
- D. Approve Pay Estimates, change orders, and/or final acceptance, as appropriate, for the following construction projects:
 - **Phase 6 Pkg 2: Section 35-36 & 44 Landscape Improvements – Hardscape.** Project was awarded 10/25/2023 to DL Meachum. MUD contract executed 12/15/2023, NTP issued 1/30/24. **Approve Pay Application #5.**

Item	Amount	Notes
Original Contract	\$ 355,826.75	Comment(s)
Change Order #1	\$ 1,832.00	2/16/24
Pay Application #1	\$ 247,430.83	2/28/24
Change Order #2	\$ 31,872.80	03/18/2024
Pay Application #2	\$ 42,809.64	03/25/2024
Pay Application #3	\$ 24,658.02	04/24/2024
Change Order #3	\$ 2,650.50	04/05/2024
Change Order #4	\$ 29,686.00	04/29/2024
Pay Application #4	\$ 16,069.35	04/27/2024
Change Order #4	\$ (16,163.00)	07/24/2024
Pay Application #5	\$ 7,449.30	08/20/2024
Current Contract Value	\$ 376,019.05	
Balance to Finish	\$ 53,764.91	



- **Phase 6 Pkg 2: Section 35-36 & 44 Landscape Improvements - Softscape.** Project was awarded 10/25/2023 to Strickscapes. MUD contract executed 12/18/2023, NTP issued 11/17/23. **Approve Pay Application #5.**

Item	Amount	Notes
Original Contract	\$ 961,108.33	Comment(s)
Pay Application #1	\$ 13,638.20	11/16/23
Pay Application #2	\$ 280,084.29	2/29/24
Pay Application #3	\$ 138,684.78	03/29/2024
Change Order #1	\$ 205,578.17	04/12/2024
Pay Application #4	\$ 309,107.46	05/09/2024
Pay Application #5	\$ 42,432.23	08/13/2024
Current Contract Value	\$ 1,166,686.50	
Balance to Finish	\$ 382,739.54	

- **Phase 6 Pkg 3: Section 45 & 51-52 Landscape Improvements – Softscape & Hardscape.** Project was awarded 10/25/2023 to Strickscapes. MUD contract executed 12/20/2023, NTP issued 11/17/23. **No Action.**

Item	Amount	Notes
Original Contract	\$ 1,371,638.33	Comment(s)
Pay Application #1	\$ 19,127.65	11/17/2023
Pay Application #2	\$ 90,869.69	
Pay Application #3	\$ 36,619.43	03/29/2024
Change Order #1	\$ 303,818.54	04/24/2024
Pay Application #4	\$ 694,096.28	05/09/2024
Pay Application #5	\$ 214,756.35	06/05/2024
Current Contract Value	\$ 1,675,456.87	
Balance to Finish	\$ 619,987.48	

- **Phase 6 Pkg 4: Section 46 Landscape Improvements – Hardscape.** Project was awarded 11/9/23 to Oak Forest Construction. MUD contract executed 1/1/24, NTP issued 1/29/2024. **No Action.**

Item	Amount	Notes
Original Contract	\$ 25,131.50	Comment(s)
Pay Application #1	\$ 12,150.00	2/15/24
Pay Application #2	\$ 9,568.35	03/14/2024
Pay Application #3	\$ 900.00	06/05/2024
Pay Application #4	\$ 2,513.15	06/05/2024
Current Contract Value	\$ 25,131.50	
Balance to Finish	\$ 0.00	



- Phase 6 Pkg 4: Section 46 Landscape Improvements – Softscape. Project was awarded to Silversand Services (formerly Zodega). **No Action.**

Item	Amount	Notes
Original Contract	\$ 57,232.60	Comment(s)
Change Order #1	\$ (16,076.69)	04/08/2024
Pay Application #1	\$ 28,313.97	06/06/2024
Pay Application #2	\$ 6,195.10	06/06/2024
Pay Application #3	\$ 843.75	06/06/2024
Pay Application #4	\$ 843.75	06/06/2024
Pay Application #5	\$ 843.75	07/25/2024
Pay Application #6	\$ 4,115.59	08/02/2024
Current Contract Value	\$ 41,155.91	
Balance to Finish	\$ 0.00	

Proposed Action Items:

- Phase 6 Pkg 2: Section 35-36 & 44 Landscape Improvements – Hardscape. Project was awarded 10/25/2023 to DL Meachum. MUD contract executed 12/15/2023, NTP issued 1/30/24. **Approve Pay Application #5.**
- Phase 6 Pkg 2: Section 35-36 & 44 Landscape Improvements - Softscape. Project was awarded 10/25/2023 to Stricksapes. MUD contract executed 12/18/2023, NTP issued 11/17/23. **Approve Pay Application #5.**

Sincerely,

Kaitlynn Richter
Project Manager

EXHIBIT M



**MUNICIPAL ACCOUNTS
& CONSULTING, L.P.**

Bookkeeper's Report | September 9, 2024

Waller County Municipal Utility District No. 35



WEBSITE

www.municipalaccounts.com



ADDRESS

1281 Brittmoore Road
Houston, Texas 77043



CONTACT

Phone: 713.623.4539
Fax: 713.629.6859

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Waller County Municipal Utility District No. 35

BOOKKEEPER'S REPORT | 09/09/2024



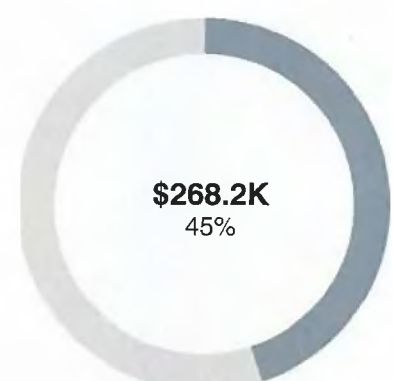
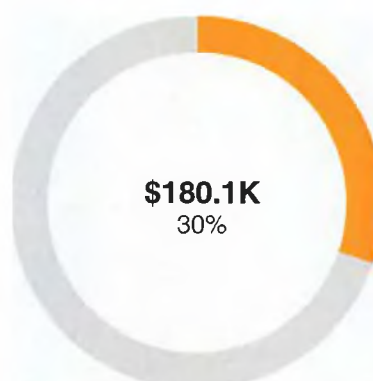
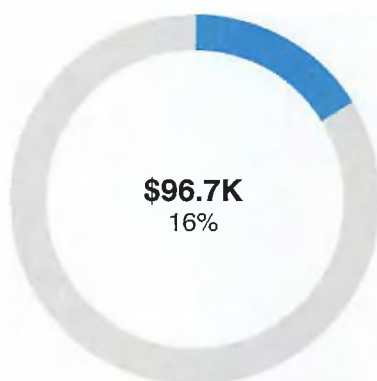
Spotlight On Long Term Planning & Balancing Revenues

Most Districts have 2 major revenue streams that can fund District Operations. These are Water & Wastewater Revenues and M&O Property Tax Revenues. In addition, most Districts have multiple 'Other' Revenue streams that can contribute, but are usually not as significant, unless the 'Other' is extraordinary Sales Tax Revenue. For long term planning, ensuring your M&O Property Tax and Water & Wastewater revenues are covering at least 90% of your expenses is prudent. Investment revenues are unpredictable, Tap Connection revenue disappears as you are built out and Sales Tax can ebb and flow based on the economy. Fixed expenses need fixed revenues. Balancing these revenues to ensure you are covering all expenses as well as building proper reserves should be an ongoing exercise for your District.

● WATER/WASTEWATER

● MAINTENANCE TAX

● SALES TAX/INVESTMENTS/TAP CONNECTIONS



Account Balance | As of 09/09/2024

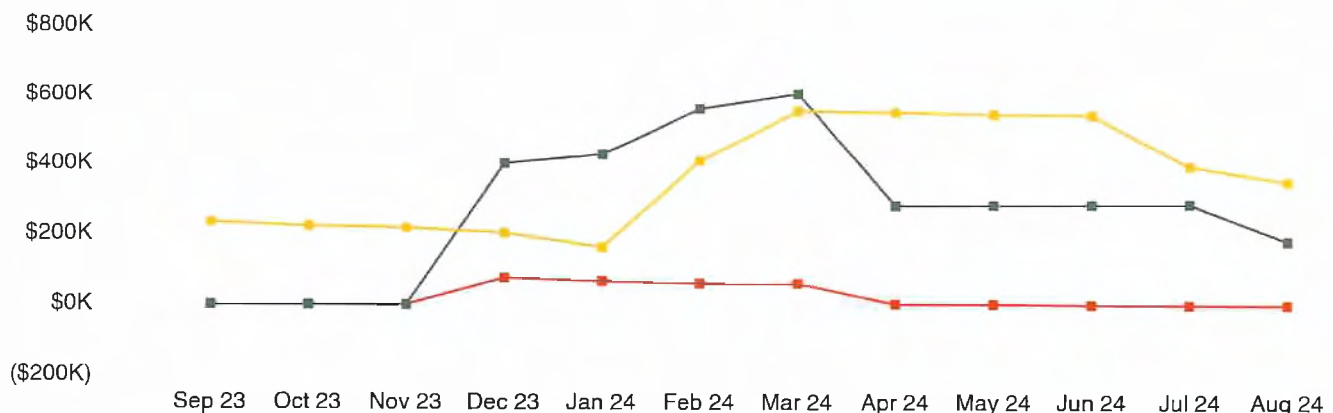
■ General Operating
\$116,694

■ Capital Projects
\$465

■ Debt Service
\$181,275

Total For All Accounts: \$298,434

Account Balance By Month | September 2023 - August 2024



Monthly Financial Summary - General Operating Fund

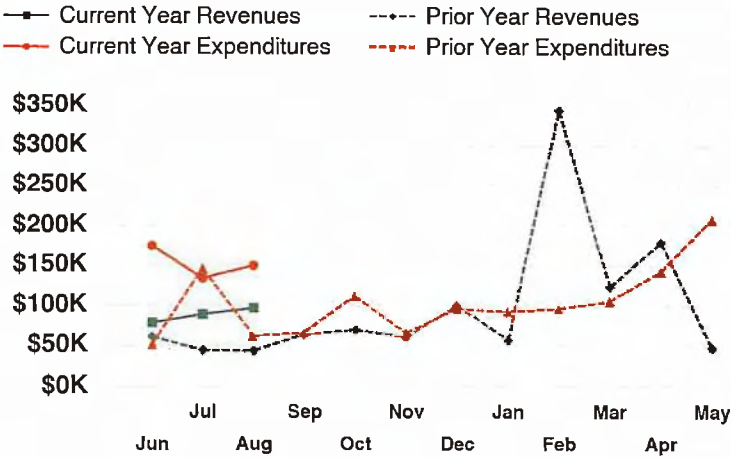
Waller County MUD No. 35 - GOF



Account Balance Summary

Balance as of 08/13/2024	\$252,306
Receipts	334,287
Disbursements	(469,899)
Balance as of 09/09/2024	\$116,694

Overall Revenues & Expenditures By Month (Year to Date)



August 2024

Revenues

Actual	Budget	Over/(Under)
\$96,773	\$85,293	\$11,479

Expenditures

Actual	Budget	Over/(Under)
\$149,144	\$114,633	\$34,512

June 2024 - August 2024 (Year to Date)

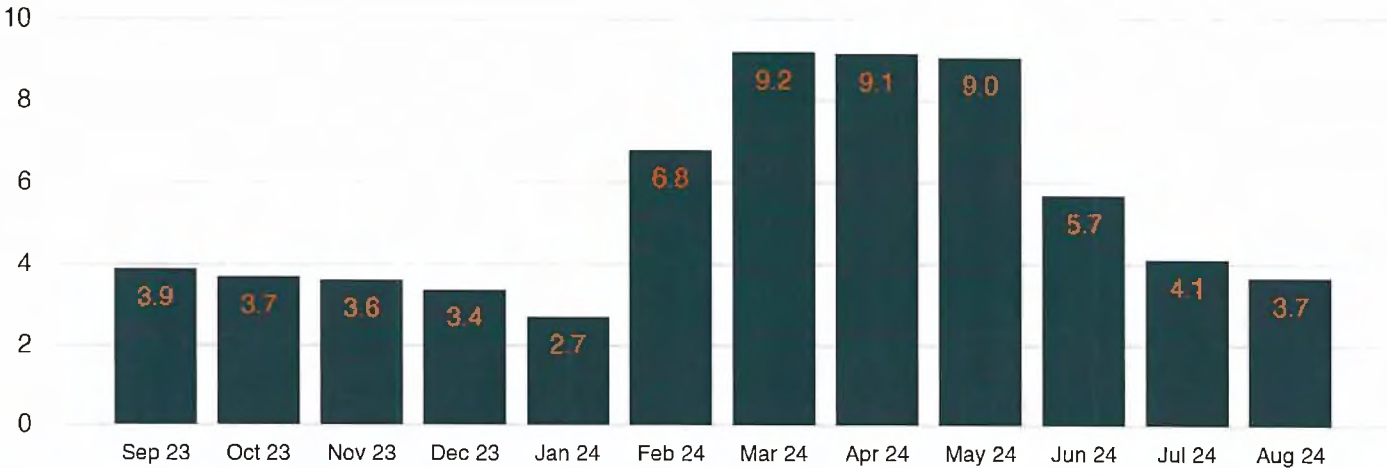
Revenues

Actual	Budget	Over/(Under)
\$264,096	\$294,163	(\$30,067)

Expenditures

Actual	Budget	Over/(Under)
\$456,714	\$320,302	\$136,412

Operating Fund Reserve Coverage Ratio (In Months)



Cash Flow Report - Checking Account

Waller County MUD No. 35 - GOF



Number	Name	Memo	Amount	Balance
Balance as of 08/13/2024				\$5,780.13
Receipts				
	Transfer from Operator		79,436.39	
	Transfer from Money Market		152,000.00	
Total Receipts				\$231,436.39
Disbursements				
1273	Adrian Solis	Customer Refund	(322.13)	
1274	Daniela Cardona	Customer Refund	(322.13)	
1275	Kyle Fredericks	Customer Refund	(169.88)	
1276	Martin Mendoza	Customer Refund	(218.65)	
1277	Best Trash	Garbage Expense	(5,688.20)	
1278	Forvis Mazars	Auditing Fees	(13,900.00)	
1279	Harris-Waller Co. MUD 4	Connection Fees & Mowing Expense	(63,750.52)	
1280	Municipal Accounts & Consulting, L.P.	Bookkeeping Fees	(6,085.82)	
1281	Municipal District Services, LLC	Maintenance & Repairs	(93,084.42)	
1282	On-Site Protection, LLC	Security Expense	(4,825.23)	
1283	Quiddity Engineering, LLC	Engineering Fees	(23,297.00)	
1284	Schwartz, Page & Harding, L.L.P.	Legal Fees	(19,443.82)	
1285	Silt Solutions, Inc.	Stormwater Prevention Plan	(2,590.00)	
1286	Water Utility Services Inc.	Laboratory Expense	(60.00)	
Fees	Central Bank	Service Fee	(40.00)	
HR&P	Jaclyn Day.	Fees of Office 08/12/2024	(233.58)	
HR&P	Daniel Feiler.	Fees of Office 08/12/2024	(217.50)	
HR&P	Victoria Battistini.	Fees of Office 08/12/2024	(237.76)	
HR&P	Tiffani Walker.	Fees of Office 08/12/2024	(230.90)	
HR&P	United States Treasury	Payroll Taxes	(135.20)	
HR&P	HR&P	Payroll Administration Fee	(50.00)	
Total Disbursements				(\$234,902.74)
Balance as of 09/09/2024				\$2,313.78

Cash Flow Report - Operator Account

Waller County MUD No. 35 - GOF



Number	Name	Memo	Amount	Balance
Balance as of 08/13/2024				\$18,100.33
Receipts				
	Tap Connections (7)		17,724.00	
	Tap Connections (1)		2,407.00	
	Tap Connections (1)		2,407.00	
	Accounts Receivable		74,635.19	
	Accounts Receivable		2,253.27	
	Tap Connections (1)		2,407.00	
Total Receipts				\$101,833.46
Disbursements				
Fees	Central Bank	Service Fee	(5.00)	
Sweep	Central Bank	Transfer to Checking Account	(79,436.39)	
Total Disbursements				(\$79,441.39)
Balance as of 09/09/2024				\$40,492.40

Actual vs. Budget Comparison

Waller County MUD No. 35 - GOF



				August 2024	June 2024 - August 2024					
				Actual	Budget	Over/ (Under)	Actual	Budget	Over/ (Under)	Annual Budget
Revenues										
Water Revenue										
14101	Water- Customer Service Revenue			45,157	28,920	16,237	114,137	86,760	27,377	241,000
14106	Transfer Fees			1,742	725	1,017	5,102	2,175	2,927	8,700
Total Water Revenue				46,899	29,645	17,254	119,239	88,935	30,304	249,700
Wastewater Revenue										
14201	Wastewater-Customer Service Rev			19,187	9,590	9,597	45,283	28,770	16,513	137,000
Total Wastewater Revenue				19,187	9,590	9,597	45,283	28,770	16,513	137,000
Property Tax Revenue										
14301	Maintenance Tax Collections			0	0	0	0	38,283	(38,283)	250,000
Total Property Tax Revenue				0	0	0	0	38,283	(38,283)	250,000
Tap Connection Revenue										
14501	Tap Connections			18,025	33,208	(15,183)	58,345	99,625	(41,280)	398,500
14502	Inspection Fees			3,952	5,717	(1,765)	13,566	17,150	(3,584)	68,600
Total Tap Connection Revenue				21,977	38,925	(16,948)	71,911	116,775	(44,864)	467,100
Administrative Revenue										
14702	Penalties & Interest			2,692	1,392	1,301	6,476	4,175	2,301	16,700
Total Administrative Revenue				2,692	1,392	1,301	6,476	4,175	2,301	16,700
Interest Revenue										
14801	Interest Earned on Checking			0	25	(25)	17	75	(58)	300
14802	Interest Earned on Temp. Invest			1,017	717	301	3,642	2,150	1,492	8,600
Total Interest Revenue				1,017	742	276	3,659	2,225	1,434	8,900
Other Revenue										
15802	Sunterra POA Contribution			5,000	5,000	0	15,000	15,000	0	60,000
Total Other Revenue				5,000	5,000	0	15,000	15,000	0	60,000
Total Revenues				96,773	85,293	11,479	261,569	294,163	(32,594)	1,189,400

Expenditures

Water Service							
16102 Operations - Water	589	2,500	(1,911)	1,869	7,500	(5,631)	30,000
16104 Purchase Water / JWP	0	21,240	(21,240)	46,160	63,720	(17,560)	177,000
16105 Maintenance & Repairs - Water	5,039	6,167	(1,127)	19,728	18,500	1,228	74,000
16108 Laboratory Expense - Water	142	25	117	377	75	302	300
16113 Transfer Expense	4,650	1,250	3,400	9,318	3,750	5,568	15,000
16117 TCEQ Regulatory Expense - Water	0	0	0	0	0	0	900
Total Water Service	10,420	31,182	(20,762)	77,452	93,545	(16,093)	297,200

Actual vs. Budget Comparison

Waller County MUD No. 35 - GOF



	August 2024			June 2024 - August 2024			Annual Budget
	Actual	Budget	Over/ (Under)	Actual	Budget	Over/ (Under)	
r	562	292	271	1,486	875	611	3,500
	528	800	(272)	4,531	2,400	2,131	9,600
	0	13,375	(13,375)	46,160	40,125	6,035	160,500
	57,267	0	57,267	81,004	0	81,004	0
	0	0	0	0	0	0	900
	58,357	14,467	43,891	133,182	43,400	89,782	174,500
	5,688	3,358	2,330	14,875	10,075	4,800	40,300
	5,688	3,358	2,330	14,875	10,075	4,800	40,300
	2,590	4,083	(1,493)	11,070	12,250	(1,180)	49,000
	0	7,167	(7,167)	22,703	21,500	1,203	86,000
	2,590	11,250	(8,660)	33,773	33,750	23	135,000
	13,985	13,083	902	76,865	39,250	37,615	157,000
	8,323	3,500	4,823	20,639	10,500	10,139	42,000
	22,308	16,583	5,725	97,505	49,750	47,755	199,000
	17,151	8,333	8,818	33,647	25,000	8,647	100,000
	13,900	13,131	769	13,900	13,131	769	16,000
	3,922	2,917	1,005	12,387	8,750	3,636	35,000
	0	0	0	2,520	2,666	(146)	3,200
	6,021	4,950	1,071	14,729	14,850	(121)	45,000
	0	42	(42)	0	125	(125)	500
	568	625	(57)	1,666	1,875	(209)	7,500
	73	83	(10)	125	250	(125)	1,000
	153	225	(72)	243	675	(432)	2,700
	353	175	178	871	525	346	2,100
	695	500	195	1,117	1,500	(383)	6,000
	45	10	35	65	30	35	120
	110	125	(15)	268	375	(107)	1,500
	25	10	15	85	30	55	120
	43,016	31,126	11,890	81,622	69,782	11,840	220,740
	4,825	5,000	(175)	13,513	15,000	(1,487)	60,000
	4,825	5,000	(175)	13,513	15,000	(1,487)	60,000

Actual vs. Budget Comparison

Waller County MUD No. 35 - GOF



	August 2024			June 2024 - August 2024			
	Actual	Budget	Over/ (Under)	Actual	Budget	Over/ (Under)	Annual Budget
Expenditures							
Payroll Expense							
17101 Payroll Expenses	884	1,108	(224)	2,652	3,325	(673)	13,300
17102 Payroll Administration	50	50	0	150	150	0	600
17103 Payroll Tax Expense	68	83	(16)	203	250	(47)	1,000
Total Payroll Expense	1,002	1,242	(240)	3,005	3,725	(720)	14,900
Other Expense							
17802 Miscellaneous Expense	937	425	512	1,789	1,275	514	5,100
Total Other Expense	937	425	512	1,789	1,275	514	5,100
Total Expenditures	149,144	114,633	34,512	456,714	320,302	136,412	1,146,740
Total Revenues (Expenditures)	(52,372)	(29,339)	(23,032)	(195,145)	(26,139)	(169,006)	42,660
Other Revenues							
Extra Ordinary Revenue							
15902 Transfer From Capital Projects	0	0	0	2,527	0	2,527	0
Total Extra Ordinary Revenue	0	0	0	2,527	0	2,527	0
Total Other Revenues	0	0	0	2,527	0	2,527	0
Total Other Revenues (Expenditures)	0	0	0	2,527	0	2,527	0
Excess Revenues (Expenditures)	(52,372)	(29,339)	(23,032)	(192,618)	(26,139)	(166,479)	42,660

Balance Sheet as of 08/31/2024

Waller County MUD No. 35 - GOF



Assets	
Bank	
11101 Cash in Bank	\$84,072
11102 Operator	40,492
Total Bank	<u>\$124,564</u>
Investments	
11201 Time Deposits	<u>\$225,888</u>
Total Investments	<u>\$225,888</u>
Receivables	
11301 Accounts Receivable	\$97,386
11303 Maintenance Tax Receivable	1,595
Total Receivables	<u>\$98,982</u>
Interfund Receivables	
11401 Due From Capital Projects	\$42,460
11406 Due from Sunterra POA	20,000
Total Interfund Receivables	<u>\$62,460</u>
Total Assets	<u><u>\$511,893</u></u>
Liabilities & Equity	
Liabilities	
Accounts Payable	
12101 Accounts Payable	<u>\$232,725</u>
Total Accounts Payable	<u>\$232,725</u>
Other Current Liabilities	
12202 Due To TCEQ	<u>\$701</u>
Total Other Current Liabilities	<u>\$701</u>
Interfund Payables	
12403 Due To Tax Account	<u>\$8,316</u>
Total Interfund Payables	<u>\$8,316</u>
Deferrals	
12501 Tap Connection Fees Advance	\$66,120
12502 Deferred Inflows Property Taxes	1,595
Total Deferrals	<u>\$67,715</u>
Deposits	
12601 Customer Meter Deposits	<u>\$227,807</u>
Total Deposits	<u>\$227,807</u>
Total Liabilities	<u><u>\$537,264</u></u>

Balance Sheet as of 08/31/2024

Waller County MUD No. 35 - GOF



Liabilities & Equity

Equity	
Unassigned Fund Balance	
13101 Unassigned Fund Balance	\$167,247
Total Unassigned Fund Balance	\$167,247
Net Income	(\$192,618)
Total Equity	(\$25,371)
Total Liabilities & Equity	\$511,893

Monthly Financial Summary - Capital Projects Fund

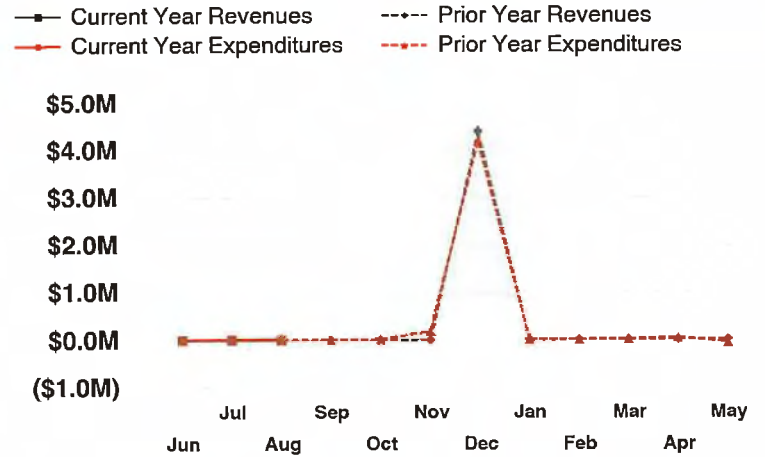
Waller County MUD No. 35 - CPF



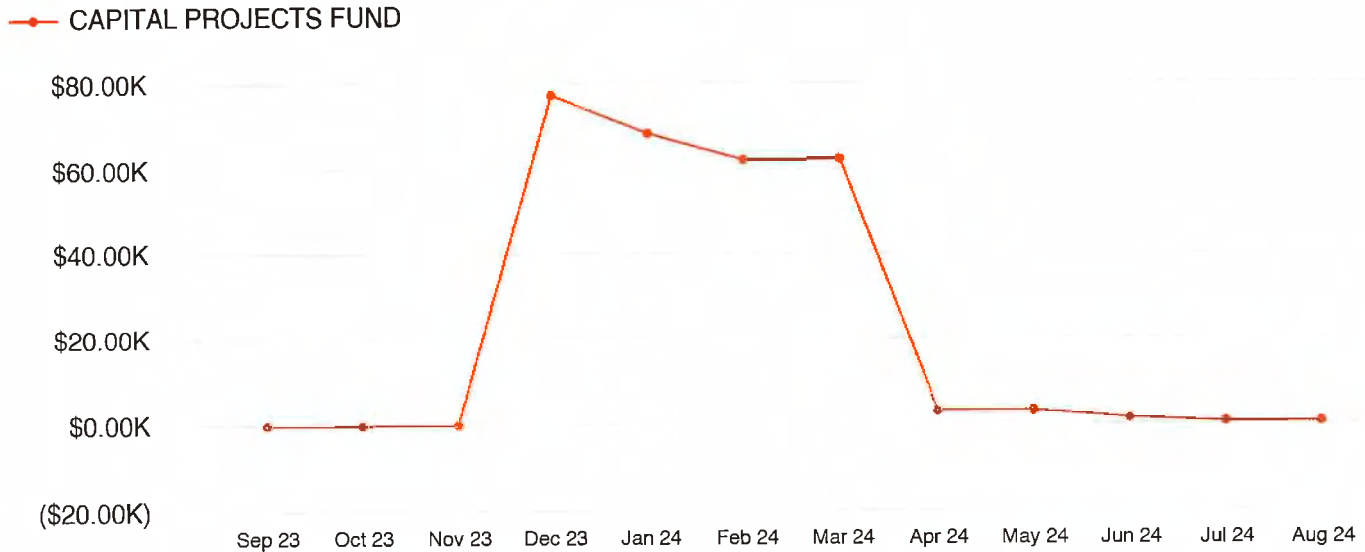
Account Balance Summary

Balance as of 08/13/2024	\$470
Receipts	0
Disbursements	(5)
Balance as of 09/09/2024	\$465

Overall Revenues & Expenditures By Month (Year to Date)



Account Balance By Month | September 2023 - August 2024



Cash Flow Report - Checking Account

Waller County MUD No. 35 - CPF



Number	Name	Memo	Amount	Balance
Balance as of 08/13/2024				\$470.27
Receipts				
	No Receipts Activity		0.00	
Total Receipts				\$0.00
Disbursements				
Fee	Central Bank	Service Fee	(5.00)	
Total Disbursements				(\$5.00)
Balance as of 09/09/2024				\$465.27

Waller County MUD No. 35 - CPF
Cash Flow Report - Bond Funding

As of September 11, 2024

Num	Name	Memo	Amount
21101 - Cash in Bank			
1011	Bob Leared Interests	Series 2024 Bond - Tax Assessor Fee	(2,500.00)
1012	Forvis Mazars	Series 2024 Bond - Audit Fees	(2,500.00)
1013	Houston Chronicle	Series 2024 Bond - Publication Expense	(3,565.00)
1014	Municipal Accounts & Consulting, L.P.	Series 2024 Bond - Bookkeeping Fee	(4,000.00)
1015	MuniHub	Series 2024 Bond - Electronic Distribution Services	(400.00)
Wire	Waller County MUD No. 35 - CPF	Transfer from Money Market - Series 2024	12,965.00
1016	Bob Leared Interests	Series 2024 Road Bond - Tax Assessor Fee	(2,500.00)
1017	Forvis Mazars	Series 2024 Road Bond - Audit Fees	(5,500.00)
1018	Municipal Accounts & Consulting, L.P.	Series 2024 Road Bond - Bookkeeping Fee	(4,000.00)
1019	MuniHub	Series 2024 Road Bond - Electronic Distribution Services	(400.00)
Wire	Waller County MUD No. 35 - CPF	Transfer from Money Market - Series 2024 Road	12,400.00
Total 21101 - Cash in Bank			0.00
21201 - Time Deposits			
S2024	Waller County MUD No. 35 - CPF	Series 2024 Bond Proceeds	518,158.59
S2024	Waller County MUD No. 35 - CPF	Series 2024 Bond - Costs of Issuance	3,675.00
S2024 Rd	Waller County MUD No. 35 - CPF	Series 2024 Road Bond Proceeds	2,204,662.50
S2024 Rd	Waller County MUD No. 35 - CPF	Series 2024 Road Bond - Costs of Issuance	750.00
Wire	Waller County MUD No. 35 - CPF	Transfer to Checking	(12,965.00)
Wire	McCall Parkhurst & Horton	Series 2024 Bond - Disclosure Counsel Fees	(10,000.00)
Wire	Robert W. Baird & Co.	Series 2024 Bond - Financial Advisory Fee	(24,616.00)
Wire	Texas Commission on Environmental Quality	Series 2024 Bond - TCEQ Fee	(2,925.00)
Wire	The Bank of New York	Series 2024 Bond - Paying Agent Fee	(750.00)
Wire	Schwartz Page & Harding LLP	Series 2024 Bond - Legal Fees	(39,792.31)
Wire	Schwartz Page & Harding LLP	Series 2024 Bond - Creation Fee	(50,000.00)
Wire	Waller County MUD No. 35 - GOF	Series 2024 Bond - Issue Costs Reimbursement	(67,170.00)
Wire	McCall Parkhurst & Horton	Series 2024 Road Bond - Disclosure Counsel Fees	(10,000.00)
Wire	Robert W. Baird & Co.	Series 2024 Road Bond - Financial Advisory Fee	(48,916.00)
Wire	Schwartz Page & Harding LLP	Series 2024 Road Bond - Legal Fees	(70,045.00)
Wire	Waller County MUD No. 35 - CPF	Transfer to Checking	(12,400.00)
Wire	Waller County MUD No. 35 - GOF	Series 2024 Road Bond - Issue Costs Reimbursement	(18,465.00)
Wire	The Bank of New York	Series 2024 Road Bond - Paying Agent Fee	(750.00)
Wire	Astro Sunterra, L.P.	Series 2024 Road Bond - Developer Reimbursement	(2,002,983.99)
Wire	Astro Sunterra, L.P.	Series 2024 Bond - Developer Reimbursement	(242,312.67)
S2024	Waller County MUD No. 35 - CPF	Series 2024 Bond - BAN Costs	533,041.41
S2024	Third Coast Bank	Series 2024 Bond - BAN Pay Off S2023	(533,041.41)
Total 21201 - Time Deposits			113,155.12
TOTAL			113,155.12

District Debt Summary as of 09/09/2024

Waller County MUD No. 35 - DSF



		WATER, SEWER, DRAINAGE	PARK/ROAD/OTHER	REFUNDING
Total \$ Authorized		Authorized	Authorized	Authorized
\$487.16M		\$290.91M	\$196.25M	\$487.16M
Total \$ Issued		Issued	Issued	Issued
\$4.21M		N/A	\$4.21M	N/A
Yrs to Mat	Rating	\$ Available To Issue	\$ Available To Issue	\$ Available To Issue
24	AA	\$290.91M	\$192.04M	\$487.16M

*Actual 'Outstanding' Refunding Bonds issued below may differ from the 'Issued' total above pursuant to Chapter 1207, Texas Government Code.

Outstanding Debt Breakdown

Series Issued	Original Bonds Issued	Maturity Date	Principal Outstanding
2023 - Road	\$4,210,000	2049	\$4,210,000
Total	\$4,210,000		\$4,210,000

District Debt Schedule

Waller County MUD No. 35 - DSF



Paying Agent	Series	Principal	Interest	Total
Bank of New York	2023 - Road	\$0.00	\$106,703.13	\$106,703.13
Total Due 03/01/2025		\$0.00	\$106,703.13	\$106,703.13

Paying Agent	Series	Principal	Interest	Total
Bank of New York	2023 - Road	\$85,000.00	\$106,703.13	\$191,703.13
Total Due 09/01/2025		\$85,000.00	\$106,703.13	\$191,703.13

Investment Profile as of 09/09/2024

Waller County MUD No. 35

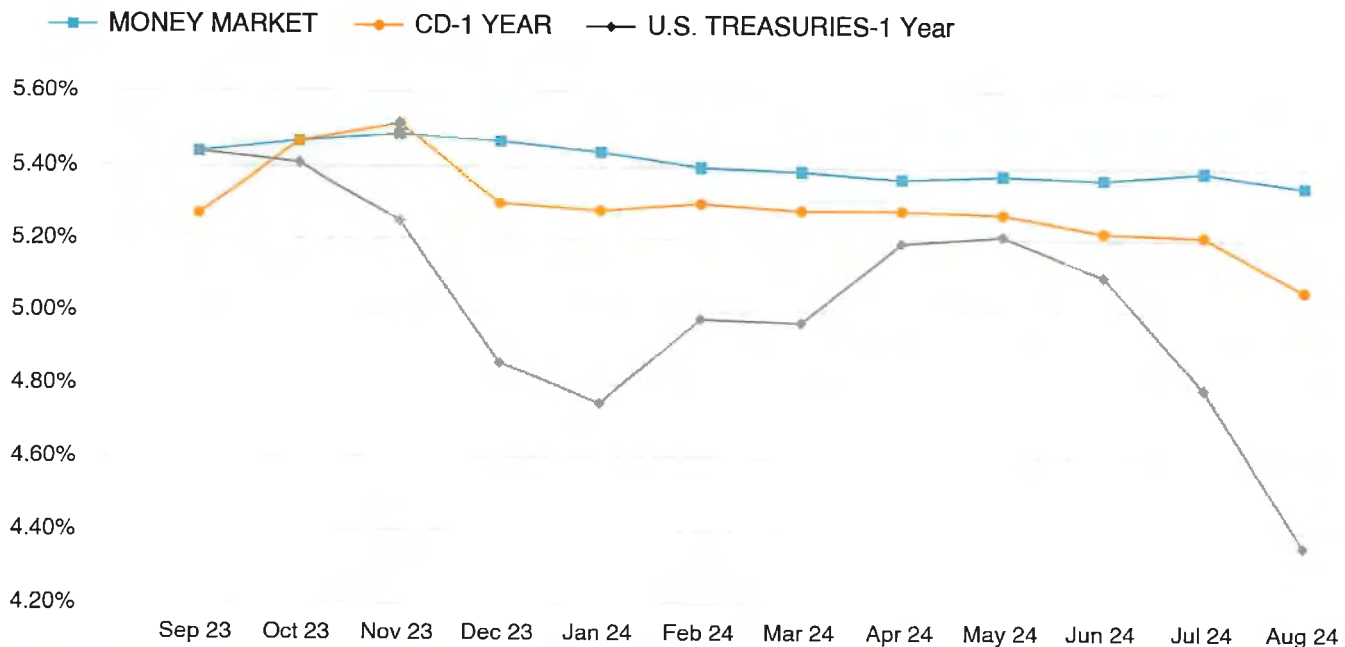


General Operating Fund	Capital Projects Fund	Debt Service Fund	Other Funds
Funds Available to Invest \$116,694	Funds Available to Invest \$465	Funds Available to Invest \$181,275	Funds Available to Invest N/A
Funds Invested \$73,888	Funds Invested \$0	Funds Invested \$181,275	Funds Invested N/A
Percent Invested 63%	Percent Invested 0%	Percent Invested 100%	Percent Invested N/A

Term	Money Market	Term	Certificate of Deposit	Term	U.S. Treasuries
On Demand	5.37%	180 Days	5.24%	180 Days	4.85%
		270 Days	5.00%	270 Days	4.85%
		1 Yr	5.04%	1 Yr	4.39%
		13 Mo	3.78%	13 Mo	N/A
		18 Mo	4.14%	18 Mo	4.39%
		2 Yr	1.87%	2 Yr	3.88%

*Rates are based on the most current quoted rates and are subject to change daily.

Investment Rates Over Time (By Month) | September 2023 - August 2024



Account Balance as of 09/09/2024

Waller County MUD No. 35 - Investment Detail



FUND: General Operating

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
Money Market Funds					
TEXAS CLASS (XXXX0001)	07/12/2023		5.43%	73,887.82	
Checking Account(s)					
CENTRAL BANK - CHECKING (XXXX3679)			0.00%	2,313.78	Checking Account
CENTRAL BANK - CHECKING (XXXX8697)			0.00%	40,492.40	Operator
Totals for General Operating Fund				\$116,694.00	

FUND: Capital Projects

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
Checking Account(s)					
CENTRAL BANK (XXXX2120)			0.00%	465.27	Cash In Bank
Totals for Capital Projects Fund				\$465.27	

FUND: Debt Service

Financial Institution (Acct Number)	Issue Date	Maturity Date	Interest Rate	Account Balance	Notes
Money Market Funds					
TEXAS CLASS (XXXX0002)	11/09/2023		5.43%	2,799.14	Contract Tax
TEXAS CLASS (XXXX0006)	11/30/2023		5.43%	178,475.58	Road
Totals for Debt Service Fund				\$181,274.72	

Grand Total for Waller County MUD No. 35 : **\$298,433.99**

Capital Projects Fund Breakdown

WALLER COUNTY MUD 35

As of 9/09/2024

Net Proceeds for All Bond Issues

Receipts

Bond Proceeds - Series 2023 Road	\$4,210,000.00
Interest Earnings - Series 2023 Road	1,009.25

Disbursements

Disbursements - Series 2023 Road	(4,210,543.98)
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Total Cash Balance	\$465.27
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Balances by Account

Central Bank - Checking XXX2120	\$465.27
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Total Cash Balance	\$465.27
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Balances by Bond Series

Bond Proceeds - Series 2023 Road	\$465.27
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Total Cash Balance	\$465.27
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Remaining Costs/Surplus By Bond Series

Total Surplus & Interest Balance	\$465.27
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Total Remaining Costs/Surplus	\$465.27
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EXHIBIT N



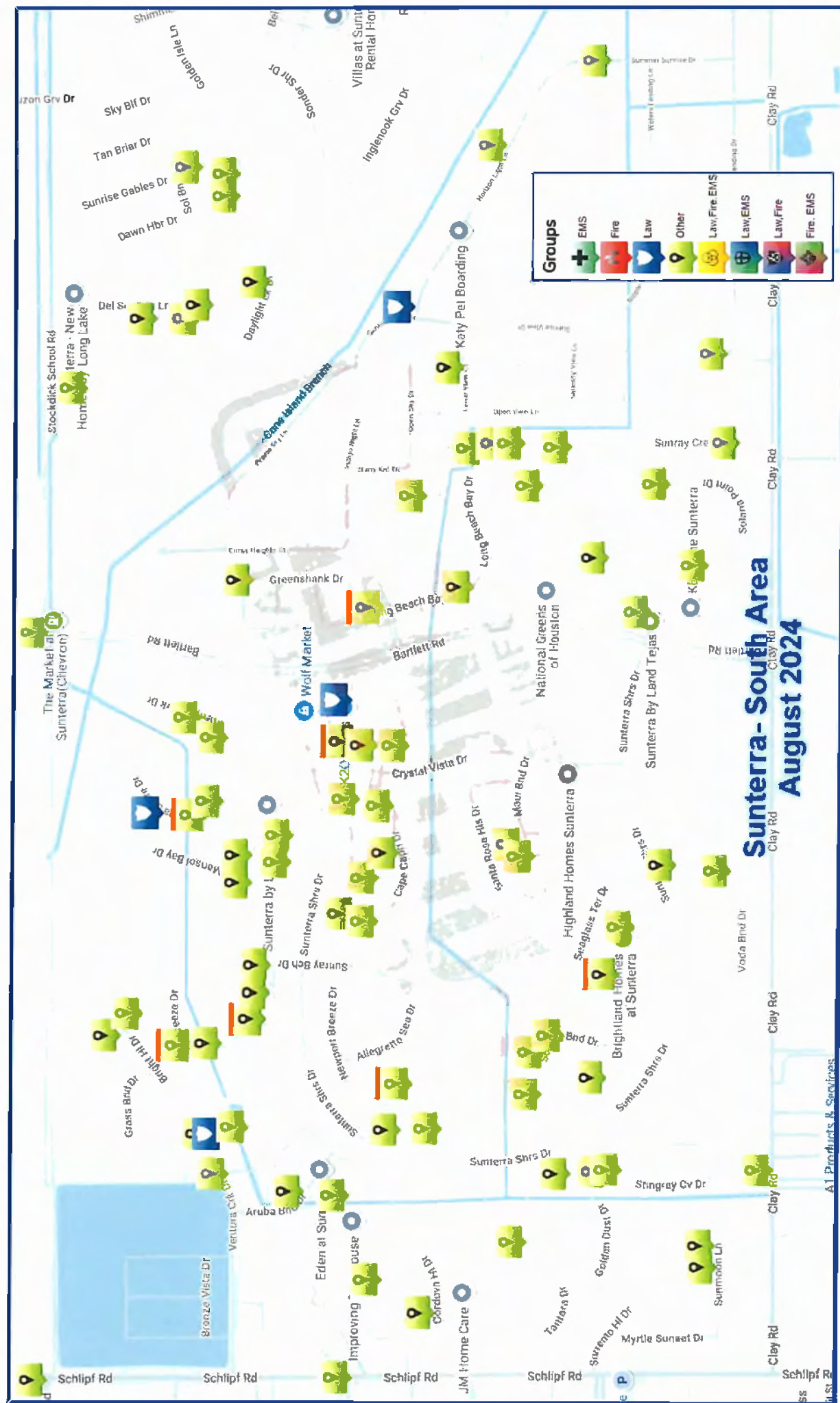
To: BOD – Harris-Waller Counties MUD 5 /
Waller County MUD 37 / Harris County MUD 569 / Waller County MUD 35

August 2024

- The rate of reported theft **dropped** for the month of August.
- A homicide occurred on the Harris County side 1 street south of the Sunterra Community Center. Both persons involved were fighting over building materials. The suspect was taken into custody (see photos). The Waller County Sheriff's Office received the call and responded (2 extra patrol units were on-duty). The case was turned over to the Harris County Sheriff's Office for investigation.
- Time of offenses has continued to occur during the late afternoon, evening and nighttime hours during the during of the week. Appliance theft has dropped off this month.
- Deputies are continuing to patrol the northern and eastern section more closely due to a request from builders complaining about increased material/ appliance theft. Additional Harris County Sheriff's patrol has been requested of the Clay road station commander.
- Additional patrol approved due to juvenile activity around the HOA clubhouse area. No new juvenile issues reported since the additional patrols began.

The map displays Harris County, Texas, with a red box highlighting a central area. Key locations and landmarks include:

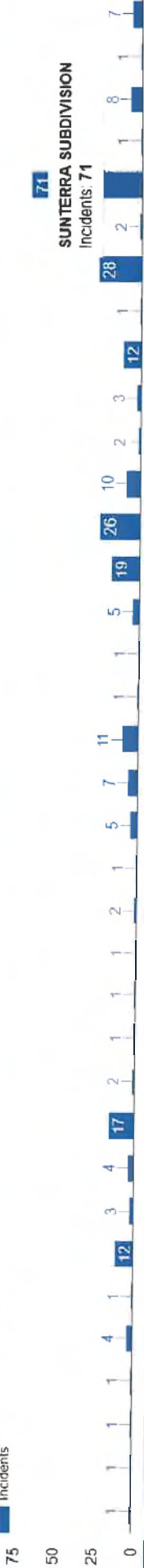
- Central Area (Red Box):** The Retreat at Sunterra, Sunterra by Hilton Woods, 23F, 23E, 23D, 23C, 23B, 23A, 230, 28A, 28B, 28C, 28D, 28E, 28F, 28G, 28H, 28I, 28J, 28K, 28L, 28M, 28N, 28O, 28P, 28Q, 28R, 28S, 28T, 28U, 28V, 28W, 28X, 28Y, 28Z.
- Major Roads:** I-10, I-27, I-37, I-45, I-69, I-70, I-75, I-80, I-85, I-90, I-95, I-100, I-105, I-110, I-115, I-120, I-125, I-130, I-135, I-140, I-145, I-150, I-155, I-160, I-165, I-170, I-175, I-180, I-185, I-190, I-195, I-200, I-205, I-210, I-215, I-220, I-225, I-230, I-235, I-240, I-245, I-250, I-255, I-260, I-265, I-270, I-275, I-280, I-285, I-290, I-295, I-300, I-305, I-310, I-315, I-320, I-325, I-330, I-335, I-340, I-345, I-350, I-355, I-360, I-365, I-370, I-375, I-380, I-385, I-390, I-395, I-400, I-405, I-410, I-415, I-420, I-425, I-430, I-435, I-440, I-445, I-450, I-455, I-460, I-465, I-470, I-475, I-480, I-485, I-490, I-495, I-500, I-505, I-510, I-515, I-520, I-525, I-530, I-535, I-540, I-545, I-550, I-555, I-560, I-565, I-570, I-575, I-580, I-585, I-590, I-595, I-600, I-605, I-610, I-615, I-620, I-625, I-630, I-635, I-640, I-645, I-650, I-655, I-660, I-665, I-670, I-675, I-680, I-685, I-690, I-695, I-700, I-705, I-710, I-715, I-720, I-725, I-730, I-735, I-740, I-745, I-750, I-755, I-760, I-765, I-770, I-775, I-780, I-785, I-790, I-795, I-800, I-805, I-810, I-815, I-820, I-825, I-830, I-835, I-840, I-845, I-850, I-855, I-860, I-865, I-870, I-875, I-880, I-885, I-890, I-895, I-900, I-905, I-910, I-915, I-920, I-925, I-930, I-935, I-940, I-945, I-950, I-955, I-960, I-965, I-970, I-975, I-980, I-985, I-990, I-995, I-1000, I-1005, I-1010, I-1015, I-1020, I-1025, I-1030, I-1035, I-1040, I-1045, I-1050, I-1055, I-1060, I-1065, I-1070, I-1075, I-1080, I-1085, I-1090, I-1095, I-1100, I-1105, I-1110, I-1115, I-1120, I-1125, I-1130, I-1135, I-1140, I-1145, I-1150, I-1155, I-1160, I-1165, I-1170, I-1175, I-1180, I-1185, I-1190, I-1195, I-1200, I-1205, I-1210, I-1215, I-1220, I-1225, I-1230, I-1235, I-1240, I-1245, I-1250, I-1255, I-1260, I-1265, I-1270, I-1275, I-1280, I-1285, I-1290, I-1295, I-1300, I-1305, I-1310, I-1315, I-1320, I-1325, I-1330, I-1335, I-1340, I-1345, I-1350, I-1355, I-1360, I-1365, I-1370, I-1375, I-1380, I-1385, I-1390, I-1395, I-1400, I-1405, I-1410, I-1415, I-1420, I-1425, I-1430, I-1435, I-1440, I-1445, I-1450, I-1455, I-1460, I-1465, I-1470, I-1475, I-1480, I-1485, I-1490, I-1495, I-1500, I-1505, I-1510, I-1515, I-1520, I-1525, I-1530, I-1535, I-1540, I-1545, I-1550, I-1555, I-1560, I-1565, I-1570, I-1575, I-1580, I-1585, I-1590, I-1595, I-1600, I-1605, I-1610, I-1615, I-1620, I-1625, I-1630, I-1635, I-1640, I-1645, I-1650, I-1655, I-1660, I-1665, I-1670, I-1675, I-1680, I-1685, I-1690, I-1695, I-1700, I-1705, I-1710, I-1715, I-1720, I-1725, I-1730, I-1735, I-1740, I-1745, I-1750, I-1755, I-1760, I-1765, I-1770, I-1775, I-1780, I-1785, I-1790, I-1795, I-1800, I-1805, I-1810, I-1815, I-1820, I-1825, I-1830, I-1835, I-1840, I-1845, I-1850, I-1855, I-1860, I-1865, I-1870, I-1875, I-1880, I-1885, I-1890, I-1895, I-1900, I-1905, I-1910, I-1915, I-1920, I-1925, I-1930, I-1935, I-1940, I-1945, I-1950, I-1955, I-1960, I-1965, I-1970, I-1975, I-1980, I-1985, I-1990, I-1995, I-2000, I-2005, I-2010, I-2015, I-2020, I-2025, I-2030, I-2035, I-2040, I-2045, I-2050, I-2055, I-2060, I-2065, I-2070, I-2075, I-2080, I-2085, I-2090, I-2095, I-2100, I-2105, I-2110, I-2115, I-2120, I-2125, I-2130, I-2135, I-2140, I-2145, I-2150, I-2155, I-2160, I-2165, I-2170, I-2175, I-2180, I-2185, I-2190, I-2195, I-2200, I-2205, I-2210, I-2215, I-2220, I-2225, I-2230, I-2235, I-2240, I-2245, I-2250, I-2255, I-2260, I-2265, I-2270, I-2275, I-2280, I-2285, I-2290, I-2295, I-2300, I-2305, I-2310, I-2315, I-2320, I-2325, I-2330, I-2335, I-2340, I-2345, I-2350, I-2355, I-2360, I-2365, I-2370, I-2375, I-2380, I-2385, I-2390, I-2395, I-2400, I-2405, I-2410, I-2415, I-2420, I-2425, I-2430, I-2435, I-2440, I-2445, I-2450, I-2455, I-2460, I-2465, I-2470, I-2475, I-2480, I-2485, I-2490, I-2495, I-2500, I-2505, I-2510, I-2515, I-2520, I-2525, I-2530, I-2535, I-2540, I-2545, I-2550, I-2555, I-2560, I-2565, I-2570, I-2575, I-2580, I-2585, I-2590, I-2595, I-2600, I-2605, I-2610, I-2615, I-2620, I-2625, I-2630, I-2635, I-2640, I-2645, I-2650, I-2655, I-2660, I-2665, I-2670, I-2675, I-2680, I-2685, I-2690, I-2695, I-2700, I-2705, I-2710, I-2715, I-2720, I-2725, I-2730, I-2735, I-2740, I-2745, I-2750, I-2755, I-2760, I-2765, I-2770, I-2775, I-2780, I-2785, I-2790, I-2795, I-2800, I-2805, I-2810, I-2815, I-2820, I-2825, I-2830, I-2835, I-2840, I-2845, I-2850, I-2855, I-2860, I-2865, I-2870, I-2875, I-2880, I-2885, I-2890, I-2895, I-2900, I-2905, I-2910, I



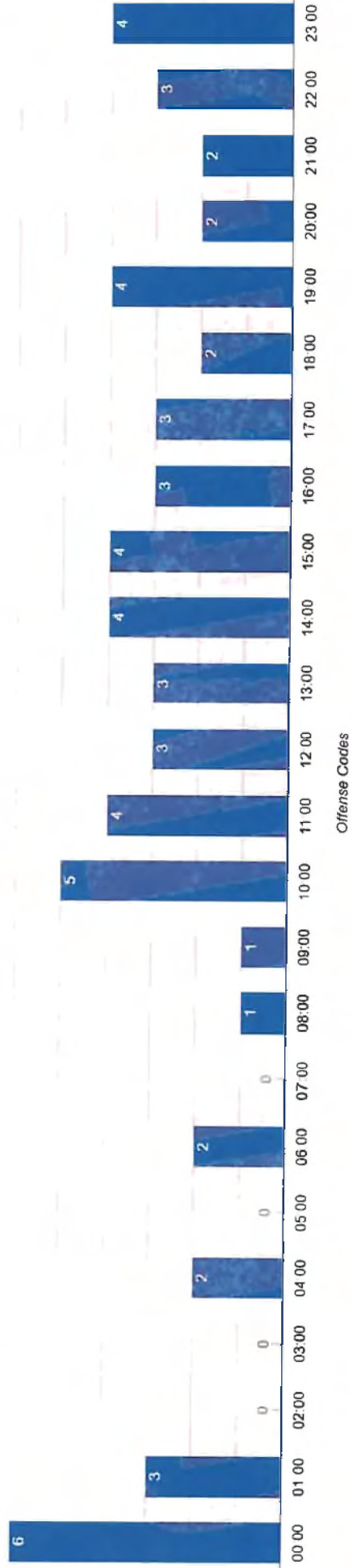
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GeoArea: 08/01/2024 - 08/31/2024

Incidents



All Offenses: 08/01/2024 - 08/31/2024



All Offenses: 08/01/2024 - 08/31/2024

