WALLER COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

WALLER COUNTY, TEXAS

FINANCIAL REPORT

April 30, 2026

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McGRATH & CO., PLLC
Certified Public Accountants
2950 North Loop West, Suite 810
Houston, Texas 77092

Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Waller County Municipal Utility District No. 37 (the "District"), as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Waller County Municipal Utility District No. 37, as of April 30, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

McGrath & Co, PLLC

Houston, Texas
August 20, 2026

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Management's Discussion and Analysis

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Using this Annual Report

This section of the financial report of Waller County Municipal Utility District No. 37 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2026. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

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

Financial Analysis of the District as a Whole

The District's net position at April 30, 2026, was negative $17,345,926. The District's net position is negative because the District incurs debt to construct public roads which it conveys to Waller County. A comparative summary of the District's overall financial position, as of April 30, 2026 and 2025, is as follows:

	2026	2025
Current and other assets	$ 5,219,108	$ 4,841,666
Capital assets	22,303,230	21,118,713
Total assets	27,522,338	25,960,379
Current liabilities	5,130,653	4,601,845
Long-term liabilities	39,737,611	37,881,964
Total liabilities	44,868,264	42,483,809
Net position		
Net investment in capital assets	(7,378,512)	(5,694,038)
Restricted	2,463,943	1,839,834
Unrestricted	(12,431,357)	(12,669,226)
Total net position	$ (17,345,926)	$ (16,523,430)

The total net position of the District decreased during the current fiscal year by $822,496. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2026	2025
Revenues		
Property taxes, penalties and interest	$ 5,705,499	$ 4,118,632
Water and sewer service	1,661,570	1,400,380
Other	326,714	671,736
Total revenues	7,693,783	6,190,748
Expenses		
Current service operations	1,095,811	996,608
Debt interest and fees	1,592,341	1,191,029
Developer interest	527,526	1,184,943
Debt issuance costs	539,290	1,618,916
Intergovernmental	3,924,439	3,195,266
Depreciation	836,872	776,781
Total expenses	8,516,279	8,963,543
Change in net position before other item	(822,496)	(2,772,795)
Other item		
Transfers to other governments		(1,925,300)
Change in net position	(822,496)	(4,698,095)
Net position, beginning of year	(16,523,430)	(11,825,335)
Net position, end of year	$ (17,345,926)	$ (16,523,430)

Financial Analysis of the District's Funds

The District's combined fund balances, as of April 30, 2026, were $4,238,383, which consists of $1,588,025 in the General Fund, $2,697,459 in the Debt Service Fund, and negative $47,101 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of April 30, 2026 and 2025, is as follows:

	2026	2025
Total assets	$ 2,469,281	$ 2,083,812
Total liabilities	$ 852,668	$ 945,099
Total deferred inflows	28,588	21,472
Total fund balance	1,588,025	1,117,241
Total liabilities, deferred inflows, and fund balance	$ 2,469,281	$ 2,083,812

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

	2026	2025
Total revenues	$ 3,420,989	$ 3,176,703
Total expenditures	(2,933,065)	(2,807,425)
Revenues over expenditures	487,924	369,278
Other changes in fund balance	(17,140)	(5,000)
Net change in fund balance	$ 470,784	$ 364,278

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

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

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of April 30, 2026 and 2025, is as follows:

	2026	2025
Total assets	$ 2,822,983	$ 2,121,580
Total liabilities	$ 34,739	$ 6,283
Total deferred inflows	90,785	61,651
Total fund balance	2,697,459	2,053,646
Total liabilities, deferred inflows, and fund balance	$ 2,822,983	$ 2,121,580

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

	2026	2025
Total revenues	$ 4,233,772	$ 2,946,249
Total expenditures	(3,711,053)	(2,302,413)
Revenues over expenditures	522,719	643,836
Other changes in fund balance	121,094	810,888
Net change in fund balance	$ 643,813	$ 1,454,724

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

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of April 30, 2026 and 2025, is as follows:

	2026	2025
Total assets	$ 29,649	$ 636,274
Total liabilities	$ 76,750	$ -
Total fund balance	(47,101)	636,274
Total liabilities and fund balance	$ 29,649	$ 636,274

Fund balance in the Capital Projects Fund is negative because of amounts owed to the General Fund for bond application fees paid by the General Fund that the District intends to reimburse from future bond proceeds.

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

	2026	2025
Total revenues	$ 2,772	$ 6,411
Total expenditures	(5,852,193)	(14,969,187)
Revenues under expenditures	(5,849,421)	(14,962,776)
Other changes in fund balance	5,166,046	15,589,112
Net change in fund balance	$ (683,375)	$ 626,336

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2025 Unlimited Tax Bonds and Series 2025 Bond Anticipation Note in the current fiscal year and the sale of its Series 2024 Unlimited Tax Bonds, Series 2024 Unlimited Tax Road Bonds, and Series 2024 Bond Anticipation Note in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $95,655 less than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at April 30, 2026 and 2025, are summarized as follows:

	2026	2025
Capital assets not being depreciated		
Land and improvements	$ 874,768	$ -
Capital assets being depreciated		
Infrastructure	17,428,583	17,373,253
Landscaping improvements	6,330,106	5,574,588
Park and recreational facilities	335,773	
	24,094,462	22,947,841
Less accumulated depreciation		
Infrastructure	(1,817,229)	(1,313,653)
Landscaping improvements	(831,982)	(515,475)
Park and recreational facilities	(16,789)	
	(2,666,000)	(1,829,128)
Depreciable capital assets, net	21,428,462	21,118,713
Capital assets, net	$ 22,303,230	$ 21,118,713

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

- Sunterra Phases 1-4 – park enhancements
- Sunterra School Corners – landscaping improvements
- Land acquisitions for park facilities
- Water meters

Additionally, Waller County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction.

Long-Term Debt and Related Liabilities

As of April 30, 2026, the District owes approximately $6,122,611 to developers for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 7, the District has an additional commitment in the amount of $240,000 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At April 30, 2026 and 2025, the District had total bonded debt outstanding as shown below:

Series	2026	2025
2023	$ 4,105,000	$ 4,195,000
2023 Road	5,665,000	5,785,000
2024	11,650,000	11,650,000
2024 Road	7,705,000	7,705,000
2025	5,145,000	
	$ 34,270,000	$ 29,335,000

During the current fiscal year, the District issued $5,145,000 in unlimited tax bonds. At April 30, 2026, the District had $101,770,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District and $36,828,000 for the refunding of such bonds; $40,545,000 for parks and recreational facilities and $12,164,000 for the refunding of such bonds; and $103,655,000 for road improvements and $35,144,000 for the refunding of such bonds.

Additionally, during the current fiscal year, the District issued a $3,290,000 bond anticipation note (BAN) to provide short-term financing for developer reimbursements. The District intends to repay the BAN with proceeds from the issuance of long-term debt. See Notes 6 and 12 for additional information.

Next Year's Budget

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

	2026 Actual	2027 Budget
Total revenues	$ 3,420,989	$ 3,541,490
Total expenditures	(2,933,065)	(3,324,889)
Revenues over expenditures	487,924	216,601
Other changes in fund balance	(17,140)	
Net change in fund balance	470,784	216,601
Beginning fund balance	1,117,241	1,588,025
Ending fund balance	$ 1,588,025	$ 1,804,626

Basic Financial Statements

Waller County Municipal Utility District No. 37
Statement of Net Position and Governmental Funds Balance Sheet
April 30, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Assets				
Cash	$ 194,456	$ 73,289	$ 29,519	$ 297,264
Investments	1,920,355	2,658,909	130	4,579,394
Taxes receivable	28,588	90,785		119,373
Customer service receivables	187,706			187,706
Interfund receivables	102,805			102,805
Builder damages receivable	33,347			33,347
Prepaid items	2,024			2,024
Capital assets not being depreciated				
Capital assets, net				
Total Assets	$ 2,469,281	$ 2,822,983	$ 29,649	$ 5,321,913
Liabilities				
Accounts payable	$ 408,618	$ -	$ -	$ 408,618
Interfund payables		26,055	76,750	102,805
Other payables	2,577	8,684		11,261
Customer deposits	423,873			423,873
Builder deposits	17,600			17,600
Accrued interest payable				
Bond anticipation note payable				
Due to developers				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	852,668	34,739	76,750	964,157
Deferred Inflows of Resources				
Deferred property taxes	28,588	90,785		119,373
Fund Balances/Net Position				
Fund Balances				
Nonspendable	2,024			2,024
Restricted		2,697,459		2,697,459
Unassigned	1,586,001		(47,101)	1,538,900
Total Fund Balances	1,588,025	2,697,459	(47,101)	4,238,383
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,469,281	$ 2,822,983	$ 29,649	$ 5,321,913
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Adjustments	Statement of Net Position
$ -	$ 297,264
	4,579,394
	119,373
	187,706
(102,805)	
	33,347
	2,024
874,768	874,768
21,428,462	21,428,462
22,200,425	27,522,338
	408,618
(102,805)	
	11,261
	423,873
	17,600
324,301	324,301
3,290,000	3,290,000
6,122,611	6,122,611
655,000	655,000
33,615,000	33,615,000
43,904,107	44,868,264
(119,373)	
(2,024)	
(2,697,459)	
(1,538,900)	
(4,238,383)	
(7,378,512)	(7,378,512)
2,463,943	2,463,943
(12,431,357)	(12,431,357)
$ (17,345,926)	$ (17,345,926)

Waller County Municipal Utility District No. 37
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Water service	$ 1,045,645	$ -	$ -	$ 1,045,645
Sewer service	615,925			615,925
Property taxes	1,500,643	4,122,272		5,622,915
Penalties and interest	21,865	24,469		46,334
Tap connection and inspection	137,545			137,545
Miscellaneous	48,350	10		48,360
Investment earnings	51,016	87,021	2,772	140,809
Total Revenues	3,420,989	4,233,772	2,772	7,657,533
Expenditures/Expenses				
Current service operations				
Professional fees	158,443		81,315	239,758
Contracted services	556,108	84,310		640,418
Repairs and maintenance	178,910			178,910
Administrative	27,331	8,228		35,559
Other	211		955	1,166
Capital outlay	55,220		4,600,522	4,655,742
Debt service				
Principal		210,000		210,000
Interest and fees		1,440,918	102,585	1,543,503
Developer interest			527,526	527,526
Debt issuance costs			539,290	539,290
Intergovernmental				
Master District connection fees	1,830,993			1,830,993
Maintenance charges	125,849			125,849
Contractual obligations		1,967,597		1,967,597
Depreciation				
Total Expenditures/Expenses	2,933,065	3,711,053	5,852,193	12,496,311
Revenues Over (Under) Expenditures/Expenses	487,924	522,719	(5,849,421)	(4,838,778)
Other Financing Sources (Uses)				
Proceeds from sale of bonds		121,094	5,023,906	5,145,000
Proceeds from bond anticipation note			3,290,000	3,290,000
Repayment of bond anticipation note			(3,165,000)	(3,165,000)
Internal transfers	(17,140)		17,140	
Net Change in Fund Balances	470,784	643,813	(683,375)	431,222
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year	1,117,241	2,053,646	636,274	3,807,161
End of the year	$ 1,588,025	$ 2,697,459	$ (47,101)	$ 4,238,383

See notes to basic financial statements.

Adjustments	Statement of Activities
$ -	$ 1,045,645
	615,925
31,485	5,654,400
4,765	51,099
	137,545
	48,360
	140,809
36,250	7,693,783
	239,758
	640,418
	178,910
	35,559
	1,166
(4,655,742)	
(210,000)	
48,838	1,592,341
	527,526
	539,290
	1,830,993
	125,849
	1,967,597
836,872	836,872
(3,980,032)	8,516,279
4,838,778	
(5,145,000)	
(3,290,000)	
3,165,000	
(431,222)	
(822,496)	(822,496)
(20,330,591)	(16,523,430)
$ (21,584,309)	$ (17,345,926)

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Note 1 – Summary of Significant Accounting Policies

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

Creation

The District was organized, created and established pursuant the House Bill No. 4520, 86th Session of the Texas Legislature, Regular Session, codified as Chapter 8047, Texas Special District Local Law Code (The "Act"), effective May 3, 2019, and operates in accordance with Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution, and the Texas Water Code, Chapters 49 and 54. On July 30, 2020 the voters of the District approved a proposition dividing the District into three districts: the District, Harris - Waller Counties Municipal Utility District No. 4 ("MUD 4") and Harris-Waller Counties Municipal Utility District No. 5 ("MUD 5"). The Board of Directors held its first meeting on August 11, 2020, and the first bonds were issued on August 15, 2023.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. During the current fiscal year, financial resources also included capitalized interest from the sale of bonds. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer, drainage, road and park and recreational facilities.

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

Measurement Focus and Basis of Accounting

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

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

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

Use of Restricted Resources

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

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At April 30, 2026, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

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

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is $50,000. The threshold for subscription-based information technology arrangements (SBITAs) is $100,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater, and drainage facilities, are depreciated using the straight-line method as follows:

Assets	Useful Life
Infrastructure	10-40 years
Landscaping improvements	20 years
Park and recreational facilities	20 years

Deferred Inflows and Outflows of Financial Resources

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

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of property taxes levied for debt service and capitalized interest from the sale of bonds in the Debt Service Fund.

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

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

Unassigned - all other spendable amounts in the General Fund and deficit balances in other funds.

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

Use of Estimates

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

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		$ 4,238,383
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 24,969,230	
Less accumulated depreciation	(2,666,000)	
		22,303,230
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Accrued interest payable	(324,301)	
Due to developers	(6,122,611)	
Bond anticipation note payable	(3,290,000)	
Bonds payable	(34,270,000)	
		(44,006,912)
Deferred inflows in the fund statements consist of property taxes receivable and related penalties and interest that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.		119,373
Total net position - governmental activities		$ (17,345,926)

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

Net change in fund balances - total governmental funds		$ 431,222
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		36,250
Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:		
Capital outlays	$ 4,655,742	
Depreciation expense	(836,872)	
		3,818,870
Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:		
Issuance of long-term debt	(5,145,000)	
Issuance of bond anticipation note	(3,290,000)	
Repayment of bond anticipation note	3,165,000	
Principal payments	210,000	
Interest expense accrual	(48,838)	
		(5,108,838)
Change in net position of governmental activities		$ (822,496)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Use of Surplus Funds

During the current fiscal year, the District used surplus funds in the amount of $101,510 from the Series 2025 Unlimited Tax Bonds to reimburse its developers for capital assets constructed within the District plus interest at the net effective interest rate of the bonds.

Investments

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

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of April 30, 2026, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexSTAR	General	$ 1,920,355		
	Debt Service	2,658,909		
	Capital Projects	130		
Total		$ 4,579,394	AAAm	43 days

TexSTAR

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

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

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at April 30, 2026, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 26,055	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	76,750	Bond application fees paid by the General Fund

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

In the previous fiscal year, the District recorded an internal balance between the General Fund and Capital Projects Fund for bond issuance costs paid by the General Fund. It was anticipated that the General Fund would be reimbursed by the Capital Projects Fund during the current fiscal year. Since the reimbursement did not take place, the internal balance was eliminated, which resulted in an internal transfer of $17,140 being reported between the funds.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended April 30, 2026, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ -	$ 874,768	$ 874,768
Capital assets being depreciated			
Infrastructure	17,373,253	55,330	17,428,583
Landscaping improvements	5,574,588	755,518	6,330,106
Park and recreational facilities		335,773	335,773
	22,947,841	1,146,621	24,094,462
Less accumulated depreciation			
Infrastructure	(1,313,653)	(503,576)	(1,817,229)
Landscaping improvements	(515,475)	(316,507)	(831,982)
Park and recreational facilities		(16,789)	(16,789)
	(1,829,128)	(836,872)	(2,666,000)
Subtotal depreciable capital assets, net	21,118,713	309,749	21,428,462
Capital assets, net	$ 21,118,713	$ 1,184,517	$ 22,303,230

Depreciation expense for the current fiscal year was $836,872.

Note 6 – Bond Anticipation Note

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

At the beginning of the fiscal year, the District had a BAN outstanding in the amount of $3,165,000. This BAN was repaid on August 15, 2025, with proceeds from the issuance of the District's Series 2025 Unlimited Tax Bonds.

On November 20, 2025, the District issued a $3,290,000 BAN with an interest rate of 4.65%, which is due on November 19, 2026.

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

Beginning balance	$	3,165,000
Amounts borrowed		3,290,000
Amounts repaid		(3,165,000)
Ending balance	$	3,290,000

Note 7 – Due to Developers

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

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

Due to developers, beginning of year	$	8,756,964
Developer reimbursements		(4,600,522)
Developer funded construction and adjustments		1,966,169
Due to developers, end of year	$	6,122,611

In addition, the District will owe the developers approximately $240,000 for landscaping improvements to serve Clay Road Phase 2. As previously noted, this project will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$	34,270,000
Due within one year	$	655,000

The District's bonds payable at April 30, 2026, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2023	$ 4,105,000	$ 4,195,000	4.00% - 6.50%	September 1, 2025/2049	September 1, March 1	September 1, 2030
2023 Road	5,665,000	5,785,000	4.75% - 7.25%	September 1, 2025/2049	September 1, March 1	September 1, 2030
2024	11,650,000	11,650,000	4.00% - 6.50%	September 1, 2026/2050	September 1, March 1	September 1, 2030
2024 Road	7,705,000	7,705,000	4.00%	September 1, 2026/2050	September 1, March 1	September 1, 2030
2025	5,145,000	5,145,000	4.00% - 6.50%	September 1, 2027/2051	September 1, March 1	September 1, 2030
	$ 34,270,000					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At April 30, 2026, the District had authorized but unissued bonds in the amount of $101,770,000 for water, sewer, and drainage facilities and $36,828,000 for the refunding of such bonds; $40,545,000 for park and recreational facilities and $12,164,000 for the refunding of such bonds; and $103,655,000 for road improvements and $35,144,000 for the refunding of such bonds.

On August 15, 2025, the District issued its $5,145,000 Series 2025 Unlimited Tax Bonds at a net effective interest rate of 4.839153%. Proceeds of the bonds were used to (1) reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds; (2) to repay a $3,165,000 BAN issued in the previous fiscal year; and (3) to pay capitalized interest into the Debt Service Fund.

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

Bonds payable, beginning of year	$ 29,335,000
Bonds issued	5,145,000
Bonds retired	(210,000)
Bonds payable, end of year	$ 34,270,000

As of April 30, 2026, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2027	$ 655,000	$ 1,521,350	$ 2,176,350
2028	795,000	1,477,687	2,272,687
2029	830,000	1,428,469	2,258,469
2030	875,000	1,376,845	2,251,845
2031	905,000	1,322,913	2,227,913
2032	955,000	1,272,201	2,227,201
2033	1,000,000	1,226,664	2,226,664
2034	1,045,000	1,181,145	2,226,145
2035	1,090,000	1,135,132	2,225,132
2036	1,145,000	1,088,507	2,233,507
2037	1,195,000	1,039,707	2,234,707
2038	1,260,000	988,483	2,248,483
2039	1,320,000	934,688	2,254,688
2040	1,380,000	878,328	2,258,328
2041	1,445,000	819,112	2,264,112
2042	1,510,000	757,031	2,267,031
2043	1,585,000	691,847	2,276,847
2044	1,650,000	623,258	2,273,258
2045	1,725,000	551,234	2,276,234
2046	1,820,000	475,274	2,295,274
2047	1,900,000	395,187	2,295,187
2048	1,990,000	311,206	2,301,206
2049	2,085,000	223,230	2,308,230
2050	2,185,000	131,030	2,316,030
2051	1,580,000	50,330	1,630,330
2052	345,000	8,408	353,408
	$ 34,270,000	$ 21,909,266	$ 56,179,266

Note 9 – Property Taxes

On May 11, 2021, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2026 fiscal year was financed through the 2025 tax levy, pursuant to which the District levied property taxes of

$1.50 per $100 of assessed value, of which $0.40 was allocated to maintenance and operations, $0.37 was allocated to debt service, $0.49 was allocated to contract tax, and $0.24 was allocated to road debt service. The resulting tax levy was $5,661,524 on the adjusted taxable value of $377,434,920.

Property taxes receivable, at April 30, 2026, consisted of the following:

Current year taxes receivable	$	95,519
Prior years taxes receivable		10,850
		106,369
Penalty and interest receivable		13,004
Property taxes receivable	$	119,373

Note 10 – Master District

On November 17, 2020, (amended effective February 1, 2021) the District entered into a contract for Financing, Operation, and Maintenance of Regional Facilities (the "Contract") with Harris – Waller Counties MUD No. 4 (the "Master District") whereby the Master District agrees to provide or cause to be provided the regional water supply and distribution facilities and the wastewater collection, treatment and disposal facilities, drainage, and road facilities necessary to serve all participant districts located within the Master District's service area. The term of the Contract is 40 years.

Operating and Maintenance Reserve

The Contract authorizes the establishment of an operating and maintenance reserve by the Master District equivalent to three months' operating and maintenance expenses, as set forth in the Master District's annual budget. Prior to commencement of services, the Master District shall bill the District an amount calculated by multiplying the monthly fee (as defined below) by three in order to provide the initial funding required to establish the reserve. The Master District shall adjust the reserve as needed, not less than annually. As of April 30, 2026, the District has paid $305,279 for an operating reserve.

Monthly Connection Fees for Operating Expenses

Upon commencement of services, the Master District will charge each participating district a monthly fee for Master District operating and maintenance expenses based on the unit cost per connection multiplied by the number of equivalent single-family connections ("ESFCs") reserved to the District.

Master District Debt

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 service area. The District shall contribute annually to the payment of debt service requirements based on its annual pro rata share of the total certified assessed valuation of all participating districts. For the 2025 tax year, the District's pro rata share is 24.80%. The District levied a contract tax rate of $0.49 per $100 of assessed valuation to pay for its pro rata share of Master

District debt service requirements. As of April 30, 2026, the Master District has $117,365,000 in contract revenue bonds outstanding.

Summary of Charges

For the fiscal year ended April 30, 2026, the District incurred the following costs pursuant to the Contract with the Master District:

- Monthly connection fees for operating expenses in the amount of $1,830,993;
- Monthly charges for mowing expenses in the amount of $125,849; and
- Contractual obligations for Master District debt service requirements in the amount of $1,967,597.

Note 11 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 12 – Subsequent Event

On July 9, 2026, the District accepted bids and awarded the sale of its $5,785,000 Series 2026 Unlimited Tax Park Bonds at a net effective interest rate of 4.502373%. The sale is scheduled to close on August 18, 2026. Proceeds from the bonds will be used to repay the BAN issued in the current fiscal year, reimburse the District's developers for park facilities improvements in the District and related costs, and to pay capitalized interest in the District's Debt Service Fund.

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Required Supplementary Information

Waller County Municipal Utility District No. 37
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended April 30, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 950,000	$ 1,045,645	$ 95,645
Sewer service	500,000	615,925	115,925
Property taxes	1,000,000	1,500,643	500,643
Penalties and interest	20,000	21,865	1,865
Tap connection and inspection	297,450	137,545	(159,905)
Miscellaneous	2,000	48,350	46,350
Investment earnings		51,016	51,016
Total Revenues	2,769,450	3,420,989	651,539
Expenditures			
Current service operations			
Professional fees	135,000	158,443	(23,443)
Contracted services	345,796	556,108	(210,312)
Repairs and maintenance	160,000	178,910	(18,910)
Administrative	26,660	27,331	(671)
Other	12,000	211	11,789
Capital outlay	95,000	55,220	39,780
Intergovernmental			
Master District connection fees	1,297,050	1,830,993	(533,943)
Maintenance charges	131,505	125,849	5,656
Total Expenditures	2,203,011	2,933,065	(730,054)
Revenues Over Expenditures	566,439	487,924	(78,515)
Other Financing Uses			
Internal transfers		(17,140)	(17,140)
Net Change in Fund Balance	566,439	470,784	(95,655)
Fund Balance			
Beginning of the year	1,117,241	1,117,241	
End of the year	$ 1,683,680	$ 1,588,025	$ (95,655)

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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Texas Supplementary Information

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

[X] Retail Water	[ ] Wholesale Water	[X] Solid Waste / Garbage	[X] Drainage
[X] Retail Wastewater	[ ] Wholesale Wastewater	[ ] Flood Control	[ ] Irrigation
[X] Parks / Recreation	[ ] Fire Protection	[X] Roads	[X] Security

[X] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

[ ] Other (Specify): ______________________

2. Retail Service Providers

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

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

District employs winter averaging for wastewater usage? [ ] Yes [X] No

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

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1,154	1,140	x 1.0	1,140
1"	1	1	x 2.5	3
1.5"			x 5.0	
2"	19	19	x 8.0	152
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water	1,175	1,161		1,375
Total Wastewater	1,151	1,137	x 1.0	1,137

See accompanying auditor's report.

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

*Gallons pumped into system:	150,977,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	150,977,000	100.00%

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

   The District does not have Debt Service standby fees.

   The District does not have Operation and Maintenance standby fees.

5. Location of District:

   Is the District located entirely within one county? Yes [X] No [ ]

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

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

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

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

   Entirely [X] Partly [ ] Not at all [ ]

   ETJs in which the District is located: City of Houston

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

   If Yes, by whom? ______

*Purchased from Harris - Waller Counties Municipal Utility District No. 4

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-2. General Fund Expenditures
For the Year Ended April 30, 2026

Professional fees		
Legal	$	91,905
Audit		17,000
Engineering		49,538
		158,443
Contracted services		
Bookkeeping		25,450
Operator		75,766
Garbage collection		350,873
Inspection		64,341
Security		39,678
		556,108
Repairs and maintenance		178,910
Administrative		
Directors fees		9,282
Printing and office supplies		2,188
Insurance		7,174
Other		8,687
		27,331
Other		211
Capital outlay		55,220
Intergovernmental		
Master District connection fees		1,830,993
Maintenance charges		125,849
		1,956,842
Total expenditures	$	2,933,065

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-3. Investments
April 30, 2026

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexSTAR	Variable	N/A	$ 1,920,355
Debt Service			
TexSTAR	Variable	N/A	1,519,935
TexSTAR - Road	Variable	N/A	1,108,528
TexSTAR - Contract Tax	Variable	N/A	30,446
			2,658,909
Capital Projects			
TexSTAR	Variable	N/A	130
Total - All Funds			$ 4,579,394

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-4. Taxes Levied and Receivable
April 30, 2026

	Maintenance Taxes	Debt Service Taxes	Contract Taxes	Debt Service Road Taxes
Taxes Receivable, Beginning of Year	$ 21,472	$ 13,477	$ 27,956	$ 11,979
Adjustments to Prior Year Tax Levy	(2,173)	(1,362)	(2,825)	(1,211)
Adjusted Receivable	19,299	12,115	25,131	10,768
2025 Original Tax Levy	1,518,891	1,404,974	1,860,642	911,335
Adjustments	(9,151)	(8,465)	(11,211)	(5,491)
Adjusted Tax Levy	1,509,740	1,396,509	1,849,431	905,844
Total to be accounted for	1,529,039	1,408,624	1,874,562	916,612
Tax collections:				
Current year	1,484,268	1,372,948	1,818,228	890,561
Prior years	16,183	10,164	21,081	9,035
Total Collections	1,500,451	1,383,112	1,839,309	899,596
Taxes Receivable, End of Year	$ 28,588	$ 25,512	$ 35,253	$ 17,016
Taxes Receivable, By Years				
2025	$ 25,472	$ 23,561	$ 31,203	$ 15,283
2024	3,106	1,951	4,046	1,733
2023	10		4	
Taxes Receivable, End of Year	$ 28,588	$ 25,512	$ 35,253	$ 17,016

	2025	2024	2023	2022
Property Valuations:				
Land	$ 79,352,917	$ 78,399,930	$ 77,310,547	$ 18,351,960
Improvements	325,051,338	207,624,222	19,572,318	
Personal Property	1,520,518	818,872	217,791	306,390
Exemptions	(28,489,853)	(15,618,692)	(3,033,497)	(50,398)
Total Property Valuations	$ 377,434,920	$ 271,224,332	$ 94,067,159	$ 18,607,952
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.40	$ 0.43	$ 0.87	$ 1.50
Debt service tax rates	0.37	0.27	0.05	
Contract tax rates	0.49	0.56	0.58	
Debt service road tax rates	0.24	0.24		
Total Tax Rates per $100 Valuation	$ 1.50	$ 1.50	$ 1.50	$ 1.50
Adjusted Tax Levy:	$ 5,661,524	$ 4,068,365	$ 1,411,007	$ 279,119
Percentage of Taxes Collected to Taxes Levied **	98.31%	99.73%	99.99%	100.00%

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

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

See accompanying auditor's report.

Totals
$ 74,884
(7,571)
67,313
5,695,842
(34,318)
5,661,524
5,728,837
5,566,005
56,463
5,622,468
$ 106,369
$ 95,519
10,836
14
$ 106,369

Waller County Municipal Utility District No. 37
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
April 30, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 95,000	$ 186,237	$ 281,237
2028	95,000	180,062	275,062
2029	100,000	173,725	273,725
2030	105,000	167,063	272,063
2031	110,000	160,075	270,075
2032	120,000	152,600	272,600
2033	125,000	144,794	269,794
2034	130,000	136,825	266,825
2035	135,000	130,062	265,062
2036	145,000	124,462	269,462
2037	150,000	118,562	268,562
2038	160,000	112,363	272,363
2039	165,000	105,863	270,863
2040	175,000	99,063	274,063
2041	185,000	91,863	276,863
2042	190,000	84,363	274,363
2043	200,000	76,563	276,563
2044	210,000	68,231	278,231
2045	220,000	59,363	279,363
2046	235,000	49,831	284,831
2047	245,000	39,631	284,631
2048	255,000	29,006	284,006
2049	270,000	17,850	287,850
2050	285,000	6,056	291,056
	$ 4,105,000	$ 2,514,513	$ 6,619,513

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
April 30, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 125,000	$ 293,987	$ 418,987
2028	135,000	284,562	419,562
2029	140,000	274,594	414,594
2030	150,000	264,081	414,081
2031	155,000	253,025	408,025
2032	165,000	241,425	406,425
2033	170,000	231,194	401,194
2034	180,000	222,444	402,444
2035	190,000	213,194	403,194
2036	195,000	203,569	398,569
2037	205,000	193,569	398,569
2038	220,000	182,944	402,944
2039	230,000	171,981	401,981
2040	240,000	160,819	400,819
2041	250,000	149,181	399,181
2042	265,000	136,950	401,950
2043	280,000	124,006	404,006
2044	290,000	110,287	400,287
2045	305,000	95,784	400,784
2046	320,000	80,550	400,550
2047	340,000	64,250	404,250
2048	355,000	46,875	401,875
2049	370,000	28,750	398,750
2050	390,000	9,750	399,750
	$ 5,665,000	$ 4,037,771	$ 9,702,771

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
April 30, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 260,000	$ 494,238	$ 754,238
2028	275,000	476,850	751,850
2029	285,000	458,650	743,650
2030	300,000	439,638	739,638
2031	310,000	419,813	729,813
2032	325,000	403,238	728,238
2033	340,000	389,938	729,938
2034	355,000	376,038	731,038
2035	370,000	361,538	731,538
2036	390,000	346,338	736,338
2037	405,000	330,438	735,438
2038	425,000	313,838	738,838
2039	445,000	296,438	741,438
2040	465,000	278,237	743,237
2041	485,000	259,237	744,237
2042	505,000	239,437	744,437
2043	530,000	218,737	748,737
2044	550,000	197,137	747,137
2045	575,000	174,637	749,637
2046	605,000	151,037	756,037
2047	630,000	126,337	756,337
2048	660,000	100,537	760,537
2049	690,000	73,537	763,537
2050	720,000	45,337	765,337
2051	750,000	15,468	765,468
	$ 11,650,000	$ 6,986,668	$ 18,636,668

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-5. Long-Term Debt Service Requirements
Series 2024 Road--by Years
April 30, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 175,000	$ 304,700	$ 479,700
2028	180,000	297,600	477,600
2029	190,000	290,200	480,200
2030	200,000	282,400	482,400
2031	205,000	274,300	479,300
2032	215,000	265,900	480,900
2033	225,000	257,100	482,100
2034	235,000	247,900	482,900
2035	245,000	238,300	483,300
2036	255,000	228,300	483,300
2037	270,000	217,800	487,800
2038	280,000	206,800	486,800
2039	295,000	195,300	490,300
2040	305,000	183,300	488,300
2041	320,000	170,800	490,800
2042	335,000	157,700	492,700
2043	350,000	144,000	494,000
2044	365,000	129,700	494,700
2045	380,000	114,800	494,800
2046	400,000	99,200	499,200
2047	415,000	82,900	497,900
2048	435,000	65,900	500,900
2049	455,000	48,100	503,100
2050	475,000	29,500	504,500
2051	500,000	10,000	510,000
	$ 7,705,000	$ 4,542,500	$ 12,247,500

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-5. Long-Term Debt Service Requirements
Series 2025--by Years
April 30, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ -	$ 242,188	$ 242,188
2028	110,000	238,613	348,613
2029	115,000	231,300	346,300
2030	120,000	223,663	343,663
2031	125,000	215,700	340,700
2032	130,000	209,038	339,038
2033	140,000	203,638	343,638
2034	145,000	197,938	342,938
2035	150,000	192,038	342,038
2036	160,000	185,838	345,838
2037	165,000	179,338	344,338
2038	175,000	172,538	347,538
2039	185,000	165,106	350,106
2040	195,000	156,909	351,909
2041	205,000	148,031	353,031
2042	215,000	138,581	353,581
2043	225,000	128,541	353,541
2044	235,000	117,903	352,903
2045	245,000	106,650	351,650
2046	260,000	94,656	354,656
2047	270,000	82,069	352,069
2048	285,000	68,888	353,888
2049	300,000	54,993	354,993
2050	315,000	40,387	355,387
2051	330,000	24,862	354,862
2052	345,000	8,408	353,408
	$ 5,145,000	$ 3,827,814	$ 8,972,814

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
April 30, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 655,000	$ 1,521,350	$ 2,176,350
2028	795,000	1,477,687	2,272,687
2029	830,000	1,428,469	2,258,469
2030	875,000	1,376,845	2,251,845
2031	905,000	1,322,913	2,227,913
2032	955,000	1,272,201	2,227,201
2033	1,000,000	1,226,664	2,226,664
2034	1,045,000	1,181,145	2,226,145
2035	1,090,000	1,135,132	2,225,132
2036	1,145,000	1,088,507	2,233,507
2037	1,195,000	1,039,707	2,234,707
2038	1,260,000	988,483	2,248,483
2039	1,320,000	934,688	2,254,688
2040	1,380,000	878,328	2,258,328
2041	1,445,000	819,112	2,264,112
2042	1,510,000	757,031	2,267,031
2043	1,585,000	691,847	2,276,847
2044	1,650,000	623,258	2,273,258
2045	1,725,000	551,234	2,276,234
2046	1,820,000	475,274	2,295,274
2047	1,900,000	395,187	2,295,187
2048	1,990,000	311,206	2,301,206
2049	2,085,000	223,230	2,308,230
2050	2,185,000	131,030	2,316,030
2051	1,580,000	50,330	1,630,330
2052	345,000	8,408	353,408
	$ 34,270,000	$ 21,909,266	$ 56,179,266

See accompanying auditor's report.

Waller County Municipal Utility District No. 37
TSI-6. Change in Long-Term Bonded Debt
April 30, 2026

	Bond Issue			
	Series 2023	Series 2023 Road	Series 2024	Series 2024 Road
Interest rate	4.00% - 6.50%	4.75% - 7.25%	4.00% - 6.50%	4.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/25 - 9/1/49	9/1/25 - 9/1/49	9/1/26 - 9/1/50	9/1/26 - 9/1/50
Beginning bonds outstanding	$ 4,195,000	$ 5,785,000	$ 11,650,000	$ 7,705,000
Bonds issued				
Bonds retired	(90,000)	(120,000)		
Ending bonds outstanding	$ 4,105,000	$ 5,665,000	$ 11,650,000	$ 7,705,000
Interest paid during fiscal year	$ 192,025	$ 302,869	$ 502,688	$ 308,200
Paying agent's name and city All Series	Regions Bank, Houston, Texas			

Bond Authority:	Water, Sewer and Drainage Bonds	Park and Recreation Facilities Bonds	Road Bonds
Amount Authorized by Voters	$ 122,760,000	$ 40,545,000	$ 117,145,000
Amount Issued	(20,990,000)		(13,490,000)
Remaining To Be Issued	$ 101,770,000	$ 40,545,000	$ 103,655,000

Bond Authority:	Water, Sewer and Drainage Refunding Bonds	Park and Recreation Facilities Refunding Bonds	Road Refunding Bonds
Amount Authorized by Voters	$ 36,828,000	$ 12,164,000	$ 35,144,000
Amount Issued			
Remaining To Be Issued	$ 36,828,000	$ 12,164,000	$ 35,144,000

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

Debt Service Fund cash and investments balance as of April 30, 2026:	$ 2,732,198
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,160,741

See accompanying auditor's report.

Bond Issue	
Series 2025	Totals
4.00% - 6.50%	
9/1; 3/1	
9/1/27 - 9/1/51	
$ -	$ 29,335,000
5,145,000	5,145,000
	(210,000)
$ 5,145,000	$ 34,270,000
$ 131,858	$ 1,437,640

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

	Amounts				
	2026	2025	2024	2023	2022
Revenues					
Water service	$ 1,045,645	$ 884,011	$ 558,631	$ 61,064	$ -
Sewer service	615,925	516,369	230,410	20,627	
Property taxes	1,500,643	1,155,153	810,359	279,516	121,588
Penalties and interest	21,865	26,481	23,346	1,316	
Tap connection and inspection	137,545	506,102	1,352,314	614,815	
Miscellaneous	48,350	47,471	32,506	915	
Investment earnings	51,016	41,116	12,124	459	
Total Revenues	3,420,989	3,176,703	3,019,690	978,712	121,588
Expenditures					
Current service operations					
Professional fees	158,443	125,355	138,787	180,814	89,435
Contracted services	556,108	467,408	829,692	343,083	19,253
Repairs and maintenance	178,910	182,905	220,355	20,522	
Administrative	27,331	25,911	22,013	18,529	19,017
Other	211	163	101	1,404	220
Capital outlay	55,220	188,409			
Intergovernmental					
Master District connection fees	1,830,993	1,527,657	983,323	205,743	
Maintenance charges	125,849	289,617	206,956	65,516	
Contract obligations			42,633	31,028	
Total Expenditures	2,933,065	2,807,425	2,443,860	866,639	127,925
Revenues Over (Under) Expenditures	487,924	369,278	575,830	112,073	(6,337)
Other Financing Sources (Uses)					
Developer advances					37,500
Internal transfers	(17,140)	(5,000)	61,000		
Net Change in Fund Balance	470,784	364,278	636,830	112,073	31,163
Fund Balance, Beginning of the year	1,117,241	752,963	116,133	4,060	(27,103)
End of the year	$ 1,588,025	$ 1,117,241	$ 752,963	$ 116,133	$ 4,060
Total Active Retail Water Connections	1,161	1,111	925	318	N/A
Total Active Retail Wastewater Connections	1,137	1,090	907	313	N/A

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2026	2025	2024	2023	2022
31%	28%	18%	6%	-%
18%	16%	8%	2%	
44%	37%	27%	29%	100%
1%	1%	1%	*	
4%	16%	45%	63%	
1%	1%	1%	*	
1%	1%	*	*	-
100%	100%	100%	100%	100%
5%	4%	5%	18%	74%
16%	15%	27%	35%	16%
5%	6%	7%	2%	
1%	1%	1%	2%	16%
*	*	*	*	*
2%	6%			
54%	48%	33%	21%	
4%	9%	7%	7%	
		1%	3%	
87%	89%	81%	88%	106%
13%	11%	19%	12%	(6%)

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

	Amounts		
	2026	2025	2024
Revenues			
Property taxes	$ 4,122,272	$ 2,859,785	$ 586,776
Penalties and interest	24,469	15,828	3,281
Miscellaneous	10	10	
Investment earnings	87,021	70,626	26,210
Total Revenues	4,233,772	2,946,249	616,267
Expenditures			
Tax collection services	92,538	64,975	34,479
Debt service			
Principal	210,000		
Interest and fees	1,440,918	859,446	197,448
Intergovernmental			
Contractual obligations	1,967,597	1,377,992	538,334
Total Expenditures	3,711,053	2,302,413	770,261
Revenues Over (Under) Expenditures	522,719	643,836	(153,994)
Other Financing Sources			
Proceeds from sale of bonds	121,094	810,888	752,916
Net Change in Fund Balance	643,813	1,454,724	598,922
Fund Balance, Beginning of the year	2,053,646	598,922	
End of the year	$ 2,697,459	$ 2,053,646	$ 598,922

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues		
2026	2025	2024
97%	97%	95%
1%	1%	1%
*	*	
2%	2%	4%
100%	100%	100%
2%	2%	6%
5%		
34%	29%	32%
46%	47%	
87%	78%	38%
13%	22%	62%

Waller County Municipal Utility District No. 37
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended April 30, 2026

Complete District Mailing Address:	3200 Southwest Freeway Suite 2600 Houston, TX 77027
District Business Telephone Number:	(713)-860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 9, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimbursements	Title at Year End
Board Members				
Matthew C. Deal	05/22 - 05/26	$ 1,768	$ -	President
Mark Witcher	09/22 - 05/26	1,989		Vice President
Brian Welch	05/24 - 05/28	1,326		Secretary
David Moriniere	05/24 - 05/28	1,989		Assistant Vice President
Leigh Ellis	05/24 - 05/28	2,210		Assistant Secretary
		Amounts Paid		
Consultants				
Allen Boone Humphries Robinson LLP	2020			Attorney
General legal fees		$ 89,763		
Bond counsel		181,115		
Municipal District Services, LLC	2020	382,474		Operator
Myrtle Cruz, Inc.	2020	33,672		Bookkeeper
Bob Leared Interests	2020	22,179		Tax Collector
Waller County Appraisal District	*Legislation*	62,060		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2020	2,572		Delinquent Tax Attorney
Quiddity Engineering, LLC	2020	124,890		Engineer
Kimley-Horn & Associates, Inc.	2020			Landscape Architect
McGrath & Co., PLLC	2020	32,375		Auditor
Robert W. Baird & Co., Inc.	2020	138,249		Financial Advisor

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

See accompanying auditor's report.