

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2023

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET	8
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	9
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	10
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	11
NOTES TO THE FINANCIAL STATEMENTS	12-21
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	23
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	25-27
GENERAL FUND EXPENDITURES	28
INVESTMENTS	29
TAXES LEVIED AND RECEIVABLE	30-31
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND - FIVE YEARS	32-33
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	34-35

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Fort Bend County Municipal Utility District No. 37 (the "District") as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of August 31, 2023, and the respective changes in financial position 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 the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is 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 supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The script is cursive and fluid.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

November 15, 2023

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

Management's discussion and analysis of the financial performance of Fort Bend County Municipal Utility District No. 37 (the "District") provides an overview of the District's financial activities for the fiscal year ended August 31, 2023. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for property tax revenues, customer service revenues, operating costs and general expenditures.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$6,408,631 as of August 31, 2023. A portion of the District's net position reflects its investment in capital assets which include land and the water and wastewater facilities.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following summary of changes in the Statement of Net Position is presented as of August 31, 2023, and August 31, 2022:

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 3,607,205	\$ 4,111,910	\$ (504,705)
Capital Assets (Net of Accumulated Depreciation)	<u>3,315,436</u>	<u>2,874,657</u>	<u>440,779</u>
Total Assets	<u>\$ 6,922,641</u>	<u>\$ 6,986,567</u>	<u>\$ (63,926)</u>
Total Liabilities	<u>\$ 514,010</u>	<u>\$ 767,702</u>	<u>\$ 253,692</u>
Net Position:			
Investment in Capital Assets	\$ 3,080,293	\$ 2,339,514	\$ 740,779
Unrestricted	<u>3,328,338</u>	<u>3,879,351</u>	<u>(551,013)</u>
Total Net Position	<u><u>\$ 6,408,631</u></u>	<u><u>\$ 6,218,865</u></u>	<u><u>\$ 189,766</u></u>

The following table provides a comparative analysis of the District's operations for the years ending August 31, 2023, and August 31, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 982,437	\$ 1,060,039	\$ (77,602)
Charges for Services	1,437,171	1,124,465	312,706
Other Revenues	<u>136,293</u>	<u>326,085</u>	<u>(189,792)</u>
Total Revenues	<u>\$ 2,555,901</u>	<u>\$ 2,510,589</u>	<u>\$ 45,312</u>
Expenses for Services	<u>2,366,135</u>	<u>2,129,171</u>	<u>(236,964)</u>
Change in Net Position	\$ 189,766	\$ 381,418	\$ (191,652)
Net Position, Beginning of Year	<u>6,218,865</u>	<u>5,837,447</u>	<u>381,418</u>
Net Position, End of Year	<u><u>\$ 6,408,631</u></u>	<u><u>\$ 6,218,865</u></u>	<u><u>\$ 189,766</u></u>

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's General Fund fund balance as of August 31, 2023, was \$3,302,791, a decrease of \$552,071 from the prior year, primarily due to capital outlay and operating expenditures exceeding property tax revenues and service revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated General Fund budget for the current fiscal year. Actual revenues were \$782,530 more than budgeted revenues, actual expenditures were \$895,704 less than budgeted expenditures, and capital contributions were \$149,112 less than budgeted which resulted in a positive variance of \$1,529,122. The District reserves a portion of its property tax levy for future use and is not reflected in the budget column on page 23. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of August 31, 2023, total \$3,315,436 (net of accumulated depreciation) and include land, water facilities and wastewater treatment facilities.

Capital Assets At Year-End			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 265,967	\$ 265,967	\$
Construction in Progress		220,800	(220,800)
Capital Assets Subject to Depreciation:			
Water System	2,597,664	2,597,664	
Wastewater System	2,856,499	2,039,981	816,518
Less Accumulated Depreciation	(2,404,694)	(2,249,755)	(154,939)
Total Net Capital Assets	<u>\$ 3,315,436</u>	<u>\$ 2,874,657</u>	<u>\$ 440,779</u>

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Municipal Utility District No. 37, c/o Johnson Petrov LLP, 2929 Allen Parkway, Suite 3150, Houston, TX 77019.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
AUGUST 31, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 211,803	\$	\$ 211,803
Investments	3,056,058		3,056,058
Receivables:			
Property Taxes	20,612		20,612
Penalty and Interest on Delinquent Taxes		4,935	4,935
Service Accounts	122,023		122,023
Accrued Interest	883		883
Quadvest and FBC MUD No. 185	175,347		175,347
Prepaid Costs	15,544		15,544
Land		265,967	265,967
Capital Assets (Net of Accumulated Depreciation)		3,049,469	3,049,469
TOTAL ASSETS	<u>\$ 3,602,270</u>	<u>\$ 3,320,371</u>	<u>\$ 6,922,641</u>
LIABILITIES			
Accounts Payable	\$ 230,172	\$	\$ 230,172
Due to Developers		235,143	235,143
Security Deposits	48,695		48,695
TOTAL LIABILITIES	<u>\$ 278,867</u>	<u>\$ 235,143</u>	<u>\$ 514,010</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 20,612	\$ (20,612)	\$ -0-
FUND BALANCE			
Nonspendable:			
Prepaid Costs	\$ 15,544	\$ (15,544)	\$
Assigned for 2024 Budget Deficit	884,205	(884,205)	
Unassigned	2,403,042	(2,403,042)	
TOTAL FUND BALANCE	<u>\$ 3,302,791</u>	<u>\$ (3,302,791)</u>	<u>\$ -0-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 3,602,270</u>		
NET POSITION			
Investment in Capital Assets		\$ 3,080,293	\$ 3,080,293
Unrestricted		3,328,338	3,328,338
TOTAL NET POSITION		<u>\$ 6,408,631</u>	<u>\$ 6,408,631</u>

The accompanying notes to the financial
statements are an integral part of this report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2023

Total Fund Balance - Governmental Fund	\$ 3,302,791
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	3,315,436
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.	25,547
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. This liability at year end consists of unreimbursed developer costs.	<u>(235,143)</u>
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Total Net Position - Governmental Activities	<u>\$ 6,408,631</u>
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The accompanying notes to the financial
statements are an integral part of this report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED AUGUST 31, 2023

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	\$ 981,318	\$ 1,119	\$ 982,437
Water Service	135,634		135,634
Wastewater Service	56,399		56,399
Grant Revenues	250,000		250,000
Bulk Water and Wastewater Revenue	436,926		436,926
Water Authority Fees	405,409		405,409
Penalty and Interest	14,963	(61)	14,902
Connection and Inspection Fees	13,554		13,554
Fire and EMS Revenues	137,901		137,901
Investment and Miscellaneous Revenues	122,739		122,739
TOTAL REVENUES	<u>\$ 2,554,843</u>	<u>\$ 1,058</u>	<u>\$ 2,555,901</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 347,761	\$	\$ 347,761
Contracted Services	263,265		263,265
Fire and EMS Services	123,792		123,792
Utilities	93,073		93,073
Water Authority Assessments	735,466		735,466
Repairs and Maintenance	452,981		452,981
Depreciation		154,939	154,939
Other	194,858		194,858
Capital Outlay	895,718	(895,718)	
TOTAL EXPENDITURES/EXPENSES	<u>\$ 3,106,914</u>	<u>\$ (740,779)</u>	<u>\$ 2,366,135</u>
NET CHANGE IN FUND BALANCE	\$ (552,071)	\$ 552,071	\$
CHANGE IN NET POSITION		189,766	189,766
FUND BALANCE/NET POSITION - SEPTEMBER 1, 2022	<u>3,854,862</u>	<u>2,364,003</u>	<u>6,218,865</u>
FUND BALANCE/NET POSITION - AUGUST 31, 2023	<u>\$ 3,302,791</u>	<u>\$ 3,105,840</u>	<u>\$ 6,408,631</u>

The accompanying notes to the financial
statements are an integral part of this report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

Net Change in Fund Balance - Governmental Fund	\$ (552,071)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	1,119
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Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(61)
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(154,939)
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Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	<div style="border-top: 1px solid black; display: inline-block;">895,718</div>
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Change in Net Position - Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 189,766</div>
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The accompanying notes to the financial
statements are an integral part of this report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 1. CREATION OF DISTRICT

The District was created by an order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”), effective February 24, 1981, in accordance with the Texas Water Code, Chapter 54. The Board of Directors held its first meeting on March 3, 1981. The District is empowered, among other things, to purchase, to construct, to operate, and to maintain all works, improvements and facilities necessary for the supply of water, for the collection and processing of wastewater, and for the control and diversion of storm water.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local 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 statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund

The District has one governmental fund and considers it to be a major fund.

General Fund - To account for property tax revenues, customer service revenues, operating costs and general expenditures.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Water and Wastewater Facilities	10-45

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered “employees” for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund balances are classified using the following hierarchy:

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.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. 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. The District has assigned \$884,205 of its General Fund fund balance to cover a budgeted shortfall in fiscal year 2024.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$441,803 and the bank balance was \$509,685. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Fund Balance Sheet and the Statement of Net Position at August 31, 2023, as listed below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	\$ 211,803	\$ 230,000	\$ 441,803

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

Certificates of deposit are recorded at acquisition cost.

As of August 31, 2023, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 2,826,058	\$ 2,826,058
Certificates of Deposit	<u>230,000</u>	<u>230,000</u>
TOTAL INVESTMENTS	<u><u>\$ 3,056,058</u></u>	<u><u>\$ 3,056,058</u></u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of August 31, 2023, the District's investment in TexPool was rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2023, is summarized in the following table:

	September 1, 2022	Increases	Decreases	August 31, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 265,967	\$	\$	\$ 265,967
Construction in Progress	<u>220,800</u>	<u>595,718</u>	<u>816,518</u>	<u></u>
Total Capital Assets Not Being Depreciated	<u>\$ 486,767</u>	<u>\$ 595,718</u>	<u>\$ 816,518</u>	<u>\$ 265,967</u>
Capital Assets Subject to Depreciation				
Water System	\$ 2,597,664	\$	\$	\$ 2,597,664
Wastewater System	<u>2,039,981</u>	<u>816,518</u>	<u></u>	<u>2,856,499</u>
Total Capital Assets Subject to Depreciation	<u>\$ 4,637,645</u>	<u>\$ 816,518</u>	<u>\$ - 0 -</u>	<u>\$ 5,454,163</u>
Accumulated Depreciation				
Water System	\$ 1,216,146	\$ 87,905	\$	\$ 1,304,051
Wastewater System	<u>1,033,609</u>	<u>67,034</u>	<u></u>	<u>1,100,643</u>
Total Accumulated Depreciation	<u>\$ 2,249,755</u>	<u>\$ 154,939</u>	<u>\$ - 0 -</u>	<u>\$ 2,404,694</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,387,890</u>	<u>\$ 661,579</u>	<u>\$ - 0 -</u>	<u>\$ 3,049,469</u>
Total Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 2,874,657</u></u>	<u><u>\$ 1,257,297</u></u>	<u><u>\$ 816,518</u></u>	<u><u>\$ 3,315,436</u></u>

NOTE 5. MAINTENANCE TAX

On April 4, 1981, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.75 per \$100 of assessed valuation of taxable property within the District. The maintenance tax may be used to pay expenditures of operating the District's waterworks and wastewater systems and any other lawful purpose. During the year ended August 31, 2023, the District levied an ad valorem maintenance tax rate of \$0.4805 per \$100 valuation, which resulted in a tax levy of \$986,457 on the adjusted taxable valuation of \$205,297,847 for the 2022 tax year.

All property values and exempt status, if any, are determined by the 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 levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 6. EMERGENCY WATER SUPPLY CONTRACTS

Pin Oak Village, Inc. entered into an Emergency Water Supply Contract with the City of Katy, Texas, (“City”) dated November 12, 1981. Pursuant to the terms of that Contract, the interest of Pin Oak Village, Inc. was assigned to the District. The City agreed to pay \$1.50 per 1,000 gallons of water furnished by the District. If the City provides water to the District, it will be billed at 150% of the rate charged to single-family residential users. The Contract expires on December 31, 2027.

Effective August 20, 1997, the District entered into a restated Emergency Water Supply Contract with Harris-Fort Bend Counties Municipal Utility District No. 1 and Harris-Fort Bend Counties Municipal Utility District No. 5, for a 40-year term.

NOTE 7. 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. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 8. WATER AND WASTEWATER AGREEMENTS

On May 19, 1999, the District entered into a contract with Michael Walton (an out-of-District developer) to provide a source of potable water and the treatment of domestic effluent. Each party will construct or improve their required facilities and the District will provide water and collect sanitary sewer at the District's boundary. This agreement was amended on April 20, 2005. The District will process the sanitary sewer and bill Michael Walton for his pro rata share of operating and maintenance of the water and wastewater treatment expenses. The term of this agreement is 40 years.

On March 19, 2014, the District entered into a contract with Fort Bend County Municipal Utility District No. 185 (“District No. 185”) and Pulte Homes of Texas, L.P. (“Pulte”), an out-of-District developer, to provide a source of potable water and the treatment of domestic effluent. Each party will construct or improve their required facilities and the District will provide water and collect sanitary sewer at the District's boundary. The District will process the sanitary sewer and bill District No. 185 for its pro rata share of operating and maintenance of the water and wastewater treatment expenses. The term of this agreement is 40 years.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE 9. NORTH FORT BEND WATER AUTHORITY

The District is located within the boundaries of the North Fort Bend Water Authority (the “Authority”). The Authority was created by an Act of the Texas Legislature. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Authority is overseeing its participants comply with subsidence district pumpage requirements. The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. The current rates charged by the Authority are \$4.55 per 1,000 gallons of water pumped from each well. The District recorded expenditures of \$735,466 for fees assessed during the current fiscal year.

NOTE 10. BOND AUTHORIZATION

At an election held April 4, 1981, the voters of the District authorized the issuance of bonds up to \$10,000,000 for the purposes of acquiring or construction water, sewer and drainage facilities, of which \$4,200,000 remain authorized but unissued. At an election held October 7, 1989, the voters of the District authorized the issuance of bonds up to \$15,000,000 for the purposes of refunding previously issued bonds, of which \$3,160,000 remain authorized but unissued.

NOTE 11. EMERGENCY SERVICES AGREEMENT WITH THE CITY OF KATY

On January 11, 2021, the District entered into an agreement with the City of Katy (the “City”) whereby the City will provide fire protection and emergency medical and ambulance services to the Pin Oak Village subdivision. The monthly charges (currently \$10,316) will be adjusted annually beginning on January 1st. The agreement has a term of 20 years.

NOTE 12. DEVELOPER REIMBURSEMENT

During the current fiscal year, the District reimbursed Allen C. Perez and Andrea L. Perez (“Developer”) a total of \$300,000, using surplus operating funds. The reimbursement was related to the following projects: construction of 10” sanitary sewer lines, construction of 8” and 12” water lines, and sanitary sewer easement. The remaining balance owed to the Developer as of year end was \$235,143.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2023

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 640,000	\$ 981,318	\$ 341,318
Water Service	133,000	135,634	2,634
Wastewater Service	34,650	56,399	21,749
Bulk Water and Wastewater Revenue	428,000	436,926	8,926
Water Authority Fees	384,000	405,409	21,409
Penalty and Interest	4,350	14,963	10,613
Fire and EMS Collections	125,313	137,901	12,588
Connection and Inspection Fees		13,554	13,554
Investment and Miscellaneous Revenues	23,000	372,739	349,739
TOTAL REVENUES	<u>\$ 1,772,313</u>	<u>\$ 2,554,843</u>	<u>\$ 782,530</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 179,000	\$ 347,761	\$ (168,761)
Contracted Services	265,200	263,265	1,935
Fire and EMS Services	123,792	123,792	
Utilities	91,000	93,073	(2,073)
Water Authority Assessments	638,600	735,466	(96,866)
Repairs and Maintenance	416,000	452,981	(36,981)
Other	196,536	194,858	1,678
Capital Outlay	2,092,490	895,718	1,196,772
TOTAL EXPENDITURES	<u>\$ 4,002,618</u>	<u>\$ 3,106,914</u>	<u>\$ 895,704</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (2,230,305)</u>	<u>\$ (552,071)</u>	<u>\$ 1,678,234</u>
OTHER FINANCING SOURCES (USES)			
Developer Capital Contributions	\$ 149,112	\$ -0-	\$ (149,112)
NET CHANGE IN FUND BALANCE	\$ (2,081,193)	\$ (552,071)	\$ 1,529,122
FUND BALANCE - SEPTEMBER 1, 2022	<u>3,854,862</u>	<u>3,854,862</u>	
FUND BALANCE - AUGUST 31, 2023	<u>\$ 1,773,669</u>	<u>\$ 3,302,791</u>	<u>\$ 1,529,122</u>

Note: Budgeted property tax revenues do not include a portion of the tax levy which the Board sets aside as reserved for future District operations.

See accompanying independent auditor's report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

AUGUST 31, 2023

FOR THE YEAR ENDED AUGUST 31, 2023

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 3/4" METER (OR EQUIVALENT):

The rates below are based on the rate order dated March 22, 2023.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 12.75	6,000	N	\$ 1.75	6,001 to 10,000
				\$ 2.00	10,001 to 20,000
				\$ 2.25	20,001 to 30,000
				\$ 2.50	30,001 and above

WASTEWATER: \$ 15.00 Y

NFBWA: \$ 5.005 per 1,000

FIRE AND EMS: \$24.00 per month**

District employs winter averaging for wastewater usage?	<u> </u>	<u>X</u>
	Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$19.75 Wastewater: \$15.00 Surcharges: \$74.05

**** The monthly Fire and EMS fees apply to the residents living in the Pin Oak Village subdivision**

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2023

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>306</u>	<u>306</u>	x 1.0	<u>306</u>
1"	<u>257</u>	<u>257</u>	x 2.5	<u>643</u>
1½"	<u>3</u>	<u>3</u>	x 5.0	<u>15</u>
2"	<u>4</u>	<u>4</u>	x 8.0	<u>32</u>
3"	<u>1</u>	<u>1</u>	x 15.0	<u>15</u>
4"	<u>1</u>	<u>1</u>	x 25.0	<u>25</u>
6"	<u>4</u>	<u>4</u>	x 50.0	<u>200</u>
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>576</u></u>	<u><u>576</u></u>		<u><u>1,236</u></u>
Total Wastewater Connections	<u><u>571</u></u>	<u><u>571</u></u>	x 1.0	<u><u>571</u></u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system:	158,474,000	Water Accountability Ratio 94.2% (Gallons billed and sold/Gallons pumped)
Gallons billed to customers:	81,750,000	
Total gallons sold:	41,128,000	To: Westside Water, LLC (Quadvest)
	8,926,000	To: Fort Bend County Municipal Utility District No. 185
	17,512,000	To: The City of Katy, Texas

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2023

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which District is located:

Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2023

PROFESSIONAL FEES:	
Auditing and Developer Reimbursement	\$ 20,500
Engineering	219,140
Legal	105,450
Delinquent Tax Attorney	2,671
TOTAL PROFESSIONAL FEES	<u>\$ 347,761</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 9,481
Bookkeeping	20,007
Operations and Billing	52,269
Solid Waste Disposal	173,199
Tax Collector	8,309
TOTAL CONTRACTED SERVICES	<u>\$ 263,265</u>
UTILITIES	<u>\$ 93,073</u>
REPAIRS AND MAINTENANCE	<u>\$ 452,981</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 13,240
Insurance	18,508
Office Supplies and Postage	22,668
Travel and Meetings	5,379
Bad Debts and Other	32,510
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 92,305</u>
TOTAL CAPITAL OUTLAY	<u>\$ 895,718</u>
FIRE AND EMS SERVICES	<u>\$ 123,792</u>
OTHER EXPENDITURES:	
Chemicals	\$ 24,023
Laboratory Fees	14,406
Connection and Inspection Fees	11,900
Water Authority Assessments	735,466
Regulatory Assessment	790
Sludge Hauling	51,434
TOTAL OTHER EXPENDITURES	<u>\$ 838,019</u>
TOTAL EXPENDITURES	<u><u>\$ 3,106,914</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
INVESTMENTS
AUGUST 31, 2023

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 2,826,058	\$
Certificate of Deposit	XXXX0548	5.39%	08/05/24	<u>230,000</u>	<u>883</u>
TOTAL GENERAL FUND				<u>\$ 3,056,058</u>	<u>\$ 883</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Maintenance Taxes</u>	
TAXES RECEIVABLE -		
SEPTEMBER 1, 2022	\$	19,593
Adjustments to Beginning		
Balance	<u>(4,120)</u>	\$ 15,473
Original 2022 Tax Levy	\$	994,109
Adjustment to 2022 Tax Levy	<u>(7,652)</u>	<u>986,457</u>
TOTAL TO BE		
ACCOUNTED FOR		\$ 1,001,930
TAX COLLECTIONS:		
Prior Years	\$	5,218
Current Year	<u>976,100</u>	<u>981,318</u>
TAXES RECEIVABLE -		
AUGUST 31, 2023		<u>\$ 20,612</u>
TAXES RECEIVABLE BY		
YEAR:		
2022	\$	10,357
2021		3,217
2020		2,377
2019		2,014
2018		1,426
2017		246
2016		<u>975</u>
TOTAL		<u>\$ 20,612</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY VALUATIONS:				
Land	\$ 32,717,360	\$ 28,382,710	\$ 26,426,900	\$ 28,506,000
Improvements, Net of Exemptions	161,276,967	140,619,701	136,382,574	136,550,170
Personal Property	<u>11,303,520</u>	<u>41,080,190</u>	<u>40,304,640</u>	<u>12,334,950</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 205,297,847</u>	<u>\$ 210,082,601</u>	<u>\$ 203,114,114</u>	<u>\$ 177,391,120</u>
MAINTENANCE TAX RATE				
PER \$100 VALUATION	<u>\$ 0.4805</u>	<u>\$ 0.5098</u>	<u>\$ 0.49</u>	<u>\$ 0.49</u>
ADJUSTED TAX LEVY*	<u>\$ 986,457</u>	<u>\$ 1,071,485</u>	<u>\$ 995,536</u>	<u>\$ 869,230</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.95 %</u>	<u>99.70 %</u>	<u>99.76 %</u>	<u>99.77 %</u>

* Based upon adjusted tax at time of audit for the period in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$0.75 per \$100 of assessed valuation approved by voters on April 4, 1981.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 981,318	\$ 1,130,556	\$ 918,132
Water Service	135,634	99,071	91,371
Wastewater Service	56,399	27,374	33,685
Grant Revenues	250,000		
Bulk Water and Wastewater Revenue	436,926	420,869	325,683
Water Authority Fees	405,409	423,309	338,952
Penalty and Interest	14,963	43,170	12,749
Connection and Inspection Fees	13,554	98,965	2,060
Fire and EMS Revenues	137,901	123,371	91,468
Investment and Miscellaneous Revenues	122,739	30,388	28,469
TOTAL REVENUES	<u>\$ 2,554,843</u>	<u>\$ 2,397,073</u>	<u>\$ 1,842,569</u>
EXPENDITURES			
Professional Fees	\$ 347,761	\$ 258,522	\$ 181,289
Contracted Services	263,265	252,763	244,803
Fire and EMS Services	123,792	123,792	110,528
Utilities	93,073	77,368	81,638
Water Authority Assessments	735,466	668,863	480,171
Repairs and Maintenance	452,981	458,260	356,893
Other	194,858	153,467	165,790
Capital Outlay	895,718	220,800	196,752
TOTAL EXPENDITURES	<u>\$ 3,106,914</u>	<u>\$ 2,213,835</u>	<u>\$ 1,817,864</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (552,071)</u>	<u>\$ 183,238</u>	<u>\$ 24,705</u>
OTHER FINANCING SOURCES (USES)			
Developer Capital Contributions	<u>\$ -0-</u>	<u>\$ 196,732</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (552,071)</u>	<u>\$ 379,970</u>	<u>\$ 24,705</u>
BEGINNING FUND BALANCE	<u>3,854,862</u>	<u>3,474,892</u>	<u>3,450,187</u>
ENDING FUND BALANCE	<u>\$ 3,302,791</u>	<u>\$ 3,854,862</u>	<u>\$ 3,474,892</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>576</u>	<u>576</u>	<u>573</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>571</u>	<u>554</u>	<u>552</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 869,957	\$ 894,283	38.4 %	47.2 %	49.8 %	49.2 %	52.4 %
100,000	78,371	5.3	4.1	5.0	5.6	4.6
31,908	35,727	2.2	1.1	1.8	1.8	2.1
		9.8				
332,627	308,332	17.1	17.6	17.7	18.8	18.1
342,083	289,517	15.9	17.7	18.4	19.3	17.0
12,006	23,587	0.6	1.8	0.7	0.7	1.4
2,071	1,501	0.5	4.1	0.1	0.1	0.1
12,771		5.4	5.1	5.0	0.7	
66,979	73,179	4.8	1.3	1.5	3.8	4.3
<u>\$ 1,770,402</u>	<u>\$ 1,704,497</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 85,427	\$ 89,994	13.6 %	10.8 %	9.8 %	4.8 %	5.3 %
258,887	243,918	10.3	10.5	13.3	14.6	14.3
87,560		4.8	5.2	6.0	4.9	
80,949	98,293	3.6	3.2	4.4	4.6	5.8
560,184	529,946	28.8	27.9	26.1	31.6	31.1
393,755	348,833	17.7	19.1	19.4	22.2	20.5
259,792	112,954	7.6	6.4	9.0	14.7	6.6
247,459		35.1	9.2	10.7	14.0	
<u>\$ 1,974,013</u>	<u>\$ 1,423,938</u>	<u>121.5 %</u>	<u>92.3 %</u>	<u>98.7 %</u>	<u>111.4 %</u>	<u>83.6 %</u>
<u>\$ (203,611)</u>	<u>\$ 280,559</u>	<u>(21.5) %</u>	<u>7.7 %</u>	<u>1.3 %</u>	<u>(11.4) %</u>	<u>16.4 %</u>
<u>\$ -0-</u>	<u>\$ - 0 -</u>					
\$ (203,611)	\$ 280,559					
<u>3,653,798</u>	<u>3,373,239</u>					
<u>\$ 3,450,187</u>	<u>\$ 3,653,798</u>					
<u>573</u>	<u>573</u>					
<u>552</u>	<u>552</u>					

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2023

District Mailing Address - Fort Bend County Municipal Utility District No. 37
c/o Johnson Petrov LLP
2929 Allen Parkway, Suite 3150
Houston, TX 77019

District Telephone Number - (713) 489-8977

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended August 31, 2023	Expense		Title
			Reimbursements for the year ended August 31, 2023		
Kenneth L. Comeaux	05/2022 - 05/2026 (Elected)	\$ 1,950	\$	-0-	President
Gregory Murray	05/2020 - 05/2024 (Elected)	\$ 2,400	\$	1,491	Vice President
Stephen Berkenhoff	05/2022 - 05/2026 (Elected)	\$ 2,400	\$	845	Secretary
Jeffrey L. Gilliland	05/2022 - 05/2026 (Elected)	\$ 3,300	\$	1,738	Assistant Secretary
Larry W. Davis	05/2020 - 05/2024 (Elected)	\$ 2,100	\$	-0-	Treasurer

Note: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer or with any of the District's consultants.

Submission date of most recent District Registration Form: August 23, 2023

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 26, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 37
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2023

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended August 31, 2023</u>	<u>Title</u>
Johnson Petrov LLP	07/02/14	\$ 109,714	General Counsel
JNS Engineers	02/25/21	\$ 254,206	Engineer
Water Engineers, Inc.	03/24/21	\$ 9,566	Engineer
McCall Gibson Swedlund Barfoot PLLC	09/16/14	\$ 13,500 \$ 7,000	Auditor AUP Related
Myrtle Cruz, Inc.	08/11/81	\$ 24,046	Bookkeeper
Mary Jarmon		\$ -0-	Investment Officer
Inframark, LLC	02/17/82	\$ 661,373	Operator
Equi-Tax, Inc.	01/01/82	\$ 12,127	Tax Assessor/ Collector

See accompanying independent auditor's report.

