

**HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 537**

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

May 31, 2025

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McGRATH & CO., PLLC

Certified Public Accountants

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Houston, Texas 77092

Independent Auditor's Report

Board of Directors

Harris County Municipal Utility District No. 537

Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 537 (the "District"), as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Harris County Municipal Utility District No. 537, as of May 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied

***Board of Directors
Harris County Municipal Utility District No. 537
Harris County, Texas***

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

McGuire & Co, LLC

Houston, Texas
September 12, 2025

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Management's Discussion and Analysis

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***Harris County Municipal Utility District No. 537
Management's Discussion and Analysis
May 31, 2025***

Using this Annual Report

This section of the financial report of Harris County Municipal Utility District No. 537 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended May 31, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

Harris County Municipal Utility District No. 537
Management's Discussion and Analysis
May 31, 2025

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at May 31, 2025, was negative \$6,448,506. The District's net position is negative because the District incurs debt to construct certain facilities which it conveys to the City of Houston. A comparative summary of the District's overall financial position, as of May 31, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 2,471,801	\$ 2,013,427
Capital assets	9,324,625	9,527,191
Total assets	<u>11,796,426</u>	<u>11,540,618</u>
 Total deferred outflows of resources	 <u>84,399</u>	 <u>89,088</u>
 Current liabilities	 855,331	 727,691
Long-term liabilities	<u>17,474,000</u>	<u>17,994,000</u>
Total liabilities	<u>18,329,331</u>	<u>18,721,691</u>
 Net position		
Net investment in capital assets	(4,227,609)	(4,343,229)
Restricted	724,116	745,635
Unrestricted	<u>(2,945,013)</u>	<u>(3,494,391)</u>
Total net position	<u>\$ (6,448,506)</u>	<u>\$ (7,091,985)</u>

Harris County Municipal Utility District No. 537
Management's Discussion and Analysis
May 31, 2025

The total net position of the District increased during the current fiscal year by \$643,479. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Property taxes, penalties and interest	\$ 1,856,175	\$ 1,597,866
Water and sewer services	590,018	451,281
Tap connection and inspection	9,000	38,500
Other	95,928	53,481
Total revenues	<u>2,551,121</u>	<u>2,141,128</u>
Expenses		
Current service operations	1,029,322	1,177,600
Debt interest and fees	675,754	600,490
Developer interest		333,154
Debt issuance costs		319,040
Depreciation and amortization	202,566	202,567
Total expenses	<u>1,907,642</u>	<u>2,632,851</u>
Change in net position	643,479	(491,723)
Net position, beginning of year	(7,091,985)	(6,600,262)
Net position, end of year	<u>\$ (6,448,506)</u>	<u>\$ (7,091,985)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of May 31, 2025, were \$2,149,141, which consists of \$1,060,210 in the General Fund, \$809,776 in the Debt Service Fund, and \$279,155 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of May 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 1,298,896</u>	<u>\$ 825,262</u>
Total liabilities	\$ 225,978	\$ 174,876
Total deferred inflows	12,708	8,063
Total fund balance	1,060,210	642,323
Total liabilities, deferred inflows and fund balance	<u>\$ 1,298,896</u>	<u>\$ 825,262</u>

Harris County Municipal Utility District No. 537
Management's Discussion and Analysis
May 31, 2025

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

	2025	2024
Total revenues	\$ 1,415,426	\$ 1,015,042
Total expenditures	(997,539)	(997,763)
Revenues over expenditures	<u>\$ 417,887</u>	<u>\$ 17,279</u>

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and because assessed values increased from prior year.
- Water and sewer revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of May 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 833,469</u>	<u>\$ 858,450</u>
Total liabilities	\$ 739	\$ 1,660
Total deferred inflows	22,954	21,141
Total fund balance	809,776	835,649
Total liabilities, deferred inflows and fund balance	<u>\$ 833,469</u>	<u>\$ 858,450</u>

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

	2025	2024
Total revenues	\$ 1,116,066	\$ 1,105,795
Total expenditures	(1,141,939)	(1,039,198)
Revenues over (under) expenditures	(25,873)	66,597
Other changes in fund balance		129,750
Net change in fund balance	<u>\$ (25,873)</u>	<u>\$ 196,347</u>

***Harris County Municipal Utility District No. 537
Management's Discussion and Analysis
May 31, 2025***

The District's financial resources in the Debt Service Fund in the current and prior fiscal year are from property tax revenues. In the prior fiscal year, financial resources also included capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in changes 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 May 31, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 279,155</u>	<u>\$ 266,085</u>
Total fund balance	<u>\$ 279,155</u>	<u>\$ 266,085</u>

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

	2025	2024
Total revenues	<u>\$ 13,170</u>	<u>\$ 4,960</u>
Total expenditures	<u>(100)</u>	<u>(3,284,760)</u>
Revenues over (under) expenditures	13,070	(3,279,800)
Other changes in fund balance		3,330,250
Net change in fund balance	<u>\$ 13,070</u>	<u>\$ 50,450</u>

The District did not have any significant capital asset activity in the current fiscal year. During the prior fiscal year, the District's capital asset activity was financed with proceeds from its Series 2023 Unlimited Tax Park Bonds.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$204,527 greater than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

Harris County Municipal Utility District No. 537
Management's Discussion and Analysis
May 31, 2025

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 May 31, 2025 and 2024, are summarized as follows:

	<u>2025</u>	<u>2024</u>
Capital assets not being depreciated		
Land and improvements	<u>\$ 5,591,106</u>	<u>\$ 5,591,106</u>
Capital assets being depreciated/amortized		
Infrastructure	2,558,758	2,558,758
Landscaping improvements	1,438,001	1,438,001
Other facilities	109,650	109,650
Impact fees	<u>728,092</u>	<u>728,092</u>
	<u>4,834,501</u>	<u>4,834,501</u>
Less accumulated depreciation/amortization		
Infrastructure	(643,706)	(569,432)
Landscaping improvements	(300,116)	(197,402)
Other facilities	(43,677)	(39,291)
Impact fees	<u>(113,483)</u>	<u>(92,291)</u>
	<u>(1,100,982)</u>	<u>(898,416)</u>
Depreciable capital assets, net	<u>3,733,519</u>	<u>3,936,085</u>
Capital assets, net	<u><u>\$ 9,324,625</u></u>	<u><u>\$ 9,527,191</u></u>

Long-Term Debt and Related Liabilities

As of May 31, 2025, the District owes approximately \$19,000 to developers for operating advances. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers is trued up when the developers are reimbursed.

Harris County Municipal Utility District No. 537
Management's Discussion and Analysis
May 31, 2025

At May 31, 2025 and 2024, the District had total bonded debt outstanding as shown below:

Series	2025	2024
2017	\$ 2,255,000	\$ 2,330,000
2018 Road	2,100,000	2,150,000
2020	1,850,000	1,900,000
2021 Refunding	3,490,000	3,635,000
2021A	2,850,000	2,925,000
2022	1,970,000	2,015,000
2023 Park	3,460,000	3,460,000
	<u>\$ 17,975,000</u>	<u>\$ 18,415,000</u>

At May 31, 2025, the District had \$24,090,000 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 \$53,170,000 authorized, but unissued for the refunding of such bonds; \$8,540,000 for parks and recreational facilities and \$18,000,000 authorized, but unissued for the refunding of such bonds; and \$5,200,000 for road improvements and \$11,250,000 authorized, but unissued for the refunding of such bonds.

Property Taxes

The District's property tax base increased approximately \$13,017,000 for the 2025 tax year from \$367,200,713 to \$380,217,336, based on certified values. This increase was primarily due to increased property values.

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:

	2025 Actual	2026 Budget
Total revenues	\$ 1,415,426	\$ 1,366,750
Total expenditures	(997,539)	(1,060,540)
Revenues over expenditures	417,887	306,210
Beginning fund balance	642,323	1,060,210
Ending fund balance	<u>\$ 1,060,210</u>	<u>\$ 1,366,420</u>

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Basic Financial Statements

Harris County Municipal Utility District No. 537
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 107,189	\$ 56,723	\$ 279,155	\$ 443,067	\$ -	\$ 443,067
Investments	1,099,714	759,532		1,859,246		1,859,246
Taxes receivable	12,708	22,954		35,662		35,662
Customer service receivables	63,943			63,943		63,943
Internal balances	5,740	(5,740)				
Prepaid items	9,602			9,602		9,602
Prepaid bond insurance, net					60,281	60,281
Capital assets not being depreciated					5,591,106	5,591,106
Capital assets, net					3,733,519	3,733,519
Total Assets	<u>\$ 1,298,896</u>	<u>\$ 833,469</u>	<u>\$ 279,155</u>	<u>\$ 2,411,520</u>	<u>9,384,906</u>	<u>11,796,426</u>
Deferred Outflows of Resources						
Deferred difference on refunding					84,399	84,399
Liabilities						
Accounts payable	\$ 154,510	\$ -	\$ -	\$ 154,510		154,510
Other payables	153	739		892		892
Customer deposits	64,707			64,707		64,707
Builder deposits	5,108			5,108		5,108
Unearned revenue	1,500			1,500		1,500
Accrued interest payable					108,614	108,614
Due to developers					19,000	19,000
Long-term debt						
Due within one year					520,000	520,000
Due after one year					17,455,000	17,455,000
Total Liabilities	<u>225,978</u>	<u>739</u>	<u></u>	<u>226,717</u>	<u>18,102,614</u>	<u>18,329,331</u>
Deferred Inflows of Resources						
Deferred property taxes	<u>12,708</u>	<u>22,954</u>	<u></u>	<u>35,662</u>	<u>(35,662)</u>	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	9,602			9,602	(9,602)	
Restricted		809,776	279,155	1,088,931	(1,088,931)	
Unassigned	1,050,608			1,050,608	(1,050,608)	
Total Fund Balances	<u>1,060,210</u>	<u>809,776</u>	<u>279,155</u>	<u>2,149,141</u>	<u>(2,149,141)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,298,896</u>	<u>\$ 833,469</u>	<u>\$ 279,155</u>	<u>\$ 2,411,520</u>		
Net Position						
Net investment in capital assets					(4,227,609)	(4,227,609)
Restricted for debt service					724,116	724,116
Unrestricted					(2,945,013)	(2,945,013)
Total Net Position					<u>\$ (6,448,506)</u>	<u>\$ (6,448,506)</u>

See notes to basic financial statements.

Harris County Municipal Utility District No. 537

**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended May 31, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	\$ 244,120	\$ -	\$ -	\$ 244,120	\$ -	\$ 244,120
Sewer service	345,898			345,898		345,898
Property taxes	763,203	1,062,982		1,826,185	5,335	1,831,520
Penalties and interest	8,464	15,067		23,531	1,124	24,655
Tap connection and inspection	9,000			9,000		9,000
Miscellaneous	10,405			10,405		10,405
Investment earnings	34,336	38,017	13,170	85,523		85,523
Total Revenues	<u>1,415,426</u>	<u>1,116,066</u>	<u>13,170</u>	<u>2,544,662</u>	<u>6,459</u>	<u>2,551,121</u>
Expenditures/Expenses						
Current service operations						
Purchased services	347,853			347,853		347,853
Professional fees	132,608			132,608		132,608
Contracted services	182,162	27,500		209,662		209,662
Repairs and maintenance	243,365			243,365		243,365
Utilities	2,651			2,651		2,651
Administrative	31,507	2,225		33,732		33,732
Other	57,393	1,958	100	59,451		59,451
Debt service						
Principal		440,000		440,000	(440,000)	
Interest and fees		670,256		670,256	5,498	675,754
Depreciation and amortization					202,566	202,566
Total Expenditures/Expenses	<u>997,539</u>	<u>1,141,939</u>	<u>100</u>	<u>2,139,578</u>	<u>(231,936)</u>	<u>1,907,642</u>
Revenues Over (Under)						
Expenditures	417,887	(25,873)	13,070	405,084	(405,084)	
Change in Net Position					643,479	643,479
Fund Balance/Net Position						
Beginning of the year	642,323	835,649	266,085	1,744,057	(8,836,042)	(7,091,985)
End of the year	<u>\$ 1,060,210</u>	<u>\$ 809,776</u>	<u>\$ 279,155</u>	<u>\$ 2,149,141</u>	<u>\$ (8,597,647)</u>	<u>\$ (6,448,506)</u>

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Harris County Municipal Utility District No. 537 (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 and created under Section 59, Article XVI and Section 52, Article III of the Texas Constitution on September 1, 2013, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on July 1, 2014, and the first bonds were issued on September 29, 2016.

The District’s primary activities include construction, maintenance and operation of water, sewer and drainage facilities, recreational and road 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.

Harris County Municipal Utility District No. 537
Notes to Financial Statements
May 31, 2025

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. 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 and drainage facilities, parks and recreational facilities and road improvements.

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.

Harris County Municipal Utility District No. 537
Notes to Financial Statements
May 31, 2025

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.

Prepaid Bond Insurance

Prepaid bond insurance reduces the District's borrowing costs and is, therefore, recorded as asset in the government-wide *Statement of Net Position* and amortized to interest expense over the life of the bonds.

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 May 31, 2025, an allowance for uncollectible accounts was not considered necessary.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

Interfund Activity

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

Capital Assets

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

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

Harris County Municipal Utility District No. 537
Notes to Financial Statements
May 31, 2025

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	10 - 45 years
Landscaping improvements	20 years
Other facilities	25 years
Impact fees	Remaining life of contract

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

Deferred Inflows and Outflows of Financial Resources

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

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

Deferred outflows of financial resources at the government-wide level are from a refunding bond transaction in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

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

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 value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets and the value of amounts due to developers. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Harris County Municipal Utility District No. 537
Notes to Financial Statements
May 31, 2025

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds	\$ 2,149,141
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Prepaid bond insurance is recorded as an expenditure at the fund level, but is recorded as a prepaid asset and amortized to interest expense over the life of the bonds in the government-wide statements.	60,281
--	--------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 10,425,607	
Less accumulated depreciation/amortization	<u>(1,100,982)</u>	
		9,324,625

The difference between the face amount of bonds refunded and the amount paid to refund the bonds does not provide financial resources at the fund level and is recorded as a deferred outflow in the <i>Statement of Net Position</i> and amortized to interest expense.	84,399
--	--------

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	(108,614)	
Due to developers	(19,000)	
Bonds payable	<u>(17,975,000)</u>	
		(18,102,614)

Deferred inflows in the fund statements consist of property taxes receivable 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.	35,662
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Total net position - governmental activities	<u><u>\$ (6,448,506)</u></u>
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Harris County Municipal Utility District No. 537
Notes to Financial Statements
May 31, 2025

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

Net change in fund balances - total governmental funds	\$ 405,084
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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 penalty and interests.

	6,459
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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:

Principal payments	\$ 440,000	
Interest expense accrual	<u>(5,498)</u>	
		434,502

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. The difference during the current fiscal year is for depreciation and amortization expense.

	(202,566)
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Change in net position of governmental activities	<u><u>\$ 643,479</u></u>
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Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Harris County Municipal Utility District No. 537
Notes to Financial Statements
May 31, 2025

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 May 31, 2025, the District's investments consist of the following:

<u>Type</u>	<u>Fund</u>	<u>Carrying Value</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Texas CLASS	General	\$ 1,099,714		
	Debt Service	759,532		
Total		<u>\$ 1,859,246</u>	AAAm	34 days

Texas CLASS

The District participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administer and UMB Bank N.A., as the custodian.

The District's investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District's investment in Texas CLASS is measured using published fair value per share (level 1 inputs).

Harris County Municipal Utility District No. 537
Notes to Financial Statements
May 31, 2025

Investments in Texas CLASS 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 May 31, 2025, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 5,740	Maintenance tax collections not remitted as of year end

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

Harris County Municipal Utility District No. 537
Notes to Financial Statements
May 31, 2025

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended May 31, 2025, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 5,591,106	\$ -	\$ 5,591,106
Capital assets being depreciated/amortized			
Infrastructure	2,558,758		2,558,758
Landscaping improvements	1,438,001		1,438,001
Other facilities	109,650		109,650
Impact fees	728,092		728,092
	<u>4,834,501</u>		<u>4,834,501</u>
Less accumulated depreciation/amortization			
Infrastructure	(569,432)	(74,274)	(643,706)
Landscaping improvements	(197,402)	(102,714)	(300,116)
Other facilities	(39,291)	(4,386)	(43,677)
Impact fees	(92,291)	(21,192)	(113,483)
	<u>(898,416)</u>	<u>(202,566)</u>	<u>(1,100,982)</u>
Subtotal depreciable capital assets, net	<u>3,936,085</u>	<u>(202,566)</u>	<u>3,733,519</u>
Capital assets, net	<u>\$ 9,527,191</u>	<u>\$ (202,566)</u>	<u>\$ 9,324,625</u>

Depreciation/amortization expense for the current fiscal year was \$202,566.

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developers will 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.

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

The amount due to developers at May 31, 2025, is approximately \$19,000 for operating advances. There was no change in this liability from the prior fiscal year.

Harris County Municipal Utility District No. 537
Notes to Financial Statements
May 31, 2025

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u><u>\$ 17,975,000</u></u>
Due within one year	<u><u>\$ 520,000</u></u>

The District's bonds payable at May 31, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2017	\$ 2,255,000	\$ 2,630,000	2.25% - 4.00%	April 1, 2021/2043	October 1, April 1	April 1, 2023
2018 Road	2,100,000	2,300,000	3.00% - 4.00%	April 1, 2022/2045	October 1, April 1	April 1, 2023
2020	1,850,000	2,000,000	2.20% - 4.00%	April 1, 2022/2046	October 1, April 1	April 1, 2025
2021 Refunding	3,490,000	3,830,000	2.00% - 2.50%	April 1, 2022/2043	October 1, April 1	April 1, 2026
2021A	2,850,000	3,000,000	2.00% - 4.50%	April 1, 2024/2048	October 1, April 1	April 1, 2026
2022	1,970,000	2,060,000	5.00% - 7.50%	April 1, 2024/2048	October 1, April 1	April 1, 2027
2023 Park	3,460,000	3,460,000	5.00% - 7.50%	April 1, 2026/2049	October 1, April 1	April 1, 2028
	<u><u>\$ 17,975,000</u></u>					

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 May 31, 2025, the District had \$24,090,000 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 \$53,170,000 authorized, but unissued for the refunding of such bonds; \$8,540,000 for parks and recreational facilities and \$18,000,000 authorized, but unissued for the refunding of such bonds; and \$5,200,000 for road improvements and \$11,250,000 authorized, but unissued for the refunding of such bonds.

Harris County Municipal Utility District No. 537
Notes to Financial Statements
May 31, 2025

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

Bonds payable, beginning of year	\$ 18,415,000
Bonds retired	(440,000)
Bonds payable, end of year	<u>\$ 17,975,000</u>

As of May 31, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	\$ 520,000	\$ 651,681	\$ 1,171,681
2027	575,000	630,069	1,205,069
2028	605,000	607,432	1,212,432
2029	635,000	584,850	1,219,850
2030	670,000	560,601	1,230,601
2031	670,000	536,175	1,206,175
2032	680,000	514,613	1,194,613
2033	760,000	492,296	1,252,296
2034	770,000	467,569	1,237,569
2035	805,000	442,069	1,247,069
2036	855,000	415,494	1,270,494
2037	860,000	387,107	1,247,107
2038	925,000	357,826	1,282,826
2039	955,000	325,263	1,280,263
2040	970,000	291,750	1,261,750
2041	1,030,000	257,056	1,287,056
2042	1,105,000	220,544	1,325,544
2043	1,155,000	180,856	1,335,856
2044	730,000	139,344	869,344
2045	745,000	110,781	855,781
2046	635,000	81,469	716,469
2047	530,000	56,813	586,813
2048	545,000	34,906	579,906
2049	245,000	12,250	257,250
	<u>\$ 17,975,000</u>	<u>\$ 8,358,814</u>	<u>\$ 26,333,814</u>

Note 8 – Property Taxes

On November 6, 2014, 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. Additionally, the voters authorized an additional tax levy for use in park and recreational facilities limited to \$0.10 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

Harris County Municipal Utility District No. 537
Notes to Financial Statements
May 31, 2025

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 Harris Central 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 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of \$0.50 per \$100 of assessed value, of which \$0.21 was allocated to maintenance and operations, \$0.26 was allocated to debt service, and \$0.03 was allocated to road debt services. The resulting tax levy was \$1,836,004 on the adjusted taxable value of \$367,200,713.

Property taxes receivable, at May 31, 2025, consisted of the following:

Current year taxes receivable	\$ 27,597
Prior years taxes receivable	<u>3,581</u>
	31,178
Penalty and interest receivable	<u>4,484</u>
Property taxes receivable	<u><u>\$ 35,662</u></u>

Note 9 – Purchased Services

Treated Water Supply Contract

On November 6, 2014, the District entered into a Treated Water Supply Contract (the “Contract”) with the City of Houston (the “City”), in which the City will provide purchased treated water for the District. Under the terms of the Contract, the District will be initially provided with a minimum of 600,000 gallons of water per month on a take or pay basis. The total maximum amount of water per month shall be 4,350,000 gallons. The City shall calculate the District's billing statements in accordance with the formula set forth in the City's Code of Ordinances. The Contract is effective for forty years. During the current fiscal year, the District recorded expenditures/expenses of \$135,768 for purchased water supply.

Sanitary Sewer Service Agreement

On November 6, 2014, the District entered into a Sanitary Sewer Service Agreement (the “Agreement”) with the City. Pursuant to the Agreement, the City will provide sanitary collection and treatment services to the District. On a monthly basis, the District shall pay the rates and fees for these services, which is calculated as the total quantity of wastewater flow during the month, as measured in thousand gallons, times the wholesale wastewater rate per thousand gallons.

No capital contribution fees for wastewater capacity shall be charged by the City. Additionally, the District covenants to assess user charges to its customers that will produce sufficient revenues to discharge its obligations to the City under this Agreement. The initial term of this Agreement is ten

Harris County Municipal Utility District No. 537
Notes to Financial Statements
May 31, 2025

years, with an automatic renewal for no more than three additional terms of up to ten years each. During the current fiscal year, the District recorded expenditures of \$212,085 for purchased sewer services.

Note 10 – Capital Contributions

During the current fiscal year, the District made a capital contribution to the Somerset Green Homeowners Association (the “HOA”) in the amount of \$40,000 for additional security and lighting along the walking trails. The contribution is recognized in “Other expenses” on the *Statement of Activities*.

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.

Required Supplementary Information

Harris County Municipal Utility District No. 537

Required Supplementary Information - Budgetary Comparison Schedule - General Fund

For the Year Ended May 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	\$ 184,000	\$ 184,000	\$ 244,120	\$ 60,120
Sewer service	243,000	243,000	345,898	102,898
Property taxes	491,000	740,000	763,203	23,203
Penalties and interest	7,500	7,500	8,464	964
Tap connection and inspection	30,750	30,750	9,000	(21,750)
Miscellaneous	13,000	13,000	10,405	(2,595)
Investment earnings	12,000	12,000	34,336	22,336
Total Revenues	981,250	1,230,250	1,415,426	185,176
Expenditures				
Current service operations				
Purchased services	350,500	350,500	347,853	2,647
Professional fees	147,800	167,800	132,608	35,192
Contracted services	173,575	173,575	182,162	(8,587)
Repairs and maintenance	213,500	213,500	243,365	(29,865)
Utilities	3,200	3,200	2,651	549
Administrative	34,550	45,530	31,507	14,023
Other	47,785	52,785	57,393	(4,608)
Capital outlay	10,000	10,000		10,000
Total Expenditures	980,910	1,016,890	997,539	19,351
Revenues Over Expenditures	340	213,360	417,887	204,527
Fund Balance				
Beginning of the year	642,323	642,323	642,323	
End of the year	<u>\$ 642,663</u>	<u>\$ 855,683</u>	<u>\$ 1,060,210</u>	<u>\$ 204,527</u>

Harris County Municipal Utility District No. 537
Notes to Required Supplementary Information
May 31, 2025

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

Harris County Municipal Utility District No. 537
TSI-1. Services and Rates
May 31, 2025

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

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

2. Retail Service Providers

a. Retail Rates for a 1" meter (or equivalent):

	Minimum Charge	Usage Levels		Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage
Water:	\$ 13.54	0	to 1,000	Y	
	15.38	1,001	to 2,000	Y	
	17.22	2,001	to 3,000	Y	
	45.58	3,001	to 4,000	Y	
	54.05	4,001	to 5,000	Y	
	62.52	5,001	to 6,000	Y	
	62.52	6,001	to 12,000	N	11.67
	132.54	12,001	to 20,000	N	15.12
	253.50	20,001	to no limit	N	19.43
Wastewater:	28.61	0	to 1,000	Y	
	35.88	1,001	to 2,000	Y	
	43.15	2,001	to 3,000	Y	
	43.15	3,001	to no limit	N	\$ 14.30

District employs winter averaging for wastewater usage? ☐ Yes ☒ No

Total charges per 10,000 gallons usage: Water \$ 109.20 Wastewater \$ 143.25

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"			x 1.0	
1"	490	481	x 2.5	1,203
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
Total Water	490	481		1,203
Total Wastewater	485	476	x 1.0	476

See accompanying auditor's report.

Harris County Municipal Utility District No. 537
TSI-1. Services and Rates
May 31, 2025

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

Gallons purchased from City of Houston	<u>26,078,000</u>	Water Accountability Ratio: (Gallons billed / Gallons purchased)
Gallons billed to customers:	<u>24,412,000</u>	<u>93.61%</u>

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

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

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes ☒ No ☐

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

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

City(ies) in which the District is located: City of Houston

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

Entirely ☐ Partly ☐ Not at all ☒

ETJs in which the District is located: _____

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

If Yes, by whom? _____

See accompanying auditor's report.

Harris County Municipal Utility District No. 537
TSI-2. General Fund Expenditures
For the Year Ended May 31, 2025

Purchased services	\$ 347,853
Professional fees	
Legal	78,534
Audit	16,500
Engineering	35,774
Financial advisor	1,800
	<u>132,608</u>
Contracted services	
Bookkeeping	13,912
Operator	34,741
Garbage collection	127,015
Inspection	6,494
	<u>182,162</u>
Repairs and maintenance	<u>243,365</u>
Utilities	<u>2,651</u>
Administrative	
Directors fees	8,619
Insurance	8,895
Other	13,993
	<u>31,507</u>
Other	<u>57,393</u>
Total expenditures	<u>\$ 997,539</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 537
TSI-3. Investments
May 31, 2025

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
Texas CLASS	Variable	N/A	<u>\$ 1,099,714</u>
Debt Service			
Texas CLASS - Road	Variable	N/A	82,551
Texas CLASS	Variable	N/A	676,981
			<u>759,532</u>
Total - All Funds			<u><u>\$ 1,859,246</u></u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 537
TSI-4. Taxes Levied and Receivable
May 31, 2025

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 8,063	\$ 15,713	\$ 2,068	\$ 25,844
Adjustments to Prior Year Tax Levy	(994)	(1,937)	(255)	(3,186)
Adjusted Receivable	7,069	13,776	1,813	22,658
2024 Original Tax Levy	713,604	883,510	101,943	1,699,057
Adjustments	57,518	71,212	8,217	136,947
Adjusted Tax Levy	771,122	954,722	110,160	1,836,004
Total to be accounted for	778,191	968,498	111,973	1,858,662
Tax collections:				
Current year	759,531	940,372	108,504	1,808,407
Prior years	5,952	11,599	1,526	19,077
Total Collections	765,483	951,971	110,030	1,827,484
Taxes Receivable, End of Year	\$ 12,708	\$ 16,527	\$ 1,943	\$ 31,178
Taxes Receivable, By Years				
2024	\$ 11,591	\$ 14,350	\$ 1,656	\$ 27,597
2023	1,117	2,177	287	3,581
Taxes Receivable, End of Year	\$ 12,708	\$ 16,527	\$ 1,943	\$ 31,178
	2024	2023	2022	2021
Property Valuations:				
Land	\$ 125,631,661	\$ 115,101,032	\$ 112,387,043	\$ 90,418,401
Improvements	250,185,802	204,002,923	135,024,399	107,824,132
Personal Property	3,153,083	2,996,676	2,514,732	2,281,410
Exemptions	(11,769,833)	(8,227,535)	(4,264,971)	(3,768,613)
Total Property Valuations	\$ 367,200,713	\$ 313,873,096	\$ 245,661,203	\$ 196,755,330
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.21	\$ 0.156	\$ 0.16	\$ 0.21
Debt service tax rates	0.26	0.304	0.28	0.22
Road debt service tax rates	0.03	0.040	0.06	0.07
Total Tax Rates per \$100 Valuation	\$ 0.50	\$ 0.500	\$ 0.50	\$ 0.50
Adjusted Tax Levy:	\$ 1,836,004	\$ 1,569,365	\$ 1,228,306	\$ 983,777
Percentage of Taxes Collected to Taxes Levied ***	98.50%	99.77%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 13, 2014

** Maximum Park and Recreational Maintenance Tax Rate Approved by Voters: \$0.10 on
November 13, 2014

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

See accompanying auditor's report.

Harris County Municipal Utility District No. 537
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
May 31, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due October 1, April 1	Total
2026	\$ 75,000	\$ 88,300	\$ 163,300
2027	100,000	85,900	185,900
2028	100,000	82,600	182,600
2029	100,000	79,200	179,200
2030	100,000	75,200	175,200
2031	100,000	71,200	171,200
2032	100,000	67,200	167,200
2033	125,000	63,200	188,200
2034	125,000	58,200	183,200
2035	125,000	53,200	178,200
2036	125,000	48,200	173,200
2037	125,000	43,200	168,200
2038	150,000	38,200	188,200
2039	150,000	32,200	182,200
2040	150,000	26,200	176,200
2041	150,000	20,200	170,200
2042	175,000	14,200	189,200
2043	180,000	7,200	187,200
	<u>\$ 2,255,000</u>	<u>\$ 953,800</u>	<u>\$ 3,208,800</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 537
TSI-5. Long-Term Debt Service Requirements
Series 2018 Road--by Years
May 31, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due October 1, April 1	Total
2026	\$ 50,000	\$ 80,000	\$ 130,000
2027	75,000	78,438	153,438
2028	75,000	76,000	151,000
2029	75,000	73,468	148,468
2030	75,000	70,844	145,844
2031	75,000	68,218	143,218
2032	75,000	65,594	140,594
2033	100,000	62,876	162,876
2034	100,000	59,250	159,250
2035	100,000	55,500	155,500
2036	100,000	51,750	151,750
2037	100,000	47,876	147,876
2038	125,000	44,000	169,000
2039	125,000	39,000	164,000
2040	125,000	34,000	159,000
2041	125,000	29,000	154,000
2042	150,000	24,000	174,000
2043	150,000	18,000	168,000
2044	150,000	12,000	162,000
2045	150,000	6,000	156,000
	<u>\$ 2,100,000</u>	<u>\$ 995,814</u>	<u>\$ 3,095,814</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 537
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
May 31, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due October 1, April 1	Total
2026	\$ 50,000	\$ 52,175	\$ 102,175
2027	50,000	50,175	100,175
2028	50,000	48,675	98,675
2029	50,000	47,175	97,175
2030	75,000	46,075	121,075
2031	75,000	44,425	119,425
2032	75,000	42,775	117,775
2033	75,000	40,975	115,975
2034	75,000	39,175	114,175
2035	75,000	37,375	112,375
2036	100,000	35,500	135,500
2037	100,000	33,000	133,000
2038	100,000	30,000	130,000
2039	100,000	27,000	127,000
2040	100,000	24,000	124,000
2041	100,000	21,000	121,000
2042	100,000	18,000	118,000
2043	125,000	15,000	140,000
2044	125,000	11,250	136,250
2045	125,000	7,500	132,500
2046	125,000	3,750	128,750
	<u>\$ 1,850,000</u>	<u>\$ 675,000</u>	<u>\$ 2,525,000</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 537
TSI-5. Long-Term Debt Service Requirements
Series 2021 Refunding--by Years
May 31, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due October 1, April 1	Total
2026	\$ 145,000	\$ 75,656	\$ 220,656
2027	145,000	72,756	217,756
2028	170,000	69,856	239,856
2029	170,000	66,457	236,457
2030	170,000	63,056	233,056
2031	165,000	59,656	224,656
2032	165,000	56,356	221,356
2033	190,000	53,057	243,057
2034	185,000	49,256	234,256
2035	185,000	45,556	230,556
2036	205,000	41,856	246,856
2037	200,000	37,500	237,500
2038	200,000	33,251	233,251
2039	220,000	28,750	248,750
2040	220,000	23,800	243,800
2041	240,000	18,575	258,575
2042	255,000	12,875	267,875
2043	260,000	6,500	266,500
	<u>\$ 3,490,000</u>	<u>\$ 814,769</u>	<u>\$ 4,304,769</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 537
TSI-5. Long-Term Debt Service Requirements
Series 2021A--by Years
May 31, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due October 1, April 1	Total
2026	\$ 75,000	\$ 71,063	\$ 146,063
2027	75,000	67,688	142,688
2028	75,000	64,688	139,688
2029	100,000	61,688	161,688
2030	100,000	57,688	157,688
2031	100,000	54,688	154,688
2032	100,000	52,688	152,688
2033	100,000	50,688	150,688
2034	100,000	48,688	148,688
2035	125,000	46,688	171,688
2036	125,000	44,188	169,188
2037	125,000	41,531	166,531
2038	125,000	38,875	163,875
2039	125,000	36,063	161,063
2040	125,000	33,250	158,250
2041	150,000	30,281	180,281
2042	150,000	26,719	176,719
2043	150,000	23,156	173,156
2044	150,000	19,594	169,594
2045	150,000	16,031	166,031
2046	175,000	12,469	187,469
2047	175,000	8,313	183,313
2048	175,000	4,156	179,156
	<u>\$ 2,850,000</u>	<u>\$ 910,881</u>	<u>\$ 3,760,881</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 537
TSI-5. Long-Term Debt Service Requirements
Series 2022--by Years
May 31, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due October 1, April 1	Total
2026	\$ 50,000	\$ 100,750	\$ 150,750
2027	50,000	97,000	147,000
2028	55,000	93,500	148,500
2029	55,000	90,750	145,750
2030	60,000	88,000	148,000
2031	60,000	85,000	145,000
2032	65,000	82,000	147,000
2033	65,000	78,750	143,750
2034	70,000	75,500	145,500
2035	75,000	72,000	147,000
2036	75,000	68,250	143,250
2037	80,000	64,500	144,500
2038	85,000	60,500	145,500
2039	90,000	56,250	146,250
2040	95,000	51,750	146,750
2041	100,000	47,000	147,000
2042	105,000	42,000	147,000
2043	110,000	36,750	146,750
2044	115,000	31,250	146,250
2045	120,000	25,500	145,500
2046	125,000	19,500	144,500
2047	130,000	13,250	143,250
2048	135,000	6,750	141,750
	<u>\$ 1,970,000</u>	<u>\$ 1,386,500</u>	<u>\$ 3,356,500</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 537
TSI-5. Long-Term Debt Service Requirements
Series 2023 Park--by Years
May 31, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due April 1</u>	<u>Interest Due October 1, April 1</u>	<u>Total</u>
2026	\$ 75,000	\$ 183,737	\$ 258,737
2027	80,000	178,112	258,112
2028	80,000	172,113	252,113
2029	85,000	166,112	251,112
2030	90,000	159,738	249,738
2031	95,000	152,988	247,988
2032	100,000	148,000	248,000
2033	105,000	142,750	247,750
2034	115,000	137,500	252,500
2035	120,000	131,750	251,750
2036	125,000	125,750	250,750
2037	130,000	119,500	249,500
2038	140,000	113,000	253,000
2039	145,000	106,000	251,000
2040	155,000	98,750	253,750
2041	165,000	91,000	256,000
2042	170,000	82,750	252,750
2043	180,000	74,250	254,250
2044	190,000	65,250	255,250
2045	200,000	55,750	255,750
2046	210,000	45,750	255,750
2047	225,000	35,250	260,250
2048	235,000	24,000	259,000
2049	245,000	12,250	257,250
	<u>\$ 3,460,000</u>	<u>\$ 2,622,050</u>	<u>\$ 6,082,050</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 537
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
May 31, 2025

Due During Fiscal Years Ending	Principal Due April 1	Interest Due October 1, April 1	Total
2026	\$ 520,000	\$ 651,681	\$ 1,171,681
2027	575,000	630,069	1,205,069
2028	605,000	607,432	1,212,432
2029	635,000	584,850	1,219,850
2030	670,000	560,601	1,230,601
2031	670,000	536,175	1,206,175
2032	680,000	514,613	1,194,613
2033	760,000	492,296	1,252,296
2034	770,000	467,569	1,237,569
2035	805,000	442,069	1,247,069
2036	855,000	415,494	1,270,494
2037	860,000	387,107	1,247,107
2038	925,000	357,826	1,282,826
2039	955,000	325,263	1,280,263
2040	970,000	291,750	1,261,750
2041	1,030,000	257,056	1,287,056
2042	1,105,000	220,544	1,325,544
2043	1,155,000	180,856	1,335,856
2044	730,000	139,344	869,344
2045	745,000	110,781	855,781
2046	635,000	81,469	716,469
2047	530,000	56,813	586,813
2048	545,000	34,906	579,906
2049	245,000	12,250	257,250
	<u>\$ 17,975,000</u>	<u>\$ 8,358,814</u>	<u>\$ 26,333,814</u>

See accompanying auditor's report.

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Harris County Municipal Utility District No. 537
TSI-6. Change in Long-Term Bonded Debt
May 31, 2025

	Bond Issue			
	Series 2017	Series 2018 Road	Series 2020	Series 2021 Refunding
Interest rate	2.25% - 4.00%	3.00% - 4.00%	2.20% - 4.00%	2.00% - 2.50%
Dates interest payable	10/1 - 4/1	10/1 - 4/1	10/1 - 4/1	10/1 - 4/1
Maturity dates	4/1/21 - 4/1/43	4/1/22 - 4/1/45	4/1/22 - 4/1/46	4/1/22 - 4/1/43
Beginning bonds outstanding	\$ 2,330,000	\$ 2,150,000	\$ 1,900,000	\$ 3,635,000
Bonds retired	<u>(75,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(145,000)</u>
Ending bonds outstanding	<u>\$ 2,255,000</u>	<u>\$ 2,100,000</u>	<u>\$ 1,850,000</u>	<u>\$ 3,490,000</u>
Interest paid during fiscal year	<u>\$ 90,625</u>	<u>\$ 81,500</u>	<u>\$ 54,175</u>	<u>\$ 78,557</u>
Paying agent's name and city				
Series 2017 and 2018 Road	<u>ZB, National Association, dba Amegy Bank, Houston, Texas</u>			
All other Series	<u>The Bank of New York Mellon Trust Company, N.A., Dallas, Texas</u>			

	Water, Sewer and Drainage Bonds	Water, Sewer and Drainage Refunding Bonds	Parks and Recreational Bonds	Parks and Recreational Refunding Bonds
Bond Authority:				
Amount Authorized by Voters	\$ 38,000,000	\$ 57,000,000	\$ 12,000,000	\$ 18,000,000
Amount Issued	<u>(13,910,000)</u>	<u>(3,830,000)</u>	<u>(3,460,000)</u>	
Remaining To Be Issued	<u>\$ 24,090,000</u>	<u>\$ 53,170,000</u>	<u>\$ 8,540,000</u>	<u>\$ 18,000,000</u>

	Road Improvement Bonds	Road Refunding Bonds
Bond Authority:		
Amount Authorized by Voters	\$ 7,500,000	\$ 11,250,000
Amount Issued	<u>(2,300,000)</u>	
Remaining To Be Issued	<u>\$ 5,200,000</u>	<u>\$ 11,250,000</u>

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 May 31, 2025: \$ 816,255

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,097,242

See accompanying auditor's report.

Bond Issue			
Series 2021A	Series 2022	Series 2023 Park	Totals
2.00% - 4.50%	5.00% - 7.50%	5.00% - 7.50%	
10/1 - 4/1	10/1 - 4/1	10/1 - 4/1	
4/1/24 - 4/1/48	4/1/24 - 4/1/48	4/1/26 - 4/1/49	
\$ 2,925,000	\$ 2,015,000	\$ 3,460,000	\$ 18,415,000
(75,000)	(45,000)		(440,000)
\$ 2,850,000	\$ 1,970,000	\$ 3,460,000	\$ 17,975,000
\$ 74,438	\$ 103,900	\$ 183,737	\$ 666,932

Harris County Municipal Utility District No. 537

***TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years***

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Water service	\$ 244,120	\$ 191,723	\$ 127,764	\$ 88,693	\$ 74,752
Sewer service	345,898	259,558	166,799	108,888	93,709
Property taxes	763,203	488,691	399,610	427,507	356,363
Penalties and interest	8,464	7,365	5,564	4,013	3,110
Tap connection and inspection	9,000	38,500	126,140	133,000	78,000
Miscellaneous	10,405	9,590	11,536	8,905	6,134
Investment earnings	34,336	19,615	16,736		
Total Revenues	1,415,426	1,015,042	854,149	771,006	612,068
Expenditures					
Current service operations					
Purchased services	347,853	356,995	336,849	165,539	124,905
Professional fees	132,608	168,313	101,984	77,578	79,751
Contracted services	182,162	224,715	192,096	128,788	86,034
Repairs and maintenance	243,365	179,398	181,063	199,354	105,684
Utilities	2,651	3,162	2,541	2,397	2,295
Administrative	31,507	57,821	16,142	14,940	15,776
Other	57,393	7,359	87,954	6,411	9,435
Total Expenditures	997,539	997,763	918,629	595,007	423,880
Revenues Over (Under) Expenditures	\$ 417,887	\$ 17,279	\$ (64,480)	\$ 175,999	\$ 188,188
Total Active Retail Water Connections	481	475	428	320	264
Total Active Retail Wastewater Connections	476	475	425	317	264

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
17%	18%	15%	12%	12%
24%	26%	20%	14%	15%
54%	48%	46%	55%	58%
1%	1%	1%	1%	1%
1%	4%	15%	17%	13%
1%	1%	1%	1%	1%
2%	2%	2%		
100%	100%	100%	100%	100%

25%	35%	39%	21%	20%
9%	17%	12%	10%	13%
13%	22%	22%	17%	14%
17%	18%	21%	26%	17%
*	*	*	*	*
2%	6%	2%	2%	3%
4%	1%	10%	1%	2%
70%	99%	106%	77%	69%
30%	1%	(6%)	23%	31%

Harris County Municipal Utility District No. 537

TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund

For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Property taxes	\$ 1,062,982	\$ 1,074,689	\$ 840,410	\$ 582,606	\$ 502,375
Penalties and interest	15,067	11,790	14,731	19,766	5,203
Miscellaneous			668	1,478	1,579
Investment earnings	38,017	19,316	1,773		
Total Revenues	1,116,066	1,105,795	857,582	603,850	509,157
Expenditures					
Tax collection services	29,725	29,823	27,685	27,358	22,528
Other	1,958				
Debt service					
Principal	440,000	445,000	275,000	270,000	175,000
Interest and fees	670,256	564,375	438,909	376,670	377,771
Debt issuance costs					207,399
Total Expenditures	1,141,939	1,039,198	741,594	674,028	782,698
Revenues Over (Under) Expenditures	\$ (25,873)	\$ 66,597	\$ 115,988	\$ (70,178)	\$ (273,541)

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
96%	97%	98%	97%	99%
1%	1%	2%	3%	1%
		*	*	*
3%	2%	*		
100%	100%	100%	100%	100%
3%	3%	3%	5%	4%
*				
39%	40%	32%	45%	34%
60%	51%	51%	62%	74%
				41%
102%	94%	86%	112%	153%
(2%)	6%	14%	(12%)	(53%)

Harris County Municipal Utility District No. 537
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended May 31, 2025

Complete District Mailing Address: 1330 Post Oak Boulevard, Suite 2650, Houston, Texas 77056
District Business Telephone Number: (713) 850-9000
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): December 27, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
James Balock	05/24 - 05/26	\$ 1,989	\$ 24	President
Nancy Turner	05/24 - 05/28	1,547	5	Vice President
Francine Stefan	05/24 - 05/28	1,768	12	Secretary
William Sherwood	12/24 - 05/26	1,105		Assistant Secretary
David Kahn	04/25 - 05/26			Assistant Secretary
Allen Watson	05/22 - 04/25	1,547		Former Director
Tony Sartori	05/22 - 10/24	663		Former Director
Key Personnel:				
Allen Watson	04/2025	2,000	1,168	General Manager
Consultants				
		Amounts Paid		
Sanford Kuhl Hagan Kugle				
Parker Kahn LLP	07/2014			Attorney
<i>General legal fees</i>		\$ 78,711		
Si Environmental, LLC	04/2018	204,541		Operator
L&S District Services, LLC	06/2014	13,430		Bookkeeper
Bob Leared Interests	08/2014	10,557		Tax Collector
Harris Central Appraisal District	Legislation	13,221		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	02/2021	3,722		Delinquent Tax Attorney
Brown & Gay Engineers, Inc.	07/2014	34,427		Engineer
McGrath & Co., PLLC	06/2015	16,500		Auditor
The GMS Group, L.L.C.	08/2014	1,800		Financial Advisor

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