



Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

**Independent Auditor's Report, Financial Statements,
and Supplementary Information**

September 30, 2025



Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
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Independent Auditor's Report

Board of Directors
Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas (District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2025, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Forvis Mazars, LLP

**Houston, Texas
February 6, 2026**

**Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Management's Discussion and Analysis
Year Ended September 30, 2025**

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

**Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
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Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 7,704,222	\$ 7,152,450
Capital assets	<u>8,033,051</u>	<u>8,308,463</u>
Total assets	<u>15,737,273</u>	<u>15,460,913</u>
Deferred outflows of resources	<u>-</u>	<u>4,128</u>
Total assets and deferred outflows of resources	<u>\$ 15,737,273</u>	<u>\$ 15,465,041</u>
Long-term liabilities	\$ 6,876,363	\$ 7,763,278
Other liabilities	<u>665,952</u>	<u>689,223</u>
Total liabilities	<u>7,542,315</u>	<u>8,452,501</u>

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Management’s Discussion and Analysis
Year Ended September 30, 2025**

Summary of Net Position (Continued)

	<u>2025</u>	<u>2024</u>
Net position		
Net investment in capital assets	\$ 2,086,997	\$ 1,552,682
Restricted	1,297,055	1,254,402
Unrestricted	<u>4,810,906</u>	<u>4,205,456</u>
 Total net position	 <u>\$ 8,194,958</u>	 <u>\$ 7,012,540</u>

The total net position of the District increased by \$1,182,418, or approximately 17%. The increase in net position is due to property tax revenues intended to pay principal on the District’s bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements, as well as charges for services revenues exceeding service operations and debt service expenses. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	<u>2025</u>	<u>2024</u>
Revenues		
Property taxes	\$ 2,070,712	\$ 2,078,814
Charges for services	2,308,779	2,202,484
Other revenues	<u>460,299</u>	<u>442,045</u>
 Total revenues	 <u>4,839,790</u>	 <u>4,723,343</u>
 Expenses		
Services	3,072,671	3,052,283
Depreciation	448,752	388,889
Debt service	<u>135,949</u>	<u>156,359</u>
 Total expenses	 <u>3,657,372</u>	 <u>3,597,531</u>
 Change in net position	 1,182,418	 1,125,812
 Net position, beginning of year	 <u>7,012,540</u>	 <u>5,886,728</u>
 Net position, end of year	 <u>\$ 8,194,958</u>	 <u>\$ 7,012,540</u>

Financial Analysis of the District’s Funds

The District’s combined fund balances as of the end of the fiscal year ended September 30, 2025 were \$6,944,396, an increase of \$528,445 from the prior year.

The general fund’s fund balance increased by \$596,532 due to property taxes and services revenues and investment income exceeding service operations expenditures.

The special revenue fund’s fund balance remained the same, as all expenditures were billed to the participants.

**Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Management’s Discussion and Analysis
Year Ended September 30, 2025**

The debt service fund’s fund balance decreased by \$1,371 due to bond principal and interest requirements and contracted services expenditures exceeding property taxes revenues and investment income.

The capital projects fund’s fund balance decreased by \$66,716 due to capital outlay expenditures exceeding investment income.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to water service revenues and repairs and maintenance and other expenditures being less than expected and regional water fee and penalty and interest revenues, investment income, and purchased services and contracted services expenditures being greater than expected. In addition, other income and capital outlay expenditures were not budgeted. The fund balance as of September 30, 2025 was expected to be \$4,679,076, and the actual end-of-year fund balance was \$4,771,808.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 1,834,065	\$ 1,834,065
Construction in progress	96,492	1,073,619
Water facilities	1,230,985	1,318,754
Wastewater facilities	3,916,362	3,065,550
Drainage facilities	<u>955,147</u>	<u>1,016,475</u>
 Total capital assets	 <u>\$ 8,033,051</u>	 <u>\$ 8,308,463</u>

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

Construction in progress and engineering fees for the storm sewer televising and rehabilitation project	\$ 96,492
Replace jockey pump motor and booster pump No. 4 at the water plant	16,355
Replace non-potable pump motor, gearbox shaft, and shaft seal to step screen and auto screen gear box at the wastewater treatment plant	16,514
Sanitary sewer rehabilitation for Kingspoint, Sections 1, 2, and 3 and wastewater treatment plant clarifier replacement project	30,059
Replace fence at the lift station	<u>13,920</u>
 Total additions to capital assets	 <u>\$ 173,340</u>

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2025 are summarized as follows.

**Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Management’s Discussion and Analysis
Year Ended September 30, 2025**

Long-term debt payable, beginning of year	\$ 7,763,278
Decreases in long-term debt	<u>(886,915)</u>
Long-term debt payable, end of year	<u>\$ 6,876,363</u>

At September 30, 2025, the District had \$29,675,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District.

The District’s bonds carry an underlying rating of “A” from Standard & Poor’s. The Series 2020 and Series 2021 bonds carry a “AA” rating from Standard & Poor’s by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District’s consent. If the District is annexed, the City must assume the District’s assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets							
Cash	\$ 373,127	\$ 79,743	\$ 24,032	\$ 92,262	\$ 569,164	\$ -	\$ 569,164
Certificates of deposit	937,767	-	-	-	937,767	-	937,767
Short-term investments	3,493,676	-	903,766	1,084,010	5,481,452	-	5,481,452
Receivables							
Property taxes	39,098	-	39,353	-	78,451	-	78,451
Service accounts	343,853	-	-	-	343,853	-	343,853
Accrued penalty and interest	-	-	-	-	-	25,979	25,979
Accrued interest	16,075	-	-	-	16,075	-	16,075
Interfund receivables	110,037	116,674	-	24,841	251,552	(251,552)	-
Due from others	-	233,322	-	8,221	241,543	-	241,543
Prepaid expenditures	9,938	-	-	-	9,938	-	9,938
Capital assets (net of accumulated depreciation)							
Land and improvements	-	-	-	-	-	1,834,065	1,834,065
Construction in progress	-	-	-	-	-	96,492	96,492
Infrastructure	-	-	-	-	-	6,102,494	6,102,494
Total Assets	\$ 5,323,571	\$ 429,739	\$ 967,151	\$ 1,209,334	\$ 7,929,795	\$ 7,807,478	\$ 15,737,273

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2025

(Continued)

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities							
Accounts payable	\$ 181,177	\$ 172,814	\$ 1,755	\$ 16,840	\$ 372,586	\$ -	\$ 372,586
Retainage payable	-	-	-	2,837	2,837	-	2,837
Accrued interest payable	-	-	-	-	-	10,556	10,556
Customer deposits	185,536	-	-	-	185,536	-	185,536
Due to others	4,437	-	-	-	4,437	-	4,437
Due to other district	-	90,000	-	-	90,000	-	90,000
Interfund payables	141,515	106,925	3,112	-	251,552	(251,552)	-
Long-term liabilities							
Due within one year	-	-	-	-	-	800,000	800,000
Due after one year	-	-	-	-	-	6,076,363	6,076,363
Total Liabilities	512,665	369,739	4,867	19,677	906,948	6,635,367	7,542,315
Deferred Inflows of Resources							
Deferred property tax revenues	39,098	-	39,353	-	78,451	(78,451)	-
Fund Balances/Net Position							
Fund balances							
Nonspendable, prepaid expenditures	9,938	-	-	-	9,938	(9,938)	-
Restricted							
Unlimited tax bonds	-	-	922,931	-	922,931	(922,931)	-
Water, sewer, and drainage	-	-	-	1,189,657	1,189,657	(1,189,657)	-
Committed, wastewater collection and treatment	-	60,000	-	-	60,000	(60,000)	-
Unassigned	4,761,870	-	-	-	4,761,870	(4,761,870)	-
Total fund balances	4,771,808	60,000	922,931	1,189,657	6,944,396	(6,944,396)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,323,571	\$ 429,739	\$ 967,151	\$ 1,209,334	\$ 7,929,795		
Net position							
Net investment in capital assets						2,086,997	2,086,997
Restricted for plant operations						60,000	60,000
Restricted for debt service						977,707	977,707
Restricted for capital projects						259,348	259,348
Unrestricted						4,810,906	4,810,906
Total net position						\$ 8,194,958	\$ 8,194,958

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Statement of Activities and Governmental Funds Revenues,
Expenditures, and Changes in Fund Balances
Year Ended September 30, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues							
Property taxes	\$ 1,045,510	\$ -	\$ 1,007,500	\$ -	\$ 2,053,010	\$ 17,702	\$ 2,070,712
Water service	540,964	-	-	-	540,964	-	540,964
Sewer service	654,947	1,155,196	-	-	1,810,143	(518,776)	1,291,367
Regional water fee	476,448	-	-	-	476,448	-	476,448
Penalty and interest	53,366	-	35,413	-	88,779	25,979	114,758
Tap connection and inspection fees	21,100	-	-	-	21,100	-	21,100
Investment income	198,052	589	43,367	47,594	289,602	-	289,602
Other income	34,839	-	-	-	34,839	-	34,839
Total Revenues	3,025,226	1,155,785	1,086,280	47,594	5,314,885	(475,095)	4,839,790
Expenditures/Expenses							
Service operations							
Purchased services	462,079	-	-	-	462,079	(462,079)	-
Regional water authority	454,209	-	-	-	454,209	-	454,209
Professional fees	137,855	6,790	9,904	-	154,549	653	155,202
Contracted services	650,396	145,277	43,732	-	839,405	-	839,405
Utilities	32,920	126,234	-	-	159,154	-	159,154
Repairs and maintenance	537,655	756,495	-	-	1,294,150	-	1,294,150
Other expenditures	123,306	34,883	12,362	-	170,551	-	170,551
Capital outlay	30,274	86,106	-	114,310	230,690	(230,690)	-
Depreciation	-	-	-	-	-	448,752	448,752
Debt service							
Principal retirement	-	-	875,000	-	875,000	(875,000)	-
Interest and fees	-	-	146,653	-	146,653	(10,704)	135,949
Total Expenditures/Expenses	2,428,694	1,155,785	1,087,651	114,310	4,786,440	(1,129,068)	3,657,372
Excess (Deficiency) of Revenues Over Expenditures	596,532	-	(1,371)	(66,716)	528,445	(528,445)	
Change in Net Position						1,182,418	1,182,418
Fund Balances/Net Position							
Beginning of year	4,175,276	60,000	924,302	1,256,373	6,415,951	-	7,012,540
End of year	<u>\$ 4,771,808</u>	<u>\$ 60,000</u>	<u>\$ 922,931</u>	<u>\$ 1,189,657</u>	<u>\$ 6,944,396</u>	<u>\$ -</u>	<u>\$ 8,194,958</u>

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

Renn Road Municipal Utility District, of Harris and Fort Bend Counties, Texas (District), was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (Commission), effective December 22, 1978, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, and drainage facilities and to provide such facilities and services to the customers of the District.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

Special Revenue Fund – Accounts for revenues and expenditures involving specific revenue sources that are legally restricted to expenditures for specified purposes. The primary source of revenue is participant fees.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Notes to Financial Statements
September 30, 2025

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Notes to Financial Statements
September 30, 2025

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Notes to Financial Statements
September 30, 2025

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended September 30, 2025 include collections during the current period or within 60 days of year-end related to the 2024 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended September 30, 2025 the 2024 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

Water production and distribution facilities	10–45 years
Wastewater collection and treatment facilities	10–45 years
Drainage facilities	10–45 years

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Debt Issuance Costs

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

Long-Term Obligations

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

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

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Notes to Financial Statements
September 30, 2025

Net Position/Fund Balances

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

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

Reconciliation of Government-Wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 8,033,051
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	78,451
Penalty and interest on delinquent taxes are not receivable in the current period and is not reported in the funds.	25,979
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(10,556)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(6,876,363)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ 1,250,562</u></u>

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

Change in fund balances.	\$ 528,445
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and noncapitalized costs exceeded capital outlay expenditures in the current period.	(275,412)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	875,000

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Notes to Financial Statements
September 30, 2025

Revenues that do not provide current financial resources are not reported as revenues in the funds but are reported as revenues in the statement of activities.	\$ 43,681
Expenses previously reported in the statement of activities that require the use of current financial resources are reported as expenditures in governmental funds.	<u>10,704</u>
Change in net position of governmental activities.	<u>\$ 1,182,418</u>

Note 2. Deposits, Investments, and Investment Income

Deposits

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

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

At September 30, 2025, none of the District’s bank balances were exposed to custodial risk.

Investments

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

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

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. The District’s investments in TexPool are reported at amortized cost.

The District also invests in TexSTAR, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Directors, made up of participants and representatives of the administrator and investment manager, has oversight of TexSTAR. The District’s investments may be redeemed at any time. The District’s investments in TexSTAR are reported at amortized cost.

At September 30, 2025, the District had the following investments and maturities.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Notes to Financial Statements
September 30, 2025

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 5,156,450	\$ 5,156,450	\$ -	\$ -	\$ -
TexSTAR	325,002	325,002	-	-	-
Totals	<u>\$ 5,481,452</u>	<u>\$ 5,481,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2025, the District’s investments in TexPool and TexSTAR were rated “AAAm” by Standard & Poor’s.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at September 30, 2025 as shown below:

Carrying value	
Deposits	\$ 1,506,931
Investments	<u>5,481,452</u>
Total	<u>\$ 6,988,383</u>

Included in the following statement of net position captions:

Cash	\$ 569,164
Certificates of deposit	937,767
Short-term investments	<u>5,481,452</u>
Total	<u>\$ 6,988,383</u>

Investment Income

Investment income of \$289,602 for the year ended September 30, 2025 consisted of interest income.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2025 is presented as follows.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Notes to Financial Statements
September 30, 2025

Governmental Activities	Balances, Beginning of Year	Additions	Reclassifi- cations	Balances, End of Year
Capital assets, non-depreciable				
Land and improvements	\$ 1,834,065	\$ -	\$ -	\$ 1,834,065
Construction in progress	1,073,619	96,492	(1,073,619)	96,492
Total capital assets, non-depreciable	<u>2,907,684</u>	<u>96,492</u>	<u>(1,073,619)</u>	<u>1,930,557</u>
Capital assets, depreciable				
Water production and distribution facilities	3,990,891	16,355	-	4,007,246
Wastewater collection and treatment facilities	8,632,655	60,493	1,073,619	9,766,767
Drainage facilities	3,829,113	-	-	3,829,113
Total capital assets, depreciable	<u>16,452,659</u>	<u>76,848</u>	<u>1,073,619</u>	<u>17,603,126</u>
Less accumulated depreciation				
Water production and distribution facilities	(2,672,137)	(104,124)	-	(2,776,261)
Wastewater collection and treatment facilities	(5,567,105)	(283,300)	-	(5,850,405)
Drainage facilities	(2,812,638)	(61,328)	-	(2,873,966)
Total accumulated depreciation	<u>(11,051,880)</u>	<u>(448,752)</u>	<u>-</u>	<u>(11,500,632)</u>
Total governmental activities, net	<u>\$ 8,308,463</u>	<u>\$ (275,412)</u>	<u>\$ -</u>	<u>\$ 8,033,051</u>

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended September 30, 2025 were as follows:

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable				
General obligation bonds	\$ 7,800,000	\$ 875,000	\$ 6,925,000	\$ 800,000
Add premiums on bonds	18,380	18,380	-	-
Less discounts on bonds	55,102	6,465	48,637	-
Total governmental activities long-term liabilities	<u>\$ 7,763,278</u>	<u>\$ 886,915</u>	<u>\$ 6,876,363</u>	<u>\$ 800,000</u>

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Notes to Financial Statements
September 30, 2025

General Obligation Bonds

	<u>Series 2016</u>	<u>Series 2020</u>
Amounts outstanding, September 30, 2025	\$1,600,000	\$2,700,000
Interest rates	2.00% to 2.50%	1.40% to 2.00%
Maturity dates, serially beginning/ending	September 1, 2026/2027	September 1, 2028/2031
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2023	September 1, 2025
		<u>Series 2021</u>
Amount outstanding, September 30, 2025		\$2,625,000
Interest rates		1.00% to 1.75%
Maturity dates, serially beginning/ending		September 1, 2028/2032
Interest payment dates		March 1/September 1
Callable date*		September 1, 2026

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2025:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 800,000	\$ 126,678	\$ 926,678
2027	800,000	107,878	907,878
2028	1,135,000	87,877	1,222,877
2029	1,160,000	73,987	1,233,987
2030	1,215,000	54,537	1,269,537
2031–2032	1,815,000	42,487	1,857,487
Total	<u>\$ 6,925,000</u>	<u>\$ 493,444</u>	<u>\$ 7,418,444</u>

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

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Notes to Financial Statements
September 30, 2025

Bonds voted	\$	50,625,000
Bonds sold		20,950,000
Refunding bonds voted		8,000,000
Refunding bond authorization used		1,730,294

Note 5. Significant Bond Resolution and Commission Requirements

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2025, the District levied an ad valorem debt service tax at the rate of \$0.2650 per \$100 of assessed valuation, which resulted in a tax levy of \$1,016,698, on the taxable valuation of \$383,659,691 for the 2024 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$1,019,178.

Note 6. Maintenance Taxes

At an election held May 6, 2017, voters authorized a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended September 30, 2025, the District levied an ad valorem maintenance tax at the rate of \$0.2750 per \$100 of assessed valuation, which resulted in a tax levy of \$1,055,064 on the taxable valuation of \$383,659,691 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Contracts With Other Districts

Wastewater Treatment

On December 5, 1979, Kingsbridge Municipal Utility District (Kingsbridge) and the District entered into a 40-year agreement to share the construction and operation costs of a regional wastewater treatment plant. Construction costs were shared based on a pro rata share of costs relative to capacity acquired in the facilities.

On April 20, 1983, the District and Kingsbridge entered into an agreement to expand the wastewater treatment plant. Construction costs are to be shared equally by the districts. Each district records its pro rata share of construction costs in their respective financial statements. During a prior year, the participants contributed their pro rata share of cost for dechlorination facilities at the plant.

In September 2009, Kingsbridge and the District entered into a 40-year amended and restated Regional Wastewater Treatment Facilities Agreement regarding the maintenance and operation of the plant. Under the new agreement, the District continues to operate the facilities and hold title for the benefit of the participants. However, under the new agreement, effective October 1, 2009, operation and maintenance costs will be shared on a pro rata basis relative to the capacity owned by either participant. As of September 30, 2025, the pro rata share of ownership is 40% and 60% for the District and Kingsbridge, respectively. During the current year, the District and Kingsbridge were billed for their share of operating costs and capital billings of \$462,079 and \$693,117, respectively.

The terms of the agreement provide for the establishment of an operating reserve consisting of two months estimated operating and maintenance costs and a reasonable contingency reserve for ordinary and extraordinary repairs and replacements. As of September 30, 2025, each participant's share of an operating reserve consists of \$60,000 and \$90,000 for the District and Kingsbridge, respectively.

Note 8. Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of September 30, 2025, the Authority was billing the District \$3.95 per 1,000 gallons of water pumped from its wells. This amount is subject to future adjustments.

Note 9. Risk Management

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

Required Supplementary Information

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Budgetary Comparison Schedule – General Fund
Year Ended September 30, 2025

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,040,000	\$ 1,045,510	\$ 5,510
Water service	700,000	540,964	(159,036)
Sewer service	650,000	654,947	4,947
Regional water fee	450,000	476,448	26,448
Penalty and interest	25,000	53,366	28,366
Tap connection and inspection fees	26,800	21,100	(5,700)
Investment income	170,000	198,052	28,052
Other income	-	34,839	34,839
Total Revenues	3,061,800	3,025,226	(36,574)
Expenditures			
Service operations			
Purchased services	375,000	462,079	(87,079)
Regional water authority	450,000	454,209	(4,209)
Professional fees	157,000	137,855	19,145
Contracted services	611,000	650,396	(39,396)
Utilities	50,000	32,920	17,080
Repairs and maintenance	720,000	537,655	182,345
Other expenditures	185,000	123,306	61,694
Tap connections	10,000	-	10,000
Capital outlay	-	30,274	(30,274)
Total Expenditures	2,558,000	2,428,694	129,306
Excess of Revenues Over Expenditures	503,800	596,532	92,732
Fund Balance, Beginning of Year	4,175,276	4,175,276	-
Fund Balance, End of Year	\$ 4,679,076	\$ 4,771,808	\$ 92,732

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Budgetary Comparison Schedule – Special Revenue Fund
Year Ended September 30, 2025

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sewer service	\$ 1,083,800	\$ 1,155,196	\$ 71,396
Investment income	500	589	89
Total Revenues	<u>1,084,300</u>	<u>1,155,785</u>	<u>71,485</u>
Expenditures			
Service operations			
Professional fees	27,500	6,790	20,710
Contracted services	136,300	145,277	(8,977)
Utilities	120,000	126,234	(6,234)
Repairs and maintenance	714,000	756,495	(42,495)
Other expenditures	46,500	34,883	11,617
Capital outlay	40,000	86,106	(46,106)
Total Expenditures	<u>1,084,300</u>	<u>1,155,785</u>	<u>(71,485)</u>
Excess of Revenues Over Expenditures	-	-	-
Fund Balance, Beginning of Year	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ -</u>

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Notes to Required Supplementary Information
September 30, 2025

Budgets and Budgetary Accounting

Annual operating budgets are prepared for the general and special revenue funds by the District's consultants. The budgets reflect resources expected to be received during the year and expenditures expected to be incurred. The Board is required to adopt the budgets prior to the start of its fiscal year. The budgets are not a spending limitation (a legally restricted appropriation). The original budgets of the general fund and the special revenue fund were not amended during fiscal 2025.

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

Supplementary Information

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Other Schedules Included Within This Report
September 30, 2025

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

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 11–21
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedules of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel, and Consultants

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Schedule of Services and Rates
Year Ended September 30, 2025

1. Services provided by the District

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 22.00	5,000	N	\$ 3.00 \$ 3.50 \$ 4.00	5,001 to 12,000 12,001 to 18,000 18,001 to No Limit
Wastewater:	\$ 37.55	0	Y		
Regional water fee:	\$ 4.15	1	N	\$ 4.15	1 to No Limit

Does the District employ winter averaging for wastewater usage?

Yes No

Total charges per 10,000 gallons usage (including fees): Water \$ 78.50 Wastewater \$ 37.55

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	1,441	1,423	x1.0	1,423
1"	48	48	x2.5	120
1 1/2"	7	6	x5.0	30
2"	12	10	x8.0	80
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	1	1	x80.0	80
10"	-	-	x115.0	-
Total water	1,510	1,489		1,748
Total wastewater	1,489	1,477	x1.0	1,477

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

Gallons pumped into the system:	117,142
Gallons billed to customers:	115,906
Water accountability ratio (gallons billed/gallons pumped):	98.94%

*"ESFC" means equivalent single-family connections

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Schedule of General Fund Expenditures
Year Ended September 30, 2025

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$ 23,200		
Legal	71,407		
Engineering	43,248		
Financial advisor	<u> </u>		137,855
Purchased Services for Resale			
Bulk water and wastewater service purchases			462,079
Regional Water Authority			454,209
Contracted Services			
Bookkeeping	16,155		
General manager	-		
Appraisal district	-		
Tax collector	-		
Security	132,387		
Other contracted services	<u>107,053</u>		255,595
Utilities			32,920
Repairs and Maintenance			537,655
Administrative Expenditures			
Directors' fees	30,940		
Office supplies	42,196		
Insurance	10,362		
Other administrative expenditures	<u>39,808</u>		123,306
Capital Outlay			
Capitalized assets	30,274		
Expenditures not capitalized	<u>-</u>		30,274
Tap Connection Expenditures			
Solid Waste Disposal			394,801
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			<u>-</u>
Total Expenditures		<u>\$</u>	<u>2,428,694</u>

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Schedule of Temporary Investments
September 30, 2025

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
General Fund				
Certificates of Deposit				
No. 6550119138	4.32%	10/13/25	\$ 230,000	\$ 4,628
No. 95900012337672	4.50%	05/09/26	235,117	4,174
No. 600068483	4.25%	11/21/25	242,650	3,730
No. 631073	4.26%	11/21/25	230,000	3,543
TexPool	4.18%	Demand	3,168,674	-
TexSTAR	4.15%	Demand	325,002	-
			<u>4,431,443</u>	<u>16,075</u>
Debt Service Fund				
TexPool	4.18%	Demand	<u>903,766</u>	<u>-</u>
Capital Projects Fund				
TexPool	4.18%	Demand	<u>1,084,010</u>	<u>-</u>
Totals			<u><u>\$ 6,419,219</u></u>	<u><u>\$ 16,075</u></u>

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2025

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
Receivable, Beginning of Year	\$ 30,180	\$ 30,569
Additions and corrections to prior years' taxes	<u>(636)</u>	<u>(414)</u>
Adjusted Receivable, Beginning of Year	<u>29,544</u>	<u>30,155</u>
2024 Original Tax Levy	996,941	960,689
Additions and corrections	<u>58,123</u>	<u>56,009</u>
Adjusted tax levy	<u>1,055,064</u>	<u>1,016,698</u>
Total To Be Accounted For	1,084,608	1,046,853
Tax collections: Current year	(1,035,421)	(997,770)
Prior years	<u>(10,089)</u>	<u>(9,730)</u>
Receivable, End of Year	<u>\$ 39,098</u>	<u>\$ 39,353</u>
Receivable, by Years		
2024	\$ 19,643	\$ 18,928
2023	10,295	9,597
2022	5,114	5,196
2021	1,700	2,084
2020	995	1,284
2019	566	730
2018	419	754
2017	259	467
2016 and prior	<u>107</u>	<u>313</u>
Receivable, End of Year	<u>\$ 39,098</u>	<u>\$ 39,353</u>

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2025

(Continued)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Property Valuations				
Land	\$ 86,469,022	\$ 82,307,491	\$ 77,237,732	\$ 61,972,544
Improvements	332,563,849	334,530,939	293,310,510	216,245,977
Personal property	5,568,843	5,176,639	8,592,771	3,672,601
Exemptions	<u>(40,942,023)</u>	<u>(56,508,330)</u>	<u>(45,989,635)</u>	<u>(13,950,275)</u>
Total Property Valuations	<u>\$ 383,659,691</u>	<u>\$ 365,506,739</u>	<u>\$ 333,151,378</u>	<u>\$ 267,940,847</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.2650	\$ 0.2750	\$ 0.3150	\$ 0.3800
Maintenance tax rates*	<u>0.2750</u>	<u>0.2950</u>	<u>0.3100</u>	<u>0.3100</u>
Total Tax Rates per \$100 Valuation	<u>\$ 0.5400</u>	<u>\$ 0.5700</u>	<u>\$ 0.6250</u>	<u>\$ 0.6900</u>
Tax Levy	<u>\$ 2,071,762</u>	<u>\$ 2,083,388</u>	<u>\$ 2,082,197</u>	<u>\$ 1,848,792</u>
Percent of Taxes Collected to Taxes Levied**	<u>98%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$0.50 on May 6, 2017

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

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2025

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2016</u>		<u>Total</u>
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	
2026	\$ 800,000	\$ 38,800	\$ 838,800
2027	800,000	20,000	820,000
Totals	<u>\$ 1,600,000</u>	<u>\$ 58,800</u>	<u>\$ 1,658,800</u>

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2025

(Continued)

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2020</u>		<u>Total</u>
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	
2026	\$ -	\$ 50,190	\$ 50,190
2027	-	50,190	50,190
2028	635,000	50,190	685,190
2029	660,000	41,300	701,300
2030	690,000	28,100	718,100
2031	715,000	14,300	729,300
Totals	<u>\$ 2,700,000</u>	<u>\$ 234,270</u>	<u>\$ 2,934,270</u>

**Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2025**

(Continued)

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2021</u>		<u>Total</u>
	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	
2026	\$ -	\$ 37,688	\$ 37,688
2027	-	37,688	37,688
2028	500,000	37,687	537,687
2029	500,000	32,687	532,687
2030	525,000	26,437	551,437
2031	550,000	18,562	568,562
2032	550,000	9,625	559,625
Totals	<u>\$ 2,625,000</u>	<u>\$ 200,374</u>	<u>\$ 2,825,374</u>

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2025

(Continued)

<u>Due During Fiscal Years Ending September 30</u>	<u>Annual Requirements For All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total Principal and Interest Due</u>
2026	\$ 800,000	\$ 126,678	\$ 926,678
2027	800,000	107,878	907,878
2028	1,135,000	87,877	1,222,877
2029	1,160,000	73,987	1,233,987
2030	1,215,000	54,537	1,269,537
2031	1,265,000	32,862	1,297,862
2032	550,000	9,625	559,625
Totals	<u>\$ 6,925,000</u>	<u>\$ 493,444</u>	<u>\$ 7,418,444</u>

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Changes in Long-Term Bonded Debt
Year Ended September 30, 2025

	Bond Issues				Totals
	Refunding Series 2013	Series 2016	Series 2020	Series 2021	
Interest rates	4.00%	2.00% to 2.50%	1.40% to 2.00%	1.00% to 1.75%	
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity dates		September 1, 2026/2027	September 1, 2028/2031	September 1, 2028/2032	
Bonds outstanding, beginning of current year	\$ 875,000	\$ 1,600,000	\$ 2,700,000	\$ 2,625,000	\$ 7,800,000
Retirements, principal	875,000	-	-	-	875,000
Bonds outstanding, end of current year	<u>\$ -</u>	<u>\$ 1,600,000</u>	<u>\$ 2,700,000</u>	<u>\$ 2,625,000</u>	<u>\$ 6,925,000</u>
Interest paid during current year	<u>\$ 17,500</u>	<u>\$ 38,800</u>	<u>\$ 50,190</u>	<u>\$ 37,688</u>	<u>\$ 144,178</u>
Paying agent's name and address					
Series 2013 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas					
Series 2016 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas					
Series 2020 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas					
Series 2021 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas					
Bond authority					
	Tax Bonds	Other Bonds	Refunding Bonds		
Amount authorized by voters	\$ 50,625,000	\$ -	\$ 8,000,000		
Amount issued	\$ 20,950,000	\$ -	\$ 1,730,294		
Remaining to be issued	<u>\$ 29,675,000</u>	<u>\$ -</u>	<u>\$ 6,269,706</u>		
Debt service fund cash and temporary investment balances as of September 30, 2025:					<u>\$ 927,798</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:					<u>\$ 1,059,778</u>

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,

	Amounts				
	2025	2024	2023	2022	2021
General Fund					
Revenues					
Property taxes	\$ 1,045,510	\$ 1,067,620	\$ 1,029,465	\$ 825,466	\$ 736,244
Water service	540,964	532,128	545,532	571,236	495,101
Sewer service	654,947	642,142	624,518	641,442	571,980
Regional water fee	476,448	460,474	459,057	419,022	353,959
Penalty and interest	53,366	45,066	39,552	40,554	28,421
Tap connection and inspection fees	21,100	17,784	251,608	130,579	109,506
Investment income	198,052	206,732	141,243	17,439	4,349
Other income	34,839	960	98	30	45
Total Revenues	3,025,226	2,972,906	3,091,073	2,645,768	2,299,605
Expenditures					
Service operations					
Purchased services	462,079	379,395	388,846	346,731	323,122
Regional water authority	454,209	455,519	388,678	451,011	411,998
Professional fees	137,855	177,336	137,241	180,728	166,765
Contracted services	650,396	616,348	581,241	495,047	469,310
Utilities	32,920	45,081	58,238	62,935	54,438
Repairs and maintenance	537,655	615,713	848,675	542,603	523,715
Other expenditures	123,306	132,841	127,618	114,176	94,447
Tap connections	-	-	74,785	52,040	33,500
Capital outlay	30,274	-	23,726	91,768	-
Total Expenditures	2,428,694	2,422,233	2,629,048	2,337,039	2,077,295
Excess of Revenues Over Expenditures	596,532	550,673	462,025	308,729	222,310
Other Financing Sources					
Interfund transfers in	-	-	-	30,155	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	596,532	550,673	462,025	338,884	222,310
Fund Balance, Beginning of Year	4,175,276	3,624,603	3,162,578	2,823,694	2,601,384
Fund Balance, End of Year	\$ 4,771,808	\$ 4,175,276	\$ 3,624,603	\$ 3,162,578	\$ 2,823,694
Total Active Retail Water Connections	1,489	1,484	1,490	1,488	1,476
Total Active Retail Wastewater Connections	1,477	1,472	1,478	1,476	1,466

Percent of Fund Total Revenues

<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
34.6 %	35.9 %	33.3 %	31.2 %	32.0 %
17.9	17.9	17.7	21.6	21.5
21.6	21.6	20.2	24.3	24.9
15.7	15.5	14.9	15.8	15.4
1.8	1.5	1.3	1.5	1.2
0.7	0.6	8.1	4.9	4.8
6.5	7.0	4.5	0.7	0.2
1.2	0.0	0.0	0.0	0.0
100.0	100.0	100.0	100.0	100.0
15.3	12.8	12.6	13.1	14.0
15.0	15.3	12.6	17.0	17.9
4.5	6.0	4.4	6.8	7.2
21.5	20.7	18.8	18.7	20.4
1.1	1.5	1.9	2.4	2.4
17.8	20.7	27.5	20.5	22.8
4.1	4.5	4.1	4.3	4.1
-	-	2.4	2.0	1.5
1.0	-	0.8	3.5	-
80.3	81.5	85.1	88.3	90.3
19.7 %	18.5 %	14.9 %	11.7 %	9.7 %

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended September 30,

	Amounts				
	2025	2024	2023	2022	2021
Debt Service Fund					
Revenues					
Property taxes	\$ 1,007,500	\$ 996,542	\$ 1,049,946	\$ 1,012,943	\$ 950,781
Penalty and interest	35,413	34,291	25,105	28,681	17,895
Investment income	43,367	52,956	44,311	6,138	664
Total Revenues	1,086,280	1,083,789	1,119,362	1,047,762	969,340
Expenditures					
Current					
Professional fees	9,904	9,714	8,436	4,770	6,791
Contracted services	43,732	42,344	40,632	38,192	32,434
Other expenditures	12,362	8,363	9,073	7,789	13,424
Debt service					
Principal retirement	875,000	825,000	780,000	745,000	690,000
Interest and fees	146,653	180,577	212,052	234,052	237,890
Total Expenditures	1,087,651	1,065,998	1,050,193	1,029,803	980,539
Excess (Deficiency) of Revenues Over Expenditures	(1,371)	17,791	69,169	17,959	(11,199)
Fund Balance, Beginning of Year	924,302	906,511	837,342	819,383	830,582
Fund Balance, End of Year	\$ 922,931	\$ 924,302	\$ 906,511	\$ 837,342	\$ 819,383

Percent of Fund Total Revenues

<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
92.7 %	91.9 %	93.8 %	96.7 %	98.1 %
3.3	3.2	2.2	2.7	1.8
<u>4.0</u>	<u>4.9</u>	<u>4.0</u>	<u>0.6</u>	<u>0.1</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.9	0.9	0.8	0.5	0.7
4.0	3.9	3.6	3.7	3.4
1.1	0.8	0.8	0.7	1.4
80.6	76.1	69.7	71.1	71.2
<u>13.5</u>	<u>16.7</u>	<u>18.9</u>	<u>22.3</u>	<u>24.5</u>
<u>100.1</u>	<u>98.4</u>	<u>93.8</u>	<u>98.3</u>	<u>101.2</u>
<u><u>(0.1) %</u></u>	<u><u>1.6 %</u></u>	<u><u>6.2 %</u></u>	<u><u>1.7 %</u></u>	<u><u>(1.2) %</u></u>

**Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
 Board Members, Key Personnel, and Consultants
 Year Ended September 30, 2025**

Complete District mailing address:	Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	June 7, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected & Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
Kathleen Farris	Elected 05/22– 05/26	\$ 5,083	\$ 1,762	President
Mario Peralta	Elected 05/24– 05/28	7,072	2,016	Vice President
Kathy L. Henry	Elected 05/24– 05/28	6,851	3,196	Secretary
Victoria D. Estick	Elected 05/22– 05/26	6,630	2,818	Assistant Vice President
Feroza Ali	Elected 05/24– 05/28	5,304	2,454	Assistant Secretary

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

**Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Board Members, Key Personnel, and Consultants
Year Ended September 30, 2025**

(Continued)

<u>Consultants</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	08/22/03	\$ 72,060	General Counsel
Bob Leared Interests	06/06/79	25,074	Tax Assessor/ Collector
Fort Bend Central Appraisal District	Legislative Action	8,176	Appraiser
Forvis Mazars, LLP	10/01/85	28,400	Auditor
Harris Central Appraisal District	Legislative Action	10,482	Appraiser
Inframark, LLC	01/17/80	1,385,764	Operator
Myrtle Cruz, Inc.	09/26/79	26,606	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/05/96	9,904	Delinquent Tax Attorney
Rathmann & Associates, L.P.	04/05/02	-	Financial Advisor
Vogler & Spencer Engineering, Inc.	12/28/78	148,657	Engineer
<u>Investment Officer</u>			
Mary Jarmon	10/01/04	N/A	Bookkeeper