FIRST COLONY MUNICIPAL UTILITY DISTRICT No. 10

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

July 31, 2026

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Independent Auditor's Report

Board of Directors
First Colony Municipal Utility District No. 10
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of First Colony Municipal Utility District No. 10 (the "District"), as of and for the year ended July 31, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of First Colony Municipal Utility District No. 10, as of July 31, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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



Houston, Texas
October 14, 2026

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Management's Discussion and Analysis

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Overview of the District

The management's discussion and analysis (MD&A) section of this financial report is intended to help readers understand the financial condition of First Colony Municipal Utility District No. 10 (the "District") as presented in the financial statements and notes, and the reasons it changed from the prior year. The analysis draws on information presented elsewhere in this financial report and provides management's perspective based on its knowledge of the District's financial condition and activities during the fiscal year.

The District is a municipal utility district created under the Texas Water Code. Its primary purpose is to finance and construct the public infrastructure necessary to provide water, wastewater, and storm drainage facilities within its boundaries. Pursuant to a utility agreement with the City of Sugar Land (the "City"), completed utility facilities are conveyed to the City, which owns, operates, and maintains the utility system and provides water and wastewater service to District residents. The District is also authorized to finance and construct parks and recreational facilities.

Overview of the Financial Statements

The District's financial report contains basic financial statements that present the District's finances at both an overall government-wide level and a detailed fund level.

Government-wide financial statements focus on the District's overall financial position and both its long-term and short-term activities. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*. 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. 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.

The fund financial statements consist of the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*. These statements focus on specific activities and report on the District's use of available financial resources and the balances of those resources at year end. In addition to its main operating fund, the General Fund, the District has established a fund to account for the repayment of debt.

Rather than presenting two sets of financial statements, the District uses a combined format that presents both the fund financial statements and the government-wide financial statements in a single statement. Each statement includes an adjustments column that identifies the differences between the fund-level and government-wide presentations.

Immediately following the financial statements are the notes to the financial statements, which are as important to understanding the District's finances as the financial statements themselves because they expand upon the information presented in the statements by providing additional detail, explanations, and required disclosures. The notes describe the nature of reported amounts,

explain how those amounts were determined, and disclose certain information that does not meet the recognition criteria of the financial statements, such as certain contingencies.

Types of Information in the Financial Statements

The District's government-wide financial statements use the *economic resources measurement focus and accrual basis of accounting*. In other words, they report all types of financial statement elements:

- Assets - resources the District controls, from short-term assets like cash to long-term assets like water and sewer systems.
- Liabilities - amounts the District owes, from short-term liabilities such as accounts payable to long-term liabilities such as outstanding debt and due to developers.
- Deferred outflows of resources and deferred inflows of resources - resource flows that have already occurred but will not be reported as expenses or revenues until the future period to which they relate.
- Revenues and expenses - inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources. Governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as bonds payable, but they do report the flows of current financial resources related to those long-term items, including the proceeds from issuing bonds, as well as principal and interest payments on bonds, and spending on the construction of infrastructure assets.

	Government-Wide	Governmental Fund
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short term and long term	Only current financial resources, such as cash, taxes receivable, and accounts payable
Types of revenues and additions	All types of revenues/additions that flow into the District during the year that relates to the year, regardless of when cash is received	Only revenues that are measurable and available to finance expenditures of the current year
Types of expenses, deductions, and expenditures	All types of expenses/deductions that flow out of the District during the year that relate to the year, regardless of when cash is paid	Only expenditures for which the related liability is incurred in that year

	Government-Wide	Governmental Fund
Types of deferred outflows of resources and deferred inflows of resources	All types of resources that flow into and out of the District during the year that relate to a future year	Current financial resources that flow into and out of the District during the year that relate to a future year

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

Financial Summary and Analysis

Amounts presented in the following tables are in thousands of dollars and, due to rounding, may not add to the totals presented.

Government-Wide

Net Position
(amounts expressed in thousands)

	2026	2025	Change	Percentage Change
Current and other assets	$ 6,776	$ 6,291	$ 485	8%
Capital assets	4,315	4,414	(99)	(2%)
Total assets	11,091	10,705	386	4%
Total deferred outflows of resources	367	427	(60)	(14%)
Current liabilities	1,171	1,144	27	2%
Long-term liabilities	6,164	7,069	(905)	(13%)
Total liabilities	7,335	8,213	(878)	(11%)
Net position				
Net investment in capital assets	2,083	1,897	187	10%
Restricted	1,257	1,804	(547)	(30%)
Unrestricted	783	(782)	1,564	200%
Total net position	$ 4,123	$ 2,919	$ 1,203	41%

The District's net position as of July 31, 2026, was $4,122,760, an increase of $1,203,404 compared to the prior year.

Changes in Net Position
(amounts expressed in thousands)

	2026	2025	Change	Percentage Change
Revenues				
Property taxes	$ 676	$ 717	$ (41)	(6%)
City tax rebates	1,032	963	69	7%
Other	232	243	(11)	(5%)
Total revenues	1,941	1,924	17	1%
Expenses				
Operating	223	222	0	0%
Financing	254	288	(35)	(12%)
Capital-related	261	99	162	163%
Total expenses	737	610	127	21%
Revenues over (under) expenses	1,203	1,314	(110)	(8%)
Net position, beginning of year	2,919	1,605	1,314	82%
Net position, end of year	$ 4,123	$ 2,919	$ 1,203	41%

The change in the District's net position reflects the combined effect of the revenues and expenses presented above. The following discussion focuses on those changes in revenues and expenses that were significant to the District's financial results for the current fiscal year.

Revenues

Property Taxes

The District is authorized to levy ad valorem property taxes for both debt service and maintenance and operations purposes. Property taxes are a significant source of the District's financial resources, comprising 35% of total resource inflows during the current fiscal year.

Property tax revenues are determined primarily by the taxable assessed value of property within the District and the annual property tax rates adopted by the Board of Directors. The annual property tax levy consists of separate rates for maintenance and operations and water, sewer, and drainage debt service. The District is authorized to levy a maintenance and operations tax not to exceed $0.75 per $100 of assessed valuation. The debt service tax rate is established annually based on the District's projected debt service requirements and is not subject to a statutory maximum. Property tax revenues decreased compared to prior year, despite a 3% increase in assessed values, primarily due to a 8% decrease in the District's total tax rate.

City Tax Rebates

City tax rebate revenues are received pursuant to a Utility Agreement with the City. Under the Agreement, the City is obligated to remit half of the ad valorem taxes collected by the City on property within the District, after deducting the costs of collection. These revenues comprised 53% of the District's total resource inflows during the current fiscal year. City tax rebates increased compared to prior year primarily due to an increase in assessed values, which attributed to the increase in taxes collected by the City.

Investment Income

Investment income is earned based on the amount of cash and investments held by the District through the year and the rate on the accounts. These revenues comprised 12% of the District's total resource inflows during the current fiscal year. Investment income decreased compared to prior year as a result of a decrease in investment interest rates.

Expenses

Overall expenses increased by $127,341 from the prior year. For purposes of this analysis, expenses reported on the *Statement of Activities* are grouped into three broad categories: operating expenses, financing expenses, and capital asset related expenses. The table below identifies the financial statement line items included in each category:

Operating	Financing	Capital Asset Related
Professional Fees Contracted services Capital contributions Administrative and other	Interest	Transfer to other governments Depreciation

The relative composition of expenses between these categories is as follows:

	Amount	Percentage of Total
Operating expenses	$ 223	31%
Financing	254	34%
Capital related	261	35%
Total	$ 737	100%

Operating Expenses

Operating expenses represent the general costs of administering the District's activities and primarily consist of amounts paid to consultants for services provided to the District. The nominal year-over-year variance reflects stable operational activity, consistent with the District's established infrastructure and mature development.

Financing Expenses

Financing expenses, which consist of interest on the District's outstanding liabilities, decreased by 12% as a result of scheduled bond principal payments, which reduce the District's outstanding long-term debt.

Capital Asset Related Expenses

Capital asset related expenses arise from the District's investment in capital assets whether owned by the District or another governmental entity and typically include depreciation expense and transfers of completed infrastructure to other governmental entities. The year-over-year increase in capital expenses of $161,691, or 163%, is entirely due to the increase in transfers to other governments. Transfers to other governments vary from year to year based on the timing of the completion of construction and conveyance of infrastructure projects.

Governmental Funds

Most of the previous discussion regarding government-wide activities is equally applicable to the finances of the governmental funds. However, due to the focus on current financial resources, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than the government-wide statements.

Revenues, Expenditures, and Changes in Fund Balances
(amounts expressed in thousands)

	General Fund		Debt Service Fund	
	2026	2025	2026	2025
Total revenues	$ 1,105	$ 1,085	$ 753	$ 1,365
Total expenditures	(190)	(188)	(1,267)	(1,249)
Revenues over (under) expenditures	916	897	(514)	116
Beginning fund balances	4,328	3,431	1,754	1,638
Ending fund balances	$ 5,244	$ 4,328	$ 1,241	$ 1,754

General Fund

The General Fund is the District's primary operating fund and accounts for most of the District's day-to-day operating activities. Fund balance in the General Fund increased by $915,794, or 21%, during the current fiscal year. The District's primary sources of revenues in the General Fund are property taxes and City tax rebates, which comprised 42% and 42%, respectively, of total resources during the current fiscal year. Property tax revenues decreased from prior year because the District decreased the maintenance and operations component of the levy. City tax rebates increased because the District allocated a larger share of City's tax remittances into the General Fund. Overall, the General Fund revenues remained fairly consistent from year to year.

Debt Service Fund

The Debt Service Fund accounts for the financial resources used to pay principal and interest on the District's outstanding bonds. Fund balance in the Debt Service Fund decreased by $513,502, or 29%, during the current fiscal year. A decrease in Debt Service Fund balance is not necessarily indicative of financial concerns. The District establishes its annual debt service tax rate based on recommendations from its financial advisor, who monitors projected cash flows in the Debt Service Fund to help ensure that sufficient financial resources will be available to meet current and future debt service requirements. The District's primary sources of revenues in the Debt Service Fund are property taxes and City tax rebates, which comprised 27% and 66%, respectively, of total resources during the current fiscal year. Property tax revenues remained fairly consistent from year to year. City tax rebate revenues decreased from the prior year because fiscal year 2025 revenues included amounts that had been deferred in fiscal year 2024, as they were not considered available to finance current expenditures and therefore were not recognized as revenue at the fund level until fiscal year 2025.

Significant Capital Asset and Long-Term Financing Activity

The District finances water, wastewater, drainage, and other public infrastructure needed to serve development within the District. These facilities are typically constructed and initially financed by developers in accordance with approved plans and applicable regulatory requirements. Upon completion, the District records a liability for eligible reimbursable construction costs. Facilities that are conveyed to the City for ownership and maintenance are reported as transfers to other governments rather than as capital assets of the District. Previously, the District issued bonds, subject to approval by the Texas Commission on Environmental Quality (TCEQ), to reimburse developers for eligible construction costs. Currently, the District intends to reimburse the developer from surplus operating funds. The District continues to repay its outstanding bonds through property taxes levied within the District and City tax rebates.

Overall, the carrying value of capital assets (original cost less accumulated depreciation) decreased $99,036, or 2%, to $4,314,858. The District has recorded cumulative transfers to other governments of $11,070,115, including $161,691 during the current fiscal year for the Pearl at Lake Pointe water line project completed and transferred to the City.

At July 31, 2026, the District had approximately $570,000 of contractual commitments related to the Pearl at Lake Pointe detention and storm outfall project.

Liability Composition
(amounts expressed in thousands)

	2026	2025	Change	Percentage Change
Due to developers	$ 162	$ -	$ 162	-
Bonds payable	6,850	7,845	(995)	(13%)
	$ 7,012	$ 7,845	$ (833)	(11%)

Total liabilities related to financing capital assets decreased by $833,309. During the current fiscal year, the District made scheduled principal payments of $995,000 on its outstanding bonds.

Although bonds may be issued over time as needed, the total amount that may be issued is limited to the amount previously authorized by the District's voters. At July 31, 2026, the District has remaining voter authorization to issue additional bonds to reimburse developers or fund capital improvement projects, if needed.

Currently Known Facts, Decisions, or Conditions

Trends in Relevant Economic Data

The District's tax base has decreased approximately $9,861,866, or 2%, for the next fiscal year. In addition, the District had $5,468,207 in uncertified values. Because the District's tax base is substantially built out, with little undeveloped land remaining within its boundaries, future changes in assessed valuation are expected to be driven primarily by market appreciation or depreciation and reappraisal activity, rather than new development.

General Fund Budget

The District's adopted fiscal year 2027 budget reflects certain changes that are expected to have a significant effect on its financial position and results of operations. Based on the District's adopted fiscal year 2027 budget, fund balance in the General Fund is expected to increase by approximately $222,154, or 4%. Although the District anticipates a decrease in maintenance and operations property tax revenues and has not budgeted City tax rebates, General Fund revenues are projected to exceed expenditures, resulting in a budgeted increase in fund balance.

Basic Financial Statements

First Colony Municipal Utility District No. 10
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2026

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets					
Cash	$ 8,453	$ 51,204	$ 59,657	$ -	$ 59,657
Investments	5,295,249	1,176,091	6,471,340		6,471,340
Taxes receivable, net	13,512	14,117	27,629		27,629
Due from City of Sugar Land	217,704		217,704		217,704
Interfund receivables		105,519	105,519	(105,519)	
Capital assets not being depreciated				2,643,481	2,643,481
Capital assets, net				1,671,377	1,671,377
Total Assets	$ 5,534,918	$ 1,346,931	$ 6,881,849	4,209,339	11,091,188
Deferred Outflows of Resources					
Deferred difference on refunding				366,719	366,719
Liabilities					
Accounts payable	$ 46,016	$ -	$ 46,016		46,016
Other payables		25	25		25
Interfund payables	105,519		105,519	(105,519)	
Accrued interest payable				89,981	89,981
Due to developer				161,691	161,691
Long-term debt					
Due within one year				1,035,000	1,035,000
Due after one year				6,002,434	6,002,434
Total Liabilities	151,535	25	151,560	7,183,587	7,335,147
Deferred Inflows of Resources					
Deferred property taxes	13,512	14,117	27,629	(27,629)	
Deferred City of Sugar Land tax rebate	125,666	92,038	217,704	(217,704)	
Total Deferred Inflows of Resources	139,178	106,155	245,333	(245,333)	
Fund Balances/Net Position					
Fund Balances					
Restricted		1,240,751	1,240,751	(1,240,751)	
Unassigned	5,244,205		5,244,205	(5,244,205)	
Total Fund Balances	5,244,205	1,240,751	6,484,956	(6,484,956)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,534,918	$ 1,346,931	$ 6,881,849		
Net Position					
Net investment in capital assets				2,083,265	2,083,265
Restricted for debt service				1,256,925	1,256,925
Unrestricted				782,570	782,570
Total Net Position				$ 4,122,760	$ 4,122,760

See notes to basic financial statements.

First Colony Municipal Utility District No. 10
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended July 31, 2026

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues					
Property taxes	$ 466,220	$ 204,243	$ 670,463	$ 5,681	$ 676,144
Penalties and interest		15,032	15,032	1,732	16,764
City of Sugar Land tax rebate	459,227	498,803	958,030	74,455	1,032,485
Investment earnings	179,955	35,194	215,149		215,149
Total Revenues	1,105,402	753,272	1,858,674	81,868	1,940,542
Expenditures/Expenses					
Operating and administrative					
Professional fees	73,692		73,692		73,692
Contracted services	33,893	27,940	61,833		61,833
Capital contributions	50,846		50,846		50,846
Administrative	23,677	5,315	28,992		28,992
Other	7,500		7,500		7,500
Debt service					
Principal		995,000	995,000	(995,000)	
Interest and fees		238,519	238,519	15,029	253,548
Developer interest					
Transfers to other governments				161,691	161,691
Depreciation				99,036	99,036
Total Expenditures/Expenses	189,608	1,266,774	1,456,382	(719,244)	737,138
Revenues Over (Under) Expenditures/Expenses	915,794	(513,502)	402,292	(402,292)	
Change in Net Position				1,203,404	1,203,404
Fund Balance/Net Position					
Beginning of the year	4,328,411	1,754,253	6,082,664	(3,163,308)	2,919,356
End of the year	$ 5,244,205	$ 1,240,751	$ 6,484,956	$ (2,362,196)	$ 4,122,760

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of First Colony Municipal Utility District No. 10 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality, dated November 2, 2004, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on November 29, 2004, and the first bonds were issued on September 1, 2007.

The District's primary activities include construction of water, sewer, drainage, park and recreational facilities. As further discussed in Note 11, the District transfers the water and sewer facilities to the City for operation and maintenance upon completion of construction. 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 two governmental funds, which are all considered major funds.

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

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and tax rebates from the City. 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 sources of revenue for debt service are property taxes and tax rebates from the City. Expenditures include costs incurred in assessing and collecting these taxes.

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 City tax rebates. 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.

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 July 31, 2026, an allowance of $18,077 was provided for possible uncollectible property taxes.

Interfund Activity

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

Capital Assets

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

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

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

Assets	Useful Life
Infrastructure	20-45 years
Parks and recreational facilities	20 years
Connection fees	Life of contract

The District's detention facilities and trail system are considered improvements to land and are nondepreciable.

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 and City tax rebates receivable that are 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 does not have any nonspendable fund balances.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of property taxes levied for debt service and City tax rebates 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 amounts due to developer, the value of capital assets transferred to the City, and the useful lives and impairment of capital assets. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		$ 6,484,956
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 5,790,323	
Less accumulated depreciation	(1,475,465)	
		4,314,858
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 *Statement of Net Position* and amortized to interest expense.		366,719
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	(89,981)	
Due to developer	(161,691)	
Bonds payable, net	(7,037,434)	
		(7,289,106)
Deferred inflows in the fund statements consist of receivables that are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.		
Property taxes and related penalties and interest	27,629	
City of Sugar Land tax rebates	217,704	
		245,333
Total net position - governmental activities		$ 4,122,760

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		$ 402,292
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 the following:		
Property taxes and related penalties and interest	$ 7,413	
City of Sugar Land tax rebates	74,455	
		81,868
Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:		
Transfers to other governments	(161,691)	
Depreciation expense	(99,036)	
		(260,727)
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	995,000	
Interest expense accrual	(15,029)	
		979,971
Change in net position of governmental activities		$ 1,203,404

Note 3 – Implementation of New Accounting Standards

During the current fiscal year, the District implemented GASB Statement No. 103, Financial Reporting Model Improvements, and GASB Statement No. 104, Disclosure of Certain Capital Assets. Implementation of GASB 103 did not affect the amounts reported in the District's financial statements but resulted in changes to the presentation and content of required supplementary information, including management's discussion and analysis and the budgetary comparison

schedules. Implementation of GASB 104 had no substantive impact on the District's financial statements.

Note 4 – 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.

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 July 31, 2026, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	$ 5,295,249		
	Debt Service	1,176,091		
		$ 6,471,340	AAAm	44 days

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

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 5 – Interfund Balances and Transactions

Amounts due to/from other funds at July 31, 2026, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
Debt Service Fund	General Fund	$ 13,481	Maintenance tax transfers in excess of collections due to value adjustment refunds
Debt Service Fund	General Fund	92,038	Accrued rebate from City of Sugar Land

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

Note 6 – Capital Assets

A summary of changes in capital assets, for the year ended July 31, 2026, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 2,643,481	$ -	$ 2,643,481
Capital assets being depreciated			
Infrastructure	2,085,447		2,085,447
Parks and recreational facilities	443,365		443,365
Connection fees	618,030		618,030
	3,146,842		3,146,842
Less accumulated depreciation			
Infrastructure	(795,873)	(56,267)	(852,140)
Parks and recreational facilities	(353,945)	(22,168)	(376,113)
Connection fees	(226,611)	(20,601)	(247,212)
	(1,376,429)	(99,036)	(1,475,465)
Subtotal depreciable capital assets, net	1,770,413	(99,036)	1,671,377
Capital assets, net	$ 4,413,894	$ (99,036)	$ 4,314,858

Depreciation expense for the current fiscal year was $99,036.

Note 7 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities. 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 developer is reimbursed.

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

Due to developer, beginning of year	$ -
Developer funded construction	161,691
Due to developer, end of year	$ 161,691

In addition, the District will owe the developers approximately $570,000, which is included in the schedule of contractual commitments below. This project will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount *
Pearl at Lake Pointe - detention and storm outfall	$ 570,000

* Rounded to the nearest $10,000

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 6,850,000
Unamortized discounts	(22,112)
Unamortized premium	209,546
	$ 7,037,434
Due within one year	$ 1,035,000

The District's bonds payable at July 31, 2026, consist of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2015 Refunding	$ 1,550,000	$ 3,020,000	2.00% - 4.00%	September 1, 2016/2031	September 1, March 1	September 1, 2023
2016 Refunding	2,070,000	3,915,000	2.00% - 4.00%	September 1, 2017/2031	September 1, March 1	September 1, 2025
2016A Refunding	1,980,000	3,000,000	2.76%	September 1, 2017/2031	September 1, March 1	September 1, 2025
2020 Park Refunding	1,250,000	1,995,000	2.00% - 4.00%	September 1, 2021/2031	September 1, March 1	September 1, 2025
	$ 6,850,000					

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

At July 31, 2026, the District had the following authorized but unissued bonds:

Type	Remaining Authorization
Water, sewer, and drainage facilities	$ 4,200,000
Park and recreational facilities	4,500,000
Refunding	8,025,000

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

Bonds payable, beginning of year	$ 7,845,000
Bonds retired	(995,000)
Bonds payable, end of year	$ 6,850,000

As of July 31, 2026, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2027	$ 1,035,000	$ 202,046	$ 1,237,046
2028	1,075,000	169,679	1,244,679
2029	1,115,000	135,785	1,250,785
2030	1,155,000	99,533	1,254,533
2031	1,210,000	60,861	1,270,861
2032	1,260,000	20,556	1,280,556
	$ 6,850,000	$ 688,460	$ 7,538,460

Note 9 – Property Taxes

On February 5, 2005, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $0.75 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Fort Bend 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 2026 fiscal year was financed through the 2025 tax levy, pursuant to which the District levied property taxes of $0.115 per $100 of assessed value, of which $0.08 was allocated to maintenance and operations and $0.035 was allocated to debt service. The resulting tax levy was $687,397 on the adjusted taxable value of $597,736,330.

Net property taxes receivable, at July 31, 2026, consisted of the following:

Current year taxes receivable	$	9,955
Prior years taxes receivable		28,157
Less allowance for uncollectible accounts		(18,077)
		20,035
Penalty and interest receivable		7,594
Net property taxes receivable	$	27,629

Note 10 – Transfers to Other Governments

In accordance with an agreement between the District and the City of Sugar Land (the "City"), the District transfers all of its water, sewer, and drainage facilities to the City (see Note 11). Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developer is subsequently reimbursed. For the year ended July 31, 2026, the District reported transfers to other governments in the amount of $161,691 for projects completed and transferred to the City.

Note 11 – Utility Agreement with the City

On March 2, 2004, the District entered into a utility agreement with the City for construction and extension of water distribution lines, sanitary sewer collection systems and drainage facilities to serve the District. As the system is acquired or constructed, the District shall transfer the system to the City but will reserve a security interest in the system. The term of the agreement is 40 years.

The City provides services to all users in the District. Water and sewer rates charged by the City to users in the District shall be the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City.

The City is obligated to pay the District fifty percent of the ad valorem taxes collected by the City on property within the District after deducting the costs of collection. Payments are made twice a year, the first normally occurring in February and the second normally occurring in August. For the 2025 tax year, the City collected $2,140,263 (98%) of its $2,179,368 ad valorem tax levy on property in the District and remitted $1,032,485 to the District, which was net of $26,305 for the District's share of collection costs (2.762% of the City's allocation). The rebates remitted also included delinquent collections and prior period adjustments. As of July 31, 2026, the District reported $217,704 receivable from the City as a deferred inflow of financial resources because the amount does not meet the availability criteria required for revenue recognition at the fund level. This amount will be split pro rata and recorded as revenues in the General Fund and Debt Service Fund during the 2027 fiscal year.

Note 12 – 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

First Colony Municipal Utility District No. 10
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended July 31, 2026

	Original and Final Budget	Actual	Variance Actual Over (Under) Final Budget
Revenues			
Property taxes	$ 524,772	$ 466,220	$ (58,552)
City of Sugar Land tax rebate		459,227	459,227
Investment earnings	162,000	179,955	17,955
Total Revenues	686,772	1,105,402	418,630
Expenditures			
Operating and administrative			
Professional fees	110,200	73,692	(36,508)
Contracted services	25,000	33,893	8,893
Capital contributions	165,000	50,846	(114,154)
Administrative	32,829	23,677	(9,152)
Other	3,600	7,500	3,900
Total Expenditures	336,629	189,608	(147,021)
Revenues Over Expenditures	350,143	915,794	565,651
Fund Balance			
Beginning of the year	4,328,411	4,328,411	
End of the year	$ 4,678,554	$ 5,244,205	$ 565,651

First Colony Municipal Utility District No. 10
Required Supplementary Information - Note to Budgetary Comparison Schedule
For the Year Ended July 31, 2026

	General Fund Over (Under)
Budgetary Revenues	
Differences-final budget to actual:	
Property tax revenues were less than budgeted because the budget was adopted before assessed values were available, and actual assessed values fell below the amounts estimated in the budget.	$ (58,552)
City of Sugar Land tax rebate revenues exceeded budget because no rebate revenues were budgeted in the General Fund. Prior to fiscal year 2025, the District deposited all tax rebates in the Debt Service Fund. Beginning in fiscal year 2025, the District began allocating a portion of the rebates to the General Fund; however, this allocation was not reflected in the current-year budget.	459,227
Budgetary Expenditures	
Differences-final budget to actual:	
Professional fees were less than budgeted primarily because legal and park consultant fees were less than anticipated.	(36,508)
Capital contributions were less than budgeted primarily because the District's expenditures for trail beautification were less than anticipated.	(114,154)

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Texas Supplementary Information

First Colony Municipal Utility District No. 10
TSI-1. Services and Rates
July 31, 2026

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

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

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

[X] Other (Specify): Water and sewer service is provided by the City of Sugar Land

2. Retail Service Providers N/A

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:					to
Wastewater:					to
Surcharge:					to

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

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

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"			x 2.5	
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water				
Total Wastewater			x 1.0	

See accompanying auditor's report.

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

Gallons pumped into system:	N/A	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	N/A	N/A

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

   The District does not have Debt Service standby fees.

   The District does not have Operation and Maintenance standby fees.

5. Location of District:

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

   County(ies) in which the District is located: Fort Bend County

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

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

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

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

   ETJs in which the District is located: _____

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

   If Yes, by whom? _____

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-2. General Fund Expenditures
For the Year Ended July 31, 2026

Professional fees		
Legal	$	55,254
Audit		15,000
Engineering		3,438
		73,692
Contracted services		
Bookkeeping		33,893
Capital contributions		50,846
Administrative		
Directors fees		6,188
Printing and office supplies		1,410
Insurance		12,913
Other		3,166
		23,677
Other		7,500
Total expenditures	$	189,608

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-3. Investments
July 31, 2026

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	$ 5,295,249
Debt Service			
TexPool	Variable	N/A	1,176,091
Total - All Funds			$ 6,471,340

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-4. Taxes Levied and Receivable
July 31, 2026

	Maintenance Taxes	Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 9,479	$ 4,875	$ 14,354
Adjustments to Prior Year Tax Levy	(7,936)	(3,317)	(11,253)
Adjusted Receivable	1,543	1,558	3,101
2025 Original Tax Levy	526,855	230,499	757,354
Adjustments	(48,666)	(21,291)	(69,957)
Adjusted Tax Levy	478,189	209,208	687,397
Total to be accounted for	479,732	210,766	690,498
Tax collections, net of refunds:			
Current year	471,264	206,178	677,442
Prior years	(5,044)	(1,935)	(6,979)
Total Collections	466,220	204,243	670,463
Taxes Receivable, End of Year	$ 13,512	$ 6,523	$ 20,035
Taxes Receivable, By Years			
2025	$ 6,925	$ 3,030	$ 9,955
2024	2,168	843	3,011
2023	1,091	459	1,550
2022 and prior	3,328	2,191	5,519
Taxes Receivable, End of Year	$ 13,512	$ 6,523	$ 20,035

	2025	2024	2023	2022
Property Valuations:				
Land	$ 191,011,399	$ 191,040,482	$ 179,388,694	$ 169,740,935
Improvements	570,042,421	559,023,820	517,930,039	464,404,420
Personal Property	54,809,445	58,747,987	59,608,837	55,311,120
Exemptions	(218,126,935)	(226,002,927)	(188,905,371)	(166,151,205)
Total Property Valuations	$ 597,736,330	$ 582,809,362	$ 568,022,199	$ 523,305,270
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.080	$ 0.090	$ 0.095	$ 0.080
Debt service tax rates	0.035	0.035	0.040	0.065
Total Tax Rates per $100 Valuation	$ 0.115	$ 0.125	$ 0.135	$ 0.145
Adjusted Tax Levy:	$ 687,397	$ 728,512	$ 766,830	$ 758,793
Percentage of Taxes Collected to Taxes Levied **	98.55%	99.59%	99.80%	99.77%

* Maximum Maintenance Tax Rate Approved by Voters: $0.75 on February 5, 2005
** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-5. Long-Term Debt Service Requirements
Series 2015 Refunding--by Years
July 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 250,000	$ 51,650	$ 301,650
2028	250,000	43,994	293,994
2029	255,000	35,944	290,944
2030	260,000	26,600	286,600
2031	265,000	16,100	281,100
2032	270,000	5,400	275,400
	$ 1,550,000	$ 179,688	$ 1,729,688

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-5. Long-Term Debt Service Requirements
Series 2016 Refunding--by Years
July 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 310,000	$ 76,600	$ 386,600
2028	325,000	63,900	388,900
2029	335,000	50,700	385,700
2030	350,000	37,000	387,000
2031	365,000	22,700	387,700
2032	385,000	7,700	392,700
	$ 2,070,000	$ 258,600	$ 2,328,600

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-5. Long-Term Debt Service Requirements
Series 2016A Refunding--by Years
July 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 290,000	$ 50,646	$ 340,646
2028	305,000	42,435	347,435
2029	325,000	33,741	358,741
2030	335,000	24,633	359,633
2031	355,000	15,111	370,111
2032	370,000	5,106	375,106
	$ 1,980,000	$ 171,672	$ 2,151,672

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-5. Long-Term Debt Service Requirements
Series 2020 Park Refunding--by Years
July 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 185,000	$ 23,150	$ 208,150
2028	195,000	19,350	214,350
2029	200,000	15,400	215,400
2030	210,000	11,300	221,300
2031	225,000	6,950	231,950
2032	235,000	2,350	237,350
	$ 1,250,000	$ 78,500	$ 1,328,500

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
July 31, 2026

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2027	$ 1,035,000	$ 202,046	$ 1,237,046
2028	1,075,000	169,679	1,244,679
2029	1,115,000	135,785	1,250,785
2030	1,155,000	99,533	1,254,533
2031	1,210,000	60,861	1,270,861
2032	1,260,000	20,556	1,280,556
	$ 6,850,000	$ 688,460	$ 7,538,460

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-6. Change in Long-Term Bonded Debt
July 31, 2026

	Bond Issue			
	Series 2015 Refunding	Series 2016 Refunding	Series 2016A Refunding	Series 2020 Park Refunding
Interest rate	2.00% - 4.00%	2.00% - 4.00%	2.76%	2.00% - 4.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/16 - 9/1/31	9/1/17 - 9/1/31	9/1/17 - 9/1/31	9/1/21 - 9/1/31
Beginning bonds outstanding	$ 1,795,000	$ 2,365,000	$ 2,260,000	$ 1,425,000
Bonds retired	(245,000)	(295,000)	(280,000)	(175,000)
Ending bonds outstanding	$ 1,550,000	$ 2,070,000	$ 1,980,000	$ 1,250,000
Interest paid during fiscal year	$ 59,075	$ 88,700	$ 58,512	$ 28,500
Paying agent's name and city				
Series 2016A Refunding	Amegy Bank, Houston, Texas			
Series 2020 Refunding	Regions Bank, Houston, Texas			
All other Series	Regions Bank, Dallas, Texas			

Bond Authority:	Water, Sewer and Drainage Bonds	Park Bonds	Refunding Bonds
Amount Authorized by Voters	$ 18,080,000	$ 7,250,000	$ 9,040,000
Amount Issued	(13,880,000)	(2,750,000)	(1,015,000)
Remaining To Be Issued	$ 4,200,000	$ 4,500,000	$ 8,025,000

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

Debt Service Fund cash and investments balance as of July 31, 2026:	$ 1,227,295
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,256,410

See accompanying auditor's report.

Totals
$ 7,845,000
(995,000)
$ 6,850,000
$ 234,787

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2026	2025	2024	2023	2022
Revenues					
Property taxes	$ 466,220	$ 519,671	$ 544,895	$ 431,883	$ 290,667
City of Sugar Land tax rebate	459,227	388,306			
Investment earnings	179,955	177,280	179,961	114,669	9,093
Total Revenues	1,105,402	1,085,257	724,856	546,552	299,760
Expenditures					
Current service operations					
Professional fees	73,692	99,157	67,742	59,733	66,552
Contracted services	33,893	27,775	21,757	21,910	18,975
Capital contributions	50,846	34,586	309,244		
Administrative	23,677	23,675	21,523	19,844	19,499
Other	7,500	3,000	21	2,523	5,084
Total Expenditures	189,608	188,193	420,287	104,010	110,110
Revenues Over Expenditures	915,794	897,064	304,569	442,542	189,650
Fund Balance:					
Beginning fund balance	4,328,411	3,431,347	3,126,778	2,684,236	2,494,586
Ending fund balance	$ 5,244,205	$ 4,328,411	$ 3,431,347	$ 3,126,778	$ 2,684,236

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2026	2025	2024	2023	2022
42%	48%	75%	79%	97%
42%	36%			
16%	16%	25%	21%	3%
100%	**100%**	**100%**	**100%**	**100%**
7%	9%	9%	11%	22%
3%	3%	3%	4%	6%
5%	3%	43%		
2%	2%	3%	4%	7%
1%	*	*	*	2%
18%	**17%**	**58%**	**19%**	**37%**
82%	**83%**	**42%**	**81%**	**63%**

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2026	2025	2024	2023	2022
Revenues					
Property taxes	$ 204,243	$ 201,858	$ 228,832	$ 332,685	$ 435,035
Penalties and interest	15,032	10,484	3,366	8,636	6,634
City of Sugar Land tax rebate	498,803	1,097,966	267,053	851,609	807,830
Miscellaneous		30			
Investment earnings	35,194	55,066	76,176	66,412	6,675
Total Revenues	753,272	1,365,404	575,427	1,259,342	1,256,174
Expenditures					
Tax collection services	33,255	34,212	32,671	29,748	29,425
Debt service					
Principal	995,000	945,000	910,000	875,000	825,000
Interest and fees	238,519	269,826	301,040	327,641	359,149
Total Expenditures	1,266,774	1,249,038	1,243,711	1,232,389	1,213,574
Revenues Over (Under) Expenditures	(513,502)	116,366	(668,284)	26,953	42,600
Fund Balance:					
Beginning fund balance	1,754,253	1,637,887	2,306,171	2,279,218	2,236,618
Ending fund balance	$ 1,240,751	$ 1,754,253	$ 1,637,887	$ 2,306,171	$ 2,279,218

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2026	2025	2024	2023	2022
27%	15%	40%	26%	34%
2%	1%	1%	1%	1%
66%	80%	46%	68%	64%
	*			
5%	4%	13%	5%	1%
100%	**100%**	**100%**	**100%**	**100%**
4%	3%	6%	2%	2%
132%	69%	158%	69%	66%
32%	20%	52%	26%	29%
168%	**92%**	**216%**	**97%**	**97%**
(68%)	**8%**	**(116%)**	**3%**	**3%**

See accompanying auditor's report.

First Colony Municipal Utility District No. 10
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended July 31, 2026

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2400 Houston, Texas 77027
District Business Telephone Number:	713-860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 13, 2026
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Zac Cypert	05/24 - 05/28	$ 1,326	$ 42	President
Stephen Higgins	05/24 - 05/28	884		Vice President
Gordon Franklin	09/24 - 05/28	1,326	36	Secretary
Anna Kuo	01/26 - 05/30	1,105	7	Assistant Vice President
Marta Mohan	05/26 - 05/30	1,105	36	Assistant Secretary
John Peper	05/22 - 01/26	442	14	Former Director
		Amounts Paid		
Consultants				
Allen Boone Humphries Robinson LLP *General legal fees*	2004	$ 52,306		Attorney
McLennan & Associates, LP	2004	31,786		Bookkeeper
Bob Leared Interests, Inc.	2004	13,416		Tax Collector
Fort Bend Central Appraisal District	Legislation	9,248		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2005	1,911		Delinquent Tax Attorney
Pape-Dawson Consulting Engineers LLC	2004	2,584		Engineer
McGrath & Co., PLLC	2011	15,000		Auditor
Cedar Creek Municipal Advisors, LLC	2026			Financial Advisor

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

See accompanying auditor's report.