CIMARRON MUNICIPAL
UTILITY DISTRICT

HARRIS AND FORT BEND COUNTIES, TEXAS

FINANCIAL REPORT

February 28, 2026

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McGRATH & CO., PLLC

Certified Public Accountants
2950 North Loop West, Suite 810
Houston, Texas 77092

Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Cimarron Municipal Utility District (the "District"), as of and for the year ended February 28, 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 Cimarron Municipal Utility District, as of February 28, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

McGrath & Co, PLLC

Houston, Texas
June 17, 2026

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Management's Discussion and Analysis

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Using this Annual Report

This section of the financial report of Cimarron Municipal Utility District (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended February 28, 2026. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at February 28, 2026, was $22,452,026. A comparative summary of the District's overall financial position, as of February 28, 2026 and 2025, is as follows:

	2026	2025
Current and other assets	$ 21,972,758	$ 20,106,035
Capital assets	19,557,148	19,497,288
Total assets	41,529,906	39,603,323
Total deferred outflows of resources	230,810	262,021
Current liabilities	1,994,022	2,024,480
Long-term liabilities	17,314,668	18,872,070
Total liabilities	19,308,690	20,896,550
Net position		
Net investment in capital assets	712,480	431,192
Restricted	2,111,062	2,045,034
Unrestricted	19,628,484	16,492,568
Total net position	$ 22,452,026	$ 18,968,794

The total net position of the District increased during the current fiscal year by $3,483,232. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2026	2025
Revenues		
Water and sewer service	$ 2,255,806	$ 2,178,288
Property taxes, penalties and interest	4,152,387	4,305,906
Water supply	2,590,080	2,372,332
City of Houston sales tax rebates	1,132,011	1,171,261
Regional water authority fees	2,090,549	2,025,205
Other	1,028,117	906,024
Total revenues	13,248,950	12,959,016
Expenses		
Current service operations	8,530,409	7,938,488
Debt interest and fees	680,547	724,929
Depreciation	554,762	525,542
Total expenses	9,765,718	9,188,959
Change in net position	3,483,232	3,770,057
Net position, beginning of year	18,968,794	15,198,737
Net position, end of year	$ 22,452,026	$ 18,968,794

Financial Analysis of the District's Funds

The District's combined fund balances, as of February 28, 2026, were $21,158,880, which consists of $19,202,171 in the General Fund and $1,956,709 in the Debt Service Fund.

General Fund

A comparative summary of the General Fund's financial position as of February 28, 2026 and 2025, is as follows:

	2026	2025
Total assets	$ 19,962,302	$ 17,847,222
Total liabilities	$ 564,628	$ 325,701
Total deferred inflows	195,503	225,337
Total fund balance	19,202,171	17,296,184
Total liabilities, deferred inflows and fund balance	$ 19,962,302	$ 17,847,222

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

	2026	2025
Total revenues	$ 8,359,022	$ 8,512,727
Total expenditures	(6,453,035)	(5,619,351)
Revenues over expenditures	$ 1,905,987	$ 2,893,376

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While assessed values in the District increased from the prior year, property tax revenues decreased because the District decreased the maintenance component of the levy.
- Water, sewer and regional water authority fees are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Sales tax rebates received from the City of Houston under a Strategic Partnership Agreement are dependent on consumer spending at retail stores located within the District's boundaries and will fluctuate from year to year.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of February 28, 2026 and 2025, is as follows:

	2026	2025
Total assets	$ 2,156,876	$ 2,053,599
Total liabilities	$ 45,814	$ 8,565
Total deferred inflows	154,353	201,374
Total fund balance	1,956,709	1,843,660
Total liabilities, deferred inflows and fund balance	$ 2,156,876	$ 2,053,599

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

	2026	2025
Total revenues	$ 2,368,347	$ 2,016,775
Total expenditures	(2,255,298)	(2,258,280)
Revenues over/(under) expenditures	$ 113,049	$ (241,505)

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

Joint Water Plant Fund

The District uses a special revenue fund to account for costs associated with the operation and maintenance of water plant no. 3 jointly owned by the District and Harris – Fort Bend Counties Municipal Utility District No. 3 (the "Joint Water Plant"). A comparative summary of the Joint Water Plant Fund's financial position as of February 28, 2026 and 2025, is as follows:

	2026	2025
Total assets	$ 800,116	$ 850,116
Total liabilities	$ 800,116	$ 850,116

A comparative summary of activities for the Joint Water Plant Fund's current and prior fiscal year is as follows

	2026	2025
Total revenues	$ 2,598,436	$ 2,376,225
Total expenditures	(2,598,436)	(2,376,225)
Revenues over/(under) expenditures	$ -	$ -

Revenues in the Joint Water Plant Fund primarily consist of charges to participants. The amount the District charges is based upon the actual cost of providing services. Consequently, revenues will equal expenditures each year.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $279,650 greater than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.

Capital Assets

Capital assets held by the District at February 28, 2026 and 2025, are summarized as follows:

	2026	2025
Capital assets not being depreciated		
Land and improvements	$ 8,124,046	$ 8,124,046
Construction in progress	70,934	160,785
	8,194,980	8,284,831
Capital assets being depreciated		
Infrastructure	18,596,017	18,368,346
Investment in regional facilities	3,701,223	3,224,421
	22,297,240	21,592,767
Less accumulated depreciation		
Infrastructure	(9,961,531)	(9,509,895)
Investment in regional facilities	(973,541)	(870,415)
	(10,935,072)	(10,380,310)
Depreciable capital assets, net	11,362,168	11,212,457
Capital assets, net	$ 19,557,148	$ 19,497,288

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

- Detention pond rehabilitation
- Wastewater Treatment Plant walkway, transfer switch replacement and aeration drop and diffuser rehabilitation

Construction in progress is for the District's pro-rata share of the construction improvements to a regional wastewater treatment plant (see Note 9).

Long-Term Debt

At February 28, 2026 and 2025, the District had total bonded debt outstanding as shown below:

Series	2026	2025
2014 Refunding	$ 1,360,000	$ 1,600,000
2015	3,420,000	3,685,000
2017 Refunding	3,260,000	3,830,000
2017	725,000	785,000
2019 Refunding	8,390,000	8,620,000
2021 Refunding	1,410,000	1,530,000
	$ 18,565,000	$ 20,050,000

At February 28, 2026, the District had authorized, but unissued unlimited tax and revenue bonds in the amount of $1,325,000; authorized, but unissued unlimited tax and refunding bonds in the amount of $365,000 and authorized, but unissued unlimited tax refunding bonds in the amount of $16,571.

Next Year's Budget

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

	2026 Actual	2027 Budget
Total revenues	$ 8,359,022	$ 8,538,117
Total expenditures	(6,453,035)	(8,330,243)
Revenues over expenditures	1,905,987	207,874
Beginning fund balance	17,296,184	19,202,171
Ending fund balance	$ 19,202,171	$ 19,410,045

The District has budgeted significant capital outlay in fiscal year 2027 which accounts for the increase in budgeted expenditures.

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Basic Financial Statements

Cimarron Municipal Utility District
Statement of Net Position and Governmental Funds Balance Sheet
February 28, 2026

	General Fund	Debt Service Fund	Joint Water Plant Fund	Total
Assets				
Cash	$ 252,156	$ 262,662	$ 74,531	$ 589,349
Investments	18,030,463	1,739,861	407,239	20,177,563
Taxes receivable, net	99,360	154,353		253,713
Customer service receivables	364,720			364,720
Due from City of Houston	278,346			278,346
Interfund receivables	12,059		312,241	324,300
Other receivables	28,682			28,682
Due from other districts			6,105	6,105
Prepaid items	36,296			36,296
Operating reserves				
West Memorial Treatment Plant	237,984			237,984
Water Plant	622,236			622,236
Capital assets not being depreciated				
Capital assets, net				
Total Assets	$ 19,962,302	$ 2,156,876	$ 800,116	$ 22,919,294
Deferred Outflows of Resources				
Deferred difference on refunding				
Liabilities				
Accounts payable	$ 218,281	$ -	$ 143,728	$ 362,009
Other payables	2,422	33,755		36,177
Operating reserve			656,388	656,388
Builder deposits	17,100			17,100
Interfund payables	312,241	12,059		324,300
Due to other governments	14,584			14,584
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	564,628	45,814	800,116	1,410,558
Deferred Inflows of Resources				
Deferred property taxes	99,360	154,353		253,713
Deferred City of Houston sales tax	76,828			76,828
Deferred investment earnings	19,315			19,315
	195,503	154,353		349,856
Fund Balances/Net Position				
Fund Balances				
Nonspendable	896,516			896,516
Restricted		1,956,709		1,956,709
Unassigned	18,305,655			18,305,655
Total Fund Balances	19,202,171	1,956,709		21,158,880
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 19,962,302	$ 2,156,876	$ 800,116	$ 22,919,294
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Adjustments	Statement of Net Position
$ -	$ 589,349
	20,177,563
	253,713
	364,720
	278,346
(324,300)	
	28,682
	6,105
	36,296
	237,984
(622,236)	
8,194,980	8,194,980
11,362,168	11,362,168
18,610,612	41,529,906
230,810	230,810
	362,009
	36,177
(622,236)	34,152
	17,100
(324,300)	
	14,584
1,530,000	1,530,000
17,314,668	17,314,668
17,898,132	19,308,690
(253,713)	
(76,828)	
(19,315)	
(349,856)	
(896,516)	
(1,956,709)	
(18,305,655)	
(21,158,880)	
712,480	712,480
2,111,062	2,111,062
19,628,484	19,628,484
$ 22,452,026	$ 22,452,026

Cimarron Municipal Utility District
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balance:
For the Year Ended February 28, 2026

	General Fund	Debt Service Fund	Joint Water Plant Fund	Total
Revenues				
Water service	$ 915,464	$ -	$ -	$ 915,464
Sewer service	1,340,342			1,340,342
Property taxes	1,914,643	2,233,435		4,148,078
Penalties and interest	59,514	40,965		100,479
Water supply			2,590,080	2,590,080
Tap connection and inspection	112,730			112,730
City of Houston sales tax rebate	1,132,011			1,132,011
Regional water authority fees	2,090,549			2,090,549
Miscellaneous	124,743	18,304		143,047
Investment earnings	669,026	75,643	8,356	753,025
Total Revenues	8,359,022	2,368,347	2,598,436	13,325,805
Expenditures/Expenses				
Current service operations				
Purchased services	3,421,213			3,421,213
Professional fees	155,037		6,000	161,037
Contracted services	1,209,900	75,963	17,602	1,303,465
Repairs and maintenance	843,465		152,647	996,112
Utilities	28,093		161,850	189,943
Regional water authority fees			2,240,476	2,240,476
Administrative	143,481	17,597	19,861	180,939
Other	37,224			37,224
Capital outlay	614,622			614,622
Debt service				
Principal		1,485,000		1,485,000
Interest and fees		676,738		676,738
Depreciation				
Total Expenditures/Expenses	6,453,035	2,255,298	2,598,436	11,306,769
Revenues Over Expenditures	1,905,987	113,049		2,019,036
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year	17,296,184	1,843,660		19,139,844
End of the year	$ 19,202,171	$ 1,956,709	$ -	$ 21,158,880

See notes to basic financial statements.

Adjustments	Statement of Activities
$ -	$ 915,464
	1,340,342
(85,289)	4,062,789
(10,881)	89,598
	2,590,080
	112,730
	1,132,011
	2,090,549
	143,047
19,315	772,340
(76,855)	13,248,950
	3,421,213
	161,037
	1,303,465
	996,112
	189,943
	2,240,476
	180,939
	37,224
(614,622)	
(1,485,000)	
3,809	680,547
554,762	554,762
(1,541,051)	9,765,718
(2,019,036)	
3,483,232	3,483,232
(171,050)	18,968,794
$ 1,293,146	$ 22,452,026

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Cimarron Municipal Utility District (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 Water Rights Commission, statutory predecessor to the Texas Commission on Environmental Quality, dated February 9, 1976, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on December 7, 1976, and the first bonds were issued on December 1, 1977.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes, City of Houston sales tax rebates and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Joint Water Plant Fund is used to account for the operation and maintenance of water plant no. 3, which is jointly owned by the District and Harris-Fort Bend Counties Municipal Utility District No. 3. See Note 10 for more information.

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

Measurement Focus and Basis of Accounting

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

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

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

Use of Restricted Resources

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

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At February 28, 2026, an allowance of $31,016 was provided for possible uncollectible property taxes. An allowance for uncollectible water/sewer accounts was not considered necessary.

Unbilled Service Revenues

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

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is 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 $250,000.

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

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

Assets	Useful Life
Infrastructure	10-45 years
Investment in regional facilities	45 years

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

Deferred Inflows and Outflows of Financial Resources

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

At the fund level, property taxes receivable, City of Houston sales tax rebates receivable and certificates of deposit interest 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 refunding bond transactions in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items and operating reserves paid to West Memorial Utility District for the joint wastewater treatment plant and to the Joint Water Plant Fund for the joint water plant.

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 balance consists of unspent property taxes levied for debt service in the Debt Service Fund.

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the value of unbilled utility revenues and receivables 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		$ 21,158,880
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 30,492,220	
Less accumulated depreciation	(10,935,072)	
		19,557,148
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.		230,810
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 bonds payable, net.		(18,844,668)
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	253,713	
City of Houston sales taxes rebates	76,828	
Investment earnings	19,315	
		349,856
Total net position - governmental activities		$ 22,452,026

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		$ 2,019,036
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	$ (96,170)	
Investment earnings	19,315	
		(76,855)
Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:		
Capital outlays	614,622	
Depreciation expense	(554,762)	
		59,860
Financial reporting for long-term 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 liabilities are acquired 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		
Principal payments - bonds	1,485,000	
Interest expense accrual	(3,809)	
		1,481,191
Change in net position of governmental activities		$ 3,483,232

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) 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 February 28, 2026, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	$ 2,115,000	10%	N/A	N/A
Texas CLASS	General	15,915,463			
	Debt Service	1,739,861			
	Capital Projects	407,239			
		18,062,563	90%	AAAm	49 days
Total		$ 20,177,563	90%		

The District's investments in certificates of deposit are reported at cost.

Texas CLASS

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

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

Investments in Texas CLASS may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at February 28, 2026, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 12,059	Maintenance tax collections not remitted as of year end
Joint Water Plant Fund	General Fund	312,241	Participant billings not remitted as of year end

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

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended February 28, 2026, is as follows:

	Beginning Balances	Additions	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	$ 8,124,046	$ -	$ -	$ 8,124,046
Construction in progress	160,785	62,037	(151,888)	70,934
	8,284,831	62,037	(151,888)	8,194,980
Capital assets being depreciated				
Infrastructure	18,368,346	227,671		18,596,017
Investment in regional facilities	3,224,421	476,802		3,701,223
	21,592,767	704,473	-	22,297,240
Less accumulated depreciation				
Infrastructure	(9,509,895)	(451,636)		(9,961,531)
Investment in regional facilities	(870,415)	(103,126)		(973,541)
	(10,380,310)	(554,762)	-	(10,935,072)
Subtotal depreciable capital assets, net	11,212,457	149,711	-	11,362,168
Capital assets, net	$ 19,497,288	$ 211,748	$ (151,888)	$ 19,557,148

Depreciation expense for the current fiscal year was $554,762.

Note 6 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 18,565,000
Unamortized discounts	(63,821)
Unamortized premium	343,489
	$ 18,844,668
Due within one year	$ 1,530,000

The District's bonds payable at February 28, 2026, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2014 Refunding	$ 1,360,000	$ 6,585,000	2.00% - 3.125%	March 1, 2015/2031	September 1, March 1	March 1, 2023
2015	3,420,000	5,790,000	2.00% - 3.250%	March 1, 2016/2036	September 1, March 1	March 1, 2024
2017 Refunding	3,260,000	4,155,000	2.76%	March 1, 2018/2031	September 1, March 1	March 1, 2025
2017	725,000	1,215,000	2.00% - 4.50%	March 1, 2018/2036	September 1, March 1	March 1, 2025
2019 Refunding	8,390,000	9,655,000	4.00%	March 1, 2020/2036	September 1, March 1	March 1, 2029
2021 Refunding	1,410,000	2,400,000	2.00% - 3.00%	March 1, 2022/2036	September 1, March 1	March 1, 2028
	$ 18,565,000					

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 February 28, 2026, the District had authorized but unissued unlimited tax and revenue bonds in the amount of $1,325,000; authorized but unissued unlimited tax and refunding bonds in the amount of $365,000; and authorized but unissued unlimited tax refunding bonds in the amount of $16,571.

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

Bonds payable, beginning of year	$ 20,050,000
Bonds retired	(1,485,000)
Bonds payable, end of year	$ 18,565,000

The debt service payment due March 1 was made during the current fiscal year. The following schedule was prepared presuming this practice will continue. As of February 28, 2026, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2027	$ 1,530,000	$ 627,514	$ 2,157,514
2028	1,590,000	581,014	2,171,014
2029	1,655,000	532,717	2,187,717
2030	1,720,000	483,888	2,203,888
2031	1,770,000	432,733	2,202,733
2032	1,885,000	379,705	2,264,705
2033	1,970,000	310,544	2,280,544
2034	2,060,000	238,037	2,298,037
2035	2,145,000	162,087	2,307,087
2036	2,240,000	82,850	2,322,850
	$ 18,565,000	$ 3,831,089	$ 22,396,089

Note 7 – Property Taxes

On January 25, 1977, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $0.25 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 Harris Central Appraisal District and 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 $0.275 per $100 of assessed value, of which $0.140 was allocated to maintenance and operations and $0.135 was allocated to debt service. The resulting tax levy was $4,292,053 on the adjusted taxable value of $1,560,746,606.

Net property taxes receivable, at February 28, 2026, consisted of the following:

Current year taxes receivable	$ 131,974
Prior years taxes receivable	101,967
Less allowance for uncollectible accounts	(31,016)
	202,925
Penalty and interest receivable	50,788
Net property taxes receivable	$ 253,713

Note 8 – Strategic Partnership Agreement

Effective April 10, 2003, as subsequently amended, the District and the City of Houston (the "City") entered into a Strategic Partnership Agreement (the "Agreement") under which the City annexed certain commercial areas of the District for the limited purposes of applying the City's planning, zoning, health and safety ordinances within the District. The District continues to exercise all powers and functions of a municipal utility district. As consideration for the District providing services described in the Agreement, the City agreed to remit one half of all retail sales taxes collected from retailers in the area annexed. The City agrees that it will not annex all or part of the District during the term of this agreement, which is thirty years. During the current year, the District recognized $1,132,011 in City of Houston sales tax revenues.

Note 9 – Financing and Operation of Regional Facilities

On August 30, 1983, as subsequently amended, the District entered into a forty-year agreement with West Memorial Municipal Utility District ("West Memorial"), Interstate Municipal Utility District, Mason Creek Utility District and Harris County Municipal Utility District No. 81, whereby West Memorial agreed to provide the regional wastewater treatment and disposal facilities necessary to serve the participants. West Memorial has oversight responsibilities and holds title to the facilities for the benefit of the participating Districts. Upon expiration of the initial term, the contract will continue in force and effect for an additional one-year terms. The following table presents each participant's capacity and percentage of ownership as per the agreement:

Participant	Million Gallon Capacity	Percent of Ownership
Cimarron Municipal Utility District	2,471,000	38.16%
Interstate Municipal Utility District	1,350,000	20.85%
Harris County Municipal Utility District No. 81	1,255,000	19.38%
Mason Creek Utility District	800,000	12.36%
West Memorial Municipal Utility District	599,000	9.25%
Totals	6,475,000	100.00%

West Memorial operates the regional facilities. Participants are billed monthly based on a contractual formula. During the current year, the District recorded expenditures in the amount of $1,009,531 for its share of operating costs. In addition, the District is responsible for its pro rata share of an operating and maintenance reserve, which is equivalent to three months of average budgeted operating and maintenance expenditures. As of February 28, 2026, the District's share of the operating reserve is $237,984.

Audited financial statements for the wastewater treatment plant are prepared annually and can be obtained from West Memorial's attorney. Condensed financial information, as of and for the year ended June 30, 2025, is shown below:

Total Assests	$ 815,965
Total Liabilities	$ 241,366
Total Fund Balance - Restricted	574,599
Total Liabilities and Fund Balance	$ 815,965
Total Revenues	$ 3,347,918
Total Expenditures	(3,347,918)
Revenues Over Expenditures	-
Other Financing Sources - Increase in Operating Reserve	26,173
Net Change in Fund Balance	26,173
Fund Balance, Beginning of Year	548,426
Fund Balance, End of Year	$ 574,599

Note 10 – Joint Water Supply Agreement

On November 17, 2010, the District entered into a Joint Water Plant Operating Agreement, ("the "Agreement") with Harris-Fort Bend Counties Municipal District No. 3 ("HFB MUD 3") for allocation of costs associated with the operation and maintenance of a joint water plant. The District shall hold legal title for the water plant for the benefit of both districts. Each district shall have an undivided equitable interest in the water plant based on the district's proportionate share of equivalent single-family connections. The District has a 65.04% interest in the water plant and HFB MUD 3 has a 34.96% interest in the water plant.

Pursuant to the Agreement, the District has established the Joint Water Plant Fund, a special revenue fund, to account for activities related to the operation and maintenance of the joint water plant. Each district is billed monthly for its proportionate share of maintenance and operating expenditures. For the year ended February 28, 2026, the District's share of the water service billings were $2,397,098 and HFB MUD 3's share of the water service billings were $192,982. As of February 28, 2026, the District's and HFB MUD 3's operating reserves are $622,236 and $34,152, respectively.

Note 11 – West Harris County Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (the "Authority"), which was created by the Texas Legislature. The Authority is a political subdivision of the State of Texas, governed by an elected nine-member Board of Directors. 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 Coastal Subsidence District, which regulates groundwater withdrawal. As of February 28, 2026, the Authority's rates are $3.95 per 1,000 gallons of water pumped from the District's wells and $4.35 for surface water supplied to the District. These rates are subject to future increases. The District passes these costs on to its customers.

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.

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Required Supplementary Information

Cimarron Municipal Utility District
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended February 28, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 814,700	$ 915,464	$ 100,764
Sewer service	1,250,900	1,340,342	89,442
Property taxes	2,400,000	1,914,643	(485,357)
Penalties and interest	72,100	59,514	(12,586)
Tap connection and inspection	99,700	112,730	13,030
City of Houston sales tax rebate	1,186,300	1,132,011	(54,289)
Regional water authority fees	2,044,000	2,090,549	46,549
Miscellaneous	9,900	124,743	114,843
Investment earnings	606,780	669,026	62,246
Total Revenues	8,484,380	8,359,022	(125,358)
Expenditures			
Current service operations			
Purchased services	3,481,575	3,421,213	60,362
Professional fees	151,000	155,037	(4,037)
Contracted services	1,194,972	1,209,900	(14,928)
Repairs and maintenance	671,100	843,465	(172,365)
Utilities	28,600	28,093	507
Administrative	142,128	143,481	(1,353)
Other	38,100	37,224	876
Capital outlay	1,150,568	614,622	535,946
Total Expenditures	6,858,043	6,453,035	405,008
Revenues Over Expenditures	1,626,337	1,905,987	279,650
Fund Balance			
Beginning of the year	17,296,184	17,296,184	
End of the year	$ 18,922,521	$ 19,202,171	$ 279,650

Cimarron Municipal Utility District
Required Supplementary Information - Budgetary Comparison Schedule -
Joint Water Plant Fund
For the Year Ended February 28, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water Supply	$ 2,625,550	$ 2,590,080	$ (35,470)
Investment earnings	2,500	8,356	5,856
Total Revenues	2,628,050	2,598,436	(29,614)
Expenditures			
Current service operations			
Professional fees	38,300	6,000	32,300
Contracted services	19,000	17,602	1,398
Repairs and maintenance	300,800	152,647	148,153
Utilities	172,500	161,850	10,650
Regional water authority fees	2,077,900	2,240,476	(162,576)
Administrative	19,550	19,861	(311)
Total Expenditures	2,628,050	2,598,436	29,614
Revenues Over/(Under) Expenditures			
Fund Balance			
Beginning of the year	-	-	
End of the year	$ -	$ -	$ -

Budgets and Budgetary Accounting

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

Texas Supplementary Information

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

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

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

[ ] Other (Specify): ______

2. Retail Service Providers
(You may omit this information if your district does not provide retail services)

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:	$ 9.00	6,000	N	$ 1.25	6,001	to	10,000
				$ 1.50	10,001	to	15,000
				$ 1.75	15,001	to	20,000
				$ 2.00	20,001		No limit
Wastewater:	$ 26.22	- 0 -	Y	N/A	- 0 -	to	No limit
Surcharge:	$ -	- 0 -	N	$ 4.35	- 0 -	to	No limit

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

Total charges per 10,000 gallons usage: Water $ 57.50 Wastewater $ 26.22

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1,500	1,485	x 1.0	1,485
1"	34	34	x 2.5	85
1.5"	39	39	x 5.0	195
2"	122	121	x 8.0	968
3"	2	2	x 15.0	30
4"	2	2	x 25.0	50
6"	4	4	x 50.0	200
8"	14	14	x 80.0	1,120
12"	1	1	x 155.0	115
Total Water	1,718	1,702		4,248
Total Wastewater	1,607	1,592	x 1.0	1,592

See accompanying auditor's report.

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

Gallons pumped into system:	550,825,000	Water Accountability Ratio:
Gallons billed to customers:	498,333,000	(Gallons billed & sold/ Gallons pumped)
*Gallons sold:	34,902,000	96.81%

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

Does the District have Debt Service standby fees? Yes [ ] No [X]

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

Does the District have Operation and Maintenance standby fees? Yes [ ] No [X]

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

5. Location of District:

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

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

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

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

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

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

ETJs in which the District is located: City of Houston

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

If Yes, by whom? ____________

* Gallons sold to Harris-Fort Bend County MUD 3

See accompanying auditor's report.

Cimarron Municipal Utility District
TSI-2. General Fund Expenditures
For the Year Ended February 28, 2026

Purchased services	$ 3,421,213
Professional fees	
Legal	69,273
Audit	20,000
Engineering	65,764
	155,037
Contracted services	
Bookkeeping	66,225
Operator	238,332
Garbage collection	371,354
Tap connection and inspection	93,830
Tax assessor collector	5,310
Security	434,849
	1,209,900
Repairs and maintenance	843,465
Utilities	28,093
Administrative	
Directors fees	21,565
Printing and office supplies	22,588
Insurance	51,453
Other	47,875
	143,481
Other	37,224
Capital outlay	614,622
Total expenditures	$ 6,453,035

See accompanying auditor's report.

Cimarron Municipal Utility District
TSI-3. Investments
February 28, 2026

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
Texas CLASS	Variable	N/A	$ 11,457,093	$ -
Texas CLASS	Variable	N/A	4,458,370	
Certificate of deposit	3.65%	06/02/26	235,000	2,068
Certificate of deposit	4.15%	03/01/26	235,000	4,542
Certificate of deposit	4.00%	06/14/26	235,000	6,670
Certificate of deposit	3.75%	06/02/26	235,000	2,076
Certificate of deposit	4.00%	03/22/26	235,000	4,069
Certificate of deposit	3.78%	12/15/26	235,000	1,874
Certificate of deposit	3.65%	06/02/26	235,000	2,068
Certificate of deposit	3.85%	05/06/26	235,000	2,801
Certificate of deposit	3.90%	06/23/26	235,000	1,758
			18,030,463	27,926
Debt Service				
Texas CLASS	Variable	N/A	1,739,861	
Joint Water Plant				
Texas CLASS	Variable	N/A	407,239	
Total - All Funds			$ 20,177,563	$ 27,926

See accompanying auditor's report.

Cimarron Municipal Utility District
TSI-4. Taxes Levied and Receivable
February 28, 2026

	Maintenance Taxes	Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 148,509	$ 139,705	$ 288,214
Adjustments to Prior Year Tax Levy	(126,001)	(103,263)	(229,264)
Adjusted Receivable	22,508	36,442	58,950
2025 Original Tax Levy	2,075,824	2,001,688	4,077,512
Adjustments	109,221	105,320	214,541
Adjusted Tax Levy	2,185,045	2,107,008	4,292,053
Total to be accounted for	2,207,553	2,143,450	4,351,003
Tax collections:			
Current year	2,117,858	2,042,221	4,160,079
Prior years	(9,665)	(2,336)	(12,001)
Total Collections	2,108,193	2,039,885	4,148,078
Taxes Receivable, End of Year	$ 99,360	$ 103,565	$ 202,925
Taxes Receivable, By Years			
2025	$ 67,187	$ 64,787	$ 131,974
2024	8,054	6,496	14,550
2023	10,526	8,906	19,432
2022 and prior	13,593	23,376	36,969
Taxes Receivable, End of Year	$ 99,360	$ 103,565	$ 202,925

	2025	2024	2023	2022
Property Valuations:				
Land	$ 534,252,295	$ 411,551,031	$ 409,679,792	$ 395,821,404
Improvements	1,176,352,373	1,207,009,203	1,189,073,726	1,020,619,190
Personal Property	77,943,866	75,802,557	72,239,336	62,959,285
Exemptions	(227,801,928)	(155,161,833)	(172,164,246)	(142,897,845)
Total Property Valuations	$ 1,560,746,606	$ 1,539,200,958	$ 1,498,828,608	$ 1,336,502,034
Tax Rates per $100 Valuation:				
Maintenance tax rates*	$ 0.140	$ 0.155	$ 0.1625	$ 0.165
Debt service tax rates	0.135	0.125	0.1375	0.155
Total Tax Rates per $100 Valuation	$ 0.275	$ 0.280	$ 0.3000	$ 0.320
Adjusted Tax Levy:	$ 4,292,053	$ 4,309,763	$ 4,496,486	$ 4,276,807
Percentage of Taxes Collected to Taxes Levied **	96.93%	99.66%	99.57%	99.76%

* Maximum Maintenance Tax Rate Approved by Voters: $0.25 on January 25, 1977
** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.
See accompanying auditor's report.

Cimarron Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2014 Refunding--by Years
February 28, 2026

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2027	$ 250,000	$ 41,519	$ 291,519
2028	260,000	34,018	294,018
2029	275,000	26,218	301,218
2030	280,000	17,968	297,968
2031	295,000	9,218	304,218
	$ 1,360,000	$ 128,941	$ 1,488,941

See accompanying auditor's report.

Cimarron Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2015--by Years
February 28, 2026

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2027	$ 275,000	$ 107,763	$ 382,763
2028	290,000	99,512	389,512
2029	305,000	90,813	395,813
2030	320,000	81,662	401,662
2031	330,000	72,063	402,063
2032	345,000	61,749	406,749
2033	365,000	50,538	415,538
2034	380,000	38,675	418,675
2035	395,000	26,325	421,325
2036	415,000	13,488	428,488
	$ 3,420,000	$ 642,588	$ 4,062,588

See accompanying auditor's report.

Cimarron Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2017 Refunding--by Years
February 28, 2026

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2027	$ 595,000	$ 89,976	$ 684,976
2028	620,000	73,554	693,554
2029	650,000	56,442	706,442
2030	685,000	38,502	723,502
2031	710,000	19,596	729,596
	$ 3,260,000	$ 278,070	$ 3,538,070

See accompanying auditor's report.

Cimarron Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
February 28, 2026

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2027	$ 60,000	$ 21,906	$ 81,906
2028	65,000	20,330	85,330
2029	65,000	18,544	83,544
2030	70,000	16,756	86,756
2031	70,000	14,656	84,656
2032	75,000	12,556	87,556
2033	75,000	10,306	85,306
2034	80,000	7,962	87,962
2035	80,000	5,362	85,362
2036	85,000	2,762	87,762
	$ 725,000	$ 131,140	$ 856,140

See accompanying auditor's report.

Cimarron Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2019 Refunding--by Years
February 28, 2026

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2027	$ 225,000	$ 335,600	$ 560,600
2028	225,000	326,600	551,600
2029	225,000	317,600	542,600
2030	225,000	308,600	533,600
2031	225,000	299,600	524,600
2032	1,320,000	290,600	1,610,600
2033	1,385,000	237,800	1,622,800
2034	1,450,000	182,400	1,632,400
2035	1,520,000	124,400	1,644,400
2036	1,590,000	63,600	1,653,600
	$ 8,390,000	$ 2,486,800	$ 10,876,800

See accompanying auditor's report.

Cimarron Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2021 Refunding--by Years
February 28, 2026

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2027	$ 125,000	$ 30,750	$ 155,750
2028	130,000	27,000	157,000
2029	135,000	23,100	158,100
2030	140,000	20,400	160,400
2031	140,000	17,600	157,600
2032	145,000	14,800	159,800
2033	145,000	11,900	156,900
2034	150,000	9,000	159,000
2035	150,000	6,000	156,000
2036	150,000	3,000	153,000
	$ 1,410,000	$ 163,550	$ 1,573,550

See accompanying auditor's report.

Cimarron Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
February 28, 2026

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2027	$ 1,530,000	$ 627,514	$ 2,157,514
2028	1,590,000	581,014	2,171,014
2029	1,655,000	532,717	2,187,717
2030	1,720,000	483,888	2,203,888
2031	1,770,000	432,733	2,202,733
2032	1,885,000	379,705	2,264,705
2033	1,970,000	310,544	2,280,544
2034	2,060,000	238,037	2,298,037
2035	2,145,000	162,087	2,307,087
2036	2,240,000	82,850	2,322,850
	$ 18,565,000	$ 3,831,089	$ 22,396,089

See accompanying auditor's report.

Cimarron Municipal Utility District
TSI-6. Change in Long-Term Bonded Debt
February 28, 2026

	Bond Issue			
	Series 2014 Refunding	Series 2015	Series 2017 Refunding	Series 2017
Interest rate	2.00% - 3.125%	2.00% - 3.25%	2.76%	2.00% - 4.50%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	3/1/15 - 3/1/31	3/1/16 - 3/1/36	3/1/18 - 3/1/31	3/1/18 - 3/1/36
Beginning bonds outstanding	$ 1,600,000	$ 3,685,000	$ 3,830,000	$ 785,000
Bonds retired	(240,000)	(265,000)	(570,000)	(60,000)
Ending bonds outstanding	$ 1,360,000	$ 3,420,000	$ 3,260,000	$ 725,000
Interest paid during fiscal year	$ 48,719	$ 115,712	$ 105,708	$ 23,256

Paying agent's name and city	
All Series	Regions Bank, Houston, Texas

Bond Authority:	Unlimited Tax and Revenue Bonds	Unlimited Tax and Refunding Bonds	Refunding Bonds
Amount Authorized by Voters	$ 40,670,000	$ 10,000,000	$ 6,000,000
Amount Issued	(39,345,000)	(9,635,000)	(5,983,429)
Remaining To Be Issued	$ 1,325,000	$ 365,000	$ 16,571

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 February 28, 2026:	$ 2,002,523
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,239,609

See accompanying auditor's report.

Bond Issue		
Series 2019 Refunding	Series 2021 Refunding	Totals
4.00%	2.00% - 3.00%	
9/1; 3/1	9/1; 3/1	
3/1/20 - 3/1/36	3/1/22 - 3/1/36	
$ 8,620,000	$ 1,530,000	$ 20,050,000
(230,000)	(120,000)	(1,485,000)
$ 8,390,000	$ 1,410,000	$ 18,565,000
$ 344,800	$ 34,350	$ 672,545

Cimarron Municipal Utility District
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2026	2025	2024	2023	2022
Revenues					
Water service	$ 915,464	$ 887,962	$ 925,142	$ 838,392	$ 719,243
Sewer service	1,340,342	1,290,326	1,222,356	1,172,336	1,132,762
Property taxes	1,914,643	2,292,431	2,461,821	2,225,554	1,724,055
Penalties and interest	59,514	71,493	85,656	96,926	113,900
Water supply					192,000
Tap connection and inspection	112,730	49,719	110,451	206,748	326,609
City of Houston sales tax rebate	1,132,011	1,180,277	1,183,546	1,161,945	1,101,759
Regional water authority fees	2,090,549	2,025,205	2,064,627	1,822,669	1,459,290
Miscellaneous	124,743	9,426	15,273	12,518	83,402
Investment earnings	669,026	705,888	596,217	215,545	16,771
Total Revenues	8,359,022	8,512,727	8,665,089	7,752,633	6,869,791
Expenditures					
Current service operations					
Purchased services	3,421,213	3,224,871	3,485,622	3,025,227	1,647,345
Professional fees	155,037	194,465	162,944	180,602	145,435
Contracted services	1,209,900	1,137,298	1,014,795	789,972	820,993
Repairs and maintenance	843,465	698,641	676,310	666,756	921,975
Utilities	28,093	26,412	22,110	22,112	109,691
Regional water authority fees					930,387
Administrative	143,481	132,337	124,910	111,592	110,063
Other	37,224	51,077	37,553	29,113	34,981
Economic development grant			100,000	100,000	100,000
Capital outlay	614,622	154,250	621,556	426,488	150,443
Total Expenditures	6,453,035	5,619,351	6,245,800	5,351,862	4,971,313
Revenues Over Expenditures	1,905,987	2,893,376	2,419,289	2,400,771	1,898,478
Other Financing Sources					
Internal transfers					120,595
Net Change in Fund Balance	1,905,987	2,893,376	2,419,289	2,400,771	2,019,073
Fund Balance, Beginning of the year	17,296,184	14,402,808	11,983,519	9,582,748	7,563,675
End of the year	$ 19,202,171	$ 17,296,184	$ 14,402,808	$ 11,983,519	$ 9,582,748
Total Active Retail Water Connections	1,702	1,702	1,698	1,693	1,688
Total Active Retail Wastewater Connections	1,592	1,592	1,589	1,588	1,587

*Percentage is negligible
See accompanying auditor's report.

Percent of Fund Total Revenues				
2026	2025	2024	2023	2022
11%	10%	11%	11%	10%
16%	15%	14%	15%	16%
23%	27%	28%	28%	25%
1%	1%	1%	1%	2%
				3%
1%	1%	1%	3%	5%
14%	14%	14%	15%	16%
24%	24%	24%	24%	22%
1%	*	*	*	1%
8%	8%	7%	3%	*
99%	100%	100%	100%	100%
41%	38%	40%	39%	24%
2%	2%	2%	2%	2%
14%	13%	12%	10%	12%
10%	8%	8%	9%	13%
*	*	*	*	2%
				14%
2%	2%	1%	1%	2%
*	1%	*	*	1%
		1%	1%	1%
7%	2%	7%	6%	2%
76%	66%	71%	68%	73%
23%	34%	29%	32%	27%

Cimarron Municipal Utility District
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	$ 2,233,435	$ 1,843,391	$ 2,079,618	$ 2,081,508	$ 2,222,217
Penalties and interest	40,965	36,286	39,439	23,343	30,869
Miscellaneous	18,304	32,551	3,272	9,766	41,507
Investment earnings	75,643	104,547	90,932	44,457	4,252
Total Revenues	2,368,347	2,016,775	2,213,261	2,159,074	2,298,845
Expenditures					
Tax collection services	93,560	97,162	84,641	72,842	81,843
Debt service					
Principal	1,485,000	1,440,000	1,380,000	1,325,000	1,285,000
Interest and fees	676,738	721,118	764,070	805,222	843,289
Total Expenditures	2,255,298	2,258,280	2,228,711	2,203,064	2,210,132
Revenues Over/(Under) Expenditures	113,049	(241,505)	(15,450)	(43,990)	88,713
Fund Balance, Beginning of the year	1,843,660	2,085,165	2,100,615	2,144,605	2,055,892
End of the year	$ 1,956,709	$ 1,843,660	$ 2,085,165	$ 2,100,615	$ 2,144,605

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2026	2025	2024	2023	2022
94%	91%	94%	97%	97%
2%	2%	2%	1%	1%
1%	2%	*	*	2%
3%	5%	4%	2%	*
100%	100%	100%	100%	100%
4%	5%	4%	3%	4%
63%	71%	62%	61%	56%
29%	36%	35%	37%	37%
96%	112%	101%	101%	97%
4%	(12%)	(1%)	(1%)	3%

Cimarron Municipal Utility District
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended February 28, 2026

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, TX 77027

District Business Telephone Number: (713) 860-6400

Submission Date of the most recent District Registration Form

(TWC Sections 36.054 and 49.054): May 15, 2024

Limit on Fees of Office that a Director may receive during a fiscal year: $ 7,200

(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
David F. Jones	5/22 to 5/26	$ 1,989	$ 368	President
Gary Russell	5/22 to 5/26	4,641	330	Vice President
John Linn	5/24 to 5/28	5,304		Secretary
Mia Hull	5/24 to 5/28	7,200	589	Assistant Vice President
David Aitken	5/24 to 5/26	2,431	497	Assistant Secretary

Consultants	2003	Amounts Paid		
Allen Boone Humphries Robinson LLP				Attorney
General legal fees		$ 76,718		
Si Environmental, LLC	2012	1,126,166		Operator
Municipal Accounts & Consulting, LP	2017	86,001		Bookkeeper
Bob Leared Interests	1977	35,797		Tax Collector
Harris Central Appraisal District	Legislature	33,444		Property Valuation
Fort Bend Central Appraisal District	Legislature	1,393		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	1996	9,322		Delinquent Tax Attorney
Vogler & Spencer Engineering, Inc.	1997	115,991		Engineer
McGrath & Co., PLLC	Annual	26,000		Auditor
Robert W. Baird & Co. Incorporated				Financial Advisor

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

See accompanying auditor's report.