

Lazy River Improvement District

Information Required by Section 26.18, Texas Tax Code and
Section 2051.202, Texas Government Code

Date: February 18, 2026
(FYE 2025 Audit)

- (1) Name and term of office of each member of the governing body:
- | <u>Name:</u> | <u>Term of office:</u> |
|----------------------|------------------------|
| Michael D. Edwards | 5/2022 – 5/2026 |
| John Wells | 5/2024 – 5/2028 |
| Thomas McKnight, Jr. | 5/2022 – 5/2026 |
| Robert Henderson | 5/2024 – 5/2028 |
| Thad Davis | 8/2022 – 5/2026 |
- (2) Mailing address, physical address, e-mail address, and telephone number:
2727 Allen Parkway, Suite 1100
Houston, Texas 77019
713-652-6500
94022@smithmur.com
- (3) a. Official contact information for each member of the governing body: Same as Item (2) above.
- b. Name of General Manager or Executive Director: None
- c. Name, mailing address and telephone number of person representing District's utility operator: David Rowe, Water District Management Co., Inc., P.O. Box 579 , Spring, TX 77383, 281/376-8802.
- d. Name, mailing address and telephone number of person representing District's tax assessor-collector: Tammy J. McRae, Montgomery County Tax Office, 400 N. San Jacinto, Conroe, TX 77301, 936/539-7897.
- (4) District's budget for the preceding two years: See attached budgets.
- (5) Proposed or adopted budget for the current year: See attached.
- (6) Change in amount of District budget from the preceding year to current year, by dollar amount and percentage:
- | <u>2025 Budget Revenues</u> | <u>2026 Budget Revenues</u> | <u>Change in Amount</u> | <u>% of Change</u> |
|-----------------------------|-----------------------------|-------------------------|--------------------|
| \$540,350 | \$540,600 | \$250 | 0.0100046% |
- (7) Amount of property tax revenue budgeted for maintenance and operations for the preceding two years and the current year: See attached budgets.

- (8) Amount of property tax revenue budgeted for debt service for the preceding two years and the current year: The District does not budget for debt service.
- (9) Tax rate for maintenance and operations adopted by the taxing unit for the current year and preceding two years:
- | | |
|------|----------|
| 2025 | \$0.1454 |
| 2024 | \$0.1468 |
| 2023 | \$0.1387 |
- (10) The tax rate for debt service adopted by the taxing unit for the current year and preceding 2 years:
- | | |
|------|----------|
| 2025 | \$0.0000 |
| 2024 | \$0.0000 |
| 2023 | \$0.0000 |
- (11) This information required by Section 26.18 is applicable only to school districts.
- (12) Tax rate for maintenance and operations proposed by the taxing unit for the current year:
As of the date of this report, no proposed tax rate has been established for the current year.
- (13) Tax rate for debt service proposed by the taxing unit for the current year:
As of the date of this report, no proposed tax rate has been established for the current year.
- (14) This information required by Section 26.18 is applicable only to school districts.
- (15) The most recent financial audit of the District. See attached.
- (16) Rate of District's ad valorem tax, if any: The District's ad valorem tax rate for 2025 is \$0.1454 per \$100 assessed valuation.
- (17) Rate of District's sale and use tax, if any: Not applicable.
- (18) Notice of tax rate hearing required under Chapter 26, Tax Code or Section 49.236, Water Code: Notice of Tax Rate Hearing will be posted on this website when available.
- (19) District's meeting schedule and location: The District does not have a regular meeting date and the meetings are held at 6:30 p.m. at 299 Hill Brook Conroe, Texas.
- (20) Residents of the District have the right to request the designation of a meeting location within the District under Section 49.062(g), Water Code. A description of this process can be found at <https://www.tceq.texas.gov/downloads/water-districts/forms/form-20863.pdf>.
- (21) Notices of meetings and approved minutes. Each notice of a meeting and approved minutes for meetings conducted in the current calendar year and the immediately preceding calendar year are posted on this website.

LAZY RIVER IMPROVEMENT DISTRICT				
BUDGET				
OCT. 1, 2025 - SEPT. 30, 2026				
REVENUE	ACTUALS	2025 Approved		NOTES
		BUDGET	2026 BUDGET	
SERVICE FEES - WATER	228,702.38	285,000.00	290,000.00	
SJRA REVENUE	47,487.59	64,000.00	60,000.00	
LSGCD REVENUE	1,187.04	1,500.00	1,500.00	
SERVICE FEES - SEWER	75,723.35	95,250.00	93,000.00	
NEEDHAM VOLUNTEER FIRE DEPT	2,692.00	3,350.00	3,350.00	
MAINTENANCE TAX	71,239.99	73,600.00	73,800.00	
PENALTY / LATE CHARGE	1,635.00	2,000.00	2,000.00	
DISCONNECT/NSF	3,134.51	4,000.00	4,000.00	
APP FEES	575.00	1,000.00	800.00	
MISCELLANEOUS FEES	100.00	150.00	150.00	
INTEREST EARNED	10,161.67	10,500.00	12,000.00	
TOTAL REVENUE:	442,638.53	540,350.00	540,600.00	
WATER EXPENSES				
LABORATORY EXPENSE	6,984.23	6,000.00	7,800.00	
PERMITS	1,250.00	1,250.00	1,250.00	
SJRA FEES	46,111.80	60,000.00	58,000.00	
LSGCD FEES	3,315.00	3,500.00	3,350.00	
MAINTENANCE & REPAIR - WATER	65,717.71	40,000.00	40,000.00	
CHEMICALS	3,447.53	6,500.00	4,000.00	
SEWER EXPENSES				
LABORATORY EXPENSE	9,863.16	12,500.00	11,000.00	
PERMITS	561.05	600.00	600.00	
MAINTENANCE & REPAIR - SEWER	66,300.57	63,000.00	63,000.00	
SLUDGE REMOVAL	4,300.00	4,000.00	0.00	
CHEMICALS	3,267.68	500.00	4,000.00	
OTHER EXPENSES				
NEEDHAM VOLUNTEER FIRE DEPT	2,692.00	3,350.00	3,350.00	
LEGAL FEES	7,230.45	7,500.00	7,500.00	
AUDIT FEES	15,300.00	15,300.00	15,900.00	
ENGINEERING FEES	1,637.72	3,000.00	3,000.00	
ENGINEERING FEES- TPDES PERMIT	24,310.48	0.00	0.00	
TCEQ ASSESSMENT FEE	1,829.37	1,870.00	1,850.00	
OPERATOR EXPENSES	17,100.00	22,800.00	22,800.00	
BOOKKEEPING SERVICES	10,010.00	12,012.00	12,012.00	
REPAIR & MAINTENANCE - OTHER	5,323.64	2,500.00	2,500.00	
LEGAL NOTICES	0.00	850.00	650.00	
OFFICE EXPENSES	273.75	300.00	300.00	
PRINTING & OFFICE SUPPLIES & ADMIN	8,976.63	11,000.00	10,000.00	
GROUNDKEEPING	5,000.00	6,000.00	6,000.00	
POSTAGE	63.58	100.00	100.00	
TELEPHONE	2,140.26	2,100.00	1,400.00	
UTILITIES	28,483.66	24,000.00	30,000.00	
INSURANCE	22,739.44	20,250.00	22,800.00	
OTHER EXPENSES	960.00	1,000.00	1,000.00	
TAX COLLECTOR / APPRAISAL DISTRICT	489.00	650.00	650.00	
CAPITAL OUTLAY				
TRANSFER TO DEBT SERVICE - TWDB BOND	138,248.00	207,371.00	205,400.00	
TOTAL EXPENSES:	503,926.71	539,803.00	540,412.00	
NET GAIN (LOSS)	-61,288.18	547.00	188.00	
2025 TOTAL TAXABLE VALUE = 51,262,732				
TAX RATE .1454/100 M&O RATE = .1454				
COLLECTION RATE: 99%				

LAZY RIVER IMPROVEMENT DISTRICT				
BUDGET				
OCT. 1, 2024 - SEPT. 30, 2025				
	ACTUALS	2024 Approved BUDGET	APPROVED 2025 BUDGET	NOTES
REVENUE				
SERVICE FEES - WATER	231,828.13	275,000.00	285,000.00	
SJRA REVENUE	53,350.69	92,000.00	64,000.00	
LSGCD REVENUE	1,191.00	1,500.00	1,500.00	
SERVICE FEES - SEWER	79,240.00	95,250.00	95,250.00	
NEEDHAM VOLUNTEER FIRE DEPT	2,898.00	3,350.00	3,350.00	
MAINTENANCE TAX	69,050.76	68,000.00	73,600.00	
PENALTY / LATE CHARGE	1,778.00	1,000.00	2,000.00	
DISCONNECT/NSF	3,609.11	3,000.00	4,000.00	
APP FEES	725.00	800.00	1,000.00	
MISCELLANEOUS FEES	0.00	150.00	150.00	
INTEREST EARNED	7,892.26	800.00	10,500.00	
TOTAL REVENUE:	451,562.95	540,850.00	540,350.00	
WATER EXPENSES				
LABORATORY EXPENSE	5,100.78	7,500.00	6,000.00	
PERMITS	1,250.00	1,250.00	1,250.00	
SJRA FEES	37,790.21	92,000.00	60,000.00	
LSGCD FEES	3,480.00	4,000.00	3,500.00	
MAINTENANCE & REPAIR - WATER	45,353.98	40,000.00	40,000.00	
CHEMICALS	6,372.13	6,000.00	6,500.00	
SEWER EXPENSES				
LABORATORY EXPENSE	11,739.80	13,500.00	12,500.00	
PERMITS	561.05	600.00	600.00	
MAINTENANCE & REPAIR - SEWER	81,993.30	63,000.00	63,000.00	
SLUDGE REMOVAL	4,277.16	1,800.00	4,000.00	
CHEMICALS	346.50	600.00	500.00	
OTHER EXPENSES				
NEEDHAM VOLUNTEER FIRE DEPT	2,226.00	3,350.00	3,350.00	
LEGAL FEES	8,115.58	6,500.00	7,500.00	
AUDIT FEES	14,600.00	14,300.00	15,300.00	
ENGINEERING FEES	2,006.22	6,500.00	3,000.00	
TCEQ ASSESSMENT FEE	1,867.07	1,675.00	1,870.00	
OPERATOR EXPENSES	19,000.00	22,800.00	22,800.00	
BOOKKEEPING SERVICES	10,010.00	12,012.00	12,012.00	
REPAIR & MAINTENANCE - OTHER	2,102.20	8,000.00	2,500.00	
LEGAL NOTICES	845.90	1,000.00	850.00	
OFFICE EXPENSES	45.70	300.00	300.00	
PRINTING & OFFICE SUPPLIES & ADMIN	10,001.33	7,000.00	11,000.00	
GROUNDSKEEPING	4,500.00	6,000.00	6,000.00	
POSTAGE	51.35	100.00	100.00	
TELEPHONE	2,051.91	2,000.00	2,100.00	
UTILITIES	22,192.09	31,000.00	24,000.00	
INSURANCE	20,233.43	19,215.00	20,250.00	
OTHER EXPENSES	985.00	1,000.00	1,000.00	
TAX COLLECTOR / APPRAISAL DISTRICT	629.35	500.00	650.00	
CAPITAL OUTLAY				
TRANSFER TO DEBT SERVICE - TWDB BOND	138,064.41	147,030.00	207,371.00	
TOTAL EXPENSES:	457,792.45	520,532.00	539,803.00	
NET GAIN (LOSS)	-6,229.50	20,318.00	547.00	
2024 TOTAL TAXABLE VALUE = 51,143,432				
TAX RATE .1468/100 M&O RATE = .1468				
COLLECTION RATE: 98%				

LAZY RIVER IMPROVEMENT DISTRICT				
BUDGET				
OCT. 1, 2023 - SEPT. 30, 2024				
		2023 Approved	Proposed	
REVENUE	ACTUALS	BUDGET	2024 BUDGET	NOTES
SERVICE FEES - WATER	200,369.01	222,000.00	275,000.00	
SJRA REVENUE	57,794.92	80,000.00	92,000.00	
LSGCD REVENUE	1,289.98	2,000.00	1,500.00	
SERVICE FEES - SEWER	79,380.55	94,800.00	95,250.00	
NEEDHAM VOLUNTEER FIRE DEPT	2,686.34	3,300.00	3,350.00	
MAINTENANCE TAX	64,601.65	64,000.00	68,000.00	
PENALTY / LATE CHARGE	870.16	2,000.00	1,000.00	
DISCONNECT/NSF	2,794.68	1,500.00	3,000.00	
APP FEES	625.00	500.00	800.00	
MISCELLANEOUS FEES	110.00	3,000.00	150.00	
INTEREST EARNED	600.03	100.00	800.00	
TOTAL REVENUE:	411,122.32	473,200.00	540,850.00	
WATER EXPENSES				
LABORATORY EXPENSE	6,120.91	14,500.00	7,500.00	
PERMITS	1,250.00	1,250.00	1,250.00	
SJRA FEES	81,257.59	69,000.00	92,000.00	
LSGCD FEES	3,810.00	4,000.00	4,000.00	
MAINTENANCE & REPAIR - WATER	36,533.20	40,000.00	40,000.00	
CHEMICALS	4,718.93	7,800.00	6,000.00	
SEWER EXPENSES				
LABORATORY EXPENSE	12,519.20	13,500.00	13,500.00	
PERMITS	561.05	600.00	600.00	
MAINTENANCE & REPAIR - SEWER	59,900.47	60,000.00	63,000.00	
SLUDGE REMOVAL	0.00	1,800.00	1,800.00	
CHEMICALS	437.12	1,000.00	600.00	
OTHER EXPENSES				
NEEDHAM VOLUNTEER FIRE DEPT	2,590.34	3,300.00	3,350.00	
LEGAL FEES	5,063.73	6,500.00	6,500.00	
AUDIT FEES	13,800.00	13,800.00	14,300.00	
ENGINEERING FEES	3,765.13	8,500.00	6,500.00	
TCEQ ASSESSMENT FEE	982.20	1,584.00	1,675.00	
OPERATOR EXPENSES	19,000.00	22,800.00	22,800.00	
BOOKKEEPING SERVICES	11,011.00	12,012.00	12,012.00	
REPAIR & MAINTENANCE & OTHER ADMIN	7,065.94	8,000.00	8,000.00	
LEGAL NOTICES	0.00	1,000.00	1,000.00	
OFFICE EXPENSES	75.60	300.00	300.00	
PRINTING & OFFICE SUPPLIES	5,843.92	7,000.00	7,000.00	
GROUNDSKEEPING	5,500.00	6,000.00	6,000.00	
POSTAGE	79.03	100.00	100.00	
TELEPHONE	1,945.27	2,000.00	2,000.00	
WEBSITE EXPENSES	0.00	1,000.00	0.00	
UTILITIES	28,296.35	28,500.00	31,000.00	
INSURANCE	19,212.00	16,300.00	19,215.00	
OTHER EXPENSES	1,081.18	500.00	1,000.00	
TAX COLLECTOR / APPRAISAL DISTRICT	436.45	0.00	500.00	
CAPITAL OUTLAY				
TRANSFER TO DEBT SERVICE - TWDB BOND	0.00	0.00	147,030.00	
TOTAL EXPENSES:	332,856.61	352,646.00	520,532.00	
NET GAIN (LOSS)	78,265.71	120,554.00	20,318.00	
2023 TOTAL TAXABLE VALUE = 49,966,629				
TAX RATE .1387/100 M&O RATE = .1387				
COLLECTION RATE: 98%				

LAZY RIVER IMPROVEMENT DISTRICT				
BUDGET				
OCT. 1, 2022 - SEPT. 30, 2023				
REVENUE	ACTUALS	2022 Approved BUDGET	Proposed 2023 BUDGET	NOTES
SERVICE FEES - WATER	74,089.35	90,000.00	222,000.00	
SJRA REVENUE	68,411.71	66,900.00	80,000.00	
LSGCD REVENUE	1,576.10	2,600.00	2,000.00	
SERVICE FEES - SEWER	86,853.88	94,000.00	94,800.00	
NEEDHAM VOLUNTEER FIRE DEPT	2,855.86	3,300.00	3,300.00	
MAINTENANCE TAX	53,050.00	53,050.00	64,000.00	
PENALTY / LATE CHARGE	1,885.00	1,700.00	2,000.00	
DISCONNECT/NSF	1,000.00	1,500.00	1,500.00	
APP FEES	525.00	500.00	500.00	
MISCELLANEOUS FEES	173,576.11	3,000.00	3,000.00	
INTEREST EARNED	17.39	100.00	100.00	
TOTAL REVENUE:	463,840.40	316,650.00	473,200.00	
WATER EXPENSES				
LABORATORY EXPENSE	13,197.59	12,000.00	14,500.00	
PERMITS	1,250.00	1,250.00	1,250.00	
SJRA FEES	59,484.77	58,000.00	69,000.00	
LSGCD FEES	3,920.00	4,000.00	4,000.00	
MAINTENANCE & REPAIR - WATER	45,497.59	30,000.00	40,000.00	
CHEMICALS	6,904.05	7,800.00	7,800.00	
SEWER EXPENSES				
LABORATORY EXPENSE	12,313.70	13,500.00	13,500.00	
PERMITS	561.05	600.00	600.00	
MAINTENANCE & REPAIR - SEWER	70,926.99	50,000.00	60,000.00	
SLUDGE REMOVAL	0.00	1,800.00	1,800.00	
CHEMICALS	666.25	300.00	1,000.00	
OTHER EXPENSES				
NEEDHAM VOLUNTEER FIRE DEPT	2,775.82	3,300.00	3,300.00	
LEGAL FEES	8,068.17	5,000.00	6,500.00	
AUDIT FEES	13,400.00	13,400.00	13,800.00	
ENGINEERING FEES	6,149.45	7,000.00	8,500.00	
TCEQ ASSESSMENT FEE	866.41	925.00	1,584.00	
OPERATOR EXPENSES	22,800.00	22,800.00	22,800.00	
BOOKKEEPING SERVICES	11,011.00	12,012.00	12,012.00	
REPAIR & MAINTENANCE & OTHER ADMIN	5,669.00	13,000.00	8,000.00	
LEGAL NOTICES	848.90	10.00	1,000.00	
OFFICE EXPENSES	140.01	300.00	300.00	
PRINTING & OFFICE SUPPLIES	6,476.88	7,000.00	7,000.00	
GROUNDSKEEPING	6,000.00	6,000.00	6,000.00	
POSTAGE	63.50	100.00	100.00	
TELEPHONE	1,870.12	1,700.00	2,000.00	
WEBSITE EXPENSES	0.00	1,000.00	1,000.00	
UTILITIES	26,499.67	25,000.00	28,500.00	
INSURANCE	16,296.00	13,800.00	16,300.00	
OTHER EXPENSES	874.00	100.00	500.00	
TOTAL EXPENSES:	344,530.92	311,697.00	352,646.00	
NET GAIN (LOSS)	119,309.48	4,953.00	120,554.00	
2022 TOTAL TAXABLE VALUE = 45,852,702				
TAX RATE .1424/100 M&O RATE = .1424				
COLLECTION RATE: 98%				



Lazy River Improvement District

Montgomery County, Texas

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

September 30, 2025



Lazy River Improvement District
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September 30, 2025

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Independent Auditor's Report

Board of Directors
Lazy River Improvement District
Montgomery County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Lazy River Improvement District (District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Forvis Mazars, LLP

**Houston, Texas
February 5, 2026**

**Lazy River Improvement District
Management's Discussion and Analysis
Year Ended September 30, 2025**

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

**Lazy River Improvement District
Management’s Discussion and Analysis
Year Ended September 30, 2025**

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2025	2024
Current and other assets	\$ 3,780,133	\$ 3,867,900
Capital assets	1,100,838	1,016,777
Total assets	\$ 4,880,971	\$ 4,884,677
Long-term liabilities	\$ 3,360,000	\$ 3,425,000
Other liabilities	116,786	113,035
Total liabilities	3,476,786	3,538,035
Net position		
Net investment in capital assets	468,800	441,006
Restricted	581,392	520,648
Unrestricted	353,993	384,988
Total net position	\$ 1,404,185	\$ 1,346,642

**Lazy River Improvement District
Management’s Discussion and Analysis
Year Ended September 30, 2025**

The total net position of the District increased by \$57,543, or approximately 4%. The majority of the increase in net position is related to property taxes and charges for services revenues exceeding services and depreciation expenses.

Summary of Changes in Net Position

	<u>2025</u>	<u>2024</u>
Revenues		
Property taxes	\$ 75,096	\$ 69,080
Charges for services	432,393	446,117
Other revenues	<u>148,124</u>	<u>160,978</u>
Total revenues	<u>655,613</u>	<u>676,175</u>
Expenses		
Services	418,272	380,176
Depreciation	37,206	42,323
Debt service	<u>142,592</u>	<u>143,896</u>
Total expenses	<u>598,070</u>	<u>566,395</u>
Change in net position	57,543	109,780
Net position, beginning of year	<u>1,346,642</u>	<u>1,236,862</u>
Net position, end of year	<u>\$ 1,404,185</u>	<u>\$ 1,346,642</u>

Financial Analysis of the District’s Funds

The District’s combined fund balances as of the end of the fiscal year ended September 30, 2025 were \$3,621,633, a decrease of \$95,819 from the prior year.

The general fund’s fund balance decreased by \$35,117 primarily due to service operations expenditures and an interfund transfer to the debt service fund exceeding property taxes and services revenues and investment income.

The debt service fund’s fund balance decreased by \$52,063 due to debt service expenditures exceeding investment income and an interfund transfer from the general fund.

The capital projects fund’s fund balance decreased by \$8,639 primarily due to capital outlay expenditures exceeding investment income.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to professional fees, utilities, and repairs and maintenance expenditures being greater than anticipated and water service revenues and interfund transfers out being less than anticipated. The fund balance as of September 30, 2025 was expected to be \$336,168, and the actual end-of-year fund balance was \$300,504.

**Lazy River Improvement District
Management’s Discussion and Analysis
Year Ended September 30, 2025**

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 30,182	\$ 30,182
Construction in progress	163,700	42,433
Infrastructure	903,365	939,793
Buildings	<u>3,591</u>	<u>4,369</u>
Total capital assets	<u>\$ 1,100,838</u>	<u>\$ 1,016,777</u>

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

Construction in progress related to the wastewater treatment plant improvements	<u>\$ 121,267</u>
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Debt

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

Long-term debt payable, beginning of year	\$ 3,425,000
Decreases in long-term debt	<u>(65,000)</u>
Long-term debt payable, end of year	<u>\$ 3,360,000</u>

At September 30, 2025, the District had \$2,205,000 of tax bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District.

The District’s bonds are not rated.

Other Relevant Factors

Relationship to the City of Conroe, Texas

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

**Lazy River Improvement District
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2025**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets						
Cash	\$ 339,156	\$ 351,704	\$ 155,730	\$ 846,590	\$ -	\$ 846,590
Short-term investment, restricted	-	-	2,828,102	2,828,102	-	2,828,102
Receivables						
Property taxes	25,035	-	-	25,035	-	25,035
Service accounts	51,952	-	-	51,952	-	51,952
Accrued penalty and interest	-	-	-	-	28,454	28,454
Interfund receivable	14,407	-	-	14,407	(14,407)	-
Capital assets (net of accumulated depreciation)						
Land and improvements	-	-	-	-	30,182	30,182
Construction in progress	-	-	-	-	163,700	163,700
Infrastructure	-	-	-	-	903,365	903,365
Buildings	-	-	-	-	3,591	3,591
Total Assets	<u>\$ 430,550</u>	<u>\$ 351,704</u>	<u>\$ 2,983,832</u>	<u>\$ 3,766,086</u>	<u>\$ 1,114,885</u>	<u>\$ 4,880,971</u>

**Lazy River Improvement District
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2025**

(Continued)

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 87,111	\$ -	\$ -	\$ 87,111	\$ -	\$ 87,111
Accrued interest payable	-	-	-	-	11,775	11,775
Customer deposits	17,900	-	-	17,900	-	17,900
Interfund payable	-	-	14,407	14,407	(14,407)	-
Long-term liabilities						
Due within one year	-	-	-	-	65,000	65,000
Due after one year	-	-	-	-	3,295,000	3,295,000
Total Liabilities	105,011	-	14,407	119,418	3,357,368	3,476,786
Deferred Inflows of Resources						
Deferred property tax revenues	25,035	-	-	25,035	(25,035)	-
Fund Balances/Net Position						
Fund balances						
Restricted						
Revenue bonds	-	351,704	-	351,704	(351,704)	-
Water, sewer, and drainage	-	-	2,969,425	2,969,425	(2,969,425)	-
Unassigned	300,504	-	-	300,504	(300,504)	-
Total fund balances	300,504	351,704	2,969,425	3,621,633	(3,621,633)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 430,550	\$ 351,704	\$ 2,983,832	\$ 3,766,086		
Net position						
Net investment in capital assets					468,800	468,800
Restricted for debt service					339,929	339,929
Restricted for capital projects					241,463	241,463
Unrestricted					353,993	353,993
Total net position					\$ 1,404,185	\$ 1,404,185

Lazy River Improvement District
Statement of Activities and Governmental Funds Revenues,
Expenditures, and Changes in Fund Balances
Year Ended September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 73,656	\$ -	\$ -	\$ 73,656	\$ 1,440	\$ 75,096
Water service	280,321	-	-	280,321	-	280,321
Sewer service	91,203	-	-	91,203	-	91,203
Regional water fee	60,869	-	-	60,869	-	60,869
Penalty and interest	1,960	-	-	1,960	2,682	4,642
Investment income	13,264	17,460	112,658	143,382	-	143,382
Other income	100	-	-	100	-	100
Total Revenues	521,373	17,460	112,658	651,491	4,122	655,613
Expenditures/Expenses						
Service operations						
Regional water authority	61,968	-	-	61,968	-	61,968
Professional fees	50,269	-	-	50,269	-	50,269
Contracted services	33,564	-	-	33,564	-	33,564
Utilities	31,111	-	-	31,111	-	31,111
Repairs and maintenance	196,795	-	-	196,795	-	196,795
Other expenditures	44,535	-	30	44,565	-	44,565
Capital outlay	-	-	121,267	121,267	(121,267)	-
Depreciation	-	-	-	-	37,206	37,206
Debt service						
Principal retirement	-	65,000	-	65,000	(65,000)	-
Interest and fees	-	142,771	-	142,771	(179)	142,592
Total Expenditures/Expenses	418,242	207,771	121,297	747,310	(149,240)	598,070
Excess (Deficiency) of Revenues Over Expenditures	103,131	(190,311)	(8,639)	(95,819)	153,362	
Other Financing Sources (Uses)						
Interfund transfers in (out)	(138,248)	138,248	-	-	-	
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(35,117)	(52,063)	(8,639)	(95,819)	95,819	
Change in Net Position					57,543	57,543
Fund Balances/Net Position						
Beginning of year	335,621	403,767	2,978,064	3,717,452	-	1,346,642
End of year	<u>\$ 300,504</u>	<u>\$ 351,704</u>	<u>\$ 2,969,425</u>	<u>\$ 3,621,633</u>	<u>\$ -</u>	<u>\$ 1,404,185</u>

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

Lazy River Improvement District (District) was created by acts of the 59th Legislature of the State of Texas, Regular Session, effective on May 20, 1965. The Board of Directors held its first meeting on July 20, 1965, and the first bonds were sold on June 7, 1968. The District operates in accordance with Chapters 51 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (Commission). The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, and drainage facilities and to provide such facilities and services to the customers of the District.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

**Lazy River Improvement District
Notes to Financial Statements
September 30, 2025**

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures, and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues

**Lazy River Improvement District
Notes to Financial Statements
September 30, 2025**

reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services, and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

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

**Lazy River Improvement District
Notes to Financial Statements
September 30, 2025**

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

Capital Assets

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

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

Land and improvements are not depreciated. Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

Infrastructure	10–45 years
Buildings	20 years
Furniture and equipment	7 years

Debt Issuance Costs

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

Long-Term Obligations

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

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

Net Position/Fund Balances

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

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

Lazy River Improvement District
Notes to Financial Statements
September 30, 2025

Reconciliation of Government-Wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 1,100,838
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	25,035
Penalty and interest on delinquent taxes is not receivable in the current period and is not reportable in the funds.	28,454
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(11,775)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(3,360,000)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (2,217,448)</u></u>

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

Change in fund balances.	\$ (95,819)
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense in the current period.	84,061
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	65,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	4,122
Some expenses previously reported in the statement of activities are reported as expenditures in the governmental funds.	<u>179</u>
Change in net position of governmental activities.	<u><u>\$ 57,543</u></u>

Note 2. Deposits, Investments, and Investment Income

Deposits

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

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

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

Investments

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

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

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

Type	Maturities in Years				
	Fair Value	Less Than 1	1–5	6–10	More Than 10
Government money market fund	\$ 2,828,102	\$ 2,828,102	\$ -	\$ -	\$ -

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

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

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at September 30, 2025 as follows.

**Lazy River Improvement District
Notes to Financial Statements
September 30, 2025**

Carrying value	
Deposits	\$ 846,590
Investments	<u>2,828,102</u>
Total	<u><u>\$ 3,674,692</u></u>

Investment Income

Investment income of \$143,382 for the year ended September 30, 2025 consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of September 30, 2025:

- Government money market fund of \$2,828,102 is valued at fair value per share of the fund's underlying portfolio.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2025 is presented below:

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Additions</u>	<u>Balances, End of Year</u>
Capital assets, non-depreciable			
Land and improvements	\$ 30,182	\$ -	\$ 30,182
Construction in progress	<u>42,433</u>	<u>121,267</u>	<u>163,700</u>
Total capital assets, non-depreciable	<u>72,615</u>	<u>121,267</u>	<u>193,882</u>
Capital assets, depreciable			
Infrastructure	3,130,118	-	3,130,118
Furniture	4,441	-	4,441
Buildings	<u>17,594</u>	<u>-</u>	<u>17,594</u>
Total capital assets, depreciable	<u>3,152,153</u>	<u>-</u>	<u>3,152,153</u>
Less accumulated depreciation			
Infrastructure	(2,190,325)	(36,428)	(2,226,753)
Furniture	(4,441)	-	(4,441)
Buildings	<u>(13,225)</u>	<u>(778)</u>	<u>(14,003)</u>
Total accumulated depreciation	<u>(2,207,991)</u>	<u>(37,206)</u>	<u>(2,245,197)</u>
Total governmental activities, net	<u><u>\$ 1,016,777</u></u>	<u><u>\$ 84,061</u></u>	<u><u>\$ 1,100,838</u></u>

**Lazy River Improvement District
Notes to Financial Statements
September 30, 2025**

Note 4. Long-Term Liabilities

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

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Decreases</u>	<u>Balances, End of Year</u>	<u>Amounts Due in One Year</u>
Bonds payable				
Direct placement revenue bonds	<u>\$ 3,425,000</u>	<u>\$ 65,000</u>	<u>\$ 3,360,000</u>	<u>\$ 65,000</u>

Direct Placement Revenue Bonds

	<u>Series 2023</u>
Amount outstanding, September 30, 2025	\$3,360,000
Interest rates	3.10% to 4.73%
Maturity dates, serially beginning/ending	March 1, 2026/2053
Interest payment dates	March 1/September 1
Callable date*	September 1, 2033

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

Annual Debt Service Requirements

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 65,000	\$ 140,255	\$ 205,255
2027	70,000	138,117	208,117
2028	70,000	135,936	205,936
2029	75,000	133,689	208,689
2030	80,000	131,282	211,282
2031–2035	440,000	616,386	1,056,386
2036–2040	540,000	525,669	1,065,669
2041–2045	650,000	398,096	1,048,096
2046–2050	805,000	230,982	1,035,982
2051–2053	565,000	40,795	605,795
Total	<u>\$ 3,360,000</u>	<u>\$ 2,491,207</u>	<u>\$ 5,851,207</u>

The bonds are payable from and secured by a pledge of the net revenues of the District's waterworks and sanitary sewer system.

**Lazy River Improvement District
Notes to Financial Statements
September 30, 2025**

Unlimited tax bonds voted	\$	4,475,000
Unlimited tax bonds sold		2,270,000

Note 5. Significant Bond Order and Commission Requirements

- (A) The Bond Order requires that the District pledge net revenues received from the operation of the District's waterworks and sanitary sewer system, sufficient to pay interest and principal on the bonds when due. During the year ended September 30, 2025, the general fund transferred \$138,248 of pledged net revenues received from the operations of the District's waterworks and sanitary sewer system to the debt service fund. The interest requirements paid from capitalized interest and the net pledged revenues were \$207,371.
- (B) The Bond Order created a reserve requirement equal to the average debt service requirements on all outstanding revenue bonds. At September 30, 2025, the reserve requirement equaled \$208,972. The amount of \$208,259 was funded with proceeds from the sale of the bonds, accumulated interest earnings, and transfers from the general fund of pledged net revenues.
- (C) The Bond Order states that so long as any of the bonds or coupons remain outstanding, the District covenants that it will at all times keep insured such parts of the system as are customarily insured by municipal corporations and political subdivisions in Texas operating like properties in similar locations under the same circumstances with a responsible insurance company or companies against risk, accidents, or casualties against which and to the extent insurance is customarily carried by such municipal corporations and political subdivisions; provided, however, that at any time while any contractor engaged in construction work shall be fully responsible therefore, the District shall not be required to carry such insurance. At September 30, 2025, the District had real and personal property insurance in the amount of \$5,567,823 and general liability insurance with an aggregate limit of \$10,000,000.

Note 6. Maintenance Taxes

At an election held May 1, 1999, voters authorized a maintenance tax not to exceed \$0.15 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended September 30, 2025, the District levied an ad valorem maintenance tax at the rate of \$0.1468 per \$100 of assessed valuation, which resulted in a tax levy of \$75,348 on the taxable valuation of \$51,325,473 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Groundwater Reduction Agreement

The District is within the boundaries of the San Jacinto River Authority (Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. The District has entered into a Contract for Groundwater Reduction Planning, Alternative Water Supply and Related Goods and Services (GRP Contract) with the Authority in order to meet the conservation district's requirements. As a participant in the Authority's GRP Contract, the District has complied with all current conservation district requirements for surface water conversion and is obligated to pay to the Authority a groundwater withdrawal fee for all groundwater produced and used by the District and will be required to pay a water purchase fee for any water actually purchased from the Authority in the future. As of September 30, 2025, the Authority was billing the District \$2.62 per 1,000 gallons of water pumped. This amount is subject to future adjustments.

Note 8. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District participates along with other entities in the Texas Municipal League's Intergovernmental Risk Pool (Pool). The Pool purchases commercial insurance at group rates for participants in the Pool. The District has no additional risk or responsibility to the Pool outside of payment of insurance premiums. The District has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts in the past three fiscal years.

Required Supplementary Information

**Lazy River Improvement District
 Budgetary Comparison Schedule – General Fund
 Year Ended September 30, 2025**

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 73,600	\$ 73,656	\$ 56
Water service	290,000	280,321	(9,679)
Sewer service	95,250	91,203	(4,047)
Regional water fee	65,500	60,869	(4,631)
Penalty and interest	2,000	1,960	(40)
Investment income	10,500	13,264	2,764
Other income	150	100	(50)
Total Revenues	537,000	521,373	(15,627)
Expenditures			
Service operations			
Regional water authority	63,500	61,968	1,532
Professional fees	25,800	50,269	(24,469)
Contracted services	35,462	33,564	1,898
Utilities	24,000	31,111	(7,111)
Repairs and maintenance	141,000	196,795	(55,795)
Other expenditures	39,320	44,535	(5,215)
Total Expenditures	329,082	418,242	(89,160)
Excess of Revenues Over Expenditures	207,918	103,131	(104,787)
Other Financing Uses			
Interfund transfers out	(207,371)	(138,248)	69,123
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	547	(35,117)	(35,664)
Fund Balance, Beginning of Year	335,621	335,621	-
Fund Balance, End of Year	\$ 336,168	\$ 300,504	\$ (35,664)

**Lazy River Improvement District
Notes to Required Supplementary Information
September 30, 2025**

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2025.

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

Supplementary Information

**Lazy River Improvement District
Other Schedules Included Within This Report
September 30, 2025**

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

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 10–19
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel, and Consultants

**Lazy River Improvement District
Schedule of Services and Rates
Year Ended September 30, 2025**

1. Services provided by the District

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	<u>\$ 100.00</u>	<u>5,000</u>	<u>N</u>	<u>\$ 3.25</u>	<u>5,001 to 10,000</u>
				<u>\$ 3.75</u>	<u>10,001 to 15,000</u>
				<u>\$ 4.25</u>	<u>15,001 to 20,000</u>
				<u>\$ 4.75</u>	<u>20,001 to 25,000</u>
				<u>\$ 5.25</u>	<u>25,001 to No Limit</u>

Wastewater: \$ 40.00 - Y

Regional water fee: \$ 3.763 1,000 N \$ 3.76 1,001 to No Limit

Does the District employ winter averaging for wastewater usage? Yes No X

Total charges per 10,000 gallons usage (including fees): Water \$ 153.88 Wastewater \$ 40.00

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	<u>-</u>	<u>-</u>	<u>x1.0</u>	<u>-</u>
≤ 3/4"	<u>227</u>	<u>214</u>	<u>x1.0</u>	<u>214</u>
1"	<u>6</u>	<u>6</u>	<u>x2.5</u>	<u>15</u>
1 1/2"	<u>-</u>	<u>-</u>	<u>x5.0</u>	<u>-</u>
2"	<u>1</u>	<u>1</u>	<u>x8.0</u>	<u>8</u>
3"	<u>-</u>	<u>-</u>	<u>x15.0</u>	<u>-</u>
4"	<u>-</u>	<u>-</u>	<u>x25.0</u>	<u>-</u>
6"	<u>-</u>	<u>-</u>	<u>x50.0</u>	<u>-</u>
8"	<u>-</u>	<u>-</u>	<u>x80.0</u>	<u>-</u>
10"	<u>-</u>	<u>-</u>	<u>x115.0</u>	<u>-</u>
Total water	<u>234</u>	<u>221</u>		<u>237</u>
Total wastewater	<u>212</u>	<u>199</u>	<u>x1.0</u>	<u>199</u>

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

Gallons pumped into the system:	<u>21,718</u>
Gallons billed to customers:	<u>15,948</u>
Water accountability ratio (gallons billed/gallons pumped):	<u>73.43%</u>

**"ESFC" means equivalent single-family connections

**Lazy River Improvement District
Schedule of General Fund Expenditures
Year Ended September 30, 2025**

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	15,300	
Legal		8,694	
Engineering		26,275	
Financial advisor		-	50,269
		<u> </u>	
Purchased Services for Resale			
Bulk water and wastewater service purchases			-
Regional Water Authority			61,968
Contracted Services			
Bookkeeping		12,012	
General manager		-	
Appraisal district		652	
Tax collector		-	
Security		-	
Other contracted services		20,900	33,564
		<u> </u>	
Utilities			31,111
Repairs and Maintenance			196,795
Administrative Expenditures			
Directors' fees		-	
Office supplies		11,585	
Insurance		22,739	
Other administrative expenditures		10,211	44,535
		<u> </u>	
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		-	-
		<u> </u>	
Tap Connection Expenditures			-
Solid Waste Disposal			-
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
			<u> </u>
Total Expenditures		\$	<u><u>418,242</u></u>

**Lazy River Improvement District
 Schedule of Temporary Investments
 September 30, 2025**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
Capital Projects Fund				
Invesco Short-Term Investment				
Treasury Obligation	3.17%	Demand	<u>\$ 2,828,102</u>	<u>\$ -</u>

**Lazy River Improvement District
 Analysis of Taxes Levied and Receivable
 Year Ended September 30, 2025**

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 8,988	\$ 14,607
Additions and corrections to prior years' taxes	(144)	(108)
Adjusted Receivable, Beginning of Year	<u>8,844</u>	<u>14,499</u>
2024 Original Tax Levy	69,574	-
Additions and corrections	5,774	-
Adjusted tax levy	<u>75,348</u>	<u>-</u>
Total to Be Accounted For	84,192	14,499
Tax collections: Current year	(72,948)	-
Prior years	(656)	(52)
Receivable, End of Year	<u>\$ 10,588</u>	<u>\$ 14,447</u>
Receivable, by Years		
2024	\$ 2,400	\$ -
2023	1,489	-
2022	830	-
2021	941	2,025
2020	903	1,921
2019	574	1,234
2018	290	656
2017	291	647
2016	244	631
2015 and prior	<u>2,626</u>	<u>7,333</u>
Receivable, End of Year	<u>\$ 10,588</u>	<u>\$ 14,447</u>

**Lazy River Improvement District
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2025**

(Continued)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Property Valuations				
Land	\$ 10,626,070	\$ 10,652,050	\$ 11,745,180	\$ 6,026,760
Improvements	44,174,740	44,530,940	40,939,070	35,087,400
Personal property	1,174,046	1,003,182	842,650	689,665
Exemptions	<u>(4,649,383)</u>	<u>(6,289,857)</u>	<u>(7,317,290)</u>	<u>(2,349,514)</u>
Total Property Valuations	<u>\$ 51,325,473</u>	<u>\$ 49,896,315</u>	<u>\$ 46,209,610</u>	<u>\$ 39,454,311</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ -	\$ -	\$ -	\$ 0.3110
Maintenance tax rates*	<u>0.1468</u>	<u>0.1387</u>	<u>0.1424</u>	<u>0.1446</u>
Total Tax Rates per \$100 Valuation	<u>\$ 0.1468</u>	<u>\$ 0.1387</u>	<u>\$ 0.1424</u>	<u>\$ 0.4556</u>
Tax Levy	<u>\$ 75,348</u>	<u>\$ 69,208</u>	<u>\$ 65,804</u>	<u>\$ 179,759</u>
Percent of Taxes Collected to Taxes Levied**	<u>97%</u>	<u>99%</u>	<u>98%</u>	<u>98%</u>

*Maximum tax rate approved by voters: \$0.15 on May 1, 1999 for maintenance and operations

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

**Lazy River Improvement District
Schedule of Long-Term Debt Service Requirements by Years
September 30, 2025**

<u>Due During Fiscal Years Ending September 30</u>	<u>Revenue Bonds, Series 2023</u>		
	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 65,000	\$ 140,255	\$ 205,255
2027	70,000	138,117	208,117
2028	70,000	135,936	205,936
2029	75,000	133,689	208,689
2030	80,000	131,282	211,282
2031	80,000	128,798	208,798
2032	85,000	126,236	211,236
2033	90,000	123,488	213,488
2034	90,000	120,545	210,545
2035	95,000	117,319	212,319
2036	100,000	113,714	213,714
2037	105,000	109,729	214,729
2038	110,000	105,379	215,379
2039	110,000	100,809	210,809
2040	115,000	96,038	211,038
2041	120,000	90,967	210,967
2042	125,000	85,607	210,607
2043	130,000	79,970	209,970
2044	135,000	73,959	208,959
2045	140,000	67,593	207,593
2046	150,000	60,879	210,879
2047	155,000	53,818	208,818
2048	160,000	46,518	206,518
2049	165,000	38,904	203,904
2050	175,000	30,863	205,863
2051	180,000	22,467	202,467
2052	190,000	13,717	203,717
2053	195,000	4,611	199,611
Totals	<u>\$ 3,360,000</u>	<u>\$ 2,491,207</u>	<u>\$ 5,851,207</u>

**Lazy River Improvement District
Changes in Long-Term Bonded Debt
Year Ended September 30, 2025**

	<u>Bond Issue Series 2023</u>
Interest rates	3.10% to 4.73%
Dates interest payable	March 1/ September 1
Maturity dates	March 1, 2026/2053
Bonds outstanding, beginning of current year	\$ 3,425,000
Retirements, principal	<u>65,000</u>
Bonds outstanding, end of current year	<u><u>\$ 3,360,000</u></u>
Interest paid during current year	<u><u>\$ 142,371</u></u>
Paying agent's name and address	
Series 2023 – BOKF, N.A., Dallas, Texas	

Bond authority	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount authorized by voters	\$ 4,475,000	\$ -	\$ -
Amount issued	<u>\$ 2,270,000</u>	<u>\$ -</u>	<u>\$ -</u>
Remaining to be issued	<u>\$ 2,205,000</u>	<u>\$ -</u>	<u>\$ -</u>
Debt service fund cash and temporary investment balances as of September 30, 2025:			<u>\$ 351,704</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 208,972</u>

**Lazy River Improvement District
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,**

	Amounts				
	2025	2024	2023	2022	2021
General Fund					
Revenues					
Property taxes	\$ 73,656	\$ 69,361	\$ 65,199	\$ 57,007	\$ 53,859
Water service	280,321	284,520	267,734	98,562	92,010
Sewer service	91,203	96,708	99,709	104,881	93,676
Regional water fee	60,869	64,889	82,413	76,650	71,345
Penalty and interest	1,960	2,609	1,649	2,080	1,778
Investment income	13,264	10,640	938	38	152
Other income	100	1,857	213	3,658	2,899
Total Revenues	<u>521,373</u>	<u>530,584</u>	<u>517,855</u>	<u>342,876</u>	<u>315,719</u>
Expenditures					
Service operations					
Regional water authority	61,968	51,270	93,194	69,771	59,708
Professional fees	50,269	38,655	24,453	35,889	24,138
Contracted services	33,564	35,441	35,248	34,812	34,812
Utilities	31,111	24,921	31,086	29,146	22,469
Repairs and maintenance	196,795	189,480	152,017	213,724	154,053
Other expenditures	44,535	40,333	35,879	30,901	25,753
Capital outlay	-	18,505	-	-	-
Total Expenditures	<u>418,242</u>	<u>398,605</u>	<u>371,877</u>	<u>414,243</u>	<u>320,933</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>103,131</u>	<u>131,979</u>	<u>145,978</u>	<u>(71,367)</u>	<u>(5,214)</u>
Other Financing Sources (Uses)					
Interfund transfers in (out)	(138,248)	(172,627)	(12,551)	149,279	-
Recovery from governmental agency	-	-	-	-	15,943
Proceeds from insurance	-	-	-	58,665	-
Total Other Financing Sources (Uses)	<u>(138,248)</u>	<u>(172,627)</u>	<u>(12,551)</u>	<u>207,944</u>	<u>15,943</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(35,117)</u>	<u>(40,648)</u>	<u>133,427</u>	<u>136,577</u>	<u>10,729</u>
Fund Balance, Beginning of Year	<u>335,621</u>	<u>376,269</u>	<u>242,842</u>	<u>106,265</u>	<u>95,536</u>
Fund Balance, End of Year	<u>\$ 300,504</u>	<u>\$ 335,621</u>	<u>\$ 376,269</u>	<u>\$ 242,842</u>	<u>\$ 106,265</u>
Total Active Retail Water Connections	<u>221</u>	<u>218</u>	<u>229</u>	<u>221</u>	<u>221</u>
Total Active Retail Wastewater Connections	<u>199</u>	<u>196</u>	<u>207</u>	<u>199</u>	<u>195</u>

Percent of Fund Total Revenues

<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
14.1 %	13.1 %	12.6 %	16.6 %	17.1 %
53.8	53.6	51.7	28.7	29.1
17.5	18.2	19.3	30.6	29.7
11.7	12.2	15.9	22.4	22.6
0.4	0.5	0.3	0.6	0.5
2.5	2.0	0.2	0.0	0.1
0.0	0.4	0.0	1.1	0.9
100.0	100.0	100.0	100.0	100.0
11.9	9.6	18.0	20.4	18.9
9.6	7.3	4.7	10.5	7.7
6.4	6.7	6.8	10.1	11.0
6.0	4.7	6.0	8.5	7.1
37.8	35.7	29.4	62.3	48.8
8.5	7.6	6.9	9.0	8.2
-	3.5	-	-	-
80.2	75.1	71.8	120.8	101.7
19.8 %	24.9 %	28.2 %	(20.8) %	(1.7) %

**Lazy River Improvement District
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended September 30,**

	Amounts				
	2025	2024	2023	2022	2021
Debt Service Fund					
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ 122,606	\$ 114,619
Penalty and interest	-	-	-	2,171	2,801
Investment income	17,460	14,918	760	110	-
Other income	-	-	-	-	2,457
Total Revenues	<u>17,460</u>	<u>14,918</u>	<u>760</u>	<u>124,887</u>	<u>119,877</u>
Expenditures					
Current					
Contracted services	-	-	-	1,356	1,248
Other expenditures	-	40	5	555	506
Debt service					
Principal retirement	65,000	-	-	110,000	105,000
Interest and fees	142,771	147,239	-	3,328	10,905
Total Expenditures	<u>207,771</u>	<u>147,279</u>	<u>5</u>	<u>115,239</u>	<u>117,659</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(190,311)</u>	<u>(132,361)</u>	<u>755</u>	<u>9,648</u>	<u>2,218</u>
Other Financing Sources (Uses)					
Interfund transfers in (out)	138,248	172,627	12,551	(149,279)	-
Revenue bonds issued	-	-	350,195	-	-
Total Other Financing Sources (Uses)	<u>138,248</u>	<u>172,627</u>	<u>362,746</u>	<u>(149,279)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(52,063)</u>	<u>40,266</u>	<u>363,501</u>	<u>(139,631)</u>	<u>2,218</u>
Fund Balance, Beginning of Year	<u>403,767</u>	<u>363,501</u>	<u>-</u>	<u>139,631</u>	<u>137,413</u>
Fund Balance, End of Year	<u>\$ 351,704</u>	<u>\$ 403,767</u>	<u>\$ 363,501</u>	<u>\$ -</u>	<u>\$ 139,631</u>

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
- %	- %	- %	98.2 %	95.6 %
-	-	-	1.7	2.3
100.0	100.0	100.0	0.1	-
-	-	-	-	2.1
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
-	-	-	1.1	1.0
-	0.3	0.7	0.4	0.4
372.3	-	-	88.1	87.6
<u>817.7</u>	<u>987.0</u>	<u>-</u>	<u>2.7</u>	<u>9.1</u>
<u>1,190.0</u>	<u>987.3</u>	<u>0.7</u>	<u>92.3</u>	<u>98.1</u>
<u>(1,090.0) %</u>	<u>(887.3) %</u>	<u>99.3 %</u>	<u>7.7 %</u>	<u>1.9 %</u>

**Lazy River Improvement District
Board Members, Key Personnel, and Consultants
Year Ended September 30, 2025**

Complete District mailing address:	Lazy River Improvement District c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, TX 77019-2191
District business telephone number:	713.652.6500
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 30, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected & Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
Michael D. Edwards	Elected 05/22– 05/26	\$ -	\$ -	President
Thomas McKnight	Elected 05/22– 05/26	-	-	Vice President
Robert Henderson	Elected 05/24– 05/28	-	-	Secretary
Thad Davis	Appointed 08/22– 05/26	-	-	Assistant Secretary
John Wells	Elected 05/24– 05/28	-	-	Assistant Secretary

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

**Lazy River Improvement District
Board Members, Key Personnel, and Consultants
Year Ended September 30, 2025**

(Continued)

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Forvis Mazars, LLP	11/01/17	\$ 15,300	Auditor
The GMS Group, LLC	06/24/99	900	Financial Advisor
L&S District Services, LLC	02/05/19	13,152	Bookkeeper
Langford Engineering Inc.	04/01/17	133,752	Engineer
Tammy J. McRae	10/01/14	-	Tax Assessor/ Collector
Montgomery Central Appraisal District	Legislative Action	652	Appraiser
Smith, Murdaugh, Little & Bonham, L.L.P.	07/01/95	8,994	General Counsel
Water District Management, Inc.	06/01/88	20,900	Operator
Investment Officer			
Debra Loggins	10/01/14	N/A	Bookkeeper