

SAN ANTONIO MUNICIPAL UTILITY
DISTRICT NO. 1

Financial Statements
and
Independent Auditor's Report

September 30, 2010

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Financial Statements
September 30, 2010

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF: BEXAR }

I, MARJORIE A. GODFREY
(Name of Duly Authorized District Representative)

of the SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the 9th day of February, 2011 its annual audit report for the fiscal period ended September 30, 2010 and that copies of the annual audit report have been filed in the District's office, located at:

16450 Wildlake Boulevard, Helotes, Texas 78023
(Address of the District's Office)

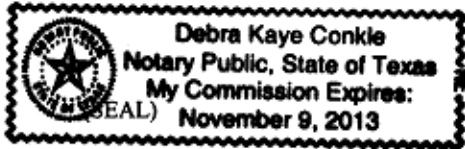
The filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: February 9, 2011 By: [Signature]
(Signature of District Representative)

Marjorie A. Godfrey, President
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 9th day of February, 2011.

[Signature]
(Signature of Notary)



My Commission Expires on: 11/9, 13.
Notary Public in the State of Texas.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Antonio Municipal Utility District No. 1
Bexar County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of the San Antonio Municipal Utility District No. 1 (the District) as of and for the year ended September 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

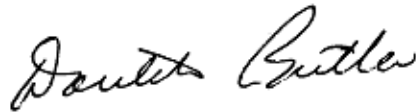
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the San Antonio Municipal Utility District No. 1 as of September 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and page 25 be presented to supplement the basic financial statements. Such information, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

San Antonio, Texas
February 9, 2011

A handwritten signature in cursive script, appearing to read "Dauter Butler".

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Management's Discussion and Analysis September 30, 2010

As management of the San Antonio Municipal Utility District No. 1 (the District), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with the District's audited financial statements, which follow this section.

Organization and Business

The District provides garbage pick-up services to residents and businesses within the District.

Financial Highlights

- ❑ Overall, the District improved its financial position during the fiscal year 2010.
- ❑ The District's Net Assets increased by \$61,658 during the period.
- ❑ The District's liabilities exceeded assets at September 30, 2010 by \$392,154 (net assets).
- ❑ During the year, the District had expenses of \$264,115 which was \$61,658 less than the \$325,773 generated in general revenues.
- ❑ The District increased governmental capital assets with capital additions of \$3,029 for Construction in Progress.

Overview of the Basic Financial Statements

The District's basic financial statements are comprised of two components: (1) Combined Government-Wide and Fund Financial Statements and (2) Notes to the Basic Financial Statements. In addition to the basic financial statements, the report also contains required supplementary information and other supplementary information.

In the combined government-wide and fund financial statements, the statement of net assets and statement of activities columns are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

- ❑ The statement of net assets column presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- ❑ The statement of activities column presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Management's Discussion and Analysis September 30, 2010

Thus, one of the most important questions asked about the District's finances, "Is the District as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets and Statement of Activities columns of the basic financial statements report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used in most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. As previously stated, the District's financial position improved during the fiscal year ended September 30, 2010, as District net assets increased by \$61,658. The largest part of the District's net assets reflects long-term bonded debt that is still outstanding.

The following reflects a comparative condensed Statement of Net Assets as of September 30, 2010 and 2009:

	2010	2009
Current and Other Assets	\$ 455,566	\$ 415,173
Capital and Other Long-Term Assets	284,972	289,470
Total Assets	<u>740,538</u>	<u>704,643</u>
Current Liabilities	52,692	43,455
Non-Current Liabilities	1,080,000	1,115,000
Total Liabilities	<u>1,132,692</u>	<u>1,158,455</u>
Net Assets:		
Invested in Capital Assets, net of related debt	284,972	289,470
Restricted for Debt Service	159,452	154,824
Unrestricted	(836,578)	(898,106)
TOTAL NET ASSETS	<u>\$ (392,154)</u>	<u>\$ (453,812)</u>

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Management's Discussion and Analysis
September 30, 2010

Statement of Activities

The Statement of Activities shows how the District paid for the program's cost.

The following reflects a comparative statement of changes in net assets of the District as a whole for the years ended September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Expenses:		
Public Utility - Operations	\$ 162,659	\$ 149,536
Interest on Long-Term Debt	<u>101,456</u>	<u>106,050</u>
TOTAL EXPENSES	<u>264,115</u>	<u>255,586</u>
General Revenues:		
Property Taxes	321,493	324,694
Tax Penalties and Interest	2,877	2,597
Investment Earnings	803	3,408
Miscellaneous Revenue	<u>600</u>	<u>383</u>
TOTAL REVENUES	<u>325,773</u>	<u>331,082</u>
Extraordinary Item -		
Loss on Early Extinguishment of Debt	<u>-</u>	<u>(11,860)</u>
Change in Net Assets	61,658	63,636
Net Assets - Beginning	<u>(453,812)</u>	<u>(517,448)</u>
Net Assets - Ending	<u>\$ (392,154)</u>	<u>\$ (453,812)</u>

The District's combined net assets increased to \$(392,154) from \$(453,812) or 13.6% as a result of the increase in net assets of \$61,658.

Expenses increased by 3.3%.

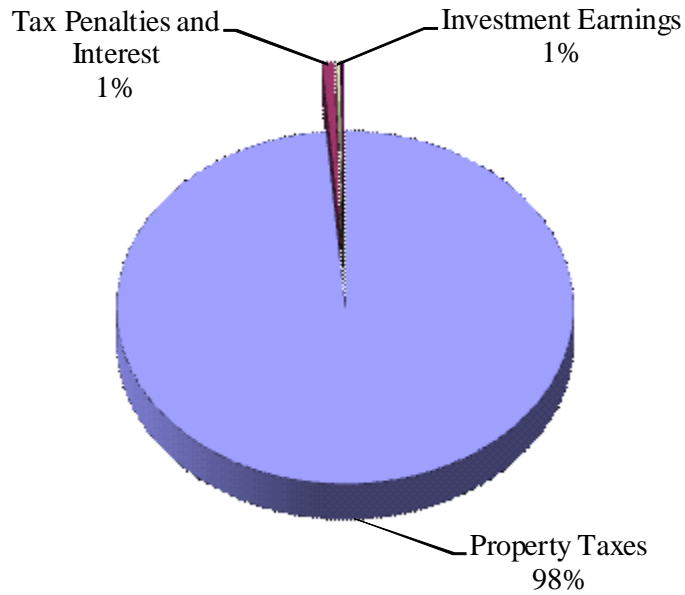
Net Assets

The result of fiscal period 2010 governmental activity was an increase of \$61,658 in net assets, to \$(392,154). Of the total governmental activities' net assets, \$284,972 is invested in capital assets net of related debt of zero, \$159,452 is restricted for debt service and \$(836,578) is unrestricted, that is, having no legal commitment.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

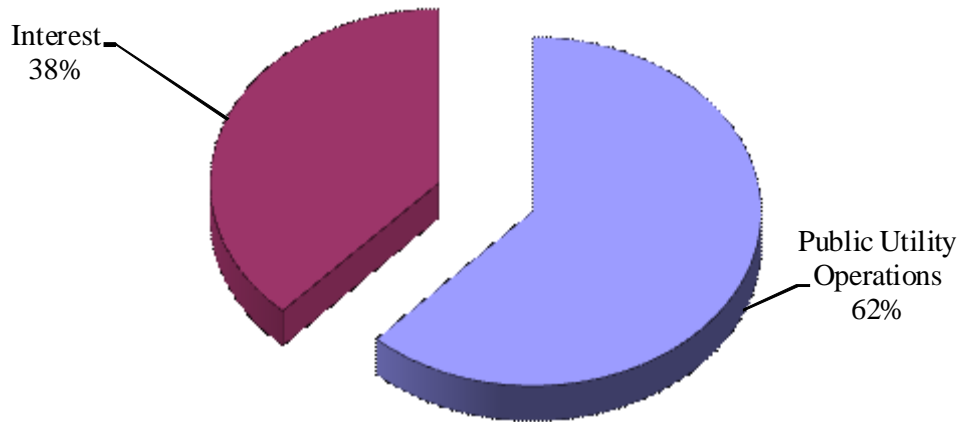
Management's Discussion and Analysis
September 30, 2010

Revenues



This year, property tax revenues represent 98% of the total revenues. The District maintains a property tax rate at \$.6683 per \$100 of 2009 values; and collected property tax revenue of \$321,493.

Expenses



Public utility - operations represents \$162,659 of the total expenses of \$264,115.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Management's Discussion and Analysis
September 30, 2010

Reporting the District's Most Significant Funds

The District, like other governments, uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements. The District's major funds – the general fund and debt service fund – are both governmental funds.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide columns of the financial statements. The District's services are reported in the general fund, which focuses on how money flows into and out of that fund and the balances left at year end that are available for spending. The debt service fund is used to account for principal and interest payments on long-term debt as they become due. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's program. We describe the relationship between the Statement of Net Assets and the Statement of Activities and governmental funds by making the adjustments to the fund financial statements.

In summary, fund financial statements are considered the traditional method of portraying available funds for immediate spending needs. It is a relative measure of the District's ability to meet program costs in the near future. Therefore, the District's fund balance does not reflect the equity value of the investment the District has in its capital assets or the long-term debt owed by the District. GASB 34 statements of net assets and activities are therefore designed to reflect the value of all capital assets of the District and to report debt outstanding, so that the total net asset figures compare similar to a private entity's retained earnings.

FUND FINANCIAL ANALYSIS

Governmental Type Funds

Total Governmental fund revenues exceeded expenditures by \$36,759 for a combined fund balance of \$443,326, reflecting a 9% increase from last year's balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget for the year ending September 30, 2010 was adopted in September 2009. General fund actual revenues were more than budgeted revenues by \$2,850. General fund actual expenditures were less than budgeted expenditures by \$80,612.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Management's Discussion and Analysis
September 30, 2010

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets include land, land improvements, buildings, and furniture and equipment. The investment in capital assets as of September 30, 2010 was \$284,972, net of depreciation. This represents an decrease of 1.6%.

Debt Administration

An analysis of changes in long-term debt for the year ended September 30, 2010 is as follows:

	Series 1997
	<hr/>
Interest Rate	9.00%
Dates Interest Payable	March 1st & September 1st
Maturity Date	March 1, 2027
Bonds Outstanding at Beginning of Current Year	\$ 1,145,000
Retirements: Principal	<u>30,000</u>
Bonds Outstanding at End of Current Year	<u>\$ 1,115,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economic outlook for the District remains stable. Budget levels remain similar to previous years.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the San Antonio Municipal Utility District No. 1, P.O. Box 696, Helotes, Texas 78023.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Statement of Net Assets and Governmental Funds Balance Sheet
September 30, 2010

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Assets
ASSETS					
Cash	\$ 72,257	\$ 2,662	\$ 74,919	\$ -	\$ 74,919
Investments	200,583	175,281	375,864	-	375,864
Receivables					
Property Taxes, net of allowance	1,597	1,186	2,783	-	2,783
Due from Other Funds	18,491	-	18,491	(18,491) (1)	-
Prepaid Expense	2,000	-	2,000	-	2,000
Land	-	-	-	112,070 (2)	112,070
Construction in Progress	-	-	-	3,029 (2)	3,029
Land Improvements, net of depreciation	-	-	-	30,254 (2)	30,254
Buildings, net of depreciation	-	-	-	136,877 (2)	136,877
Other Capital Assets, net of depreciation	-	-	-	2,742 (2)	2,742
TOTAL ASSETS	<u>\$ 294,928</u>	<u>\$ 179,129</u>	<u>\$ 474,057</u>	<u>\$ 266,481</u>	<u>\$ 740,538</u>
LIABILITIES					
Accounts Payable	\$ 8,892	\$ -	\$ 8,892	\$ -	\$ 8,892
Accrued Interest	-	-	-	8,235 (5)	8,235
Customer Deposits	565	-	565	-	565
Due to Other Funds	-	18,491	18,491	(18,491) (1)	-
Deferred Revenues - Taxes	1,597	1,186	2,783	(2,783) (3)	-
Long-Term Liabilities					
Due within one year	-	-	-	35,000 (4)	35,000
Due after one year	-	-	-	1,080,000 (4)	1,080,000
Total Liabilities	<u>11,054</u>	<u>19,677</u>	<u>30,731</u>	<u>1,101,961</u>	<u>1,132,692</u>
FUND BALANCES / NET ASSETS					
Fund Balances:					
Unreserved	283,874	-	283,874	(283,874)	-
Reserved, reported in:					
Debt Service Fund	-	159,452	159,452	(159,452)	-
Total Fund Balance	<u>283,874</u>	<u>159,452</u>	<u>443,326</u>	<u>(443,326)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 294,928</u>	<u>\$ 179,129</u>	<u>\$ 474,057</u>		
NET ASSETS:					
Invested in General Capital Assets, net of related debt of zero				284,972	284,972
Restricted for Debt Service				159,452	159,452
Unrestricted				(836,578)	(836,578)
TOTAL NET ASSETS				<u>\$ (392,154)</u>	<u>\$ (392,154)</u>

The following adjustments are required by GASB Statement No. 34 and are for presentation purposes only:

- (1) Internal balances (due to/due from other funds) are eliminated in the statement of net assets.
- (2) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the District.
- (3) Some assets will not be available to pay current period expenditures. Property taxes receivable are offset by deferred revenues in the governmental funds.
- (4) Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net assets.
- (5) Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Statement of Activities and Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended September 30, 2010

	General Fund	Debt Service Fund	Total	Adjustments		Statement of Activities
EXPENDITURES/EXPENSES						
Public Utilities - Operations	\$ 154,499	\$ 633	\$ 155,132	\$ 7,527	(1)	\$ 162,659
Capital Outlay	3,029	-	3,029	(3,029)	(1)	-
Debt Service:						
Principal	-	30,000	30,000	(30,000)	(2)	-
Interest	-	101,700	101,700	(244)	(4)	101,456
Total Expenditures/Expenses	<u>157,528</u>	<u>132,333</u>	<u>289,861</u>	<u>(25,746)</u>		<u>264,115</u>
GENERAL REVENUES						
Property Taxes	187,048	135,292	322,340	(847)	(3)	321,493
Investment Earnings	378	425	803	-		803
Tax Penalties and Interest	1,633	1,244	2,877	-		2,877
Miscellaneous Revenue	600	-	600	-		600
Total General Revenues	<u>189,659</u>	<u>136,961</u>	<u>326,620</u>	<u>(847)</u>		<u>325,773</u>
Excess of Revenues over Expenditures	32,131	4,628	36,759	(36,759)		-
Change in Net Assets	-	-	-	61,658		61,658
FUND BALANCE/NET ASSETS						
Beginning of the Year	251,743	154,824	406,567	(872,239)		(453,812)
End of the Year	<u>\$ 283,874</u>	<u>\$ 159,452</u>	<u>\$ 443,326</u>	<u>\$ (847,340)</u>		<u>\$ (392,154)</u>

The following adjustments are required by GASB Statement No. 34 and are for presentation purposes only:

- (1) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The District's current capital outlay expenditures were \$3,029 and current year depreciation expense was \$7,527.
- (2) Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the District, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.
- (3) Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are not reported as revenue in the funds. These amounts are reported as revenues in the statement of activities.
- (4) Interest Expense in the statement of activities differs from the amount reported in governmental funds due to accrued interest on long-term debt.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements

September 30, 2010

Note A - Summary of Significant Accounting Policies

The financial statements of the San Antonio Municipal Utility District No. 1 (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

San Antonio Municipal Utility District No. 1 was created by an order of the Texas Water Rights Commission on January 16, 1974, to operate under Chapter 54 of the Texas Water Code and was confirmed by an election held on October 26, 1974. The Board of Directors held its first meeting on March 15, 1974, and the first bonds were sold in July, 1976.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District's reporting entity consists only of the primary government; the District has no component units.

Basis of Presentation

As a special purpose government engaged in a single governmental program - a municipal utility district - the District is permitted to combine government-wide and fund financial statements according to GASB No. 34, paragraph 136. In this manner, the District's financial statements begin like governmental fund financial statements and are then adjusted to the full accrual basis of accounting for the statement of net assets and statement of activities, or government-wide, presentation.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements

September 30, 2010

Note A - Summary of Significant Accounting Policies (Continued)

Fund Accounting

The District's accounts are organized within two separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund balance, revenues and expenditures. Both funds are governmental funds and are considered major funds. The following is a description of the funds used by the District in the accompanying financial statements.

Governmental Fund Types:

General Fund

The general fund accounts for the resources used to finance the fundamental operations of the District. It is the basic fund of the District and covers all activities for which a separate fund is not required.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the payment of principal and interest on long-term debt of the District.

Basis of Accounting and Measurement Focus

The basis of accounting determines when transactions and economic events are reflected in financial statements, and measurement focus identifies which transactions and events should be recorded.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

For the Statement of Net Assets and the Statement of Activities, the "economic resources" measurement focus is used. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements

September 30, 2010

Note A - Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Revenues susceptible to accrual are property taxes, interest revenue and charges for services. Revenue from fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Property taxes, though measurable, are not available soon enough in the subsequent period to finance current obligations. Therefore, in the governmental funds, property tax receivables are recorded and deferred until they become available. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. In the government-wide statement of activities, property taxes are recorded as revenue in the period levied.

Cash and Cash Equivalents

The District’s cash and cash equivalents consists of cash on hand and demand deposits.

Receivables

Receivables are reported net of the allowance for bad debts. The receivables bad debt allowance for property taxes in the general and debt service funds are \$2,545 and \$3,637, respectively.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements
September 30, 2010

Note A - Summary of Significant Accounting Policies (Continued)

Pension

The District is an employer; however, there is no pension plan.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Debt Service

Debt service expenditures are financed by an ad valorem tax levy on all taxable property within the District and are restricted to payment of current interest and matured principal on bonds, paying agent's fees, and the costs of property and tax collection. (See "Property Tax" section below.)

Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. This internal activity is eliminated in the government-wide statement of activities.

Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 of the following year. The District has contracted with the Bexar County Tax Assessor/Collector to bill and collect taxes. District property tax revenues are recognized when collected. An allowance is established for all delinquent taxes and revenue is recognized when taxes are received.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements

September 30, 2010

Note A - Summary of Significant Accounting Policies (Continued)

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and reported as capital assets in the government-wide financial statements. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than or equal to \$500. Repairs, maintenance, and minor purchases of equipment are charged to expenses as incurred.

The District has no infrastructure as it was previously sold to another governmental entity.

Depreciation of capital assets is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and Improvements	7 - 50 years
Furniture and Equipment	5 - 20 years
Land Improvements	10 - 30 years

The District follows the policy of capitalizing interest as a component of the cost of fixed assets constructed for its own use.

Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements
September 30, 2010

Note A - Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Note B - Long-Term Debt

An analysis of changes in long-term debt for the year ended September 30, 2010 is as follows:

	<u>Unlimited Tax Refunding Bonds, Series 1997</u>
Interest Rate	9.00%
Dates Interest Payable	March 1st & September 1st
Maturity Date	March 1, 2027
Bonds Outstanding at Beginning of Current Year	\$ 1,145,000
Less Retirements: Principal	<u>30,000</u>
Bonds Outstanding at End of Current Year	<u>\$ 1,115,000</u>

Paying agent for the Unlimited Tax Refunding Bonds, Series 1997, is:

Bank of New York Mellon, N.A.
2001 Bryan Street, 9th Floor
Dallas, TX 75201

Bond Authority:	<u>Unlimited Tax Bonds</u>	<u>Other Bonds</u>	<u>Unlimited Tax Refunding Bonds</u>
Amount Authorized by Voters	\$ 26,896,000	None	\$ 1,575,000
Amount Issued	-	None	1,575,000
Amount Issued and Retired	<u>2,500,000</u>	None	-
Remaining to be issued	<u>\$ 24,396,000</u>	<u>None</u>	<u>\$ -</u>

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements
September 30, 2010

Note B - Long-Term Debt (Continued)

Long-term debt service requirements - by year for the District's bonds are summarized as follows:

Due During Fiscal Years Ending:	Principal Due 03/01	Interest Due 03/01, 09/01	Total
2011	\$ 35,000	\$ 98,775	\$ 133,775
2012	40,000	95,400	135,400
2013	40,000	91,800	131,800
2014	45,000	87,975	132,975
2015	40,000	84,150	124,150
2016	35,000	80,775	115,775
2017	40,000	77,400	117,400
2018	45,000	73,575	118,575
2019	40,000	69,750	109,750
2020	40,000	66,150	106,150
2021	45,000	62,325	107,325
2022	60,000	57,600	117,600
2023	100,000	50,400	150,400
2024	110,000	40,950	150,950
2025	120,000	30,600	150,600
2026	135,000	19,125	154,125
2027	145,000	6,525	151,525
	\$ 1,115,000	\$ 1,093,275	\$ 2,208,275
Totals			

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements
September 30, 2010

Note B - Long-Term Debt (Continued)

The bonds are direct and general obligations of the District, payable from an ad valorem tax levied against all taxable property within the District without legal limit as to rate or amount, with such tax sufficient to provide for the payment of principal and interest on the bonds when due and, subject to allowances for delinquencies, to pay the expenses of assessing and collecting the taxes. The proceeds from the tax are pledged for debt service and are to be placed in an "interest and sinking fund", no less frequently than monthly.

The cash and temporary cash investments balance in the Debt Service fund was \$177,943 at September 30, 2010.

Note C - Property Tax Revenues and Receivables

For the year ended September 30, 2010, the District levied an ad valorem tax at the rate of \$.6683 per \$100 of the 2009 assessed valuation (\$.2795 for debt service and \$.3888 for maintenance) with a 20% homestead exemption, which resulted in a tax levy of \$319,744 on a net taxable valuation of \$47,822,044.

Property taxes receivable at September 30, 2010 are as follows:

	<u>Uncollected Taxes</u>	<u>Estimated Uncollectible</u>	<u>Net Receivable</u>
General Fund	\$ 4,142	\$ 2,545	\$ 1,597
Debt Service Fund	4,823	3,637	1,186
	<u>\$ 8,965</u>	<u>\$ 6,182</u>	<u>\$ 2,783</u>

Note D - Employees Retirement System

The San Antonio Municipal Utility District has six employees; however, no retirement plan is provided.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements
September 30, 2010

Note E - Capital Assets and Depreciation

A summary of capital assets is as follows:

	Balance 09/30/09	Additions	Deductions	Balance 09/30/10
Not Being Depreciated:				
Land	\$ 112,070	\$ -	\$ -	\$ 112,070
Construction in Progress	-	3,029	-	3,029
Subtotal	112,070	3,029	-	115,099
Other Capital Assets				
Office Building	172,410	-	-	172,410
Furniture & Equipment	10,886	-	-	10,886
Land Improvements	40,556	-	-	40,556
Subtotal	223,852	-	-	223,852
Accumulated Depreciation				
Office Building	(31,969)	(3,564)	-	(35,533)
Furniture & Equipment	(6,952)	(1,192)	-	(8,144)
Land Improvements	(7,531)	(2,771)	-	(10,302)
Subtotal	(46,452)	(7,527)	-	(53,979)
Net Other Capital Assets	177,400	(7,527)	-	169,873
Net Capital Assets	\$ 289,470	\$ (4,498)	\$ -	\$ 284,972

Depreciation expense of \$7,527 is reported in the statement of activities within Public Utility - Operations Expense.

Note F - Due To/Due From Other Funds

As of September 30, 2010, interfund receivables and payable that resulted from various interfund transactions were as follows:

	Due To Other Funds	Due From Other Funds
General Fund	\$ -	\$ 18,491
Debt Service	18,491	-
	\$ 18,491	\$ 18,491

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements

September 30, 2010

Note G - Pledged Revenue

At elections held within the District on October 25, 1974, the voters of the District authorized the issuance of an aggregate of \$26,896,000 in unlimited tax bonds. After the sale of the \$2,500,000 Series 1976 issue, \$24,396,000 in bonds of the District remained authorized but unissued. During 1997, the Series 1976 Bonds were defeased and \$1,575,000 in unlimited tax refunding bonds, Series 1997, were issued. At September 30, 2010, \$24,396,000 in bonds of the District remain authorized but unissued.

The bonds are direct and general obligations of the District, payable from an ad valorem tax levied against all taxable property within the District without legal limit as to rate or amount, with such tax sufficient to provide for the payment of principal and interest on the bonds when due and, subject to allowances for delinquencies, to pay the expenses of assessing and collecting the taxes. The proceeds from the tax are pledged for debt service and are to be placed in an "interest and sinking fund", no less frequently than monthly.

No service revenues are pledged for debt service.

Note H - Compliance with Debt Service Requirements

As of September 30, 2010, the debt service fund had a fund balance of \$159,452. For the year ended September 30, 2010, the debt service fund is being managed and utilized in accordance with the bond resolutions.

Note I - Redemption of Bonds

Unlimited Tax Refunding Bonds, Series 1997

The bond order provides that the bonds shall be subject to redemption at the option of the District, as a whole or from time to time in part in integral multiples of \$5,000 principals, on any date upon obtaining the written consent of any or all of the purchasers or their assigns or successors and upon payment of a redemption price equal to the principal amount thereof together with interest, if any, accrued thereon from the most recent interest payment date to the redemption date.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements
September 30, 2010

Note J - Deposits and Investments

Deposits

At September 30, 2010 the carrying value of the District's deposits was \$74,855 and the bank balance was \$78,655. The bank balance is categorized as follows:

Amount insured by the FDIC	\$ <u>78,655</u>
----------------------------	------------------

Investments

At September 30, 2010, all of the District's investments were in the Texas Local Government Investment Pool (TexPool). The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAA by Standard and Poors. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard and Poors, as well as the office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with SEC Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements

September 30, 2010

Note J - Deposits and Investments (Continued)

District policy allows the District to invest in the following:

- obligations of the United States or its agencies and instrumentalities;
- direct obligations of the State of Texas or its agencies;
- certificates of deposit issued by the state and national banks domiciled in Texas that are guaranteed or insured by the FDIC;
- certificates of deposit issued by savings and loan associations domiciled in Texas that are guaranteed or insured by the FSLIC;
- prime domestic bankers acceptances;
- commercial paper;
- fully collateralized repurchase agreements;
- TexPool, as authorized under Texas Government Code Section 404.101;
- and other legal investments of the District's as stated in the policy of the District.

Note K – Fund Balances/Net Assets

Reservations of fund balances of governmental funds are created to either satisfy legal covenants that require a portion of the fund balance be segregated or to identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance are summarized below.

Reserve for Debt Service

This reserve was created to represent the portion of the fund balance account for debt service, including both principal and interest payments. The reservation is established to satisfy bond agreements.

For the statement of net assets, the reserve for debt service is reported as restricted net assets.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements
September 30, 2010

Note L - Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks of loss are covered through participation in the Texas Municipal League, a public entity risk pool. The District also obtains commercial insurance to manage its risk of loss.

Management believes the insurance coverage is sufficient to preclude any significant losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

Note M – Related Party Transactions

During the year ended September 30, 2010, the District incurred and paid repair and maintenance fees of \$271 to businesses owned by two members of the board of directors.

Note N – Commitments and Contingencies

Wildlake Dam

In October 2009, the District was notified by the Texas Commission on Environmental Quality (TCEQ) that the Wildlake Dam (the Dam), located on property owned by the District, was considered to be a high hazard dam and that an emergency action plan was required for the Dam. The District has determined that the best course of action is to pursue the sale of the Dam. The District has further determined that its alternate course of action is to remove the Dam if potential purchasers decide against purchasing the Dam. As of September 30, 2010, the District was pursuing the sale of the Dam.

REQUIRED SUPPLEMENTARY INFORMATION

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Required Supplementary Information
 Budgetary Comparison Schedule - General Fund
 For the Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 186,809	\$ 186,809	\$ 187,048	\$ 239
Investment Earnings	-	-	378	378
Penalties and Interest	-	-	1,633	1,633
Miscellaneous Revenue	-	-	600	600
Total Revenues	186,809	186,809	189,659	2,850
Expenditures:				
Current				
Purchased Services	32,000	32,000	19,538	12,462
Professional Fees	29,000	29,000	16,099	12,901
Contract Services	11,900	11,900	4,913	6,987
Personnel Services	48,500	48,500	54,199	(5,699)
Utilities	3,940	3,940	3,306	634
Maintenance and Repairs	84,000	84,000	48,130	35,870
Insurance	2,500	2,500	1,733	767
Miscellaneous and Other	23,300	23,300	6,581	16,719
Capital Outlay	3,000	3,000	3,029	(29)
Total Expenditures	238,140	238,140	157,528	80,612
Excess of Revenues Over (Under) Expenditures	(51,331)	(51,331)	32,131	83,462
Fund Balance - Beginning of Year, GAAP Basis	251,743	251,743	251,743	-
Fund Balance - End of Year, GAAP Basis	\$ 200,412	\$ 200,412	\$ 283,874	\$ 83,462

NOTES: Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund. The annual budget for the General Fund is prepared using the basis of accounting utilized by this governmental fund. Any revisions to the budget that alter the total expenditures must be approved by the Board to the District.

The budget for the General Fund for the year ended September 30, 2010 was approved and adopted by the board of directors at a meeting held in September 2009.

TEXAS SUPPLEMENTARY INFORMATION (TSI)

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

TSI-1 Services and Rates
September 30, 2010

1. Services Provided by the District:

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

During fiscal year ended September 30, 1997, the District sold its water and wastewater operations; therefore, items #2, 3, and 4 are not applicable.

2. a.) Retail Rates Based on 5/8" Meter: N/A
- b.) Number of retail water and/or wastewater connections within the District as of the fiscal year end N/A
3. Total water consumption (rounded to the nearest 1,000) during the fiscal year. N/A
4. **Standby Fees:** Does the District assess standby fees? Yes ___ No X
5. Anticipated sources of funds to be used for debt service payments in the District's following year:

	<u>Amount</u>
a. Debt Service Tax Receipts	\$ -
b. Surplus Connection Funds	-
c. Water and/or Wastewater Revenue	-
d. Standby Fees	-
e. Beginning Debt Service Fund Balance	133,775
f. Interest Revenues	-
g. Other (Describe)	-
<hr/>	
TOTAL ANTICIPATED FUNDS TO BE USED *	\$ <u>133,775</u>

*This total should equal the District's total annual debt service for the fiscal year following the fiscal year reported or in the audited financial statements.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

TSI-1 Services and Rates (Continued)

September 30, 2010

6. Location of District:

County in which District is located. Bexar

Is the District located entirely within one county Yes No

City in which District is located. None

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

Entirely Partly Not at all

ETJ's in which District is located. San Antonio

Is the general membership of the Board appointed by an office outside the District?

Yes No

If Yes, by whom? Not Applicable

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

TSI-2 General Fund Expenditures
September 30, 2010

CURRENT:

Personnel (Including Benefits)	\$	54,199
Professional Fees:		
Auditing		10,400
Legal		5,699
Purchased Services for Resale:		
Solid Waste Disposal		19,538
Contracted Services:		
Bexar County A/C Fees		351
On Site Security		2,700
Bexar Appraisal Fees		1,862
Utilities		3,306
Repairs and Maintenance		48,130
Administrative Expenditures:		
Postage/Printing/Office Supplies		1,382
Travel & Per Diem		10
Legal Notices and Publications		4,340
Insurance		1,733
Other Administrative – Miscellaneous		849
TOTAL EXPENDITURES	\$	<u>154,499</u>

Number of persons employed by the District: 0 full-time 6 part-time
(Do not include independent contractors or consultants)

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

TSI-3 Temporary Investments
September 30, 2010

Funds	Identification Number	Stated Interest Rate	Maturity Date	Balance at Year-End	Accrued Interest Receivable at Year-End
Investments in Texpool					
Debt Service Fund	0158500001	Variable	N/A	\$ 175,281	\$ -
General Fund (Operating)	0158500002	Variable	N/A	195,492	-
General Fund (Clearing)	0158500003	Variable	N/A	5,091	-
Total Investments				\$ <u>375,864</u>	<u>\$ -</u>

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

TSI-4 Taxes Levied and Receivable
Fiscal Year Ending September 30, 2010

	Maintenance Taxes	Debt Service Taxes		
TAXES RECEIVABLE, BEGINNING OF YEAR	\$ 4,763	\$ 5,473		
2009 ORIGINAL TAX ROLL (less abatements)	<u>185,451</u>	<u>134,293</u>		
Total to be Accounted for	<u>190,214</u>	<u>139,766</u>		
Tax Collections:				
Current Year	(183,212)	(132,671)		
Prior Years	<u>(3,057)</u>	<u>(2,409)</u>		
Total Collections	<u>(186,269)</u>	<u>(135,080)</u>		
Adjustments to Prior Year Tax Rolls				
Adjustments	<u>197</u>	<u>137</u>		
	<u>197</u>	<u>137</u>		
TAXES RECEIVABLE, END OF YEAR	<u>\$ 4,142</u>	<u>\$ 4,823</u>		
TAXES RECEIVABLE, BY YEARS				
1990	1	7		
1991	1	7		
1992	17	113		
1993	16	161		
1994	18	183		
1995	20	131		
1996	208	948		
1997	27	62		
1998	23	52		
1999	26	50		
2000	25	48		
2001	25	48		
2002	25	48		
2003	36	39		
2004	31	41		
2005	135	180		
2006	100	128		
2007	215	206		
2008	954	750		
2009	<u>2,239</u>	<u>1,621</u>		
TAXES RECEIVABLE, END OF YEAR	<u>\$ 4,142</u>	<u>\$ 4,823</u>		
PROPERTY VALUATIONS:	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Land and Improvements	\$ 48,392,132	\$ 46,768,857	\$ 38,620,211	\$ 33,582,396
Exemptions	<u>(570,088)</u>	<u>(73,346)</u>	<u>106,358</u>	<u>1,062,397</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 47,822,044</u>	<u>\$ 46,695,511</u>	<u>\$ 38,726,569</u>	<u>\$ 34,644,793</u>
TAX RATES PER \$100 VALUATION				
Debt Service Tax Rates	\$ 0.2795	\$ 0.3069	\$ 0.3723	\$ 0.4763
Maintenance Tax Rates	<u>0.3888</u>	<u>0.3888</u>	<u>0.3900</u>	<u>0.3715</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.6683</u>	<u>\$ 0.6957</u>	<u>\$ 0.7623</u>	<u>\$ 0.8478</u>
TAX ROLLS	<u>\$ 319,744</u>	<u>\$ 324,861</u>	<u>\$ 295,214</u>	<u>\$ 293,719</u>
Percent of Taxes Collected to Taxes Levied	<u>99</u>	<u>% 98</u>	<u>% 99</u>	<u>% 97</u>

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

TSI-4 Taxes Levied and Receivable (Continued)
 Fiscal Year Ending September 30, 2010

Tax rate for any other special district which (a) encompass less than a county, (b) provide water, wastewater collection, drainage or roads to property in the district **AND** (c) tax property in the district. [Do not include taxes levied by the district.]

Name of Special District(s)	Service Provided	Tax Rate
None		\$ -
		\$ -
TOTAL RATE(S) OF SPECIAL DISTRICT(S)		\$ -

Tax rate for all overlapping jurisdictions. Include any taxing entities which overlap **10% or more** of the District.

Taxing Jurisdiction	Tax Rate
a. County: <u>Bexar</u>	\$ 0.714228
b. City: <u>None</u>	\$ -
c. School District: <u>Northside Independent School District</u>	\$ 1.3375
d. Special Districts not includes above:	\$ -
	\$ -
e. Total Special District (from top of this page)	\$ -
f. Total District Tax Rate (from previous page)	\$.6683
g. TOTAL OVERLAPPING TAX RATE (Sum of a. - f.)	\$ 2.720028

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

TSI-5 Long-Term Debt Service Requirements – By Years
September 30, 2010

Due During Fiscal Years Ending	Annual Requirements For All Series		
	Principal Due	Interest Due	Total
	3/01	3/01, 9/01	
2011	\$ 35,000	\$ 98,775	\$ 133,775
2012	40,000	95,400	135,400
2013	40,000	91,800	131,800
2014	45,000	87,975	132,975
2015	40,000	84,150	124,150
2016	35,000	80,775	115,775
2017	40,000	77,400	117,400
2018	45,000	73,575	118,575
2019	40,000	69,750	109,750
2020	40,000	66,150	106,150
2021	45,000	62,325	107,325
2022	60,000	57,600	117,600
2023	100,000	50,400	150,400
2024	110,000	40,950	150,950
2025	120,000	30,600	150,600
2026	135,000	19,125	154,125
2027	145,000	6,525	151,525
	\$ <u>1,115,000</u>	\$ <u>1,093,275</u>	\$ <u>2,208,275</u>

Cash and Temporary Investment Balance as of September 30, 2010:

Debt Service \$ 177,943

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

TSI-6 Changes In Long-Term Bonded Debt
September 30, 2010

	Series 1997
Interest Rate	<u>9.00%</u>
Dates Interest Payable	March 1 September 1
Maturity Date	3/1/2027
Bonds Outstanding Beginning of Current Year	\$ 1,145,000
Bonds Sold During Year	-
Retirements Principal	30,000
Bonds Outstanding End of Current Year	<u>\$ 1,115,000</u>
Retirements Interest	<u>\$ 101,700</u>

Paying Agents Name & Address Bank of New York Mellon, N.A.
2001 Bryan Street, 9th Floor
Dallas, TX 75201

Bond Authority:	<u>Tax Bonds *</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized By Voters	\$ 26,896,000	None	\$ 1,575,000
Amount Issued	-	None	1,575,000
Amount Issued and Retired	<u>2,500,000</u>	None	<u>-</u>
Remaining to be Issued	<u>\$ 24,396,000</u>	<u>None</u>	<u>\$ -</u>

*Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

Debt Service Fund Cash and Temporary Investments Balances as of September 30, 2010:	\$ <u>177,943</u>
Average Annual Debt Service Payment (Principal and Interest) for remaining time of all debt:	\$ <u>129,899</u>

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

TSI-7 Comparative Statement of Revenues and Expenditures
 General Fund and Debt Service Fund - Five Years
 Fiscal Year Ended September 30, 2010

	Amount					Percent of Fund Total Revenue				
	2010	2009	2008	2007	2006	2010	2009	2008	2007	2006
General Fund Revenue:										
Tax Revenue	\$ 187,048	\$ 181,403	\$ 151,155	\$ 128,548	\$ 114,237	98.62%	98.30%	95.17%	93.80%	93.16%
Property Tax Exemption Fees	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%
Other	2,233	1,667	3,055	2,131	3,681	1.18%	0.90%	1.92%	1.56%	3.00%
Interest on Investments	378	1,485	4,625	6,360	4,712	0.20%	0.80%	2.91%	4.64%	3.84%
Total Revenue	<u>189,659</u>	<u>184,555</u>	<u>158,835</u>	<u>137,039</u>	<u>122,630</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
General Fund Expenditures:										
Purchase Solid Waste Disposal	19,538	19,538	19,538	19,538	19,535	10.30%	10.59%	12.30%	14.26%	15.93%
Contracted Services	4,913	9,742	16,413	14,832	13,801	2.59%	5.28%	10.33%	10.82%	11.25%
Professional Fees	16,099	42,047	11,700	28,860	29,782	8.49%	22.78%	7.37%	21.06%	24.29%
Personnel Services	54,199	15,280	-	-	-	28.58%	8.28%	0.00%	0.00%	0.00%
Repairs and Maintenance	48,130	36,373	27,611	24,760	23,452	25.38%	19.71%	17.38%	18.07%	19.12%
Other	11,620	16,881	22,904	14,674	18,402	6.13%	9.15%	14.42%	10.71%	15.01%
Capital Outlay	3,029	9,800	1,866	1,058	16,140	1.60%	5.31%	1.17%	0.77%	13.16%
Total Expenditures	<u>157,528</u>	<u>149,661</u>	<u>100,032</u>	<u>103,722</u>	<u>121,112</u>	<u>83.07%</u>	<u>81.10%</u>	<u>62.97%</u>	<u>75.69%</u>	<u>98.76%</u>
Excess Revenue (Expenditures)										
Before Other Funding Sources	\$ <u>32,131</u>	\$ <u>34,894</u>	\$ <u>58,803</u>	\$ <u>33,317</u>	\$ <u>1,518</u>	<u>16.93%</u>	<u>18.90%</u>	<u>37.03%</u>	<u>24.31%</u>	<u>1.24%</u>
Debt Service Fund Revenue:										
Tax Revenue	\$ 135,292	\$ 142,756	\$ 151,360	\$ 161,889	\$ 154,217	98.78%	97.78%	93.05%	86.34%	75.64%
Penalties and Interest on Taxes	1,244	1,255	3,607	2,349	13,672	0.91%	0.86%	2.22%	1.25%	6.71%
Interest on Investments	425	1,923	7,686	16,032	17,262	0.31%	1.32%	4.73%	8.55%	8.47%
Other	-	58	-	-	-	0.00%	0.04%	0.00%	0.00%	0.00%
Property Tax Exemption Fees	-	-	-	7,241	18,725	0.00%	0.00%	0.00%	3.86%	9.18%
Total Revenue	<u>136,961</u>	<u>145,992</u>	<u>162,653</u>	<u>187,511</u>	<u>203,876</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Debt Service Fund Expenditures:										
Appraisal District Fees	-	-	945	1,683	1,266	0.00%	0.00%	0.58%	0.90%	0.62%
Debt Service Principal., Int. & Fees	131,700	198,510	136,375	357,924	150,050	96.16%	135.97%	83.84%	190.88%	73.60%
Other	633	580	587	3,697	727	0.46%	0.40%	0.36%	1.97%	0.36%
Total Expenditures	<u>132,333</u>	<u>199,090</u>	<u>137,907</u>	<u>363,304</u>	<u>152,043</u>	<u>96.62%</u>	<u>136.37%</u>	<u>84.78%</u>	<u>193.75%</u>	<u>74.58%</u>
Excess Revenue (Expenditures)										
Before Other Funding Sources	\$ <u>4,628</u>	\$ <u>(53,098)</u>	\$ <u>24,746</u>	\$ <u>(175,793)</u>	\$ <u>51,833</u>	<u>3.38%</u>	<u>(36.37)%</u>	<u>15.22%</u>	<u>(93.75)%</u>	<u>25.42%</u>

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

TSI-8 Board Members, Key Personnel, and Consultants
September 30, 2010

Complete District Mailing Address: PO Box 696, Helotes, Texas 78023
Telephone Number: 210/254-6129

<u>Name and Address</u>	<u>Term of Office</u>	<u>Fees and Reimbursements 9/30/2010</u>	<u>Title at Year End</u>	<u>Resident of District</u>	<u>Relationship With Major Land Owners, Developers or Consultants</u>
Board Members:					
Robert Kuhn 16716 Puma Valley Helotes, Texas 78023	May 2008 May 2012	\$5,200	Vice-President	Yes	None
Marjorie Godfrey 16517 Sky Sail Helotes, Texas 78023	May 2008 May 2012	\$5,200	President	Yes	None
David Francis 17105 Lone Cypress Helotes, Texas 78023	May 2006 May 2010	\$4,800	Director	Yes	None
Jason Fasone 16744 Windjammer Helotes, Texas 78023	May 2008 May 2012	\$4,800	Secretary/Treasurer	Yes	None
Scott Mather 16817 Fox Ridge Helotes, Texas 78023	July 2009 May 2010	\$5,200	Director	Yes	None

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

TSI-8 Board Members, Key Personnel, and Consultants (Continued)
September 30, 2010

Name and Address	Date Hired	Fees and Reimbursements 9/30/2010	Position
Consultants:			
Jeffrey Kuhn Fulbright & Jaworski L.L.P. 300 Convent Street San Antonio, Texas 78205	1985	\$ 5,699	Attorney
Bexar Appraisal District PO Box 830248 San Antonio, Texas 78283-0248	1981	\$ 1,862	Appraisal District
Sylvia S. Romo, C.P.A., R.T.A. Tax Assessor - Collector Vista Verde Plaza 233 N. Pecos PO Box 839950 San Antonio, Texas 78283-3950	1987	\$ 604	Tax Assessor/ Collector
Darilek, Butler & Associates, PLLC Certified Public Accountants 2702 N. Loop 1604 East, Suite 202 San Antonio, Texas 78232	1986	\$ 10,400	Independent Auditors
Key Personnel:			
Debra Conkle PO Box 186 Helotes, Texas 78023	1990	\$ 17,000	Bookkeeper