



ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2025**

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS:

COUNTY OF BEXAR:

I, _____, of San Antonio Municipal Utility District #1 hereby swear, or affirm, that the District named above has reviewed and approved, at a meeting of the District's Board of Trustees on the _____ day of _____, _____, its annual audit report of the fiscal period ended September 30, 2025, and that copies of the annual audit report have been filed in the District's office located 16450 Wildlake Boulevard, Helotes, Texas 78023.

This annual 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 the Texas Water Code Section 49.194.

Date: _____ By: _____
(Signature of District Official)

(Typed Name & Title of District Representative)

Sworn to and subscribed to before me this _____ day of _____, _____.

(Signature of Notary)

Commission expires on _____, _____
Notary Public in the State of Texas



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Antonio Municipal Utility District #1
Helotes Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of San Antonio Municipal Utility District #1, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise San Antonio Municipal Utility District #1'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 San Antonio Municipal Utility District #1, as of September 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 San Antonio Municipal Utility District #1 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

San Antonio Municipal Utility District #1's 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; this includes 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 San Antonio Municipal Utility District #1's ability to continue as a going concern for one year after the date of the financial statements are available to be issued.

Auditor's Responsibility

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 San Antonio Municipal Utility District #1'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 San Antonio Municipal Utility District #1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information as listed in the table of contents 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise San Antonio Municipal Utility District #1's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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 been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.
March 17, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of San Antonio Municipal Utility District #1's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$785 thousand at September 30, 2025, an increase of \$39 thousand. The increase was driven by the District's ability to maintain its expense to revenue ratio.
- During the year, the District's general fund operating revenues were \$35 thousand more than the \$147 thousand in operating expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), *the basic financial statements, required supplementary information*, and *supplementary information required by the Texas Commission on Environmental Quality*. The basic financial statements consist of the following statements:

- The *Statement of Net Position* shows the financial standing of the District as of the end of the year, including all assets and liabilities.
- The *Statement of Activities* provides information about the activity of the District during the fiscal year. It reports revenues when incurred, regardless of when they are received, and expenses when incurred, regardless of when they are paid.

The financial statements also include notes that explain a few of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The final section of supplementary information provides even more information required by TCEQ.

In accordance with GASB Statement No. 34, the District has elected to combine their Government-wide and Governmental Fund Financial Statements into one set of financial statements with a reconciliation of the individual line items in a separate column on the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The District's combined net position was \$785 thousand at September 30, 2025. Of this amount, \$250 thousand was invested in capital assets and \$223 thousand was restricted for debt service, leaving an unrestricted net position of \$312 thousand. (See Table A-1).

Table A-1
Summary Statement of Net Position

	Governmental Activities		Increase (Decrease)
	September 2025	September 2024	
Current and Other Assets	\$ 831,742	\$ 913,002	-9%
Capital and Non-Current Assets	250,062	241,520	4%
Total Assets	<u>1,081,804</u>	<u>1,154,522</u>	-6%
Current Liabilities	161,903	128,661	26%
Long-Term Liabilities	135,000	280,000	-52%
Total Liabilities	<u>296,903</u>	<u>408,661</u>	-27%
Net Investment in Capital Assets	250,062	241,520	4%
Restricted for Debt Service	222,776	360,880	-38%
Unrestricted	312,063	143,461	118%
Total Net Position	<u>\$ 784,901</u>	<u>\$ 745,861</u>	5%

The District's total operating revenues were \$208 thousand, a decrease of 26% over the prior year due to decreased property tax revenue in fiscal year 2025. The operating expenses were \$169 thousand, a decrease of 6% over the prior year. Overall the District was able to reduce expenditures with the reduced service charges, resulting in continued and sustained growth.

Summary Statement of Activities

	Governmental Activities		Increase (Decrease)
	September 2025	September 2024	
Property Taxes	171,177	232,543	-26%
Investment Earnings	36,639	48,845	-25%
Other	554	575	-4%
Total Revenues	<u>208,370</u>	<u>281,963</u>	-26%
Operating Expenses	64,552	59,470	9%
Administrative Expenses	40,238	48,058	-16%
Consultants	24,704	24,330	2%
Depreciation	8,756	8,676	1%
Debt Services - Interest	31,080	40,087	-22%
Total Expenses	<u>169,330</u>	<u>180,621</u>	-6%
Change in Net Position	39,040	101,342	-61%
Beginning Net Position	<u>745,861</u>	<u>644,519</u>	
Ending Net Position	<u>\$ 784,901</u>	<u>\$ 745,861</u>	

BUDGETARY HIGHLIGHTS

Operating expenditures were \$43 thousand under budget, primarily from lower-than-expected costs to provide maintenance expenses. The net change in budgetary fund balance was a decrease of \$12 thousand, this was due to management not budgeting for investment income. For more detailed information regarding the budget, please see the required supplementary information at the back of the report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2025, the District had invested \$250 thousand in a broad range of capital assets, including land, buildings, equipment, treatment plants, and distribution systems (see Table A-3.). More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table A-3
Summary of Capital Assets

	Governmental Activities		Increase (Decrease)
	September 2025	September 2024	
Land	\$ 111,880	\$ 111,880	0%
Office Building	172,410	172,410	0%
Furniture & Equipment	51,488	34,188	51%
Land Improvements	113,511	113,511	0%
Totals at Historical Cost	<u>449,289</u>	<u>431,989</u>	<u>4%</u>
Total Accumulated Depreciation	<u>(199,227)</u>	<u>(190,469)</u>	<u>5%</u>
Net Capital Assets	<u>\$ 250,062</u>	<u>\$ 241,520</u>	<u>4%</u>

Long-Term Debt

At year-end, the District had \$280 thousand outstanding on a contract payable to the Bank of New York Mellon. More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2026 budget anticipates increases to property tax revenue due to increases in property values. The board also anticipates increased professional fees. But, otherwise anticipates expenditures to continue at their current level.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at 16450 Wildlake Blvd, Helotes, Texas 78023.

BASIC FINANCIAL STATEMENTS

The basic financial statements include:

- Statement of Net Position and Governmental Funds Balance Sheet
- Statement of Activities and Statement of Revenues, Expenses and Changes in Net Position

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2025

	GENERAL FUND	DEBT SERVICE FUND	TOTAL	ADJUSTMENTS	STATEMENT OF NET POSITION
<u>ASSETS</u>					
Cash	\$ 43,215	\$ -	\$ 43,215	\$ -	\$ 43,215
Investments	523,298	236,916	760,214	-	760,214
Property Taxes Receivable	8,959	-	8,959	-	8,959
Prepaid Items	5,214	-	5,214	-	5,214
Due from Other Funds	14,140	-	14,140	-	14,140
Capital Assets (Net of Depreciation)	-	-	-	250,062	250,062
 Total Assets	 <u>\$ 594,826</u>	 <u>\$ 236,916</u>	 <u>\$ 831,742</u>	 <u>\$ 250,062</u>	 <u>1,081,804</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 588	\$ -	\$ 588	\$ -	\$ 588
Accrued Interest	-	-	-	2,175	2,175
Due to Other Funds	-	14,140	14,140	-	14,140
Bonds Payable in less than one year	-	-	-	145,000	145,000
Bonds Payable in more than one year	-	-	-	135,000	135,000
 Total Liabilities	 <u>588</u>	 <u>14,140</u>	 <u>14,728</u>	 <u>282,175</u>	 <u>296,903</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable Property Taxes	17,178	-	17,178	(17,178)	-
Total Deferred Inflows	<u>17,178</u>	<u>-</u>	<u>17,178</u>	<u>(17,178)</u>	<u>-</u>
<u>FUND BALANCE</u>					
Nonspendable for Prepaid Items	5,214	-	5,214	(5,214)	-
Restricted for Debt Service	-	222,776	222,776	(222,776)	-
Unassigned	571,846	-	571,846	(571,846)	-
 Total Fund Balance	 <u>577,060</u>	 <u>222,776</u>	 <u>799,836</u>	 <u>(799,836)</u>	 <u>-</u>
 Total Liabilities, Fund Equity & Deferred Inflows of Resources	 <u>\$ 594,826</u>	 <u>\$ 236,916</u>	 <u>\$ 831,742</u>		
<u>NET POSITION</u>					
Net Investment in Capital Assets				250,062	250,062
Restricted for Debt Service				222,776	222,776
Unrestricted				312,063	312,063
Total Net Position				<u>\$ 784,901</u>	<u>\$ 784,901</u>

See accompanying notes to basic financial statements.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
STATEMENT OF ACTIVITIES AND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	GENERAL FUND	DEBT SERVICE FUND	TOTALS	ADJUSTMENTS	STATEMENT OF ACTIVITIES
<u>REVENUES</u>					
<i>General Revenues:</i>					
Property Taxes	\$ 157,558	\$ 18	\$ 157,576	\$ 13,601	171,177
Investment Earnings	23,306	13,333	36,639	-	36,639
Other	554	-	554	-	554
TOTAL REVENUES	<u>181,418</u>	<u>13,351</u>	<u>194,769</u>	<u>13,601</u>	<u>208,370</u>
<u>EXPENDITURES</u>					
<i>Current:</i>					
Maintenance	8,268	-	8,268	-	8,268
Printing and Office Supplies	3,070	-	3,070	-	3,070
Legal	1,162	-	1,162	-	1,162
Solid Waste Disposal	56,284	-	56,284	-	56,284
Utilities	3,121	-	3,121	-	3,121
Engineering Fees	1,600	-	1,600	-	1,600
Audit Fees	19,000	-	19,000	-	19,000
Financial Advisor	30	-	30	-	30
Tax Appraisal/Collection	1,460	-	1,460	-	1,460
Salaries and Payroll Taxes	27,149	-	27,149	-	27,149
Insurance	4,774	-	4,774	-	4,774
Public Notices	1,452	-	1,452	-	1,452
Administrative Expenses	2,124	-	2,124	-	2,124
Capital Outlay	17,300	-	17,300	(17,300)	-
Depreciation	-	-	-	8,756	8,756
<i>Debt Service:</i>					
Principal	-	120,000	120,000	(120,000)	-
Interest & Fiscal Agent Fees	-	31,455	31,455	(375)	31,080
TOTAL EXPENDITURES	<u>146,794</u>	<u>151,455</u>	<u>298,249</u>	<u>(128,919)</u>	<u>169,330</u>
Net Change in Fund Balance/Net Position	34,624	(138,104)	(103,480)	142,520	39,040
Fund Balance/Net Position - Beginning	<u>542,436</u>	<u>360,880</u>	<u>903,316</u>	<u>(158,340)</u>	<u>745,861</u>
Fund Balance/Net Position - Ending	<u>\$ 577,060</u>	<u>\$ 222,776</u>	<u>\$ 799,836</u>	<u>\$ (15,820)</u>	<u>\$ 784,901</u>

See accompanying notes to basic financial statements.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

San Antonio Municipal Utility District #1 (the “District”), a political subdivision of the State of Texas, was created on January 16, 1974 by the Texas Commission on Environmental Quality pursuant to the provisions of 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.

The financial statements of 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:

1. REPORTING ENTITY

In evaluating how to define the government for financial 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 GASB Statement 14, “The Financial Reporting Entity” and GASB Statement 39 “Determining Whether Certain Organizations are Component Units”. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The District has no component units.

2. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Revenues are classified as *operating* and *non-operating*. Operating revenues include charges to customers for water and wastewater services. Non-operating revenues include customer charges for capital expansion and interest income.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. CASH AND INVESTMENTS

The District includes savings and demand accounts as cash.

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (PFIA), to adopt, implement and publicize an investment policy. That policy must be written; primarily emphasize the safety of principal and liquidity; address investment diversification, yield and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investments owned by the entity.

The PFIA requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District did not adhere to the requirements of the Act. But, investment practices of the District were in accordance with local policies.

The PFIA determines the types of investments allowable for the District. These include 1) obligations of the US Treasury, certain US Agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Not all assets meeting the definition of an investment are required to be reported at fair value. Included among excepted investments are certain investments held in 2a7-like external investment pools. Investment pools are reported at net asset value.

4. ACCOUNTS RECEIVABLE

Property taxes are levied based on the taxable value at January 1 prior to September 30 and become due October 1, 2024 and past due after January 31, 2025. Accordingly receivables and revenues for property taxes are reflected on the government-wide statement based on full accrual method of accounting.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. PREPAID ITEMS

Expenses paid during the year that have a benefit beyond the current fiscal year are recorded on the balance sheet as prepaid items.

6. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, water, and water plant and distribution systems, are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Purchases in excess of \$5,000 with a useful life in excess of one year are capitalized and depreciated using the straight-line method over the following estimated useful lives:

Land Improvements	10 to 30 years
Building & Other	15 to 30 years
Equipment	5 to 10 years

7. LONG-TERM OBLIGATIONS

Bonds, notes, contract payables and capital leases are recorded as liabilities on the statement of net position. Bond issue costs and premiums are expensed in the period they are incurred. Bonds payable are reported net of the applicable bond premium or discount. Interest costs are expensed during the construction period.

8. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When expenses qualify for restricted and unrestricted resources, the District's policy is to use restricted resources first.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. FUND BALANCE CLASSIFICATION POLICIES

The District adopted Governmental Accounting Standards Board Statements Number 54 (GASB 54) Fund Balance Reporting and Governmental Fund Type Definitions. The statement provides guidance for fund balance categories and classifications and governmental fund type definitions. GASB 54 changed the way we look at fund balances, specifically reporting what fund balances, by major governmental fund type, are or are not available for public purposes.

Five Categories of fund balances were created and defined by GASB 54. These five categories are as follows:

- **Restricted** – These funds are governed by externally enforceable restrictions.
- **Nonspendable** – These funds are not available for expenditures based on legal or contractual requirements. An example might be inventories and prepaid expenditures.
- **Committed** – Fund balances in this category are limited by the government’s highest level of decision making (in this case the Board of Directors). Any changes of this designation must be done in the same manner that is was implemented. For example, if funds are committed by resolution, the commitment could only be released with another resolution.
- **Assigned** – For funds to be assigned, there must be an intended use which can be established by the Board of Directors or an official delegated by the Council, such as a General Manager. Assigned fund balance is delegated by the Board of Directors to the General Manager.
- **Unassigned** – This classification is the default for all funds that do not fit into the other categories. The general fund is the only fund that reports a positive fund balance amount. However, in governments funds other than the general fund, if expenditures are incurred for a specific purpose, it may be necessary to report a negative unassigned fund balance in that particular fund.

Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for purposes for which both restricted and unrestricted fund balances are available. The District’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.

10. BUDGET

An operating budget is adopted each fiscal year for the District. The budget is adopted on a modified accrual basis and presented on modified accrual basis for financial reporting purposes. Additional budgetary information is provided in the required supplementary information.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. USE OF ESTIMATES

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

NOTE B -- INVESTMENTS

The District's investments at year end are show below:

<u>Investment</u>	<u>Weighted Average Maturity</u>	<u>Net Asset Value</u>
Investment Pool	41 Days	<u>\$ 760,214</u>
Total Reported as Investments		<u>\$ 760,214</u>

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

Credit Risk – Credit risk is the risk that an insurer or other counterparty will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Concentration of Credit Risk – The risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to a concentration of credit risk.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to interest rate risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE C -- PROPERTY TAX CALENDAR

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes in conformity with Subtitle E, Texas Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the levy date. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

Property taxes were levied by the District for the 2024 tax year at the rate of \$.020 per hundred assessed value. Uncollected property taxes amounted to \$16,321 at fiscal year-end, net of an allowance of \$7,362.

NOTE D -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

	Balances at 9/30/2024	Additions	Transfers/ Disposals	Balances at 9/30/2025
<u>Capital Assets</u>				
Land	\$ 111,880	\$ -	\$ -	\$ 111,880
Office Building	172,410	-	-	172,410
Furniture & Equipment	34,188	17,300	-	51,488
Land Improvements	113,511	-	-	113,511
Total	431,989	17,300	-	449,289
<u>Accumulated Depreciation</u>				
Office Building	(81,623)	(3,029)	-	(84,652)
Furniture & Equipment	(34,187)	(579)	-	(34,766)
Land Improvements	(74,659)	(5,150)	-	(79,809)
Total	(190,469)	(8,758)	-	(199,227)
Total Capital Assets (Net)	\$ 241,520	\$ 8,542	\$ -	\$ 250,062

Land is not depreciated.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE E -- LONG TERM DEBT

The District's long-term debt activity and balances are summarized in the following table:

	Balances at 9/30/2024	Additions	Retirements	Balance 9/30/2025	Due Within One Year
Unlimited Tax Refunding Bonds, Series 1997	\$ 400,000	\$ -	\$ (120,000)	\$ 280,000	\$ 135,000
<i>Total</i>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ (120,000)</u>	<u>\$ 280,000</u>	<u>\$ 135,000</u>

Unlimited Tax Refunding Bonds, Series 1997

The Unlimited Tax Refunding Bonds, Series 1997 are direct and general obligations of District, payable from ad valorem 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 allowance 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 bonds bear a 9% interest rate with interest payable on March 1st and September 1st until the bonds mature on March 1, 2027.

The annual requirements to amortize all long-term debt and obligation outstanding, as of September 30, 2025, including interest payments, are as follows:

Ending September 30,	Principal	Interest	Totals
2026	\$ 135,000	\$ 19,125	\$ 154,125
2027	145,000	6,525	151,525
Totals	<u>\$ 280,000</u>	<u>\$ 25,650</u>	<u>\$ 305,650</u>

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

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE F -- RECONCILIATION OF THE GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Adjustments to convert the Governmental Funds Balance Sheet to the Statement of Net Position are as follows:

Governmental Funds Total Fund Balances	\$	799,836
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		250,062
Long-term liabilities (Bonds Payable) are not due and payable in the current period and, therefore, are not reported in the funds		
Bonds Payable		(280,000)
Related Accrued Interest		(2,175)
Deferred tax revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds		17,178
Total Net Position	\$	<u>784,901</u>

Adjustments to convert the Governmental Funds, Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities are as follows:

Governmental Funds Excess of Revenues over Expenditures	\$	(103,480)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		
Change in Deferred Tax Revenue		13,601
Governmental funds report capital outlays as expenditures however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense		
Capital Outlay		17,300
Depreciation Expense		(8,756)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		375
Governmental funds report principal payments as expenditures however, in the Statement of Activities, these are not expenses		
Bond Principal		120,000
Change in Net Position	\$	<u>39,040</u>

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE G -- INTERFUND TRANSACTIONS

As of September 30, 2025, the following balances were owed between funds:

Due From	Due To	Amount	Purpose
Debt Service	General	\$ 14,140	Reimbursements
	Total	\$ 14,140	

REQUIRED SUPPLEMENTARY INFORMATION

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Property Tax	\$ 164,966	\$ 164,966	\$ 157,558	\$ (7,408)
Investment Income	-	-	23,306	23,306
Other	-	-	554	554
TOTAL REVENUES	<u>164,966</u>	<u>164,966</u>	<u>181,418</u>	<u>16,452</u>
EXPENDITURES				
Current:				
Maintenance	33,015	33,015	8,268	24,747
Printing and Office Supplies	2,000	2,000	3,070	(1,070)
Legal	10,000	10,000	1,162	8,838
Solid Waste Disposal	62,040	62,040	56,284	5,756
Utilities	5,000	5,000	3,121	1,879
Engineering Fees	-	-	1,600	(1,600)
Audit Fees	19,000	19,000	19,000	-
Financial Advisor	-	-	30	(30)
Tax Assessor/Collector	1,983	1,983	1,460	523
Salaries and Payroll Taxes	36,004	36,004	27,149	8,855
Insurance	4,491	4,491	4,774	(283)
Public Notices	2,000	2,000	1,452	548
Administrative Expenses	3,075	3,075	2,124	951
Capital Outlay	<u>509,173</u>	<u>509,173</u>	<u>17,300</u>	<u>491,873</u>
TOTAL EXPENDITURES	<u>687,781</u>	<u>687,781</u>	<u>146,794</u>	<u>540,987</u>
Net Change in Fund Balance	(522,815)	(522,815)	34,624	557,439
Fund Balance - Beginning	<u>542,436</u>	<u>542,436</u>	<u>542,436</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 19,621</u>	<u>\$ 19,621</u>	<u>\$ 577,060</u>	<u>\$ 557,439</u>

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
NOTES TO STATEMENT OF REVENUES, EXPENEDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

The budget is prepared on a modified accrual basis of accounting. The annually adopted budget is not a legally binding document, but is used as a planning tool. The District does not use encumbrance accounting.

SUPPLEMENTARY INFORMATION

The following Supplementary Information is required to be included as additional information by the Texas Commission on Environmental Quality (TCEQ).

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
 SCHEDULE OF SERVICES AND RATES
 FISCAL YEAR ENDING SEPTEMBER 30, 2025

1. Services Provided by the District during the Fiscal Year:

- | | | |
|--|---|-------------------------------------|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input 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 checked="" 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 (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. Retail Rates Based on 5/8" Meter – In-District

N/A

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

N/A

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

Does the District have Debt Service standby Fees? Yes No

If yes, Date of the most recent Commission Order: _____

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

If yes, Date of the most recent Commission Order: _____

5. Location of District:

Counties in which the District is located: Bexar

Is the District located entirely within one county? Yes No

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

Cities in which the District is located: None

Is the District located within a city's extra territorial jurisdiction (ETJ)? Entirely Partly Not at all

ETJs in which the District is located: Helotes, Texas

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

If Yes, by whom? _____

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
GENERAL FUND EXPENDITURES
FISCAL YEAR ENDING SEPTEMBER 30, 2025

Current:

Operations

Solid Waste Disposal	\$ 56,284
Repairs and Maintenance	8,268
	64,552

Professional Fees

Audit	19,000
Financial Advisor	30
Engineering	1,600
	20,630

Contracted Services

Tax Appraisal/Collection	1,460
	1,460

Administrative

Salaries and Payroll Taxes	27,149
Insurance	4,774
Utilities	3,121
Printing and Office Supplies	3,070
Legal	1,162
Public Notices	1,452
Miscellaneous	2,124
	42,852

TOTAL EXPENDITURES	\$ 129,494
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Number of persons employed by the District*: -1-

*Directors are not considered employees

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
 TEMPORARY INVESTMENTS
 FISCAL YEAR ENDING SEPTEMBER 30, 2025

<u>FUNDS</u>	<u>IDENTIFICATION OR CERTIFICATE NUMBER</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BALANCE AT END OF YEAR</u>	<u>ACCRUED INTEREST RECEIVABLE AT END OF YEAR</u>
<u>Investments in Texpool</u>					
Debt Service Fund	0158500001	Variable	N/A	\$ 236,916	\$ -
General Fund (Operating)	0158500002	Variable	N/A	513,606	-
General Fund (Clearing)	0158500003	Variable	N/A	9,692	-
TOTAL - ALL FUNDS				<u>\$ 760,214</u>	<u>\$ -</u>

See Independent Auditor's report.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
ANALYSIS OF TAXES LEVIED AND RECEIVABLE
FISCAL YEAR ENDING SEPTEMBER 30, 2025

	MAINTENANCE TAXES	Debt Service TAXES
Taxes Receivable, Beginning of Period	\$ 16,331	\$ 6,833
2024 Original Levy	163,188	-
Adjustments	2,867	-
Add: Penalty & Interest	1,233	-
Total to be accounted for	183,619	6,833
Tax collections:		
Current year	167,298	-
Prior years	-	6,833
Total Collections	167,298	6,833
Taxes Receivable, End of Period	\$ 16,321	\$ -

	2024	2023	2022	2021
Property Valuations:				
Land & Improvements	\$ 135,202,996	\$ 74,900,140	\$ 68,566,225	\$ 62,328,899
Exemptions	(52,174,883)	1,824,032	(751,654)	(310,386)
	\$ 83,028,113	\$ 76,724,172	\$ 67,814,571	\$ 62,018,513
Tax Rates Per \$100 Valuation:				
Debt Service tax rates	\$ -	\$ -	\$ 0.1300	\$ 0.1300
Maintenance tax rates	0.2000	0.3153	0.3350	0.3950
Totals	\$ 0.2000	\$ 0.3153	\$ 0.4650	\$ 0.5250

See Independent Auditor's report.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES – GENERAL AND DEBT SERVICE FUNDS - FIVE YEARS
 FISCAL YEAR ENDING SEPTEMBER 30, 2025

	AMOUNTS					PERCENT OF REVENUES				
	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021
<u>GENERAL FUND REVENUES</u>										
Property Taxes	\$ 157,558	\$ 233,239	\$ 232,114	\$ 238,654	\$ 237,359	87%	91%	92%	98%	99%
Other	554	1,248	3,916	1,943	1,549	0%	0%	2%	1%	1%
Investment Earnings	23,306	21,939	17,478	1,733	151	13%	9%	7%	1%	0%
TOTAL REVENUES	<u>181,418</u>	<u>256,426</u>	<u>253,508</u>	<u>242,330</u>	<u>239,059</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>GENERAL FUND EXPENDITURES</u>										
Current:										
Purchase Solid Waste Diposal	56,284	56,870	73,459	74,327	54,480	31%	22%	29%	31%	23%
Contracted Services	20,600	3,139	3,355	3,254	3,074	11%	1%	1%	1%	1%
Professional Fees	4,104	21,191	21,961	20,186	21,585	2%	8%	9%	8%	9%
Personnel Services	27,149	35,673	31,278	28,193	26,490	15%	14%	12%	12%	11%
Repairs and Maintenance	8,268	2,600	14,857	10,772	8,825	5%	1%	6%	4%	4%
Other	13,089	12,385	8,749	9,598	9,639	7%	5%	3%	4%	4%
Capital Outlay	17,300	-	108	-	-	10%	0%	0%	0%	0%
TOTAL EXPENDITURES	<u>146,794</u>	<u>131,858</u>	<u>153,767</u>	<u>146,330</u>	<u>124,093</u>	<u>81%</u>	<u>51%</u>	<u>61%</u>	<u>60%</u>	<u>52%</u>
Net Change in Fund Balance/Net Position	<u>\$ 34,624</u>	<u>\$ 124,568</u>	<u>\$ 99,741</u>	<u>\$ 96,000</u>	<u>\$ 114,966</u>	<u>19%</u>	<u>49%</u>	<u>39%</u>	<u>40%</u>	<u>48%</u>
<u>DEBT SERVICE FUND REVENUES</u>										
Property Taxes	\$ 18	\$ 266	\$ 85,501	\$ 78,880	\$ 77,561	0%	0%	34%	33%	32%
Penalties and Interest on Taxes	-	161	1,170	296	641	0%	0%	0%	0%	0%
Investment Earnings	13,333	26,906	20,932	3,235	-	7%	10%	8%	1%	0%
Other	-	-	-	-	216	0%	0%	0%	0%	0%
TOTAL REVENUES	<u>13,351</u>	<u>27,333</u>	<u>107,603</u>	<u>82,411</u>	<u>78,418</u>	<u>7%</u>	<u>11%</u>	<u>42%</u>	<u>34%</u>	<u>33%</u>
<u>DEBT SERVICE FUND EXPENDITURES</u>										
Current:										
Appraisal District Fees	-	-	1,021	1,809	998	0%	0%	0%	1%	0%
Debt Service Principal, Int & Fees	151,455	151,835	150,400	117,600	107,325	83%	59%	59%	49%	45%
TOTAL EXPENDITURES	<u>151,455</u>	<u>151,835</u>	<u>151,421</u>	<u>119,409</u>	<u>108,323</u>	<u>83%</u>	<u>59%</u>	<u>60%</u>	<u>49%</u>	<u>45%</u>
Net Change in Fund Balance/Net Position	<u>\$ (138,104)</u>	<u>\$ (124,502)</u>	<u>\$ (43,818)</u>	<u>\$ (36,998)</u>	<u>\$ (29,905)</u>	<u>-1034%</u>	<u>-456%</u>	<u>-41%</u>	<u>-45%</u>	<u>-38%</u>

See Independent Auditor's report.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT #1
 BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
 FISCAL YEAR ENDING SEPTEMBER 30, 2025

Complete Entity Mailing Address: 16450 Wildlake Blvd, Helotes Texas 78023

Entity Business Telephone Number: 210-254-6129

Date of Last Filing: November 11, 2024

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

<u>NAMES</u>	<u>TERM OF OFFICE</u>	<u>SALARY FYE 09/30/2025</u>	<u>REIMBURSEMENTS FYE 09/30/2025</u>	<u>TITLE AT YEAR END</u>
<u>DIRECTORS</u>				
Max Hootie	Elected 5/22-5/26	\$ 6	\$ -	President
Sylvie Shurgot	Elected 5/24-5/28	12	-	Vice-President
Tammy Ford	Elected 11/24-5/28	-	-	Secretary
Jim Berbiglia	Elected 5/25-5/28	-	-	Director
Craig Hall	Elected 5/25-5/28	-	-	Director
		<u>\$ 18</u>	<u>\$ -</u>	
<u>CONSULTANTS</u>				
Alfredo Ruiz, Senior Associate		\$ 1,161	\$ -	Attorney
Casey Brakebill		\$ 1,600	\$ -	Bookkeeper
Haynie & Co.		\$ 19,000	\$ -	Independent Auditors
<u>KEY PERSONNEL</u>				
Debra Conkle		\$ 27,149	\$ -	Executive Administrator

See Independent Auditor's report.

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