



Hays County Water Control and Improvement District No. 1

**Financial Statements
and Supplemental Information
as of and for the Year Ended
September 30, 2025 and
Independent Auditors' Report**

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Hays County Water Control and Improvement District No. 1

Table of Contents

	<u>Page</u>
Annual Filing Affidavit	1
Independent Auditors' Report	2-5
Management's Discussion and Analysis	6-10
Basic Financial Statements:	
Statement of Net Position and Governmental Funds Balance Sheet	11
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	13
Notes to Basic Financial Statements	14-27
Supplemental Information:	
Index of Supplemental Schedules Required by the Texas Commission on Environmental Quality	28
Supplemental Schedules Required by the Texas Commission on Environmental Quality	29-42
Other Supplementary Information:	
Principal Taxpayers	43
Assessed Value by Classification	44

Annual Filing Affidavit

The State of Texas

County of Hays

I, _____
(Name of Duly Authorized District Representative)

of the Hays County Water Control and Improvement District No. 1

hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the _____ day of _____, 20____, its annual audit report for the fiscal year ended September 30, 2025, and that copies of the annual audit report have been filed in the District office, located at c/o Winstead PC, 600 W. 5th Street, Suite 900, Austin, Texas 78701.

The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code and to the Texas Comptroller of Public Accounts in satisfaction of the annual filing requirements of Section 140.008 of the Texas Local Government Code.

Date: _____, 20____. By: _____
(Signature of District Representative)

William "Bill" C. Dally, Board President
(Typed Name and Title of above District Representative)

Sworn to and subscribed to before me this _____ day of _____, 20____.

(Signature of Notary)

(SEAL)

(Printed Name of Notary)

My Commission Expires On: _____
Notary Public in and for the State of Texas.

Independent Auditors' Report

To the Board of Directors of
Hays County Water Control and Improvement District No. 1:

Opinions

We have audited the financial statements of the governmental activities and each major fund of Hays County Water Control and Improvement District No. 1 (the "District"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the other information listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Maxwell Locke & Ritter LLP

Austin, Texas
February 2, 2026

Hays County Water Control and Improvement District No. 1

Management's Discussion and Analysis For the Year Ended September 30, 2025

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of Hays County Water Control and Improvement District No. 1 (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2025. Please read it in connection with the District's financial statements that follow.

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Governmental Funds Total" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities at the close of the current fiscal year by approximately \$28.7 million, of which approximately \$9.4 million is considered unrestricted net position.
- As of the close of the current fiscal year, the District's governmental funds reported ending fund balance of approximately \$10.7 million.
- The District has \$5,955,000 of bonds authorized by the voters, but unissued by the District.

Overview of the Basic Financial Statements

The District's reporting is comprised of two parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements
 - *Statement of Net Position and Governmental Funds Balance Sheet*
 - *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*
 - *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund*
 - *Notes to Basic Financial Statements*

Other supplementary information is also included.

The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled "Governmental Funds Total") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

The *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances* also includes a column (titled “Governmental Funds Total”) which derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund* presents a comparison statement between the District’s adopted budget to its actual results.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*.

Schedules required by the Texas Commission on Environmental Quality and other supplementary information are presented immediately following the *Notes to Basic Financial Statements*.

Comparative Financial Statements

Statement of Net Position

	Governmental Activities		Change Increase (Decrease)
	2025	2024	
Current and Other Assets	\$ 11,819,444	\$ 10,709,043	\$ 1,110,401
Capital Assets	29,797,001	30,750,964	(953,963)
Total Assets	41,616,445	41,460,007	156,438
Deferred Outflows of Resources	211,402	256,797	(45,395)
Current Liabilities	3,493,018	3,702,095	(209,077)
Long-term Liabilities	9,682,413	12,050,650	(2,368,237)
Total Liabilities	13,175,431	15,752,745	(2,577,314)
Net investment in Capital Assets	17,970,944	16,355,211	1,615,733
Restricted	1,265,286	1,254,975	10,311
Unrestricted	9,416,186	8,353,873	1,062,313
Total Net Position	\$ 28,652,416	\$ 25,964,059	\$ 2,688,357

The District’s total assets were approximately \$41.6 million as of September 30, 2025. Of this amount, approximately \$29.8 million is included in capital assets. The District had outstanding liabilities of approximately \$13.2 million. Of this amount, approximately \$12.1 million is included in bonds payable.

The District’s property tax assessed value in tax year 2024 was approximately \$698.5 million compared to \$654.1 million in tax year 2023. The tax rate is set after reviewing operations and maintenance requirements and interest and sinking fund requirements. The District’s primary revenue sources are water and wastewater services, garbage and basic services, and property taxes.

Statement of Activities

	Governmental Activities		Change
	2025	2024	Increase (Decrease)
Utility services	\$ 2,554,269	\$ 2,574,250	\$ (19,981)
Property taxes and other	5,446,075	5,220,408	225,667
Total Revenues	8,000,344	7,794,658	205,686
Repairs and maintenance	1,666,460	1,434,439	232,021
Bulk water purchases	491,335	521,528	(30,193)
Contracted services	965,570	906,700	58,870
Professional fees	438,887	435,553	3,334
Utilities	85,182	91,450	(6,268)
Administrative and other	223,577	185,965	37,612
Interest and other debt service fees	303,676	353,469	(49,793)
Depreciation and amortization	1,137,300	1,137,299	1
Total Expenses	5,311,987	5,066,403	245,584
Change in Net Position	2,688,357	2,728,255	(39,898)
Beginning Net Position	25,964,059	23,235,804	2,728,255
Ending Net Position	\$ 28,652,416	\$ 25,964,059	\$ 2,688,357

Revenues were approximately \$8.0 million for the fiscal year ended September 30, 2025, which is an increase of approximately \$206,000 from the prior year. Property taxes provided approximately \$4.7 million which is 59% of total revenue. Total expenditures increased approximately \$246,000 to approximately \$5.3 million for the fiscal year ended September 30, 2025. Net position increased approximately \$2,688,000 for the fiscal year ended September 30, 2025, compared to an increase of approximately \$2,728,000 in the previous year.

Analysis of Governmental Funds

	2025	2024	2023	2022
Cash and cash equivalents	\$ 678,815	\$ 859,355	\$ 717,181	\$ 574,836
Temporary investments	10,276,072	9,054,913	8,214,139	7,277,209
Receivables and other assets	849,603	776,675	1,052,517	918,910
Interfund receivable	2,502	2,283	7,310	1,741
Total Assets	\$ 11,806,992	\$ 10,693,226	\$ 9,991,147	\$ 8,772,696
Accounts payable	\$ 726,798	\$ 683,326	\$ 1,305,405	\$ 507,525
Refundable deposits	375,793	374,219	374,191	349,045
Interfund payable	2,502	2,283	7,310	1,741
Total Liabilities	1,105,093	1,059,828	1,686,906	858,311
Deferred Inflows of Resources	26,510	24,135	14,593	13,357
Restricted	1,269,591	1,264,802	1,191,989	904,380
Assigned	4,000,000	3,500,000	3,000,000	3,000,000
Unassigned	5,405,798	4,844,461	4,097,659	3,996,648
Total Fund Balances	10,675,389	9,609,263	8,289,648	7,901,028
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,806,992	\$ 10,693,226	\$ 9,991,147	\$ 8,772,696

The *General Fund* pays for daily operating expenditures. The fund balance for the General Fund increased approximately \$1,061,000 during the year, which resulted in an ending fund balance in the General Fund of approximately \$9.4 million at September 30, 2025. When comparing actual results to the budget, revenues were more than budget by approximately \$344,000 primarily due to higher interest earnings and a one time FEMA reimbursement off-set by lower property tax revenue. Expenditures were lower than budget by approximately \$516,000, primarily due to lower repair, maintenance and capital outlay expenditures. More detailed information about the District's budgetary comparison is presented in the Basic Financial Statements.

The *Debt Service Fund* includes property taxes collected to retire bond principal and to pay interest due. The Debt Service Fund remitted \$2,620,000 in bond principal and approximately \$306,000 in bond interest for the year ended September 30, 2025.

Capital Assets Activity

	9/30/2025	9/30/2024
Water and wastewater facilities	\$ 38,556,019	\$ 38,556,019
Land	3,637,626	3,597,901
Park improvements	1,194,011	1,194,011
Other	97,959	97,959
Buildings	901,354	901,354
Construction in progress	95,898	2,590
Less: Accumulated Depreciation	(14,685,866)	(13,598,870)
Total Net Capital Assets	\$ 29,797,001	\$ 30,750,964

More detailed information about the District’s capital assets is presented in the *Notes to Basic Financial Statements*.

Long-Term Debt Activity

	9/30/2025	9/30/2024
Bonds payable	\$ 12,065,000	\$ 14,685,000

The District owes approximately \$12.1 million to bond holders. During the year ended September 30, 2025, the District made principal payments of \$2,620,000 and interest payments of approximately \$306,000. More detailed information about the District’s long-term debt is presented in the *Notes to Basic Financial Statements*.

Currently Known Facts, Decisions, or Conditions

For fiscal year 2026, which is the tax year 2025, the tax rate is \$0.6249 on each \$100 of taxable value of which \$0.2584 is approved for maintenance and operations and \$0.3665 is approved for debt service.

The adopted budget for 2026 projects an increase in fund balance for the General Fund of approximately \$246,000 compared to a budgeted increase in fund balance of approximately \$201,000 for 2025.

When compared to the 2025 final budget, revenues are expected to increase by approximately \$10,000 primarily due to a increase in service revenue and decrease in tax revenues. Expenditures are expected to decrease \$35,000 primarily due to a decrease in maintenance expenditures.

Requests for Information

This financial report is designed to provide a general overview of the District’s finances and to demonstrate the District’s accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at c/o Winstead PC, 600 W. 5th Street, Suite 900, Austin, Texas 78701.

Hays County Water Control and Improvement District No. 1

Statement of Net Position and Governmental Funds Balance Sheet September 30, 2025

	General Fund	Debt Service Fund	Governmental Funds Total	Adjustments (Note 2)	Statement of Net Position
Assets:					
Cash and cash equivalents	\$ 678,815	\$ -	\$ 678,815	\$ -	\$ 678,815
Temporary investments	8,983,062	1,293,010	10,276,072	-	10,276,072
Receivables:					
Property taxes	10,388	16,122	26,510	-	26,510
Service accounts	473,199	-	473,199	-	473,199
Other	102,250	-	102,250	-	102,250
Due from other funds	2,502	-	2,502	(2,502)	-
Due from other governmental entities	247,644	-	247,644	-	247,644
Bond insurance premium	-	-	-	14,954	14,954
Capital assets (net of accumulated depreciation):					
Land	-	-	-	3,637,626	3,637,626
Water and wastewater facilities	-	-	-	24,714,554	24,714,554
Park improvements	-	-	-	685,364	685,364
Buildings	-	-	-	662,367	662,367
Construction-in-progress	-	-	-	95,898	95,898
Other capital assets	-	-	-	1,192	1,192
Total assets	<u>10,497,860</u>	<u>1,309,132</u>	<u>11,806,992</u>	<u>29,809,453</u>	<u>41,616,445</u>
Deferred outflows of resources-					
Deferred charges on bond refundings	-	-	-	211,402	211,402
Total deferred outflows of resources	-	-	-	<u>211,402</u>	<u>211,402</u>
Total assets and deferred outflows of resources	<u>\$ 10,497,860</u>	<u>\$ 1,309,132</u>	<u>\$ 11,806,992</u>	<u>30,020,855</u>	<u>41,827,847</u>
Liabilities:					
Accounts payable	\$ 705,881	\$ 20,917	\$ 726,798	-	726,798
Refundable deposits	375,793	-	375,793	-	375,793
Due to other funds	-	2,502	2,502	(2,502)	-
Bond interest payable	-	-	-	20,427	20,427
Long-term liabilities:					
Due within one year	-	-	-	2,370,000	2,370,000
Due after one year	-	-	-	9,682,413	9,682,413
Total liabilities	<u>1,081,674</u>	<u>23,419</u>	<u>1,105,093</u>	<u>12,070,338</u>	<u>13,175,431</u>
Deferred inflows of resources-					
Property taxes	10,388	16,122	26,510	(26,510)	-
Total deferred inflows of resources	<u>10,388</u>	<u>16,122</u>	<u>26,510</u>	<u>(26,510)</u>	<u>-</u>
Fund balances/net position:					
Fund balances:					
Restricted for-					
Debt service	-	1,269,591	1,269,591	(1,269,591)	-
Assigned for-					
Capital improvements	4,000,000	-	4,000,000	(4,000,000)	-
Unassigned	5,405,798	-	5,405,798	(5,405,798)	-
Total fund balances	<u>9,405,798</u>	<u>1,269,591</u>	<u>10,675,389</u>	<u>(10,675,389)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,497,860</u>	<u>\$ 1,309,132</u>	<u>\$ 11,806,992</u>		
Net position:					
Net investment in capital assets				17,970,944	17,970,944
Restricted for debt service				1,265,286	1,265,286
Unrestricted				9,416,186	9,416,186
Total net position				<u>\$ 28,652,416</u>	<u>\$ 28,652,416</u>

The notes to the financial statements are an integral part of this statement.

Hays County Water Control and Improvement District No. 1

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

	General Fund	Debt Service Fund	Governmental Funds Total	Adjustments (Note 2)	Statement of Activities
Expenditures/expenses:					
Service operations:					
Repairs and maintenance	\$ 1,666,460	-	1,666,460	-	1,666,460
Bulk water purchases	491,335	-	491,335	-	491,335
Basic services	448,356	-	448,356	-	448,356
Legal fees	270,819	-	270,819	-	270,819
Operator fees	481,611	-	481,611	-	481,611
Utilities	85,182	-	85,182	-	85,182
Engineering fees	84,068	-	84,068	-	84,068
Directors' fees	41,835	-	41,835	-	41,835
Security	46,335	-	46,335	-	46,335
Tax collector/appraisal fees	14,077	21,526	35,603	-	35,603
Audit fees	19,500	-	19,500	-	19,500
Accounting fees	64,500	-	64,500	-	64,500
Insurance	34,634	-	34,634	-	34,634
Other	91,457	9,316	100,773	-	100,773
Debt service:					
Principal payments	-	2,620,000	2,620,000	(2,620,000)	-
Interest	-	306,449	306,449	(4,123)	302,326
Fiscal agent fees and other costs	-	1,350	1,350	-	1,350
Capital outlay	133,033	-	133,033	(133,033)	-
Depreciation and amortization	-	-	-	1,137,300	1,137,300
Total expenditures/expenses	3,973,202	2,958,641	6,931,843	(1,619,856)	5,311,987
Revenues:					
Program revenues:					
Garbage and basic services	1,496,394	-	1,496,394	-	1,496,394
Water and wastewater service	1,055,375	-	1,055,375	-	1,055,375
Tap connection/inspection fees	2,500	-	2,500	-	2,500
Fines and penalties	12,518	-	12,518	-	12,518
Total program revenues	2,566,787	-	2,566,787	-	2,566,787
Net program expenses					(2,745,200)
General revenues:					
Property taxes	1,850,264	2,827,766	4,678,030	2,375	4,680,405
Interest income and other	613,754	129,937	743,691	-	743,691
Penalties and interest on tax accounts	3,734	5,727	9,461	-	9,461
Total general revenues	2,467,752	2,963,430	5,431,182	2,375	5,433,557
Total revenues	5,034,539	2,963,430	7,997,969	2,375	8,000,344
Excess of revenues over expenditures	1,061,337	4,789	1,066,126	1,622,231	2,688,357
Change in net position	-	-	-	1,622,231	2,688,357
Fund balances/net position:					
Beginning of the year	8,344,461	1,264,802	9,609,263	16,354,796	25,964,059
End of the year	\$ 9,405,798	1,269,591	10,675,389	17,977,027	28,652,416

The notes to the financial statements are an integral part of this statement.

Hays County Water Control and Improvement District No. 1

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund Year Ended September 30, 2025

	Original and Final Budget	Actual	Variance
Revenues:			
Program revenues:			
Garbage and basic services	\$ 1,470,800	\$ 1,496,394	\$ 25,594
Water and wastewater service	1,057,595	1,055,375	(2,220)
Tap connection/inspection fees	-	2,500	2,500
Fines and penalties	14,000	12,518	(1,482)
General revenues:			
Property taxes	1,894,154	1,850,264	(43,890)
Interest income and other	251,000	613,754	362,754
Penalties and interest on tax accounts	2,500	3,734	1,234
Total revenues	4,690,049	5,034,539	344,490
Expenditures:			
Service operations:			
Repairs and maintenance	1,795,820	1,666,460	129,360
Bulk water purchases	566,202	491,335	74,867
Basic services	440,269	448,356	(8,087)
Legal fees	305,560	270,819	34,741
Operator fees	505,017	481,611	23,406
Utilities	99,907	85,182	14,725
Engineering fees	115,702	84,068	31,634
Directors' fees	53,754	41,835	11,919
Security	46,363	46,335	28
Tax collector/appraisal fees	13,500	14,077	(577)
Audit fees	20,000	19,500	500
Accounting fees	63,700	64,500	(800)
Insurance	40,933	34,634	6,299
Other	132,661	91,457	41,204
Capital outlay	290,000	133,033	156,967
Total expenditures	4,489,388	3,973,202	516,186
Excess of revenues over expenditures	200,661	1,061,337	860,676
Fund balance:			
Beginning of year	8,344,461	8,344,461	-
End of year	\$ 8,545,122	\$ 9,405,798	\$ 860,676

The notes to the financial statements are an integral part of this statement.

Hays County Water Control and Improvement District No. 1

Notes to Basic Financial Statements Year Ended September 30, 2025

1. Summary of Significant Accounting Policies

Hays County Water Control and Improvement District No. 1 (the “District”) was created on January 16, 2001 by the Hays County Commissioners Court and operates pursuant to Chapter 51 of the Texas Water Code. It is a political subdivision of the State of Texas and is operated by an elected Board of Directors (the “Board”). The 77th Legislature confirmed the creation of the District and further granted the District all powers in Chapters 49, 51, and 54 of the Texas Water Code. The District provides water, sewer, and drainage facilities and services within the District.

The reporting entity of the District encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is governed by a five member Board, which has been elected by District residents or appointed by the Board. The District is not included in any other governmental “reporting entity” as defined by Governmental Accounting Standards Board (“GASB”), since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units included in the District’s reporting entity.

Government-Wide and Fund Financial Statements

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “Governmental Funds Total” column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

The government-wide financial statements report information on all of the activities of the District. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Major revenue sources considered susceptible to accrual include interest income. No accrual for property taxes to be collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

The District reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due.

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device for the General Fund. Formal budgetary integration is not employed for the Debt Service Fund. The budget is proposed in September for the fiscal year commencing the following October 1, and is adopted on the modified accrual basis, which is consistent with generally accepted accounting principles.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Cash and Cash Equivalents - The District's cash and cash equivalents are considered to be cash-on-hand and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - Temporary investments throughout the year consisted of investments in an external local government investment pool. The external local government investment pool is recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District is entitled to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, certain Federal agency securities and other types of municipal bonds, fully collateralized repurchase agreements, commercial paper and local government investment pools. The District's investment policies and types of investments are governed by Section 2256 of the Government Code ("Public Funds Investment Act"). The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Accounts Receivable - The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. As of September 30, 2025, there was no allowance for uncollectible accounts.

Capital Assets - Capital assets, which include land, water and wastewater facilities, park improvements, buildings, construction-in-progress, and other capital assets, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with a useful life of at least two years and an initial, individual cost of at least \$10,000. Such assets are recorded at historical cost if purchased or acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Capital assets (other than land and construction-in-progress) are depreciated using the straight line method over the following estimated useful lives: water and wastewater facilities - ten to forty-five years, buildings - forty years, park improvements and other capital assets - three to twenty-five years.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond insurance costs are reported as assets and amortized over the term of the related debt.

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

Ad Valorem Property Taxes - Property taxes, penalties, and interest are reported as revenue in the fiscal year in which they become available to finance expenditures of the District. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Deferred Outflows and Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 6 for additional information on deferred outflows of resources.

Fund Equity - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 10 for additional information on those fund balance classifications.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncement - In May 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025. The objective of GASB Statement No. 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an entity's accountability. GASB Statement No. 103 impacts the following areas: (1) Management's discussion and analysis - information is limited to topics discussed in five sections which include a) overview of the financial statements, b) financial summary, c) detailed analysis, d) significant capital asset and long-term financial activity, and e) currently known facts, decisions, or conditions. Information included in the detailed analysis should explain why balances and results of operations changed; (2) Unusual or infrequent items - these items are limited to transactions that are either unusual in nature or infrequent in occurrence and are displayed as the last presented flow of resources prior to the net change in resource flows; (3) Proprietary funds - the statement of revenues, expenses, and changes in net position is now required to separately report noncapital subsidies and present a subtotal for operating income (loss) and noncapital subsidies before reporting nonoperating revenues and expenses. It also defines what constitutes a subsidy; (4) Major component unit information - each major component unit is required to be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements; (5) Budgetary comparison information - this is now required to be presented as required supplemental information and also must present variances between original and final budget amounts and variances between final budget and actual amounts. Management is evaluating the effects that the full implementation of GASB Statement No. 103 will have on its financial statements for the year ended September 30, 2026.

2. Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds		\$ 10,675,389
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Capital assets	\$ 44,482,867	
Less: Accumulated depreciation	<u>(14,685,866)</u>	29,797,001
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred inflows of resources for revenues earned but not available.		26,510
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable	(12,065,000)	
Bond discounts	12,587	
Bond issuance premium, net	14,954	
Deferred charges on refundings, net	211,402	
Accrued bond interest payable	<u>(20,427)</u>	<u>(11,846,484)</u>
Total net position		<u>\$ 28,652,416</u>

Amounts reported for governmental activities in the statement of activities are different because:

Changes in fund balances - governmental funds		\$ 1,066,126
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Capital expenditures in year paid	\$ 133,033	
Bond principal in year paid	2,620,000	
Interest expenditures in year paid	4,123	
Tax revenue when collected	<u>2,375</u>	2,759,531
Governmental funds do not report:		
Depreciation	(1,086,996)	
Amortization of bond insurance premium	(3,146)	
Amortization of bond discounts	(1,763)	
Amortization of deferred charges on refundings	<u>(45,395)</u>	<u>(1,137,300)</u>
Change in net position		<u>\$ 2,688,357</u>

3. Cash, Cash Equivalents and Temporary Investments

The District’s deposits are required to be secured in the manner provided by law for the security of the funds. At September 30, 2025, such deposits, consisting of bank deposits and money market mutual funds, were entirely covered by Federal Deposit Insurance Corporation (“FDIC”) insurance or secured by collateral pledged by the depository.

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy. The District’s deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The primary objectives of the District’s investment strategy, in order of priority, are safety, liquidity, and yield.

The District is entitled to invest in obligations of the United States, the state of Texas and their agencies or any state, county, city and any other political subdivisions of any state rated by a nationally recognized investment rating firm with a rating not less than A or its equivalent, certificates of deposit of state or national banks or savings and loan associations within the state, prime domestic bankers’ acceptances, commercial paper with a stated maturity of 270 days or less from the date of its issuance, fully collateralized repurchase agreements, no-load money market mutual funds regulated by the United States Securities and Exchange Commission (“SEC”), and eligible public funds investment pools.

Investments held at September 30, 2025 consisted of the following:

<u>Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Standard & Poor’s Rating</u>
Local Government Investment Pool- TexPool	\$ 10,276,072	1	AAAm
Total Investments	<u>\$ 10,276,072</u>		

Although Texas Local Governmental Investment Pool (“TexPool”) is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. This investment is stated at amortized cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool’s investment policy. This board is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Hermes, Inc. manages daily operations of TexPool under a contract with the Comptroller and serves as the investment manager for the pool. TexPool’s investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

In accordance with GASB Statement No. 79, the external local government investment pool does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. This pool does not impose any liquidity fees or redemption gates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At September 30, 2025, investments were included in an external local governmental investment pool with ratings from Standard & Poor’s in compliance with the District’s investment policy. The District’s investment policy requires that certificates of deposit be either federally insured or collateralized.

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. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name. At September 30, 2025, the District was not exposed to custodial credit risk.

Interest Rate Risk - The District’s investment policy requires that the District manage its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to short-term investments with necessary liquidity to ensure that sufficient funds are available for the continued operations and debt service requirements of the District. The District considers the holdings in TexPool to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value.

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds.” The composition of interfund balances as of September 30, 2025, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt Service	<u>\$ 2,502</u>

5. Capital Assets

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

	Balance 9/30/2024	Additions	Deletions	Balance 9/30/2025
Capital assets not being depreciated:				
Land	\$ 3,597,901	\$ 39,725	\$ -	\$ 3,637,626
Construction-in- progress	2,590	93,308	-	95,898
Total capital assets not being depreciated	<u>3,600,491</u>	<u>133,033</u>	<u>-</u>	<u>3,733,524</u>
Capital assets being depreciated:				
Water and wastewater facilities	38,556,019	-	-	38,556,019
Park improvements	1,194,011	-	-	1,194,011
Buildings	901,354	-	-	901,354
Other capital assets	97,959	-	-	97,959
Total capital assets being depreciated	<u>40,749,343</u>	<u>-</u>	<u>-</u>	<u>40,749,343</u>
Less accumulated depreciation for:				
Water and wastewater facilities	(12,807,146)	(1,034,319)	-	(13,841,465)
Park improvements	(478,446)	(30,201)	-	(508,647)
Buildings	(217,703)	(21,284)	-	(238,987)
Other capital assets	(95,575)	(1,192)	-	(96,767)
Total accumulated depreciation	<u>(13,598,870)</u>	<u>(1,086,996)</u>	<u>-</u>	<u>(14,685,866)</u>
Capital assets being depreciated, net	<u>27,150,473</u>	<u>(1,086,996)</u>	<u>-</u>	<u>26,063,477</u>
Total capital assets, net of accumulated depreciated	<u>\$ 30,750,964</u>	<u>\$ (953,963)</u>	<u>\$ -</u>	<u>\$ 29,797,001</u>

6. Deferred Charges on Bond Refundings

The following is a summary of changes in deferred charges on bond refundings for the year ended September 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Deferred charges on bond refundings	\$ 256,797	\$ -	\$ (45,395)	\$ 211,402

7. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2025:

	<u>Balance 9/30/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2025</u>
Unlimited Tax Refunding Bonds, Series 2012 (direct placement)	\$ 305,000	\$ -	\$ (305,000)	\$ -
Unlimited Tax Refunding Bonds, Series 2013 (direct placement)	875,000	-	(430,000)	445,000
Unlimited Tax Bonds, Series 2015	1,670,000	-	(120,000)	1,550,000
Unlimited Tax Refunding Bonds, Series 2015 (direct placement)	355,000	-	-	355,000
Unlimited Tax Refunding Bonds, Series 2016 (direct placement)	2,950,000	-	(580,000)	2,370,000
Unlimited Tax Refunding Bonds, Series 2016A (direct placement)	1,625,000	-	(315,000)	1,310,000
Unlimited Tax Bonds, Series 2017	1,600,000	-	(80,000)	1,520,000
Unlimited Tax Refunding Bonds, Series 2020 (direct placement)	1,350,000	-	(155,000)	1,195,000
Unlimited Tax Bonds, Series 2020 (direct placement)	3,955,000	-	(635,000)	3,320,000
Original Issue Discount	(14,350)	-	1,763	(12,587)
	<u>\$ 14,670,650</u>	<u>\$ -</u>	<u>\$ (2,618,237)</u>	<u>\$ 12,052,413</u>

Long-term debt at September 30, 2025, was comprised of the following individual issues:

<u>Series</u>	<u>Description</u>	<u>Matures Through</u>	<u>Interest Rate %</u>	<u>Balance September 30, 2025</u>	<u>Due Within One Year</u>
2013	Unlimited Tax Refunding Bonds, (direct placement)	2026	2.3%	\$ 445,000	\$ 445,000
2015	Unlimited Tax Bonds,	2035	2.0-3.625%	1,550,000	125,000
2015	Unlimited Tax Refunding Bonds, (direct placement)	2030	2.69%	355,000	-
2016	Unlimited Tax Refunding Bonds, (direct placement)	2030	1.71%	2,370,000	600,000
2016A	Unlimited Tax Refunding Bonds, (direct placement)	2029	1.92%	1,310,000	315,000
2017	Unlimited Tax Bonds,	2038	2.0-3.375%	1,520,000	85,000
2020	Unlimited Tax Refunding Bonds, (direct placement)	2032	1.23%	1,195,000	155,000
2020	Unlimited Tax Bonds, (direct placement)	2030	1.68%	3,320,000	645,000
				<u>\$ 12,065,000</u>	<u>\$ 2,370,000</u>

Debt service requirements to maturity for the District's non-direct placement bonds are as follows:

<u>Year Ended September 30,</u>	<u>Annual Requirements for All Series</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 210,000	\$ 99,001	\$ 309,001
2027	220,000	93,232	313,232
2028	230,000	87,081	317,081
2029	245,000	80,082	325,082
2030	255,000	72,369	327,369
2031-2035	1,470,000	228,369	1,698,369
2036-2038	440,000	30,031	470,031
	<u>\$ 3,070,000</u>	<u>\$ 690,165</u>	<u>\$ 3,760,165</u>

Debt service requirements to maturity for the District’s direct placement bonds are as follows:

Year Ended September 30,	Annual Requirements for All Series		
	Principal	Interest	Total
2026	\$ 2,160,000	\$ 155,988	\$ 2,315,988
2027	1,765,000	116,595	1,881,595
2028	1,820,000	86,721	1,906,721
2029	1,420,000	55,949	1,475,949
2030	1,465,000	31,977	1,496,977
2031-2032	365,000	6,781	371,781
	<u>\$ 8,995,000</u>	<u>\$ 454,011</u>	<u>\$ 9,449,011</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation without limitation as to rate or amount, and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District’s waterworks.

At September 30, 2025, there were \$5,955,000 of bonds authorized by voters of the District but unissued.

8. Property Taxes

The Texas Water Code authorizes the District to levy a tax each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within its boundaries. Assessed values are established annually by the Hays Central Appraisal District. District property tax revenues are recognized when levied to the extent that they are collected and become available to finance expenditures of the District in the current fiscal period. The balance is reported as deferred revenue. Taxes receivable are due January 1 and are delinquent if received after January 31 and are subject to penalty and interest charges.

In September 2024, the District levied a tax rate of \$0.6849 per \$100 of assessed valuation to finance the operating expenditures and debt service requirements of the District. The maintenance tax rate and the debt service tax rate were \$0.2708 and \$0.4141, respectively. The total 2024 tax levy was \$4,838,378 based on a taxable valuation of \$698,534,401.

9. Commitments and Contingent Liabilities

Water Supply Source - The District has contractual commitments with the West Travis County Public Utility Agency (the “WTCPUA”) and the Lower Colorado River Authority (the “LCRA”) to provide capacity for up to 1,200 Living Unit Equivalents (“LUEs”). The District executed a Firm Water Contract with the LCRA dated June 18, 2014, as amended, whereby the District obtained rights to 713 acre-feet of raw or untreated water per annum. Raw water is treated, delivered, and supplied to the District by the WTCPUA pursuant to a Water Services Agreement between the LCRA and the District dated March 26, 2003, as amended. The Water Services Agreement was assigned to the WTCPUA as a successor and assignee of the LCRA commensurate with the LCRA’s sale of certain assets to the WTCPUA. Under the Water Services Agreement, as amended, the WTCPUA is obligated to provide the District with treated water capacity of up to 1,221,120 gallons per day for up to 1,200 LUEs.

Wastewater Treatment Facilities - The District has entered into a Joint Facilities Agreement with Hays County Water Control and Improvement District No. 2 (“Hays County WCID No. 2”) whereby the District shares capacity in its wastewater treatment plant with Hays County WCID No. 2. Pursuant to the Joint Facilities Agreement, Hays County WCID No. 2 has paid the District certain wastewater treatment capacity fees and has contributed certain constructed capital assets and shared capital costs related to the expansion of the wastewater treatment and disposal facilities. In exchange for the reservation fees, the contributed capital assets, and the sharing of the capital costs, the District agrees to provide wastewater treatment and disposal capacity to Hays County WCID No. 2 and to operate and maintain the wastewater treatment plant servicing both the District and Hays County WCID No. 2.

District Development and Developer Reimbursement - Most of the development within the District has been completed. Certain commercial areas within the District remain under development and the construction of related facilities is being paid by the developers of the District. The Board authorized the funding of the projects and the reimbursement of the developer for the cost of the projects out of bond proceeds when the bonds are authorized and issued. The bond proceeds have been used to purchase capital assets within the District including related infrastructure. The District has issued bonds for reimbursement of all developer waterworks system projects, and authorized but unissued bonds remain. The District has issued all authorized bonds for reimbursement of developer sanitary sewer and drainage projects. However, use of other funds will be necessary to fully reimburse the developer for the cost of those facilities, and the District has made arrangements for funding of such reimbursements through strategic partnership agreement sales tax receipts. As of September 30, 2025, estimated developer commitments under completed construction contracts totaled approximately \$760,000. This estimate is based upon information provided by the developers, which has not been confirmed by the District and does not include developer interest. A set-off agreement in the amount of \$67,642 was entered into between the developers and the District for unfunded review and inspection deposits that were previously reimbursed by the District. This amount will be set-off from remaining amounts due to the developer. In addition the District began remitting 50% of strategic partnership agreement sales tax receipts to the developer for outstanding reimbursements in June 2021. During the year ended September 30, 2025, the District remitted \$30,732 to the developer. The District intends to continue remitting 50% of the sales tax receipts through the contractual sales tax reimbursement period, which expires in June 2036, unless developers are fully reimbursed prior to such date.

10. Fund Balances

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balances is included in the Governmental Funds Balance Sheet on page 11. Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has the authority to assign fund balance for a specific purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

11. Risk Management

The District's risk management program includes coverage through third party insurance providers for general liability, errors and omissions liability, automobile liability and property, amongst other coverages. No claims were filed during the current or prior periods.

Hays County Water Control and Improvement District No. 1

Index of Supplemental Schedules Required by The Texas Commission on Environmental Quality Year Ended September 30, 2025

Schedule Included			
<u>Yes</u>	<u>No</u>		
<u>X</u>	<u> </u>	TSI-0	Notes Required by the Water District Accounting Manual
<u>X</u>	<u> </u>	TSI-1	Schedule of Services and Rates
<u>X</u>	<u> </u>	TSI-2	Schedule of General Fund Expenditures
<u>X</u>	<u> </u>	TSI-3	Schedule of Temporary Investments
<u>X</u>	<u> </u>	TSI-4	Analysis of Taxes Levied and Receivable
<u>X</u>	<u> </u>	TSI-5	Long-Term Debt Service Requirements by Years
<u>X</u>	<u> </u>	TSI-6	Analysis of Changes in Long-Term Bonded Debt
<u>X</u>	<u> </u>	TSI-7	Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Years Ended September 30, 2025
<u>X</u>	<u> </u>	TSI-8	Board Members, Key Personnel and Consultants

Hays County Water Control and Improvement District No. 1

TSI-0 Notes Required by the Water District Accounting Manual Year Ended September 30, 2025

The notes which follow are not necessarily required for fair presentation of the audited financial statements of the District which are contained in the preceding section of this report. They are presented in conformity with requirements of the Texas Commission on Environmental Quality to assure disclosure of specifically required facts.

- (A) Creation of District
See Note 1 to basic financial statements.
- (B) Contingent Liabilities
See Note 9 to basic financial statements.
- (C) Pension Coverage
Not applicable.
- (D) Pledge of Revenues
See Note 7 to basic financial statements.
- (E) Compliance with Debt Service Requirements
See Note 7 to basic financial statements.
- (F) Redemption of Bonds
See Note 7 to basic financial statements.

Hays County Water Control and Improvement District No. 1

TSI-1 Schedule of Services and Rates Year Ended September 30, 2025

1. Services Provided by the District:

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input checked="" type="checkbox"/> Irrigation |
| <input checked="" type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input checked="" 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): _____ | | |

2. Retail Service Providers (This information may be omitted if District does not provide retail services)

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons Over Minimum	Usage Levels
Water	\$ 95.00	-	Y	\$ 2.30	0 to 2,000
				3.85	2,001 to 5,000
				4.24	5,001 to 10,000
				4.88	10,001 to 20,000
				5.86	20,001 to 25,000
				7.03	25,001 to 30,000
				10.55	30,001 to 40,000
				15.83	40,001 and above
Wastewater	\$ -	-	Y	\$ 3.63	Per 1,000 gallons
Surcharge	\$ None				

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water: \$ 132.35 Wastewater: \$ 36.30

(continued)

Hays County Water Control and Improvement District No. 1

TSI-1 Schedule of Services and Rates (Continued) Year Ended September 30, 2025

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	-	-	x 1.0	-
<=3/4"	935	934	x 1.0	934
1"	15	15	x 2.5	37.5
1 1/2"	14	14	x 5.0	70
2"	26	26	x 8.0	208
3"	7	6	x 15.0	90
4"	1	1	x 25.0	25
6"	2	2	x 50.0	100
8"	2	2	x 80.0	160
10"	-	-	x 115.0	-
Total Water	1,002	1,000		1,624.5
Total Wastewater	970	968	x 1.0	968

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

Gallons pumped into system:	<u>132,995,000</u>	Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers:	<u>131,676,000</u>	

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

Does the District have Debt Service standby fees?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes, Date of the most recent Commission Order:	<u>N/A</u>	
Does the District have Operation and Maintenance standby fees?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes, Date of the most recent Commission Order:	<u>N/A</u>	

(continued)

Hays County Water Control and Improvement District No. 1

TSI-1 Schedule of Services and Rates (Continued) Year Ended September 30, 2025

5. Location of District:

County (ies) in which district is located: Hays

Is the District located entirely within one county? Yes No

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

City (ies) in which District is located. N/A

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

ETJ's in which district is located. Dripping Springs

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

If yes, by whom? N/A

Hays County Water Control and Improvement District No. 1

TSI-2 Schedule of General Fund Expenditures Year Ended September 30, 2025

Repairs and maintenance	\$ 1,666,460
Purchased services for resale-	
Bulk water & wastewater service purchases	491,335
Professional fees:	
Legal	270,819
Engineering	84,068
Auditing	19,500
Accounting	64,500
Solid waste disposal	448,356
Contracted services:	
Operations and Management Contractor	481,611
Appraisal district	9,748
Tax collector	333
Utilities	85,182
Administrative expenditures:	
Directors' fees	41,835
Insurance	34,634
Capital Outlay:	
Capitalized assets	133,033
Expenditures not capitalized	-
Tap connection expenditures	-
Other expenditures	141,788
Total expenditures	<u>\$ 3,973,202</u>

Number of persons employed by the District: 0 Full-Time 5 Part-Time

Hays County Water Control and Improvement District No. 1

TSI-3 Schedule of Temporary Investments September 30, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2025	Accrued Interest Receivable at September 30, 2025
<u>General Fund:</u>					
TexPool	XXX0008	Various	N/A	\$ 8,327,601	\$ -
TexPool	XXX0011	Various	N/A	610,746	-
TexPool	XXX0013	Various	N/A	44,715	-
Totals				<u>8,983,062</u>	<u>-</u>
<u>Debt Service Fund:</u>					
TexPool	XXX0009	Various	N/A	1,279,771	-
TexPool	XXX0010	Various	N/A	13,239	-
Totals				<u>1,293,010</u>	<u>-</u>
Total - All Funds				<u><u>\$ 10,276,072</u></u>	<u><u>\$ -</u></u>

Hays County Water Control and Improvement District No. 1

TSI-4 Analysis of Taxes Levied and Receivable September 30, 2025

	Maintenance Taxes	Debt Service Taxes		
Taxes Receivable September 30, 2024	\$ 9,412	\$ 14,723		
2024 Tax Roll	1,913,028	2,925,350		
Adjustments	(53,923)	(84,157)		
Total to be accounted for	<u>1,868,517</u>	<u>2,855,916</u>		
Tax collections:				
Current year	1,895,602	2,898,702		
Prior years	(37,473)	(58,908)		
Total collections	<u>1,858,129</u>	<u>2,839,794</u>		
Taxes Receivable September 30, 2025	<u>\$ 10,388</u>	<u>\$ 16,122</u>		
Taxes Receivable, by Years				
2023 and earlier	\$ 5,968	\$ 9,363		
2024	4,420	6,759		
Taxes Receivable September 30, 2025	<u>\$ 10,388</u>	<u>\$ 16,122</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Property Valuations-				
Land improvements and personal property	\$ 698,534,401	654,145,589	618,773,899	519,444,663
Tax Rates Per \$100 Valuation:				
Debt service tax rates	\$ 0.4141	0.4317	0.4738	0.5397
Maintenance tax rates	<u>0.2708</u>	<u>0.2783</u>	<u>0.2962</u>	<u>0.2893</u>
Total Tax Rates Per \$100 Valuation	<u>\$ 0.6849</u>	<u>0.7100</u>	<u>0.7700</u>	<u>0.8290</u>
Original Tax Levy	<u>\$ 4,838,378</u>	<u>4,708,535</u>	<u>4,779,443</u>	<u>4,312,791</u>
Percent of Taxes Collected to Taxes Levied	<u>99.8%</u>	<u>99.9%</u>	<u>99.9%</u>	<u>99.9%</u>

Hays County Water Control and Improvement District No. 1

TSI-5 Long-Term Debt Service Requirements by Years September 30, 2025

Due During Fiscal Years Ending 9/30	Unlimited Tax Refunding Bonds, Series 2013			Unlimited Tax Bonds, Series 2015			Unlimited Tax Refunding Bonds, Series 2015		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
2026	\$ 445,000	10,369	455,369	125,000	52,357	177,357	-	9,549	9,549
2027	-	-	-	130,000	48,607	178,607	-	9,549	9,549
2028	-	-	-	135,000	44,706	179,706	-	9,549	9,549
2029	-	-	-	145,000	40,319	185,319	-	9,549	9,549
2030	-	-	-	150,000	35,607	185,607	355,000	9,549	364,549
2031	-	-	-	155,000	30,543	185,543	-	-	-
2032	-	-	-	165,000	25,313	190,313	-	-	-
2033	-	-	-	175,000	19,537	194,537	-	-	-
2034	-	-	-	180,000	13,413	193,413	-	-	-
2035	-	-	-	190,000	6,888	196,888	-	-	-
2036	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
Total	\$ 445,000	10,369	455,369	1,550,000	317,290	1,867,290	355,000	47,745	402,745

(continued)

Hays County Water Control and Improvement District No. 1

TSI-5 Long-Term Debt Service Requirements by Years (Continued) September 30, 2025

Due During Fiscal Years Ending 9/30	Unlimited Tax Refunding Bonds, Series 2016			Unlimited Tax Refunding Bonds, Series 2016A			Unlimited Tax Bonds, Series 2017			Unlimited Tax Refunding Bonds, Series 2020		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
2026	\$ 600,000	40,408	640,408	315,000	25,152	340,152	85,000	46,644	131,644	155,000	14,734	169,734
2027	625,000	30,178	655,178	325,000	19,104	344,104	90,000	44,625	134,625	160,000	12,824	172,824
2028	655,000	19,522	674,522	330,000	12,864	342,864	95,000	42,375	137,375	170,000	10,850	180,850
2029	240,000	8,354	248,354	340,000	6,528	346,528	100,000	39,763	139,763	170,000	8,754	178,754
2030	250,000	4,262	254,262	-	-	-	105,000	36,762	141,762	175,000	6,658	181,658
2031	-	-	-	-	-	-	110,000	33,613	143,613	180,000	4,500	184,500
2032	-	-	-	-	-	-	115,000	30,312	145,312	185,000	2,281	187,281
2033	-	-	-	-	-	-	120,000	26,719	146,719	-	-	-
2034	-	-	-	-	-	-	125,000	22,968	147,968	-	-	-
2035	-	-	-	-	-	-	135,000	19,063	154,063	-	-	-
2036	-	-	-	-	-	-	140,000	14,675	154,675	-	-	-
2037	-	-	-	-	-	-	145,000	10,125	155,125	-	-	-
2038	-	-	-	-	-	-	155,000	5,231	160,231	-	-	-
Total	\$ 2,370,000	102,724	2,472,724	1,310,000	63,648	1,373,648	1,520,000	372,875	1,892,875	1,195,000	60,601	1,255,601

(continued)

Hays County Water Control and Improvement District No. 1

TSI-5 Long-Term Debt Service Requirements by Years (Continued) September 30, 2025

Due During Fiscal Years Ending 9/30	Unlimited Tax Bonds, Series 2020			Annual Requirements For All Series		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
2026	\$ 645,000	55,776	700,776	2,370,000	254,989	2,624,989
2027	655,000	44,940	699,940	1,985,000	209,827	2,194,827
2028	665,000	33,936	698,936	2,050,000	173,802	2,223,802
2029	670,000	22,764	692,764	1,665,000	136,031	1,801,031
2030	685,000	11,508	696,508	1,720,000	104,346	1,824,346
2031	-	-	-	445,000	68,656	513,656
2032	-	-	-	465,000	57,906	522,906
2033	-	-	-	295,000	46,256	341,256
2034	-	-	-	305,000	36,381	341,381
2035	-	-	-	325,000	25,951	350,951
2036	-	-	-	140,000	14,675	154,675
2037	-	-	-	145,000	10,125	155,125
2038	-	-	-	155,000	5,231	160,231
Total	\$ 3,320,000	168,924	3,488,924	12,065,000	1,144,176	13,209,176

Hays County Water Control and Improvement District No. 1

TSI-6 Analysis of Changes in Long-Term Bonded Debt September 30, 2025

	Series 2012R	Series 2013R	Series 2015	Series 2015R	Series 2016R	Series 2016AR	Series 2017	Series 2020R	Series 2020	Grand Total All Series
Interest rate	2.50%	2.30%	2.0-3.625%	2.69%	1.71%	1.92%	2.0-3.375%	1.23%	1.68%	
Dates interest payable	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1, 9/1	3/1 ; 9/1	3/1, 9/1	
Maturity dates	2025	2026	2035	2030	2030	2029	2038	2032	2030	
Bonds outstanding, beginning of year	\$ 305,000	875,000	1,670,000	355,000	2,950,000	1,625,000	1,600,000	1,350,000	3,955,000	14,685,000
Bonds issued during the current year	-	-	-	-	-	-	-	-	-	-
Bonds refunded during the current year	-	-	-	-	-	-	-	-	-	-
Bonds retired during the current year	<u>(305,000)</u>	<u>(430,000)</u>	<u>(120,000)</u>	-	<u>(580,000)</u>	<u>(315,000)</u>	<u>(80,000)</u>	<u>(155,000)</u>	<u>(635,000)</u>	<u>(2,620,000)</u>
Bonds outstanding, end of year	\$ -	<u>445,000</u>	<u>1,550,000</u>	<u>355,000</u>	<u>2,370,000</u>	<u>1,310,000</u>	<u>1,520,000</u>	<u>1,195,000</u>	<u>3,320,000</u>	<u>12,065,000</u>
Interest paid during the current year	\$ <u>7,625</u>	<u>20,388</u>	<u>55,956</u>	<u>9,549</u>	<u>50,298</u>	<u>31,200</u>	<u>48,343</u>	<u>16,646</u>	<u>66,444</u>	<u>306,449</u>

Paying Agent's Name & Address:

Series 2012R and Series 2013R - Bank of Texas, Dallas, Texas

Series 2015 and Series 2017 - Amegy Bank, Houston, Texas

Series 2015R - The Independent BankersBank, Farmers Branch, Texas

Series 2016R, 2016AR & 2020R - JP Morgan Chase, Oklahoma City, Oklahoma

Series 2020 - Truist Bank, Charlotte, North Carolina

Bond Authority:	Tax Bonds - Wastewater and Drainage	Tax Bonds - Water	Refunding Bonds - Wastewater and Drainage	Refunding Bonds - Water
Bond authorized by voters	\$ 30,800,000	11,765,000	30,800,000	11,765,000
Amount issued	<u>30,800,000</u>	<u>5,810,000</u>	<u>18,056,636</u>	<u>2,533,364</u>
Remaining to be issued	\$ -	<u>5,955,000</u>	<u>12,743,364</u>	<u>9,231,636</u>

Debt Service Fund cash and temporary investments
balances as of September 30, 2025

\$ 1,293,010

Average annual debt service payment (principal & interest)
for remaining term of all debt

\$ 1,016,090

Hays County Water Control and Improvement District No. 1

TSI-7 Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund Five Years Ended September 30, 2025

	Amounts					Percent of Fund Total Revenues				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
General Fund										
Revenues:										
Program revenues:										
Garbage and basic services	\$ 1,496,394	1,478,163	1,492,957	1,435,203	1,402,081	29.7 %	30.9	30.5	33.7	36.5
Water and wastewater service	1,055,375	1,030,873	1,194,906	1,265,898	1,111,485	21.0	21.5	24.3	29.6	29.0
Tap connection/inspection fees	2,500	49,525	15,297	4,550	10,050	-	1.0	0.3	0.1	0.3
Fines and penalties	12,518	15,689	39,355	20,801	9,163	0.2	0.3	0.8	0.5	0.2
General revenues:										
Property taxes	1,850,264	1,824,044	1,833,623	1,496,721	1,299,301	36.8	37.9	37.2	34.9	33.8
Interest income and other	613,754	395,963	343,216	44,947	2,430	12.2	8.3	6.8	1.1	0.1
Penalties and interest on tax accounts	3,734	4,184	3,815	4,194	3,609	0.1	0.1	0.1	0.1	0.1
Total revenues	5,034,539	4,798,441	4,923,169	4,272,314	3,838,119	100.0	100.0	100.0	100.0	100.0
Expenditures:										
Service operations:										
Repairs and maintenance	1,666,460	1,434,439	1,957,328	868,795	947,626	33.1	29.9	39.8	20.3	24.7
Bulk water purchases	491,335	521,528	577,909	583,334	559,675	9.8	10.9	11.8	13.7	14.6
Basic services	448,356	411,934	398,953	380,328	349,767	8.9	8.6	8.1	8.9	9.1
Legal fees	270,819	249,448	262,513	198,193	212,643	5.4	5.2	5.3	4.6	5.5
Operator fees	481,611	461,106	610,492	692,657	694,049	9.6	9.6	12.4	16.2	18.1
Utilities	85,182	91,450	72,349	74,099	74,179	1.7	1.9	1.5	1.7	1.9
Engineering fees	84,068	106,648	85,509	80,477	112,381	1.7	2.2	1.7	1.9	2.9
Directors' fees	41,835	48,798	43,987	41,926	40,736	0.8	1.0	0.9	1.0	1.1
Security	46,335	41,819	42,500	31,543	26,893	0.9	0.9	0.9	0.7	0.7
Tax collector/appraisal fees	14,077	13,194	11,836	10,081	8,828	0.3	0.3	0.2	0.2	0.2
Audit fees	19,500	19,000	18,500	18,500	18,000	0.4	0.4	0.4	0.4	0.5
Accounting fees	64,500	60,457	59,400	55,000	54,750	1.3	1.3	1.2	1.3	1.4
Insurance	34,634	36,415	19,934	17,927	15,273	0.7	0.8	0.4	0.4	0.4
Other	91,457	52,813	63,357	39,208	33,160	1.8	1.1	1.3	0.9	0.9
Capital outlay	133,033	2,590	488,591	161,752	339,735	2.6	0.1	9.9	3.8	8.9
Total expenditures	3,973,202	3,551,639	4,713,158	3,253,820	3,487,695	79.0	74.2	95.8	76.0	90.9
Other financing sources (uses)	-	-	(100,000)	-	349,715	-	-	(2.0)	-	9.1
Excess of revenues and other financing sources over expenditures and other financing uses	\$ 1,061,337	1,246,802	110,011	1,018,494	700,139	21.0 %	25.8	2.2	24.0	18.2
Debt Service Fund										
Revenues and other financing sources:										
General revenues:										
Property taxes	\$ 2,827,766	2,828,450	2,932,493	2,791,012	2,619,310	95.4 %	94.7	92.4	99.0	99.7
Interest income and other	129,937	151,728	135,461	18,637	929	4.4	5.1	4.3	0.7	-
Penalties and interest on tax accounts	5,727	6,497	6,222	7,897	6,627	0.2	0.2	0.2	0.3	0.3
Transfer in	-	-	100,000	-	-	-	-	3.1	-	-
Total revenues and other financing sources	2,963,430	2,986,675	3,174,176	2,817,546	2,626,866	100.0	100.0	100.0	100.0	100.0
Expenditures:										
Service operations:										
Tax collector/appraisal fees	21,526	20,466	18,932	18,806	17,811	0.7	0.7	0.6	0.7	0.7
Other	9,316	6,120	7,438	8,678	8,072	0.3	0.2	0.2	0.3	0.3
Debt service:										
Principal	2,620,000	2,530,000	2,455,000	2,370,000	2,285,000	88.4	84.7	79.9	84.1	87.0
Interest and other debt service	307,799	357,276	405,197	451,377	501,795	10.4	12.0	13.2	16.0	19.1
Total expenditures	2,958,641	2,913,862	2,886,567	2,848,861	2,812,678	99.8	97.6	93.9	101.1	107.1
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ 4,789	72,813	287,609	(31,315)	(185,812)	0.2 %	2.4	6.1	(1.1)	(7.1)
Total Active Retail										
Water Connections	1,000	1,000	989	989	987					
Total Active Retail										
Wastewater Connections	968	968	977	977	976					

Hays County Water Control and Improvement District No. 1

TSI-8 Board Members, Key Personnel and Consultants September 30, 2025

Complete District Mailing Address: c/o Winstead PC
600 W. 5th Street, Suite 900
Austin, Texas 78701

District Business Telephone Number: (512) 615-0503

Submission Date of the most recent District Registration Form:
(TWC Sections 36.054 and 49.054) June 15, 2025

Limit on fees of office that a director may receive during a fiscal year:
(Set by Board Resolution - TWC Sections 49.060) \$7,200

<u>Name</u>	<u>Term of Office Elected & Expires or Date Hired</u>	<u>Fees 9/30/2025</u>	<u>Expense Reimbursements 9/30/2025</u>	<u>Title at 9/30/2025</u>
Board Members:				
William "Bill" Carl Dally	Elected 5/22 - 5/26	\$ 7,200	\$ 884	President
Paul Kelly	Elected 5/24 - 5/28	7,200	-	Vice President
Daniel B. Robison	Elected 5/24 - 5/28	7,200	-	Secretary
William "Rick" Lucas. Jr.	Elected 5/22 - 5/26	7,200	1,517	Treasurer Asst. Secretary
Walter Almon	Appointed 6/25 - 5/28	1,547	-	Asst. Secretary
Former Board Member-				
Douglas L. Botts	Elected 5/24 - 6/25	5,083	407	Former President

Note: No director is disqualified from serving on this board under the Texas Water Code.

(continued)

Hays County Water Control and Improvement District No. 1

TSI-8 Board Members, Key Personnel and Consultants (Continued) September 30, 2025

Name	Date Hired	Fees and Expense Reimbursements 9/30/2025	Title
Consultants:			
Municipal Operations & Consulting, LLC	2023	\$ 1,119,389	District Manager/ Operator
Burgess & Niple, Inc.	2021	316,121	Engineer
Law Offices of Matthew B. Kutac PLLC	2017	154,740	Attorney
Winstead PC	2015	92,823	Attorney
Bott & Douthitt PLLC	2020	78,315	Accountant
Hays County Tax Office	2002	169	Tax Collector
Hays Central Appraisal District	2002	35,434	Tax Appraiser
Andy Barrett & Associates, PLLC	2002	19,440	Attorney
Maxwell Locke & Ritter LLP	2003	19,500	Auditor
SAMCO Capital Markets, Inc.	2004	3,500	Financial Advisor

Hays County Water Control and Improvement District No. 1

OSI-1 Principal Taxpayers September 30, 2025

Taxpayer	Type of Property	Tax Roll Year		
		2025	2024	2023
VB Westwind LLC & VB Friendly Hills LLC & VB Pecan Grove & Hayden Belterra LLC	Land & Improvements	\$ 44,062,340	\$ 49,411,020	\$ 50,567,170
5001 Convict Hill Partnership LTD	Land & Improvements	41,488,985	41,065,027	38,925,787
Ed Couch Community Housing Finance Corporation	Land & Improvements	34,071,457	-	-
GSSW Belterra Springs LLC	Land & Improvements	25,200,000	28,145,219	25,300,000
3JS Village LLC	Land & Improvements	8,456,976	8,369,694	-
Hutto Highway 79 LLC	Land & Improvements	7,040,701	5,400,000	5,138,371
Belvil Lot 3C, LLC	Land & Improvements	6,207,936	6,353,000	5,184,349
Belterra SN LLC	Land & Improvements	2,346,900	2,282,740	2,180,337
R&S Prep School Holdings One LLC	Land & Improvements	2,300,000	2,300,000	2,300,000
Beluz Properties XVIII LTD	Land & Improvements	2,100,000	2,062,990	-
Jovie Belterra LP	Land & Improvements	-	28,428,854	3,980,900
Belterra Lot 3F-1 LTD	Land & Improvements	-	-	5,759,247
Chick Fil A Inc.	Land & Improvements	-	-	1,942,516
Total		<u>\$ 173,275,295</u>	<u>\$ 173,818,544</u>	<u>\$ 141,278,677</u>
Percent of Assessed Valuation		<u>24%</u>	<u>25%</u>	<u>22%</u>

Hays County Water Control and Improvement District No. 1

OSI-2 Assessed Value by Classification September 30, 2025

	Tax Roll Years					
	2025		2024		2023	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 644,563,580	89.9%	\$ 636,904,411	91.2%	\$ 687,476,325	105.1%
Multi Family	103,326,627	14.4%	106,276,444	15.2%	75,860,000	11.6%
Vacant Platted Lots/ Tracts	2,040,006	0.3%	2,148,340	0.3%	2,787,865	0.4%
Farm and Ranch Improvements	-	-	-	-	-	-
Commercial/Industrial	78,922,304	11.0%	73,007,229	10.5%	72,810,849	11.1%
Tangible Personal, Business	9,387,942	1.3%	7,611,975	1.1%	7,386,592	1.1%
Real Inventory	-	-	-	-	-	-
Exempt	11,286,083	1.6%	9,340,701	1.3%	9,808,052	1.5%
Adjustments	(132,660,339)	-18.5%	(136,754,699)	-19.6%	(201,984,094)	-30.8%
Total	\$ 716,866,203	100.0%	\$ 698,534,401	100.0%	\$ 654,145,589	100.0%