

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

BASTROP COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bastrop County Municipal
Utility District No. 1
Bastrop County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Bastrop County Municipal Utility 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 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is 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 supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

December 5, 2025

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Management's discussion and analysis of the financial performance of Bastrop County Municipal Utility District No. 1 (the "District") provides an overview of the District's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities, and deferred outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has two governmental fund types. The General Fund accounts for resources not accounted for in another fund, property tax revenues, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$1,445,700 as of September 30, 2025. A portion of the District's net position reflects its net investment in capital assets which include water and wastewater facilities less any debt used to acquire those assets that is still outstanding.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of the Statement of Net Position as of September 30, 2025, and September 30, 2024:

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 909,117	\$ 623,591	\$ 285,526
Capital Assets (Net of Accumulated Depreciation)	980,007	1,031,597	(51,590)
Total Assets	\$ 1,889,124	\$ 1,655,188	\$ 233,936
Deferred Outflows of Resources	\$ 6,231	\$ 9,475	\$ (3,244)
Bonds Payable	\$ 316,000	\$ 465,000	\$ 149,000
Other Liabilities	133,655	139,713	6,058
Total Liabilities	\$ 449,655	\$ 604,713	\$ 155,058
Net Position:			
Net Investment in Capital Assets	\$ 670,238	\$ 576,072	\$ 94,166
Restricted	42,177	45,244	(3,067)
Unrestricted	733,285	438,634	294,651
Total Net Position	\$ 1,445,700	\$ 1,059,950	\$ 385,750

The following table provides a comparative analysis of the District's operations for the years ended September 30, 2025, and September 30, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 537,818	\$ 480,083	\$ 57,735
Charges for Services	440,084	427,249	12,835
Other Revenues	33,906	103,809	(69,903)
Total Revenues	\$ 1,011,808	\$ 1,011,141	\$ 667
Expenses for Services	626,058	649,158	23,100
Change in Net Position	\$ 385,750	\$ 361,983	\$ 23,767
Net Position, Beginning of Year	1,059,950	697,967	361,983
Net Position, End of Year	\$ 1,445,700	\$ 1,059,950	\$ 385,750

**BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2025, were \$690,601, an increase of \$278,912 from the prior year.

The General Fund fund balance increased by \$285,975, primarily due to service revenues and tax revenues exceeding operating and administrative costs.

The Debt Service Fund fund balance decreased by \$7,063, primarily due to the structure of the District's outstanding debt.

BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$31,412 more than budgeted revenues and actual expenditures were \$111,676 less than budgeted expenditures. The result was a positive budget to actual variance of \$143,088. For more information, see the budget to actual comparison in this report.

CAPITAL ASSETS

Capital assets total \$980,007 as of September 30, 2025, and include the water and wastewater systems. Current year additions to capital assets included a pump replacement.

Capital Assets At Year-End			
	2025	2024	Change Positive (Negative)
Capital Assets Subject to Depreciation:			
Water System	\$ 1,025,684	\$ 1,025,684	\$
Wastewater System	1,218,055	1,218,055	
Less Accumulated Depreciation	<u>(1,263,732)</u>	<u>(1,212,142)</u>	<u>(51,590)</u>
Total Net Capital Assets	<u>\$ 980,007</u>	<u>\$ 1,031,597</u>	<u>\$ (51,590)</u>

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

LONG-TERM DEBT ACTIVITY

The Series 2012 Refunding Bonds and Series 2016 Refunding Bonds are both private placement bonds and did not have underlying ratings nor insured ratings for the current or prior fiscal years.

As of September 30, 2025, the District had total bond debt payable of \$316,000. The changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, October 1, 2024	\$ 465,000
Less: Bond Principal Paid	<u>(149,000)</u>
Bond Debt Payable, September 30, 2025	<u>\$ 316,000</u>

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Bastrop County Municipal Utility District No. 1, c/o Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, Texas 78701.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 62,178	\$ 4,289
Investments	639,687	58,992
Property Taxes Receivable	50,273	35,256
Service Accounts Receivable	46,318	
Due from Other Funds	55,139	
Prepaid Costs	12,124	
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 865,719</u>	<u>\$ 98,537</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 865,719</u>	<u>\$ 98,537</u>
LIABILITIES		
Accounts Payable	\$ 94,584	\$ 553
Accrued Interest Payable		
Due to Other Funds		55,139
Security Deposits	37,850	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 132,434</u>	<u>\$ 55,692</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 50,273</u>	<u>\$ 35,256</u>
FUND BALANCES		
Nonspendable: Prepaid Costs	\$ 12,124	\$
Restricted for Debt Service		7,589
Unassigned	670,888	
TOTAL FUND BALANCES	<u>\$ 683,012</u>	<u>\$ 7,589</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 865,719</u>	<u>\$ 98,537</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Total	Adjustments	Statement of Net Position
\$ 66,467	\$	\$ 66,467
698,679		698,679
85,529		85,529
46,318		46,318
55,139	(55,139)	
12,124		12,124
	980,007	980,007
<u>\$ 964,256</u>	<u>\$ 924,868</u>	<u>\$ 1,889,124</u>
\$ -0-	\$ 6,231	\$ 6,231
<u>\$ 964,256</u>	<u>\$ 931,099</u>	<u>\$ 1,895,355</u>
\$ 95,137	\$	\$ 95,137
	668	668
55,139	(55,139)	
37,850		37,850
	155,000	155,000
	161,000	161,000
<u>\$ 188,126</u>	<u>\$ 261,529</u>	<u>\$ 449,655</u>
\$ 85,529	\$ (85,529)	\$ -0-
\$ 12,124	\$ (12,124)	\$
7,589	(7,589)	
670,888	(670,888)	
<u>\$ 690,601</u>	<u>\$ (690,601)</u>	<u>\$ -0-</u>
<u>\$ 964,256</u>		
	\$ 670,238	\$ 670,238
	42,177	42,177
	733,285	733,285
	<u>\$ 1,445,700</u>	<u>\$ 1,445,700</u>

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

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Total Fund Balances - Governmental Funds	\$	690,601
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.		6,231
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		980,007
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Deferred inflows of resources related to property tax revenues for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		85,529
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$	(668)	
Bonds Payable		<u>(316,000)</u>	<u>(316,668)</u>
Total Net Position - Governmental Activities	\$		<u>1,445,700</u>

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

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 361,398	\$ 164,063
Water Service	282,219	
Wastewater Service	51,376	
Grinder Pump Maintenance Charge	73,411	
Connection and Inspection Fees	33,078	
Investment and Miscellaneous Revenues	<u>26,787</u>	<u>7,119</u>
TOTAL REVENUES	<u>\$ 828,269</u>	<u>\$ 171,182</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 85,568	\$ 1,816
Contracted Services	108,810	13,578
Purchased Water Service	173,823	
Utilities	9,519	
Repairs, Maintenance, and Pumps	106,855	
Depreciation		
Other	57,719	2,050
Debt Service:		
Bond Principal		149,000
Bond Interest		<u>11,801</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 542,294</u>	<u>\$ 178,245</u>
NET CHANGE IN FUND BALANCES	\$ 285,975	\$ (7,063)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2024	<u>397,037</u>	<u>14,652</u>
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2025	<u><u>\$ 683,012</u></u>	<u><u>\$ 7,589</u></u>

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

Total	Adjustments	Statement of Activities
\$ 525,461	\$ 12,357	\$ 537,818
282,219		282,219
51,376		51,376
73,411		73,411
33,078		33,078
33,906		33,906
<u>\$ 999,451</u>	<u>\$ 12,357</u>	<u>\$ 1,011,808</u>
\$ 87,384	\$	\$ 87,384
122,388		122,388
173,823		173,823
9,519		9,519
106,855		106,855
	51,590	51,590
59,769		59,769
149,000	(149,000)	
11,801	2,929	14,730
<u>\$ 720,539</u>	<u>\$ (94,481)</u>	<u>\$ 626,058</u>
\$ 278,912	\$ (278,912)	\$
	385,750	385,750
411,689	648,261	1,059,950
<u>\$ 690,601</u>	<u>\$ 755,099</u>	<u>\$ 1,445,700</u>

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

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net Change in Fund Balances - Governmental Funds	\$	278,912
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		12,357
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(51,590)
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Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		149,000
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(2,929)
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Change in Net Position - Governmental Activities	\$	385,750
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The accompanying notes to the financial
statements are an integral part of this report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1. CREATION OF DISTRICT

The District was created by an Order of the Texas Natural Resource Conservation Commission (now known as the Texas Commission on Environmental Quality) on June 25, 1999. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all firefighting activities within the District. The Board of Directors held its first meeting on June 28, 1999.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has two governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, property tax revenues, customer service revenues, operating costs and general expenditures.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources relate to property taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2025, the Debt Service Fund (Tax Fund) owed the General Fund \$55,139 for maintenance tax collections.

Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized if they have an original cost greater than \$10,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 10 to 45 years.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

A General Fund budget is adopted each year by the Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees except that the Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and 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.

NOTE 3. LONG-TERM DEBT

	Refunding Series 2012	Refunding Series 2016
Amount Outstanding - September 30, 2025	\$183,000	\$133,000
Interest Rates	2.7022%	2.31%
Maturity Dates - Serially Beginning/Ending	September 1, 2026/2027	September 1, 2026/2027
Interest Payment Dates	March 1 / September 1	March 1 / September 1
Callable Dates	September 1, 2022 *	September 1, 2022*

* Or on any date thereafter, at a price of par, plus accrued interest to the date of redemption.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 3. LONG-TERM DEBT (Continued)

The Series 2012 Refunding Bonds and Series 2016 Refunding Bonds are both private placement bonds.

The following is a summary of transactions regarding bonds payable for the current fiscal year:

	October 1, 2024	Additions	Retirements	September 30, 2025
Bonds Payable	<u>\$ 465,000</u>	<u>\$ -0-</u>	<u>\$ 149,000</u>	<u>\$ 316,000</u>
			Amount Due Within One Year	\$ 155,000
			Amount Due After One Year	<u>161,000</u>
			Bonds Payable	<u>\$ 316,000</u>

As of September 30, 2025, the District has authorized but unissued tax bonds in the amount of \$9,890,000 and authorized but unissued refunding bonds of \$7,063,000. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District without limitation as to rate or amount.

The debt service requirements as of year end are summarized in the following table:

Fiscal Year	Principal	Interest	Total
2026	\$ 155,000	\$ 8,017	\$ 163,017
2027	<u>161,000</u>	<u>4,083</u>	<u>165,083</u>
	<u>\$ 316,000</u>	<u>\$ 12,100</u>	<u>\$ 328,100</u>

During the year ended September 30, 2025, the District levied an ad valorem debt service tax rate of \$0.189 per \$100 of assessed valuation, which resulted in a tax levy of \$163,717 on the adjusted taxable valuation of \$86,622,578 for the 2024 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds. The District is required by the Securities and Exchange Commission to provide continuing disclosure of annual financial information and operating data to certain information repositories. This information is of the general type included in the annual audit report. It is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$66,467 and the bank balance was \$85,137. The District was not exposed to custodial credit risk at year-end. The carrying values of the deposits as of September 30, 2025, is summarized in the following table:

	Cash
GENERAL FUND	\$ 62,178
DEBT SERVICE FUND	4,289
TOTAL DEPOSITS	<u>\$ 66,467</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in TexPool was rated AAAm by Standard and Poor's. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District.

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

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 639,687	\$ 639,687
<u>DEBT SERVICE FUND</u>		
TexPool	<u>58,992</u>	<u>58,992</u>
TOTAL INVESTMENTS	<u>\$ 698,679</u>	<u>\$ 698,679</u>

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

	October 1, 2024	Increases	Decreases	September 30, 2025
Capital Assets Subject to Depreciation				
Water System	\$ 1,025,684	\$	\$	\$ 1,025,684
Wastewater System	1,218,055			1,218,055
Total Capital Assets Subject to Depreciation	<u>\$ 2,243,739</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 2,243,739</u>
Accumulated Depreciation				
Water System	\$ 460,174	\$ 26,362	\$	\$ 486,536
Wastewater System	751,968	25,228		777,196
Total Accumulated Depreciation	<u>\$ 1,212,142</u>	<u>\$ 51,590</u>	<u>\$ - 0 -</u>	<u>\$ 1,263,732</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 1,031,597</u></u>	<u><u>\$ (51,590)</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ 980,007</u></u>

NOTE 7. MAINTENANCE TAX

On August 14, 1999, District voters approved the levy and collection of a maintenance tax not to exceed \$0.60 per \$100 of assessed valuation of taxable property within the District. During the fiscal year ended September 30, 2025, the District levied an ad valorem maintenance tax rate of \$0.41805 per \$100 of assessed valuation, which resulted in a tax levy of \$362,126 on the adjusted taxable valuation of \$86,622,578 for the 2024 tax year. The taxes are to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater systems.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (“TML”) to provide property, general liability, boiler and machinery, automobile, directors and officers liability and pollution liability. The District, along with other participating entities, contributes annual amounts determined by TML’s management. As claims arise they are submitted and paid by TML. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

NOTE 9. WATER SUPPLY CONTRACT

On July 12, 2002, the District entered into a water supply contract with Aqua Water Supply Corporation. The District is required to notify Aqua Water of the amount of water the District wishes to reserve the right to purchase for the remainder of the term of the contract. The District pays Aqua Water for all water reserved without regard to whether the District actually uses the water. The contract was amended on May 8, 2009. On July 8, 2011, the District notified Aqua Water that the District wished to reserve 108,000 gallons of water per day. Effective November 8, 2022, the 2022 Amendment increased the amount of water supply received by 51,840 gallons of water per day for a total capacity of 159,840 gallons of water per day. In 2023, the District paid Aqua Water \$234,000 for the additional water capacity. The contract is in effect until 2052.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2025

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 355,591	\$ 361,398	\$ 5,807
Water Service	270,000	282,219	12,219
Wastewater Service	50,226	51,376	1,150
Grinder Pump Maintenance Charge	71,000	73,411	2,411
Connection and Inspection Fees	21,940	33,078	11,138
Investment and Miscellaneous Revenues	<u>28,100</u>	<u>26,787</u>	<u>(1,313)</u>
TOTAL REVENUES	<u>\$ 796,857</u>	<u>\$ 828,269</u>	<u>\$ 31,412</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 125,000	\$ 85,568	\$ 39,432
Contracted Services	96,750	108,810	(12,060)
Purchased Water Service	146,000	173,823	(27,823)
Utilities	25,000	9,519	15,481
Repairs, Maintenance, and Pumps	150,500	106,855	43,645
Other	<u>110,720</u>	<u>57,719</u>	<u>53,001</u>
TOTAL EXPENDITURES	<u>\$ 653,970</u>	<u>\$ 542,294</u>	<u>\$ 111,676</u>
NET CHANGE IN FUND BALANCE	\$ 142,887	\$ 285,975	\$ 143,088
FUND BALANCE - OCTOBER 1, 2024	<u>397,037</u>	<u>397,037</u>	<u></u>
FUND BALANCE - SEPTEMBER 30, 2025	<u>\$ 539,924</u>	<u>\$ 683,012</u>	<u>\$ 143,088</u>

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2025

FOR THE YEAR ENDED SEPTEMBER 30, 2025

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

<u> X </u>	Retail Water	_____	Wholesale Water	_____	Drainage
<u> X </u>	Retail Wastewater	_____	Wholesale Wastewater	_____	Irrigation
_____	Parks/Recreation	_____	Fire Protection	_____	Security
_____	Solid Waste/Garbage	_____	Flood Control	_____	Roads
_____	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
_____	Other (specify): _____				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

The rates below are based on the rate order effective November 1, 2024.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 60.00	-0-	N	\$7.08	Per 1,000 gallons

WASTEWATER: \$ 25.50 -0- Y

SURCHARGE:

Grinder Pump Maintenance	\$35.00 per residential unit
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Regulatory Assessment	0.5% of water and wastewater charges
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District employs winter averaging for wastewater usage?

<u>Yes</u>	<u>X</u> No
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Total monthly charges per 10,000 gallons usage: Water: \$130.80 Wastewater: \$25.50 Surcharge: \$35.78

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>166</u>	<u>162</u>	x 1.0	<u>162</u>
1"	<u>1</u>	<u>1</u>	x 2.5	<u>3</u>
1½"	<u>2</u>	<u>2</u>	x 5.0	<u>10</u>
2"	<u>2</u>	<u>2</u>	x 8.0	<u>16</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>171</u></u>	<u><u>167</u></u>		<u><u>191</u></u>
Total Wastewater Connections	<u><u>167</u></u>	<u><u>167</u></u>	x 1.0	<u><u>167</u></u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons purchased:	24,523,000	Water Accountability Ratio: 92.6 % (Gallons billed/Gallons purchased)
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Gallons billed to customers:	22,716,000
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See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Bastrop County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☐ Partly ☐ Not at all ☒

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

PROFESSIONAL FEES:	
Auditing	\$ 13,000
Engineering	466
Legal	<u>72,102</u>
TOTAL PROFESSIONAL FEES	<u>\$ 85,568</u>
PURCHASED WATER SERVICE	<u>\$ 173,823</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 18,295
Operations and Billing	<u>90,515</u>
TOTAL CONTRACTED SERVICES	<u>\$ 108,810</u>
UTILITIES	<u>\$ 9,519</u>
REPAIRS AND MAINTENANCE	<u>\$ 106,855</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 7,650
Insurance	10,091
Office Supplies and Postage	9,048
Other	<u>1,413</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 28,202</u>
OTHER EXPENDITURES:	
Chemicals	\$ 5,432
Laboratory Fees	13,046
Permit Fees	3,850
Sludge Hauling	<u>7,189</u>
TOTAL OTHER EXPENDITURES	<u>\$ 29,517</u>
TOTAL EXPENDITURES	<u>\$ 542,294</u>

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
INVESTMENTS
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>GENERAL FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 526,528	\$
TexPool	XXXX0003	Varies	Daily	111,460	
TexPool	XXXX0005	Varies	Daily	1,699	
TOTAL GENERAL FUND				<u>\$ 639,687</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 32,886	\$
TexPool	XXXX0004	Varies	Daily	26,106	
TOTAL DEBT SERVICE FUND				<u>\$ 58,992</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 698,679</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
OCTOBER 1, 2024	\$ 41,597		\$ 31,575	
Adjustments to Beginning				
Balance	<u>7,948</u>	\$ 49,545	<u>4,027</u>	\$ 35,602
Original 2024 Tax Levy	\$ 361,572		\$ 163,466	
Adjustment to 2024 Tax Levy	<u>554</u>	<u>362,126</u>	<u>251</u>	<u>163,717</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 411,671		\$ 199,319
TAX COLLECTIONS:				
Prior Years	\$ 9,978		\$ 5,186	
Current Year	<u>351,420</u>	<u>361,398</u>	<u>158,877</u>	<u>164,063</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2025		<u>\$ 50,273</u>		<u>\$ 35,256</u>
TAXES RECEIVABLE BY				
YEAR:				
2024	\$ 10,706		\$ 4,840	
2023	4,182		2,153	
2022	3,898		2,353	
2021	3,588		2,649	
2020	3,760		2,774	
2019	3,980		2,819	
2018	3,549		2,860	
2017	3,314		2,875	
2016	3,432		3,148	
2015	3,438		3,154	
2014	3,261		3,055	
2013	<u>3,165</u>		<u>2,576</u>	
TOTAL	<u>\$ 50,273</u>		<u>\$ 35,256</u>	

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:				
Land	\$ 22,779,141	\$ 18,069,368	\$ 18,066,958	\$ 11,948,867
Improvements	75,873,511	68,904,006	58,657,309	38,756,779
Personal Property	323,201	256,750	236,503	260,132
Exemptions	<u>(12,353,275)</u>	<u>(9,167,563)</u>	<u>(13,347,405)</u>	<u>(2,642,109)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 86,622,578</u>	<u>\$ 78,062,561</u>	<u>\$ 63,613,365</u>	<u>\$ 48,323,669</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.18900	\$ 0.209	\$ 0.256	\$ 0.3300
Maintenance	<u>0.41805</u>	<u>0.406</u>	<u>0.424</u>	<u>0.4470</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.60705</u>	<u>\$ 0.615</u>	<u>\$ 0.680</u>	<u>\$ 0.7770</u>
ADJUSTED TAX LEVY*	<u>\$ 525,843</u>	<u>\$ 480,083</u>	<u>\$ 432,571</u>	<u>\$ 375,475</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>97.04 %</u>	<u>98.68 %</u>	<u>98.55 %</u>	<u>98.34 %</u>

* Based upon adjusted tax at time of audit for the period in which the tax was levied.

Maintenance Tax – A maintenance tax rate not to exceed \$0.60 per \$100 of assessed valuation was approved by voters on August 14, 1999.

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

S E R I E S - 2 0 1 2 R E F U N D I N G			
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2026	\$ 90,000	\$ 4,945	\$ 94,945
2027	<u>93,000</u>	<u>2,512</u>	<u>95,512</u>
	<u>\$ 183,000</u>	<u>\$ 7,457</u>	<u>\$ 190,457</u>

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

S E R I E S - 2 0 1 6 R E F U N D I N G			
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2026	\$ 65,000	\$ 3,072	\$ 68,072
2027	<u>68,000</u>	<u>1,571</u>	<u>69,571</u>
	<u>\$ 133,000</u>	<u>\$ 4,643</u>	<u>\$ 137,643</u>

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2025

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 155,000	\$ 8,017	\$ 163,017
2027	<u>161,000</u>	<u>4,083</u>	<u>165,083</u>
	<u>\$ 316,000</u>	<u>\$ 12,100</u>	<u>\$ 328,100</u>

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Description	Original Bonds Issued	Bonds Outstanding October 1, 2024
Bastrop County Municipal Utility District No. 1 Unlimited Tax Refunding Bonds - Series 2012	\$ 1,067,000	\$ 270,000
Bastrop County Municipal Utility District No. 1 Unlimited Tax Refunding Bonds - Series 2016	<u>605,000</u>	<u>195,000</u>
TOTAL	<u>\$ 1,672,000</u>	<u>\$ 465,000</u>

Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	\$ 12,000,000	\$ 7,200,000
Amount Issued	<u>(2,110,000)</u>	<u>(137,000)</u>
Remaining to be Issued	<u>\$ 9,890,000</u>	<u>\$ 7,063,000</u>

Debt Service Fund cash and investment balances as of September 30, 2025: \$ 63,281

Average annual debt service payment for remaining term of bond debt: \$ 164,050

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

Current Year Transactions				Paying Agent
Bonds Sold	Retirements		Bonds Outstanding September 30, 2025	
	Principal	Interest		
\$	\$ 87,000	\$ 7,296	\$ 183,000	Regions Bank, N.A. Houston, TX
	62,000	4,505	133,000	Branch Banking & Trust Company Wilson, NC
\$ - 0 -	\$ 149,000	\$ 11,801	\$ 316,000	

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	<u>Amounts</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
REVENUES			
Property Taxes	\$ 361,398	\$ 312,833	\$ 265,673
Service Revenues	407,006	391,794	366,532
FEMA Reimbursements, Insurance Recoveries		75,362	
Development, Connection and Inspection Fees	33,078	35,455	42,808
Investment and Miscellaneous Revenues	<u>26,787</u>	<u>17,658</u>	<u>19,455</u>
TOTAL REVENUES	<u>\$ 828,269</u>	<u>\$ 833,102</u>	<u>\$ 694,468</u>
EXPENDITURES			
Professional Fees	\$ 85,568	\$ 123,724	\$ 210,694
Contracted Services	108,810	78,840	75,029
Purchased Water Service	173,823	154,331	147,850
Utilities	9,519	11,718	13,797
Repairs, Maintenance, and Pumps	106,855	114,385	314,105
Other	57,719	68,569	80,511
Capital Outlay	<u></u>	<u>42,384</u>	<u>254,000</u>
TOTAL EXPENDITURES	<u>\$ 542,294</u>	<u>\$ 593,951</u>	<u>\$ 1,095,986</u>
NET CHANGE IN FUND BALANCE	\$ 285,975	\$ 239,151	\$ (401,518)
BEGINNING FUND BALANCE	<u>397,037</u>	<u>157,886</u>	<u>559,404</u>
ENDING FUND BALANCE	<u><u>\$ 683,012</u></u>	<u><u>\$ 397,037</u></u>	<u><u>\$ 157,886</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues						
2022	2021	2025	2024	2023	2022	2021		
\$ 210,617	\$ 220,708	43.7 %	37.6 %	38.2 %	28.4 %	25.7 %		
288,251	245,823	49.1	47.0	52.8	38.7	28.6		
			9.0					
235,947	392,100	4.0	4.3	6.2	31.7	45.6		
9,149	625	3.2	2.1	2.8	1.2	0.1		
<u>\$ 743,964</u>	<u>\$ 859,256</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 166,093	\$ 169,876	10.3 %	14.9 %	30.3 %	22.3 %	19.8 %		
48,092	36,235	13.1	9.5	10.8	6.5	4.2		
128,670	107,021	21.0	18.5	21.3	17.3	12.5		
31,698	20,448	1.1	1.4	2.0	4.3	2.4		
648,737	132,462	12.9	13.7	45.2	87.2	15.4		
56,910	43,677	7.0	8.2	11.6	7.6	5.1		
30,122			5.1	36.6	4.0			
<u>\$ 1,110,322</u>	<u>\$ 509,719</u>	<u>65.4 %</u>	<u>71.3 %</u>	<u>157.8 %</u>	<u>149.2 %</u>	<u>59.4 %</u>		
\$ (366,358)	\$ 349,537	<u>34.6 %</u>	<u>28.7 %</u>	<u>(57.8) %</u>	<u>(49.2) %</u>	<u>40.6 %</u>		
925,762	576,225							
<u>\$ 559,404</u>	<u>\$ 925,762</u>							

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 164,063	\$ 161,278	\$ 160,524
Investment and Miscellaneous Revenues	<u>7,119</u>	<u>10,789</u>	<u>10,910</u>
TOTAL REVENUES	<u>\$ 171,182</u>	<u>\$ 172,067</u>	<u>\$ 171,434</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 17,444	\$ 15,938	\$ 14,048
Debt Service Principal	149,000	146,000	139,000
Debt Service Interest	<u>11,801</u>	<u>15,499</u>	<u>19,023</u>
TOTAL EXPENDITURES	<u>\$ 178,245</u>	<u>\$ 177,437</u>	<u>\$ 172,071</u>
NET CHANGE IN FUND BALANCE	\$ (7,063)	\$ (5,370)	\$ (637)
BEGINNING FUND BALANCE	<u>14,652</u>	<u>20,022</u>	<u>20,659</u>
ENDING FUND BALANCE	<u>\$ 7,589</u>	<u>\$ 14,652</u>	<u>\$ 20,022</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>167</u>	<u>166</u>	<u>164</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>167</u>	<u>167</u>	<u>164</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
\$ 157,795	\$ 162,789	95.8 %	93.7 %	93.6 %	99.4 %	98.9 %
939	1,755	4.2	6.3	6.4	0.6	1.1
\$ 158,734	\$ 164,544	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$ 19,788	\$ 16,867	10.2 %	9.3 %	8.2 %	12.5 %	10.3 %
133,000	135,000	87.0	84.9	81.1	83.8	82.0
22,398	25,822	6.9	9.0	11.1	14.1	15.7
\$ 175,186	\$ 177,689	104.1 %	103.2 %	100.4 %	110.4 %	108.0 %
\$ (16,452)	\$ (13,145)	(4.1) %	(3.2) %	(0.4) %	(10.4) %	(8.0) %
37,111	50,256					
\$ 20,659	\$ 37,111					
165	115					
150	111					

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2025

District Mailing Address - Bastrop County Municipal Utility District No. 1
c/o Allen Boone Humphries Robinson LLP
919 Congress Avenue, Suite 1500
Austin, TX 78701

District Telephone Number - (512) 518-2424

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>September 30, 2025</u>	Expense Reimbursements for the year ended <u>September 30, 2025</u>	<u>Title</u>
William Tullis	05/24 05/28 (Elected)	\$ 1,500	\$ -0-	President
Jerry B. Patterson	05/22 05/26 (Elected)	\$ 1,500	\$ -0-	Vice President
Jane Sevier	05/22 05/26 (Elected)	\$ 1,650	\$ -0-	Secretary
Krystal Mealy	05/22 05/26 (Elected)	\$ 1,200	\$ -0-	Assistant Secretary
Doug Granger	05/24 05/28 (Elected)	\$ 1,650	\$ -0-	Assistant Vice President

Note: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer or with any of the District's consultants.

The most recent submission date of the District Registration Form was May, 2024.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

BASTROP COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2025

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2025</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/28/03	\$ 78,866	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	09/05/14	\$ 13,000	Auditor
Myrtle Cruz, Inc.	07/01/99	\$ 20,995	Bookkeeper
BEFCO Engineering, Inc.	04/09/04	\$ 21,406	Engineer
PFM Financial Advisors LLC	05/14/04	\$ -0-	Financial Advisor
AWR Services, Inc. / Si Environmental, LLC	05/06/03	\$ 211,753	Operator

See accompanying independent auditor's report.

