

**SAN ANTONIO MUNICIPAL
UTILITY DISTRICT NO. 1**

**Financial Statements and
Independent Auditor's Report**

September 30, 2020

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF: BEXAR }

I, Robert L. Kuhn of the SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1
(Name of Duly Authorized District Representative) (Name of District)

hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the District's Board of Directors on the ___ day of January, 2021 its annual audit report for the fiscal period ended September 30, 2020 and that copies of the annual audit report have been filed in the District's office, located at: 16450 Wildlake Boulevard, Helotes, Texas 78023
(Address of the District's Office)

The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: _____ By _____
(Signature of District Representative)

Robert L. Kuhn, President
(Typed Name and Title of District Representative)

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

(Signature of Notary)


(SEAL)


My Commission Expires on: _____.
Notary Public in the State of Texas.


AUDITED FINANCIAL STATEMENTS



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San Antonio, TX 78232

 210-979-0055

 210-979-0058

 www.HaynieCPAs.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the San Antonio Municipal Utility District No. 1 (the District) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-9 and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

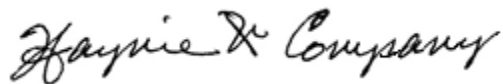
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules in the Texas Supplementary Information Section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Texas Supplementary Information Section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 Texas Supplementary Information Section information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Haynie & Company



San Antonio, Texas
January 5, 2021

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Management's Discussion and Analysis September 30, 2020

As management of the San Antonio Municipal Utility District No. 1 (the District), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the District's audited financial statements, which follow this section.

Organization and Business

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

Financial Highlights

- ❑ Overall, the District improved its financial position during the fiscal year 2020.
- ❑ The District's Net Position increased by \$149,273 during the period.
- ❑ The District's assets exceeded liabilities at September 30, 2020 by \$259,407 (net position).
- ❑ During the year, the District had expenses of \$201,676 which was \$149,273 less than the \$350,949 generated in general revenues.

Overview of the Basic Financial Statements

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

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

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

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

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Management's Discussion and Analysis September 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. As previously stated, the District's financial position improved during fiscal period 2020, as District net position increased by \$149,273. The largest part of the District's net position reflects long-term bonded debt that is still outstanding.

The following reflects a comparative condensed Statement of Net Position as of September 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|-------------------|-------------------|
| Current and Other Assets | \$ 712,223 | \$ 609,543 |
| Capital and Other Long-Term Assets | <u>272,469</u> | <u>266,801</u> |
| Total Assets | <u>984,692</u> | <u>876,344</u> |
| | | |
| Current Liabilities | 55,285 | 51,210 |
| Non-Current Liabilities | <u>670,000</u> | <u>715,000</u> |
| Total Liabilities | <u>725,285</u> | <u>766,210</u> |
| | | |
| Net Position: | | |
| Net Investment in Capital Assets | 272,469 | 266,801 |
| Restricted for Debt Service | 421,103 | 379,084 |
| Unrestricted | <u>(434,165)</u> | <u>(535,751)</u> |
| TOTAL NET POSITION | <u>\$ 259,407</u> | <u>\$ 110,134</u> |

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Management's Discussion and Analysis September 30, 2020

Statement of Activities

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

The following reflects a comparative statement of changes in net position of the District as a whole for the years ended September 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|-------------------|-------------------|
| EXPENDITURES/EXPENSES | | |
| Public Utilities - Operations | \$ 135,845 | \$ 119,783 |
| Debt Service: | | |
| Interest | <u>65,831</u> | <u>69,452</u> |
| Total Expenditures/Expenses | <u>201,676</u> | <u>189,235</u> |
| GENERAL REVENUES | | |
| Property Taxes | 335,885 | 330,161 |
| Investment Earnings | 5,347 | 11,832 |
| Tax Penalties and Interest | 1,883 | 2,284 |
| Miscellaneous Revenue | <u>7,834</u> | <u>465</u> |
| Total General Revenues | <u>350,949</u> | <u>344,742</u> |
| Change in Net Position | 149,273 | 155,507 |
| Net Position - Beginning | 110,134 | (48,507) |
| Prior Period Adjustment | - | 3,134 |
| Net Position - Ending | <u>\$ 259,407</u> | <u>\$ 110,134</u> |

The District's combined net position increased to \$259,407 from \$110,134, or 136%, as a result of the increase in net position of \$149,273.

Expenses increased by 7%.

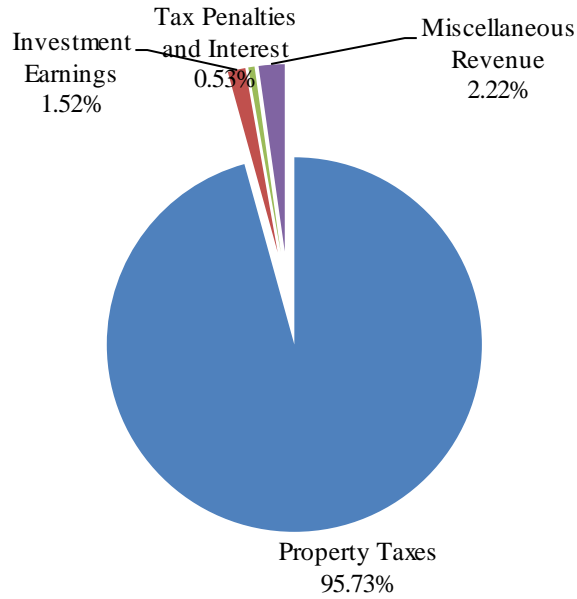
Net Position

The result of fiscal period 2020 governmental activity was an increase of \$149,273 in net position to \$259,407. Of the total governmental activities' net position, \$272,469 is invested in capital assets net of related debt, \$421,103 is restricted for debt service and (\$434,165) is unrestricted, that is, having no legal commitment.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

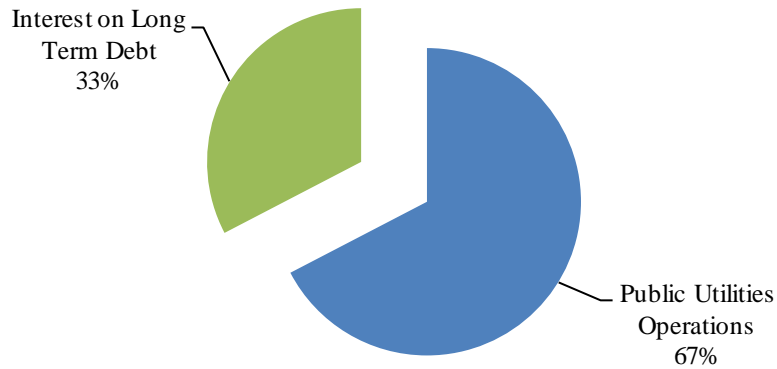
**Management's Discussion and Analysis
September 30, 2020**

Revenues



This year, property tax revenues represent 95.73% of the total revenues. The District maintains a property tax rate at \$0.5889 per \$100 of 2019 values; and collected property tax revenue of \$337,342.

Expenses



Public utility - operations represents \$135,845 of the total expenses of \$201,676.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Management's Discussion and Analysis September 30, 2020

Reporting the District's Most Significant Funds

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

The District reports in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as detailed in Note A of the Notes to the Basic Financial Statements. GASB Statement No. 54 requires fund balances to be classified into the following categories: nonspendable, restricted, committed, assigned, and unassigned.

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

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

FUND FINANCIAL ANALYSIS

Governmental Type Funds

Total Governmental fund revenues exceeded expenses by \$102,771 for a combined fund balance of \$703,264, reflecting a 17% increase from last year's balance. Of the fund balance, \$421,103 is restricted for debt service and is reported in the debt service fund. The remaining fund balance of \$282,161 is unassigned and is reported in the general fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget for the year ending September 30, 2020 was adopted in September 2019.

General fund actual revenues were more than budgeted revenues by \$12,570. The variance in revenue was mainly due to more earnings from investments and proceeds from a land sale to the San Antonio Water System (SAWS).

General fund actual expenditures were less than budgeted expenditures by \$269,939. The variance in expenditures was due to a decrease in maintenance and repairs, professional services, miscellaneous and capital outlay purchases that did not occur during the year.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**Management's Discussion and Analysis
September 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets include land, land improvements, buildings, and furniture and equipment. The investment in capital assets as of September 30, 2020 was \$272,469, net of depreciation. This represents a net increase of 2%.

Debt Administration

An analysis of changes in long-term debt for the year ended September 30, 2020 is as follows:

| | Beginning | | | Ending | Due Within | Accrued |
|--|-------------------|------------------|--------------------|-------------------|------------------|-----------------|
| Debt Service Fund | <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> | <u>One Year</u> | <u>Interest</u> |
| Unlimited Tax Refunding Bonds, Series 1997 | 755,000 | - | (40,000) | 715,000 | 45,000 | 5,194 |
| Total Governmental Activities | <u>\$ 755,000</u> | <u>\$ -</u> | <u>\$ (40,000)</u> | <u>\$ 715,000</u> | <u>\$ 45,000</u> | <u>\$ 5,194</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

Request for Information

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

BASIC FINANCIAL STATEMENTS

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**Statement of Net Financial Position and Governmental Funds Balance Sheet
As of September 30, 2020**

| | General Fund | Debt Service Fund | Total | Adjustments | | Statement of Net Position |
|--|-------------------|----------------------|-------------------|-------------------|-----|------------------------------|
| ASSETS | | | | | | |
| Cash | \$ 15,528 | \$ 278 | \$ 15,806 | \$ - | | \$ 15,806 |
| Investments | 258,156 | 434,393 | 692,549 | - | | 692,549 |
| Receivables | | | | | | |
| Property Taxes, net of allowance | 2,604 | 1,264 | 3,868 | - | | 3,868 |
| Due from Other Funds | 13,568 | - | 13,568 | (13,568) | (1) | - |
| Land | - | - | - | 111,880 | (2) | 111,880 |
| Land Improvements, net of depreciation | - | - | - | 56,733 | (2) | 56,733 |
| Buildings, net of depreciation | - | - | - | 102,903 | (2) | 102,903 |
| Other Capital Assets, net of depreciation | - | - | - | 953 | (2) | 953 |
| TOTAL ASSETS | \$ 289,856 | \$ 435,935 | \$ 725,791 | \$ 258,901 | | \$ 984,692 |
| LIABILITIES | | | | | | |
| Accounts Payable | \$ 4,526 | \$ - | \$ 4,526 | \$ - | | \$ 4,526 |
| Accrued Interest | - | - | - | 5,194 | (5) | 5,194 |
| Customer Deposits | 565 | - | 565 | - | | 565 |
| Due to Other Funds | - | 13,568 | 13,568 | (13,568) | (1) | - |
| Long-Term Liabilities | | | | | | |
| Due within one year | - | - | - | 45,000 | (4) | 45,000 |
| Due after one year | - | - | - | 670,000 | (4) | 670,000 |
| Total Liabilities | 5,091 | 13,568 | 18,659 | 706,626 | | 725,285 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable Revenue | \$ 2,604 | \$ 1,264 | \$ 3,868 | \$ (3,868) | (3) | \$ - |
| FUND BALANCES / NET POSITION | | | | | | |
| Fund Balances: | | | | | | |
| Restricted for Debt Service | - | 421,103 | 421,103 | (421,103) | | - |
| Unassigned | 282,161 | - | 282,161 | (282,161) | | - |
| Total Fund Balance | 282,161 | 421,103 | 703,264 | (703,264) | | - |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 289,856 | \$ 435,935 | \$ 725,791 | | | |
| NET POSITION: | | | | | | |
| Net Investment in Capital Assets | | | | 272,469 | | 272,469 |
| Restricted for Debt Service | | | | 421,103 | | 421,103 |
| Unrestricted | | | | (434,165) | | (434,165) |
| TOTAL NET POSITION | | | | \$ 259,407 | | \$ 259,407 |

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

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

The Accompanying Notes are an Integral Part of These Basic Financial Statements.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**Statement of Activities and Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended September 30, 2020**

| | General Fund | Debt Service Fund | Total | Adjustments | Statement of Activities |
|---------------------------------------|-------------------|----------------------|-------------------|---------------------|----------------------------|
| EXPENDITURES/EXPENSES | | | | | |
| Public Utilities - Operations | \$ 127,056 | \$ 1,047 | \$ 128,103 | \$ 7,742 (1) | \$ 135,845 |
| Capital Outlay | 14,268 | - | 14,268 | (14,268) (1) | - |
| Debt Service: | | | | | |
| Principal | - | 40,000 | 40,000 | (40,000) (2) | - |
| Interest | - | 66,150 | 66,150 | (319) (3) | 65,831 |
| Total Expenditures/Expenses | <u>141,324</u> | <u>107,197</u> | <u>248,521</u> | <u>(46,845)</u> | <u>201,676</u> |
| GENERAL REVENUES | | | | | |
| Property Taxes | 228,188 | 108,040 | 336,228 | (343) (4) | 335,885 |
| Investment Earnings | 2,251 | 3,096 | 5,347 | - | 5,347 |
| Tax Penalties and Interest | 1,351 | 532 | 1,883 | - | 1,883 |
| Miscellaneous Revenue | 7,286 | 548 | 7,834 | - | 7,834 |
| Total General Revenues | <u>239,076</u> | <u>112,216</u> | <u>351,292</u> | <u>(343)</u> | <u>350,949</u> |
| Excess of Revenues over Expenditures | <u>97,752</u> | <u>5,019</u> | <u>102,771</u> | <u>46,502</u> | <u>149,273</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | - | 37,000 | 37,000 | (37,000) (5) | - |
| Transfers Out | <u>(37,000)</u> | <u>-</u> | <u>(37,000)</u> | <u>37,000</u> (5) | <u>-</u> |
| Change in Fund Balances | 60,752 | 42,019 | 102,771 | 46,502 | 149,273 |
| FUND BALANCE/NET POSITION | | | | | |
| Beginning of the Year | <u>221,409</u> | <u>379,084</u> | <u>600,493</u> | <u>(490,359)</u> | <u>110,134</u> |
| End of the Year | <u>\$ 282,161</u> | <u>\$ 421,103</u> | <u>\$ 703,264</u> | <u>\$ (443,857)</u> | <u>\$ 259,407</u> |

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

- (1) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The District's current capital outlay expenditures were \$14,268 and current year depreciation expense was \$7,742.
- (2) Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the District, however, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.
- (3) Interest expense in the statement of activities differs from the amount reported in governmental funds due to accrued interest on long-term debt.
- (4) Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are not reported as revenue in the funds. These amounts are reported as revenues in the statement of activities.

The Accompanying Notes are an Integral Part of These Basic Financial Statements.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements September 30, 2020

1. Nature of the Entity

Reporting Entity

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

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District's reporting entity consists only of the primary government; the District has no component units, as defined by GASB Statement No. 14.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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

Fund Accounting

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

Governmental Fund Types:

General Fund

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

Debt Service Fund

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

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements September 30, 2020

2. Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Receivables

Receivables are reported net of the allowance for bad debts. The receivables bad debt allowance for property taxes in the general and debt service funds are \$9,396 and \$6,387, respectively.

Pension

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

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**Notes to the Basic Financial Statements
September 30, 2020**

2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Debt Service

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

Due To and Due From Other Funds

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

Property Tax

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

Capital Assets

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

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

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

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

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

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements September 30, 2020

2. Summary of Significant Accounting Policies (Continued)

Equity Classifications

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (Statement) requires that fund balances for each of the District’s governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*—amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District did not have any nonspendable fund balances as of September 30, 2020.
- *Restricted fund balance*—amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed fund balance*—amounts that can be spent only for specific purposes determined by a formal action of the government’s highest level of decision-making authority. The District did not have any committed fund balances as of September 30, 2020.
- *Assigned fund balance*—amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The District did not have any assigned fund balances as of September 30, 2020.
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts can be reported only in the District’s General Fund.

In addition, the Statement clarifies the definitions of the various types of governmental funds. Interpretations of certain terms within the new definition of special revenue funds may affect which activities the District can report in special revenue funds.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**Notes to the Basic Financial Statements
September 30, 2020**

3. Long-Term Debt

Changes in long-term obligations for the period ended September 30, 2020 are as follows:

| Debt Service Fund | Beginning | | | Ending Balance | Due Within One Year | Accrued Interest |
|--|------------|-----------|-------------|-------------------|------------------------|---------------------|
| | Balance | Additions | Reductions | | | |
| Unlimited Tax Refunding Bonds, Series 1997 | 755,000 | - | (40,000) | 715,000 | 45,000 | 5,194 |
| Total Governmental Activities | \$ 755,000 | \$ - | \$ (40,000) | \$ 715,000 | \$ 45,000 | \$ 5,194 |

Unlimited Tax Refunding Bonds, Series 1997

The Unlimited Tax Refunding Bonds, Series 1997 are direct and general obligations of the District, payable from an ad valorem tax levied against all taxable property within the District without legal limit as to rate or amount, with such tax sufficient to provide for the payment of principal and interest on the bonds when due and, subject to allowances for delinquencies, to pay the expenses of assessing and collecting the taxes. The proceeds from the tax are pledged for debt service and are to be placed in an "interest and sinking fund", no less frequently than monthly.

The bonds bear a 9% interest rate with interest payable on March 1st and September 1st until the bonds mature on March 1, 2027. The cash and temporary cash investments balance in the Debt Service fund was \$434,393 at September 30, 2020.

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

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

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

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**Notes to the Basic Financial Statements
September 30, 2020**

3. Long-Term Debt

Unlimited Tax Refunding Bonds, Series 1997 (Continued)

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

| <u>Due During Fiscal Years Ending</u> | <u>Principal Due 03/01</u> | <u>Interest Due 03/01, 09/01</u> | <u>Total</u> |
|---------------------------------------|--------------------------------|--------------------------------------|-------------------|
| 2021 | 45,000 | 62,325 | 107,325 |
| 2022 | 60,000 | 57,600 | 117,600 |
| 2023 | 100,000 | 50,400 | 150,400 |
| 2024 | 110,000 | 40,950 | 150,950 |
| 2025 | 120,000 | 30,600 | 150,600 |
| 2026 | 135,000 | 19,125 | 154,125 |
| 2027 | 145,000 | 6,525 | 151,525 |
| | <u>\$ 715,000</u> | <u>\$ 267,525</u> | <u>\$ 982,525</u> |

4. Property Tax Revenues and Receivables

For the year ended September 30, 2020, the District levied an ad valorem tax at the rate of \$0.5889 per \$100 of the 2019 assessed valuation (\$0.1889 for debt service and \$0.4000 for maintenance) with a 20% homestead exemption, which resulted in a tax levy of \$340,660 on a net taxable valuation of \$57,846,862.

Property taxes receivable at September 30, 2020 are as follows:

| | <u>Uncollected Taxes</u> | <u>Estimated Uncollectible</u> | <u>Net Receivable</u> |
|-------------------|------------------------------|------------------------------------|---------------------------|
| General Fund | \$ 12,000 | \$ (9,396) | \$ 2,604 |
| Debt Service Fund | <u>7,651</u> | <u>(6,387)</u> | <u>1,264</u> |
| | <u>\$ 19,651</u> | <u>\$ (15,783)</u> | <u>\$ 3,868</u> |

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**Notes to the Basic Financial Statements
September 30, 2020**

5. Employees Retirement System

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

6. Capital Assets and Depreciation

A summary of capital assets is as follows:

| | Balance 9/30/2019 | Additions | Deductions | Balance 9/30/2020 |
|--------------------------|----------------------|-----------------|-----------------|----------------------|
| Not Being Depreciated: | | | | |
| Land | \$ 112,070 | \$ - | \$ (190) | \$ 111,880 |
| Other Capital Assets | | | | |
| Office Building | 172,410 | - | - | 172,410 |
| Furniture & Equipment | 34,188 | - | - | 34,188 |
| Land Improvements | 99,911 | 13,600 | - | 113,511 |
| Subtotal | <u>306,509</u> | <u>13,600</u> | <u>-</u> | <u>320,109</u> |
| Accumulated Depreciation | | | | |
| Office Building | (66,331) | (3,176) | - | (69,507) |
| Furniture & Equipment | (33,116) | (119) | - | (33,235) |
| Land Improvements | (52,331) | (4,447) | - | (56,778) |
| Subtotal | <u>(151,778)</u> | <u>(7,742)</u> | <u>-</u> | <u>(159,520)</u> |
| Net Other Capital Assets | <u>154,731</u> | <u>5,858</u> | <u>-</u> | <u>160,589</u> |
| Net Capital Assets | \$ <u>266,801</u> | \$ <u>5,858</u> | \$ <u>(190)</u> | \$ <u>272,469</u> |

Depreciation expense of \$7,742 is reported in the statement of activities within Public Utility - Operations Expense.

7. Due To/Due From Other Funds

As of September 30, 2020, interfund receivables and payable that resulted from various interfund transactions were as follows:

| | Due To Other Funds | Due From Other Funds |
|--------------|-----------------------|-------------------------|
| General Fund | \$ - | \$ 13,568 |
| Debt Service | 13,568 | - |
| | <u>\$ 13,568</u> | <u>\$ 13,568</u> |

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements September 30, 2020

8. Pledged Revenue

At elections held within the District on October 25, 1974, the voters of the District authorized the issuance of an aggregate of \$26,896,000 in unlimited tax bonds. After the sale of the \$2,500,000 Series 1976 issue, \$24,396,000 in bonds of the District remained authorized but unissued. During 1997, the Series 1976 Bonds were defeased and \$1,575,000 in unlimited tax refunding bonds, Series 1997, were issued. At September 30, 2020, \$24,396,000 in bonds of the District remain authorized but unissued.

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

No service revenues are pledged for debt service.

9. Compliance with Debt Service Requirements

As of September 30, 2020, the debt service fund had a fund balance of \$421,103. For the year ended September 30, 2020, the debt service fund is being managed and utilized in accordance with the bond resolutions.

10. Redemption of Bonds

Unlimited Tax Refunding Bonds, Series 1997

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

11. Deposits and Investments

Deposits

The District maintains cash accounts at a financial institution that is insured by the Federal Deposit Insurance Company (FDIC). At times, balances deposited with financial institutions may have exceeded FDIC coverage; however, the District has not experienced any historical losses as a result of this risk.

Investments

At September 30, 2020, all of the District's investments were in the Texas Local Government Investment Pool (TexPool). The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard and Poors. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard and Poors, as well as the office of the Comptroller of Public Accounts for review.

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

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements September 30, 2020

11. Deposits and Investments (Continued)

Investments (Continued)

District policy allows the District to invest in the following:

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

12. Fund Balance/Net Position

In accordance with GASB Statement No. 54, fund balances are classified as either nonspendable, restricted, committed, assigned, or unassigned, as described in Note 1.

Restricted Fund Balance

Bond agreements require that an ad valorem property tax be restricted for the payment of principal and interest on the District's long-term debt. This restriction is reported in the District's Debt Service Fund. As of September 30, 2020, the fund balance restricted for debt service was \$421,103. For the Statement of Net Position, the restricted fund balance is reported as restricted.

Unassigned Fund Balance

The District's general fund reports an unassigned fund balance of \$282,161 as of September 30, 2020. For the Statement of Net Position, the unassigned fund balance is reported as unrestricted.

Implementation of New Accounting Principles

Governmental Accounting Standards Board Statement No. 65

The District adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement modifies financial reporting of certain assets and liabilities to be reclassified as deferred outflows of resources or deferred inflows of resources. This statement mandates that debt issuance costs, which had previously been capitalized and amortized over the life of the related debt, be expensed as incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

Notes to the Basic Financial Statements September 30, 2020

12. Fund Balance/Net Position (Continued)

Deferred Outflows/Inflows of Resources (Continued)

acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from uncollected property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

13. Risk Management

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

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

14. Subsequent Events

The District has evaluated subsequent events through January 5, 2021, the date which the financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the District's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the Board of Directors' ability to provide oversight. Changes to the operating environment may increase operating costs. Additional impacts may include the residents' ability to pay property taxes as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

REQUIRED SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
San Antonio Municipal Utility District No. 1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the San Antonio Municipal Utility District No. 1 (the District), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 5, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

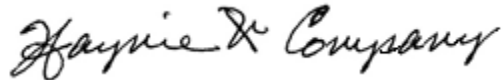
As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***
(Continued)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Haynie & Company

A handwritten signature in cursive script that reads "Haynie & Company".

San Antonio, Texas
January 5, 2021

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2020**

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|-------------------|------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues: | | | | |
| Property Taxes | \$ 226,506 | \$ 226,506 | \$ 228,188 | \$ 1,682 |
| Investment Earnings | - | - | 2,251 | 2,251 |
| Penalties and Interest | - | - | 1,351 | 1,351 |
| Miscellaneous Revenue | - | - | 7,286 | 7,286 |
| Total Revenues | <u>226,506</u> | <u>226,506</u> | <u>239,076</u> | <u>12,570</u> |
| Expenditures: | | | | |
| Current | | | | |
| Purchased Services | 57,199 | 57,199 | 52,244 | 4,955 |
| Professional Fees | 35,400 | 35,400 | 26,209 | 9,191 |
| Contract Services | - | - | 3,099 | (3,099) |
| Personnel Services | 26,602 | 26,602 | 23,324 | 3,278 |
| Utilities | 4,000 | 4,000 | 2,218 | 1,782 |
| Maintenance and Repairs | 22,000 | 22,000 | 12,715 | 9,285 |
| Insurance | 2,500 | 2,500 | 2,416 | 84 |
| Miscellaneous and Other | 21,332 | 21,332 | 4,831 | 16,501 |
| Capital Outlay | 242,230 | 242,230 | 14,268 | 227,962 |
| Total Expenditures | <u>411,263</u> | <u>411,263</u> | <u>141,324</u> | <u>269,939</u> |
| Excess of Revenues Over (Under) Expenditures | (184,757) | (184,757) | 97,752 | 282,509 |
| Fund Balance - Beginning of Year, GAAP Basis | 221,409 | 221,409 | 221,409 | - |
| Transfers Out | (25,000) | (25,000) | (37,000) | (12,000) |
| Fund Balance - End of Year, GAAP Basis | <u>\$ 11,652</u> | <u>\$ 11,652</u> | <u>\$ 282,161</u> | <u>\$ 270,509</u> |

NOTES: Budgets and Budgetary Accounting

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

The budget for the General Fund for the year ended September 30, 2020 was approved and adopted by the board of directors at a meeting held in September 2019.

TEXAS SUPPLEMENTARY INFORMATION (TSI)

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**TSI-1 Services and Rates
September 30, 2020**

1. Services Provided by the District:

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

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

2. a) Retail Rates Based on 5/8" Meter: N/A

b) Number of retail water and/or wastewater connections within the District as of the fiscal year end. N/A

3. Total water consumption (rounded to the nearest 1,000) during the fiscal year. N/A

4. Standby Fees: Does the District assess standby fees? Yes ___ No X

5. Anticipated sources of funds to be used for debt service payments in the District's following year:

| | <u>Amount</u> |
|---|--------------------------|
| a. Debt Service Tax Receipts | \$ - |
| b. Surplus Connection Funds | - |
| c. Water and/or Wastewater Revenue | - |
| d. Standby Fees | - |
| e. Beginning Debt Service Fund Balance | 107,325 |
| f. Interest Revenues | - |
| g. Other (Describe) | - |
| _____ | - |
| _____ | - |
| TOTAL ANTICIPATED FUNDS TO BE USED * | \$ <u>107,325</u> |

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

6. Location of District:

County in which District is located. Bexar

Is the District located entirely within one county? X Yes ___ No

City in which District is located. None

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

 X Entirely ___ Partly ___ Not at all

ETJ's in which District is located. Helotes

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

___ Yes X No

If Yes, by whom? Not Applicable

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**TSI-2 General Fund Expenditures
September 30, 2020**

| | | |
|--------------------------------------|----|-----------------------|
| CURRENT: | | |
| Personnel (Including Benefits) | \$ | 23,324 |
| Professional Fees: | | |
| Auditing | | 14,033 |
| Legal | | 11,816 |
| Other | | 360 |
| Purchased Services for Resale: | | |
| Solid Waste Disposal | | 52,244 |
| Contracted Services: | | |
| Bexar County A/C Fees | | 503 |
| Bexar Appraisal Fees | | 1,494 |
| Security Services | | 953 |
| Other | | 150 |
| Utilities | | 2,218 |
| Repairs and Maintenance | | 12,715 |
| Administrative Expenditures: | | |
| Postage/Printing/Office Supplies | | 1,127 |
| Legal Notices and Publications | | 546 |
| Insurance | | 2,416 |
| Other Administrative – Miscellaneous | | 3,155 |
| Travel & Per Diem | | <u>2</u> |
| TOTAL EXPENDITURES | \$ | <u><u>127,056</u></u> |

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

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**TSI-3 Temporary Investments
September 30, 2020**

| Funds | Identification Number | Stated Interest Rate | Maturity Date | Balance at Year-End | Accrued Interest Receivable at Year-End |
|-------------------------------|--------------------------|----------------------------|------------------|------------------------|--|
| Investments in Texpool | | | | | |
| Debt Service Fund | 0158500001 | Variable | N/A | \$ 434,393 | - |
| General Fund (Operating) | 0158500002 | Variable | N/A | 252,418 | - |
| General Fund (Clearing) | 0158500003 | Variable | N/A | <u>5,738</u> | <u>-</u> |
| Total Investments | | | | <u>\$ 692,549</u> | <u>\$ -</u> |

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**TSI-4 Taxes Levied and Receivable
Fiscal Year Ending September 30, 2020**

| | Maintenance Taxes | Debt Service Taxes |
|--|----------------------|-----------------------|
| TAXES RECEIVABLE, BEGINNING OF YEAR | \$ 10,620 | \$ 7,129 |
| ORIGINAL TAX ROLL (less abatements) | | |
| Total to be Accounted for | <u>234,682</u> | <u>110,829</u> |
| Tax Collections: | | |
| Current Year | (228,075) | (107,708) |
| Prior Years | <u>206</u> | <u>163</u> |
| Total Collections | <u>(227,869)</u> | <u>(107,545)</u> |
| Adjustments to Prior Year Tax Rolls | | |
| Adjustments | <u>(5,433)</u> | <u>(2,761)</u> |
| | <u>(5,433)</u> | <u>(2,761)</u> |
| TAXES RECEIVABLE, END OF YEAR | \$ <u>12,000</u> | \$ <u>7,652</u> |

TAXES RECEIVABLE, BY YEARS

| | | |
|-------------------------------|------------------|-----------------|
| 1998 | 6 | 12 |
| 1999 | - | 5 |
| 2000 | 4 | 7 |
| 2001 | 25 | 48 |
| 2002 | 25 | 48 |
| 2003 | 36 | 38 |
| 2004 | 31 | 41 |
| 2005 | 135 | 179 |
| 2006 | 99 | 127 |
| 2007 | 105 | 101 |
| 2008 | 138 | 109 |
| 2009 | 138 | 99 |
| 2010 | 62 | 45 |
| 2011 | 51 | 39 |
| 2012 | 336 | 246 |
| 2013 | 3,481 | 2,639 |
| 2014 | 469 | 338 |
| 2015 | 559 | 340 |
| 2016 | 499 | 313 |
| 2017 | 591 | 351 |
| 2018 | 1,895 | 963 |
| 2019 | <u>3,315</u> | <u>1,564</u> |
| TAXES RECEIVABLE, END OF YEAR | \$ <u>12,000</u> | \$ <u>7,652</u> |

PROPERTY VALUATIONS:

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---------------------------|----------------------|----------------------|----------------------|----------------------|
| Land and Improvements | \$ 58,670,611 | \$ 56,938,351 | \$ 51,617,702 | \$ 51,241,742 |
| Exemptions | <u>(823,749)</u> | <u>(672,521)</u> | <u>(211,191)</u> | <u>(131,013)</u> |
| TOTAL PROPERTY VALUATIONS | \$ <u>57,846,862</u> | \$ <u>56,265,830</u> | \$ <u>51,406,511</u> | \$ <u>51,110,729</u> |

TAX RATES PER \$100 VALUATION

| | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Debt Service Tax Rates | \$ 0.1889 | \$ 0.2012 | \$ 0.2377 | \$ 0.2445 |
| Maintenance Tax Rates | <u>0.4000</u> | <u>0.3959</u> | <u>0.4000</u> | <u>0.3900</u> |
| TOTAL TAX RATES PER \$100 VALUATION | \$ <u>0.5889</u> | \$ <u>0.5971</u> | \$ <u>0.6377</u> | \$ <u>0.6345</u> |

| | | | | |
|-----------|-------------------|-------------------|-------------------|-------------------|
| TAX ROLLS | \$ <u>340,660</u> | \$ <u>335,963</u> | \$ <u>327,819</u> | \$ <u>324,298</u> |
|-----------|-------------------|-------------------|-------------------|-------------------|

| | | | | |
|--|------------|------------|------------|------------|
| Percent of Taxes Collected to Taxes Levied | <u>99%</u> | <u>98%</u> | <u>99%</u> | <u>99%</u> |
|--|------------|------------|------------|------------|

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**TSI-4 Taxes Levied and Receivable (Continued)
Fiscal Year Ending September 30, 2020**

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

| Name of Special District(s) | Service Provided | Tax Rate |
|--------------------------------------|------------------|----------|
| None | | \$ - |
| | | \$ - |
| Total Rate(s) of Special District(s) | | \$ - |

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

| Taxing Jurisdiction | Tax Rate |
|--|--------------------|
| a. County: <u>Bexar</u> | \$ <u>0.721394</u> |
| b. City: <u>None</u> | \$ <u>-</u> |
| c. School District: <u>Northside Independent School District</u> | \$ <u>1.3055</u> |
| d. Special Districts not includes above: | |
| <u>Emergency Services District No. 7</u> | \$ <u>-</u> |
| | \$ <u>-</u> |
| e. Total Special District (from top of this page) | \$ <u>-</u> |
| f. Total District Tax Rate (from previous page) | \$ <u>0.5889</u> |
| g. TOTAL OVERLAPPING TAX RATE (Sum of a. - f.) | \$ <u>2.615794</u> |

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**TSI-5 Long-Term Debt Service Requirements – By Years
September 30, 2020**

| <u>Due During Fiscal Years Ending</u> | <u>Annual Requirements For All Bond Series</u> | | |
|---------------------------------------|--|--------------------------------------|-------------------|
| | <u>Principal Due 03/01</u> | <u>Interest Due 03/01, 09/01</u> | <u>Total</u> |
| 2021 | 45,000 | 62,325 | 107,325 |
| 2022 | 60,000 | 57,600 | 117,600 |
| 2023 | 100,000 | 50,400 | 150,400 |
| 2024 | 110,000 | 40,950 | 150,950 |
| 2025 | 120,000 | 30,600 | 150,600 |
| 2026 | 135,000 | 19,125 | 154,125 |
| 2027 | 145,000 | 6,525 | 151,525 |
| | <u>\$ 715,000</u> | <u>\$ 267,525</u> | <u>\$ 982,525</u> |

Cash and Temporary Investment Balance as of September 30, 2020:

Debt Service \$ 434,671

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**TSI-7 Comparative Statement of Revenues and Expenditures
General Fund and Debt Service Fund - Five Years
Fiscal Year Ended September 30, 2020**

| | Amount | | | | | Percent of Fund Total Revenue | | | | |
|---|------------------|-------------------|------------------|-------------------|------------------|-------------------------------|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2020 | 2019 | 2018 | 2017 | 2016 |
| General Fund Revenue: | | | | | | | | | | |
| Tax Revenue | \$ 228,188 | \$ 218,290 | \$ 206,824 | \$ 195,944 | \$ 192,856 | 95.45% | 97.60% | 98.05% | 98.78% | 87.47% |
| Other | 8,637 | 1,946 | 3,006 | 1,720 | 27,443 | 3.61% | 0.87% | 1.43% | 0.87% | 12.45% |
| Interest on Investments | 2,251 | 3,420 | 1,096 | 695 | 171 | 0.94% | 1.53% | 0.52% | 0.35% | 0.08% |
| Total Revenue | <u>239,076</u> | <u>223,656</u> | <u>210,926</u> | <u>198,359</u> | <u>220,470</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |
| General Fund Expenditures: | | | | | | | | | | |
| Purchase Solid Waste Disposal | 52,244 | 50,582 | 44,528 | 47,610 | 52,422 | 21.85% | 22.62% | 21.11% | 24.00% | 23.78% |
| Contracted Services | 3,099 | 2,761 | 2,956 | 3,695 | 5,031 | 1.30% | 1.23% | 1.40% | 1.86% | 2.28% |
| Professional Fees | 26,209 | 17,703 | 45,567 | 27,389 | 27,658 | 10.96% | 7.92% | 21.60% | 13.81% | 12.55% |
| Personnel Services | 23,324 | 22,072 | 30,267 | 34,397 | 35,010 | 9.76% | 9.87% | 14.35% | 17.34% | 15.88% |
| Repairs and Maintenance | 12,715 | 9,471 | 29,641 | 43,801 | 45,279 | 5.32% | 4.23% | 14.05% | 22.08% | 20.54% |
| Other | 9,465 | 6,993 | 8,696 | 7,247 | 11,656 | 3.96% | 3.13% | 4.12% | 3.65% | 5.29% |
| Notes Payable Principal, Int. & Fees | - | - | 20,000 | 36,075 | 31,379 | 0.00% | 0.00% | 9.48% | 18.19% | 14.23% |
| Capital Outlay | 14,268 | 10,353 | - | - | 9,600 | 5.97% | 4.63% | 0.00% | 0.00% | 4.35% |
| Total Expenditures | <u>141,324</u> | <u>119,935</u> | <u>181,655</u> | <u>200,214</u> | <u>218,035</u> | <u>59.12%</u> | <u>53.63%</u> | <u>86.11%</u> | <u>100.93%</u> | <u>98.90%</u> |
| Excess Revenue (Expenditures) Before Other Funding Sources | | | | | | | | | | |
| | <u>\$ 97,752</u> | <u>\$ 103,721</u> | <u>\$ 29,271</u> | <u>\$ (1,855)</u> | <u>\$ 2,435</u> | <u>40.88%</u> | <u>46.37%</u> | <u>13.89%</u> | <u>-0.93%</u> | <u>1.10%</u> |
| Debt Service Fund Revenue: | | | | | | | | | | |
| Tax Revenue | \$ 108,040 | \$ 111,274 | \$ 122,280 | \$ 124,141 | \$ 118,589 | 96.28% | 92.35% | 95.32% | 97.53% | 71.33% |
| Penalties and Interest on Taxes | 532 | 803 | 765 | 814 | 870 | 0.47% | 0.67% | 0.60% | 0.64% | 0.52% |
| Interest on Investments | 3,096 | 8,412 | 5,240 | 2,335 | 850 | 2.76% | 6.98% | 4.08% | 1.83% | 0.51% |
| Other | 548 | - | - | - | 45,944 | 0.49% | 0.00% | 0.00% | 0.00% | 27.63% |
| Total Revenue | <u>112,216</u> | <u>120,489</u> | <u>128,285</u> | <u>127,290</u> | <u>166,253</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>99.99%</u> |
| Debt Service Fund Expenditures: | | | | | | | | | | |
| Appraisal District Fees | 1,047 | 1,088 | 1,131 | 1,107 | 1,103 | 0.93% | 0.90% | 0.88% | 0.87% | 0.66% |
| Debt Service Principal, Int. & Fees | 106,150 | 109,750 | 118,575 | 117,400 | 115,775 | 94.59% | 91.09% | 92.43% | 92.23% | 69.64% |
| Other | - | - | - | - | - | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Expenditures | <u>107,197</u> | <u>110,838</u> | <u>119,706</u> | <u>118,507</u> | <u>116,878</u> | <u>95.52%</u> | <u>91.99%</u> | <u>93.31%</u> | <u>93.10%</u> | <u>70.30%</u> |
| Excess Revenue (Expenditures) Before Other Funding Sources | | | | | | | | | | |
| | <u>\$ 5,019</u> | <u>\$ 9,651</u> | <u>\$ 8,579</u> | <u>\$ 8,783</u> | <u>\$ 49,375</u> | <u>4.48%</u> | <u>8.01%</u> | <u>6.69%</u> | <u>6.90%</u> | <u>29.69%</u> |

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**TSI-8 Board Members, Key Personnel, and Consultants
September 30, 2020**

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

| <u>Name and Address</u> | <u>Term of Office</u> | <u>Fees and Reimbursements 9/30/2020</u> | <u>Title at Year End</u> | <u>Resident of District</u> | <u>Relationship With Major Land Owners, Developers or Consultants</u> |
|---|---------------------------|--|--------------------------|-----------------------------|---|
| Board Members: | | | | | |
| Robert Kuhn 16716 Puma Valley Helotes, Texas 78023 | May 2016 May 2020 | \$12 | President | Yes | None |
| Zulema Fuentes_Real 11426 Mountain Climb Helotes, Texas 78023 | May 2016 May 2020 | \$12 | Vice President | Yes | None |
| Dale Ferguson 16506 Loma Landing Helotes, Texas 78023 | November 2019 May 2022 | \$11 | Secretary | Yes | None |
| William R. Burn 16509 Yaupon Valley Helotes, Texas 78023 | February 2017 May 2020 | \$11 | Treasurer | Yes | None |
| Masoud Hooti 11149 Round Tree Patch Helotes, Texas 78023 | May 2018 May 2022 | \$12 | Asst. Secretary | Yes | None |

SAN ANTONIO MUNICIPAL UTILITY DISTRICT NO. 1

**TSI-8 Board Members, Key Personnel, and Consultants (Continued)
September 30, 2020**

| <u>Name and Address</u> | <u>Date Hired</u> | <u>Fees and Reimbursements 9/30/2020</u> | <u>Position</u> |
|---|-------------------|--|----------------------------|
| Consultants: | | | |
| Jeffrey Kuhn Norton, Rose, Fulbright US, LLP 300 Convent Street San Antonio, Texas 78205 | 1985 | \$ 11,816 | Attorney |
| Bexar Appraisal District PO Box 830248 San Antonio, Texas 78283-0248 | 1981 | \$ 1,493 | Appraisal District |
| Albert Uresti, MPA Tax Assessor - Collector Vista Verde Plaza 233 N. Pecos PO Box 839950 San Antonio, Texas 78283-3950 | 1987 | \$ 740 | Tax Assessor/ Collector |
| Haynie & Co. Certified Public Accountants 2702 N. Loop 1604 East, Suite 202 San Antonio, Texas 78232 | 1986 | \$ 14,033 | Independent Auditors |
| Key Personnel: | | | |
| Debra Conkle PO Box 186 Helotes, Texas 78023 | 1990 | \$ 21,532 | Office Manager |