

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024



CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**



EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Medina County Special Utility District

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of East Medina County Special Utility District (the District) as of and for the years ended December 31, 2025 and 2024, 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 financial position of East Medina County Special Utility District as of December 31, 2025 and 2024, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 East Medina County Special Utility 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 opinion.

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 East Medina County Special Utility 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 opinion. 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 East Medina County Special Utility 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 East Medina County Special Utility District's ability to continue as a going concern for a reasonable period of time.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability, schedule of pension contributions, and notes to required supplementary information 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 Government 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 schedules and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and other information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

ABIP, PC

San Antonio, Texas
March 17, 2026



EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

The management of East Medina County Special Utility District (the District) offers the readers of the District's basic financial statements this narrative overview and analysis of the financial performance of the District for the year ended December 31, 2025. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$15,242,329 (\$14,355,532 restated in 2024). This amount represents net position of \$11,774,701 (\$10,972,770 restated in 2024) of net investment in capital assets, \$852,044 (\$835,246 in 2024) restricted for debt service and capital improvements and \$2,615,583 (\$2,547,516 restated in 2024) in unrestricted net position.
- The District's total assets totaled \$21,963,887 (\$20,937,842 restated in 2024); of this amount, \$18,250,390 (\$17,361,225 restated in 2024) represents net capital assets and \$3,167,611 (\$3,198,516 in 2024) represents cash and cash equivalents under both current and restricted assets.
- Deferred outflows of resources totaled \$111,313 (\$116,426 in 2024), which is the deferred outflows related to pension accounts.
- Liabilities for the District totaled \$6,814,998 (\$6,673,032 restated in 2024), of which \$5,472,000 (\$5,649,000 in 2024) accounts for obligations under long-term bonds payable.
- Deferred inflows of resources totaled \$17,874 (\$25,704 in 2024), which relate to pension.
- Operating revenues for the District totaled \$3,977,827 (\$3,513,595 in 2024) and exceeded operating expenses by \$454,523 (\$304,396 in 2024). The major revenue source is water sales.
- Nonoperating revenues exceeded nonoperating expenses by \$311,274 in 2025. Nonoperating expenses exceeded nonoperating revenues by \$197,063 in 2024. This included interest expense that totaled \$193,426 (\$194,449 in 2024). Capital contributions totaled \$121,000 (\$0 in 2024).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Three components comprise the District's basic financial statements: (1) business-type activities financial statements, (2) notes to financial statements and (3) required supplementary information. This report also contains supplementary schedules and other information, in addition to the basic financial statements themselves.

Enterprise Funds

Enterprise funds are used to report the same functions presented as business-type activities in the basic financial statements. The District has only one major enterprise fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Statements of Net Position

The statements of net position for the District are similar in many ways to the balance sheets presented as basic financial statements for private-sector companies. The statements of net position include all the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources. A major function of the statements of net position is to measure the ability of the District to meet its current and long-term obligations. Perhaps the biggest difference between the statements of net position and the private-sector balance sheets is in the reporting of the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. In the balance sheets of private-sector business, the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is a measure of the value of the business that owners would realize if they sell their share.

Instead of measuring the owners' equity, state and local governments report the net value or net position in these major categories:

- Net investment in capital assets
- Restricted
- Unrestricted

Since the owners of the District are ultimately the citizens of the State of Texas and not an individual or group of investors, the Governmental Accounting Standards Board (GASB) believes it is more useful for the readers of the basic financial statements to know whether the net position of the District is invested in capital assets, is restricted for future use or if its future use is unrestricted.

Supplementary Schedules and Other Information

The basic financial statements are followed by a section of supplementary information. This section includes a budgetary comparison schedule. It provides detailed comparisons of expenses. Comparisons can be made between the original budget, final budget and actual costs for the year.

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TABLE A-1
The District's Net Position Information

	2025	2024	2023	Total Percentage Change	
		Restated	Restated	2025 to 2024	2024 to 2023
Current assets	\$ 2,861,452	\$ 2,741,371	\$ 2,752,718	4.38%	-0.41%
Restricted assets	852,044	835,246	542,118	2.01%	54.07%
Capital assets, net	<u>18,250,390</u>	<u>17,361,225</u>	<u>17,585,639</u>	5.12%	-1.28%
Total assets	<u>21,963,887</u>	<u>20,937,842</u>	<u>20,880,475</u>	4.90%	0.27%
Total deferred outflows of resources	<u>111,313</u>	<u>116,426</u>	<u>134,369</u>	-4.39%	-13.35%
Current liabilities	497,005	319,519	568,623	55.55%	-43.81%
Current liabilities payable from restricted assets	199,997	194,024	188,445	3.08%	2.96%
Noncurrent liabilities	<u>6,117,996</u>	<u>6,159,489</u>	<u>6,404,320</u>	-0.67%	-3.82%
Total liabilities	<u>6,814,998</u>	<u>6,673,032</u>	<u>7,161,388</u>	2.13%	-6.82%
Total deferred inflows of resources	<u>17,874</u>	<u>25,704</u>	<u>40,130</u>	-30.46%	-35.95%
Net position:					
Net investment in capital assets	11,774,701	10,972,770	10,989,051	7.31%	-0.15%
Restricted for debt service	752,044	735,246	442,118	2.28%	66.30%
Restricted for capital improvements	100,000	100,000	100,000	0.00%	0.00%
Unrestricted	<u>2,615,583</u>	<u>2,547,516</u>	<u>2,282,157</u>	2.67%	11.63%
Total net position	<u>\$ 15,242,329</u>	<u>\$ 14,355,532</u>	<u>\$ 13,813,326</u>	6.18%	3.93%

Current assets increased by \$120,081, which represents a 4.38% increase from 2024 to 2025.

Deferred outflows of resources decreased by \$5,113, which represents a 4.39% decrease from 2024 to 2025 due to a change in the projected and actual earnings determined by the Texas County and District Retirement System.

Total liabilities increased by \$141,966, which is a 2.13% increase from 2024 to 2025. This is mainly due to a new note payable.

Deferred inflows of resources decreased by \$7,830, which represents a 30.46% decrease from 2024 to 2025.

Statements of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position serve a similar function to the statements of income for private-sector businesses. Unlike private-sector businesses, the District does not seek to earn a profit in the long-term. However, the District must cover its operations, maintenance and other costs annually from fees and charges, since the District does not levy or collect any tax revenue. The statements of revenues, expenses and changes in net position measure how well annual costs are covered by fees and charges (see Table A-2).

TABLE A-2
Statement of Revenues, Expenses, and Changes in Net Position

				Total Percentage Change	
	2025	2024 Restated	2023 Restated	2025 to 2024	2024 to 2023
Revenues:					
Water sales, net of bad-debt expense	\$ 3,153,201	\$ 2,961,167	\$ 2,694,511	6.49%	9.90%
Late fees and reconnection charges	173,047	154,765	141,212	11.81%	9.60%
Customer deposits	26,408	39,027	61,214	-32.33%	-36.24%
Connection fees, net of expense	400,666	236,667	583,199	69.30%	-59.42%
Water acquisition fees	224,505	121,969	235,224	84.07%	-48.15%
Interest income	149,539	153,158	133,055	-2.36%	15.11%
Gain on sale of asset	27,025	4,750	-	0.00%	
Other income	144,886	129,084	122,465	12.24%	5.40%
Lease income	94,920	104,520	9,600	-9.18%	988.75%
Grants and contributions	209,330	-	-	0.00%	
Total revenues	<u>4,603,527</u>	<u>3,905,107</u>	<u>3,980,480</u>	17.88%	-1.89%
Expenses:					
Salaries and benefits	1,260,939	1,038,281	777,756	21.44%	33.50%
Utilities	192,874	195,654	193,575	-1.42%	1.07%
Repairs and maintenance	273,643	333,276	238,463	-17.89%	39.76%
Vehicle expense	113,007	86,441	69,582	30.73%	24.23%
Insurance	65,113	59,443	43,092	9.54%	37.94%
Payroll taxes	84,185	73,630	59,656	14.34%	23.42%
Professional services	227,873	146,943	182,657	55.08%	-19.55%
Retirement plan expense	47,713	67,279	40,276	-29.08%	67.04%
Edwards Aquifer Authority management fee	158,240	226,780	216,581	-30.22%	4.71%
Other administrative expenses	339,158	275,982	263,965	22.89%	4.55%
Depreciation	760,560	705,490	639,660	7.81%	10.29%
Interest expense	193,426	194,449	208,522	-0.53%	-6.75%
Total expenses	<u>3,716,730</u>	<u>3,403,648</u>	<u>2,933,785</u>	9.20%	16.02%
Change in net position	886,797	501,459	1,046,695	77%	-52.09%
Net position at beginning of year, restated	14,355,532	13,813,326	12,511,816	4%	10.40%
Error correction	-	40,747	254,815		
Net position at end of year	<u>\$ 15,242,329</u>	<u>\$ 14,355,532</u>	<u>\$ 13,813,326</u>	6%	3.93%

Financial Analysis

The District uses the accrual basis of accounting to ensure and demonstrate compliance with finance-related legal requirements.

- Total revenues increased by \$698,420, or 17.88% from 2024 to 2025 mainly due to an increase in connection and water acquisition fees and decreased by \$75,373, or 1.89% from 2023 to 2024, mainly due to a decrease in connection fees.
- Total expenses increased by \$313,082, or 9.20%, from 2024 to 2025, primarily due to an increase in salaries and benefits. Total expenses increased by \$469,863, or 16.02% from 2023 to 2024, primarily due to an increase in both salaries and administrative fees.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets totaled \$18,250,390 (\$17,361,225 restated in 2024). This investment in capital assets includes land, land improvements, water allotments, construction in progress, buildings, building improvements, machinery and equipment, plants and distribution system and right to use assets. Capital assets of the District are 83.09% (82.92% in 2024) of total assets (see Table A-3). More information about the District's capital assets is presented in the notes to financial statements.

TABLE A-3
Capital Assets

	2025	2024 Restated	2023 Restated	Total Percentage Change	
				2025 to 2024	2024 to 2023
Land	\$ 64,251	\$ 64,251	\$ 64,251	0.00%	0.00%
Land improvements	30,261	30,261	30,261	0.00%	0.00%
Water allotments	4,501,861	3,328,439	3,328,439	35.25%	0.00%
Water allotments-leased to others	693,975	693,975	693,975	0.00%	0.00%
Construction in progress	-	102,681	53,733	-100.00%	91.09%
Buildings	358,582	358,582	358,582	0.00%	0.00%
Building improvements	127,122	127,122	118,647	0.00%	7.14%
Machinery and equipment	2,099,652	1,761,650	1,663,669	19.19%	5.89%
Plant and distribution system	22,273,268	22,115,922	21,950,152	0.71%	0.76%
Right to use asset - SBITA	168,421	168,421	-		
	<u>30,317,392</u>	<u>28,751,304</u>	<u>28,261,709</u>	5.45%	1.73%
Less accumulated depreciation	<u>(12,067,002)</u>	<u>(11,390,079)</u>	<u>(10,676,070)</u>	5.94%	6.69%
Total capital assets	<u>\$ 18,250,390</u>	<u>\$ 17,361,225</u>	<u>\$ 17,585,639</u>	5.12%	-1.28%

Long-Term Debt

The District had \$5,472,000 (\$5,649,000 in 2024) in bonds outstanding as shown in Table A-4. More detailed information about the District's debt is presented in the notes to financial statements.

TABLE A-4
Long-Term Debt

	2025	2024 Restated	2023 Restated	Total Percentage Change	
				2025 to 2024	2024 to 2023
Bonds payable	\$ 5,472,000	\$ 5,649,000	\$ 5,820,000	-3.13%	-2.94%
Notes payable	200,000	-	-	100.00%	0.00%
SBITA liability	56,170	83,668	-	-32.87%	100.00%
Capital lease obligations	<u>574,324</u>	<u>473,476</u>	<u>585,161</u>	21.30%	-19.09%
Total long-term debt including current maturities	<u>\$ 6,302,494</u>	<u>\$ 6,206,144</u>	<u>\$ 6,405,161</u>	1.55%	-3.11%

ECONOMIC FACTORS AND THE 2026 BUDGET

East Medina County SUD has seen stable growth over the last few years and expects that to continue over the next year.

The District has 300 acre-feet of water rights entered into an Edwards Aquifer Authority (EAA) Voluntary Irrigation Suspension Program Option (VISPO) component of the Edwards Aquifer Habitat Conservation Program (HCP). Based on the aquifer level on October 1, 2025, these water rights are deferred and unavailable for use in 2026. The District will be paid \$242 per acre-foot in 2026 from the EAA Habitat Conservation Program for this deferment.

The District will receive a payment of \$10,000 from EAA in 2026 for 100 acre-feet of water leased to EAA for the ASR program. Based on the ten-year aquifer recharge amounts, the District will have this water available for use in 2026.

The District has leased 272 acre-feet of unrestricted water rights in 2026 to meet District demands during critical period pumping restrictions to replace the water rights deferred for use by the EAA Habitat Conservation Program. The District has entered into a municipal lease agreement for the purchase of a backhoe and compact loader for improved system operations through Frost Bank. The term of the lease agreement is seven years.

The District completed a migration to cloud-based backup of data for all systems in 2025.

The District will establish a rate increase effective February 5, 2026. The rate increase is required to fund the increased costs of operation and support capital improvements.

In September 2025, the District increased the water acquisition fee for new services to account for increased costs associated with the purchase of Edwards Aquifer water rights.

In February 2025, the District was awarded a \$2.1284 million grant to construct 7200' of 6" watermain and interconnect the Plant 5 service area with the Plant 7 (Creekwood) service area. This is a 100% grant through the TWDB Rural Water Assistance Fund for Water Loss Mitigation. This project was closed and funded in July 2025 and construction should begin in 2026.

The District was also awarded a \$500,000 Community Development Block Grant through Medina County for system improvements on CR 5710. The District match for the grant funding is \$10,000. Construction for the project should begin in 2026.

The District will enter into an agreement with the Medina County Elections Department to manage the 2026 Directors election for the District.

In 2024, the District created an in-house construction crew to upgrade aging water mains in accordance with the District Capital Improvement Plan. For 2025, the construction crew upgraded 13,435 linear feet of water lines that were outdated and in need of replacement.

The District has received requests for service from multiple data centers within our CCN that will require significant system improvements to meet requested demands.

One of those data centers has agreed to contribute in excess of \$6 million in system improvements for well and line upgrades to supply the development with the requested water supply.

Superintendent, Bruce Alexander, retired from the District at the end of 2025. Field Manager, Ronnie Lemmons, and Business Manager, Lauren Evans, will operate as co-managers of the District going forward.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: East Medina County Special Utility District, Post Office Box 628, Devine, Texas 78016.



EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

STATEMENTS OF NET POSITION

December 31,

	2025	Restated 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,315,567	\$ 2,363,270
Accounts receivable, net of allowance of \$5,000 for 2025 and 2024	274,890	226,728
Accounts receivable other	88,330	-
Prepays	1,923	4,362
Inventory	180,743	147,011
Total current assets	2,861,452	2,741,371
Noncurrent assets:		
Restricted cash equivalents - revenue bond covenant accounts	852,044	835,246
Capital assets:		
Land	64,251	64,251
Land improvements	30,261	30,261
Water allotments	4,501,861	3,328,439
Water allotments-leased to others	693,975	693,975
Buildings	358,582	358,582
Building improvements	127,122	127,122
Machinery and equipment	2,099,652	1,761,650
Plants and distribution system	22,273,268	22,115,922
Right to use asset - SBITA	168,421	168,421
Less accumulated depreciation/amortization	(12,067,002)	(11,390,079)
	18,250,390	17,258,544
Construction in progress	-	102,681
Net capital assets	18,250,390	17,361,225
Total noncurrent assets	19,102,435	18,196,471
Total assets	21,963,887	20,937,842
DEFERRED OUTFLOWS OF RESOURCES		
Pension amounts	111,313	116,426
Total deferred outflows of resources	111,313	116,426
Total assets and deferred outflows of resources	\$ 22,075,200	\$ 21,054,268

The accompanying notes are an integral part of these financial statements.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

STATEMENTS OF NET POSITION

December 31,

	2025	Restated 2024
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 116,508	\$ 19,066
Accrued liabilities	84,098	139,469
Compensated absences	13,548	16,788
Due to customers	14,702	-
Unearned revenue	35,727	-
Current portion of notes payable	50,000	-
Current portion of SBITA liability	33,419	27,498
Current portion of capital lease obligation	<u>149,003</u>	<u>116,698</u>
Total current liabilities	<u>497,005</u>	<u>319,519</u>
Current liabilities payable from restricted assets:		
Interest payable	16,997	17,024
Current maturities of long-term bond payable	<u>183,000</u>	<u>177,000</u>
	<u>199,997</u>	<u>194,024</u>
Noncurrent liabilities:		
Long-term compensated absences	13,547	16,788
Long-term bond payable, net of current maturities	5,289,000	5,472,000
Unamortized premium on bonds	173,195	182,311
Long-term portion of note payable	150,000	-
Long-term portion of SBITA liability	22,751	56,170
Long-term portion of capital lease obligation	425,321	356,778
Net pension liability	<u>44,182</u>	<u>75,442</u>
Total noncurrent liabilities	<u>6,117,996</u>	<u>6,159,489</u>
Total liabilities	<u>6,814,998</u>	<u>6,673,032</u>
DEFERRED INFLOWS OF RESOURCES		
Pension amounts	<u>17,874</u>	<u>25,704</u>
Total deferred inflows of resources	<u>17,874</u>	<u>25,704</u>
Total liabilities and deferred inflows of resources	<u>6,832,872</u>	<u>6,698,736</u>
NET POSITION:		
Net investment in capital assets	11,774,701	10,972,770
Restricted for debt service	752,044	735,246
Restricted for capital improvements	100,000	100,000
Unrestricted	<u>2,615,583</u>	<u>2,547,516</u>
Total net position	<u>15,242,329</u>	<u>14,355,532</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 22,075,201</u>	<u>\$ 21,054,268</u>

The accompanying notes are an integral part of these financial statements.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended December 31,

	2025	Restated 2024
Operating revenues:		
Water sales, net of bad debt expense of \$0 (\$2,249 in 2024)	\$ 3,153,201	\$ 2,961,167
Late fees and reconnection charges	173,047	154,765
Customer deposits	26,408	39,027
Connection fees, net of expense	400,666	236,667
Water acquisition fees	224,505	121,969
Total operating revenues	3,977,827	3,513,595
Operating expenses:		
Salaries and benefits	1,260,939	1,038,281
Utilities	192,874	195,654
Repairs and maintenance	273,643	333,276
Vehicle expense	113,007	86,441
Insurance	65,113	59,443
Payroll taxes	84,185	73,630
Professional services	227,873	146,943
Retirement plan expense	47,713	67,279
Edwards Aquifer Authority management fee	158,240	226,780
Other administrative expenses	339,158	275,982
Depreciation/amortization	760,560	705,490
Total operating expenses	3,523,304	3,209,199
Net operating income	454,523	304,396
Nonoperating revenues (expenses):		
Interest income	149,539	153,158
Grant income	88,330	-
Gain on sale of asset	27,025	4,750
Other income	144,886	129,084
Lease income	94,920	104,520
Interest expense	(193,426)	(194,449)
Total nonoperating revenues (expenses), net	311,274	197,063
Increase in net position	765,797	501,459
Capital contributions	121,000	-
Change in net position	886,797	501,459
Net position at beginning of year	14,355,532	13,813,326
Error correction	-	40,747
Net position at beginning of year - restated	14,355,532	13,854,073
Net position at end of year	\$ 15,242,329	\$ 14,355,532

The accompanying notes are an integral part of these financial statements.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2025	Restated 2024
Cash flows from operating activities:		
Cash received from customers	\$ 3,858,722	\$ 3,480,369
Cash paid to employees	(1,232,396)	(1,048,041)
Cash paid to suppliers	<u>(1,506,103)</u>	<u>(1,648,066)</u>
Net cash provided by operating activities	<u>1,120,223</u>	<u>784,262</u>
Cash flows from capital and related financing activities:		
Principal payments and premium on bonds	(177,000)	(171,000)
Proceeds from notes payable	250,000	-
Principal payments on notes payable	(50,000)	-
Proceeds from capital leases	227,106	-
Payments on capital leases/SBITAs	(153,756)	(111,685)
Purchase of capital assets	(479,278)	(141,944)
Upgrade to water distribution system	(1,173,422)	(165,769)
Capital contributions/grants	209,330	-
Construction of capital assets	-	(48,948)
Proceeds from leases	94,920	104,520
Other income	144,886	129,084
Interest paid	<u>(193,453)</u>	<u>(194,869)</u>
Net cash used in capital and related financing activities	<u>(1,300,667)</u>	<u>(600,611)</u>
Cash flows from investing activities:		
Interest received	<u>149,539</u>	<u>153,158</u>
Net cash provided by investing activities	<u>149,539</u>	<u>153,158</u>
Net increase (decrease) in cash and cash equivalents	(30,905)	336,809
Cash and cash equivalents at beginning of year	<u>3,198,516</u>	<u>2,861,707</u>
Cash and cash equivalents at end of year - including restricted cash equivalents of \$852,044 (\$835,246 in 2024)	<u>\$ 3,167,611</u>	<u>\$ 3,198,516</u>

The accompanying notes are an integral part of these financial statements.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2025	Restated 2024
Cash flows from operating activities		
Operating income	\$ 454,523	\$ 304,396
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation/amortization	760,560	705,490
Gain on sale of asset	30,000	4,750
Amortization of bond premium	(9,115)	(9,115)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(136,492)	(30,964)
(Increase) decrease in inventory	(33,732)	79,356
(Increase) decrease in prepaid	2,439	6,635
(Decrease) increase in unearned revenue	35,727	-
(Decrease) increase in payables	97,442	(280,268)
(Decrease) increase in accrued liabilities	(55,371)	8,639
(Decrease) increase in compensated absences	(6,481)	13,866
(Decrease) increase in due to customers	14,702	(7,012)
(Decrease) increase in net pension liability	(33,979)	(11,511)
Net cash provided by operating activities	\$ 1,120,223	\$ 784,262

The accompanying notes are an integral part of these financial statements.



EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(1) Summary of significant accounting policies

The financial statements of East Medina County Special Utility District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the District's significant policies.

Reporting entity

The District was established on September 17, 1996. The District is the successor to the East Medina County Water Supply Corporation, which was incorporated in 1967. The District is a Political Subdivision of the State of Texas, organized under Chapters 49 and 65 of the Texas Water Code, for the purpose of furnishing potable water service to the southeast area of Medina County.

The District is governed by a seven-member Board of Directors (the Board) that is elected by the public. The District is not included in any other governmental reporting entity, as defined in section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. In addition, there are no other entities which should be combined as a component unit to constitute the reporting entity.

Measurement focus, basis of accounting, and financial statement presentation

The District accounts for its transactions as business-type activities. Operations are financed and operated in a manner similar to private business or where the Board has decided the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The financial statements of the District are prepared using the accrual basis of accounting with the economic resources measurement focus as prescribed by GASB. The District applies all applicable GASB pronouncements and presents its financial statements in accordance with GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. Under this approach, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District are reported in the statements of net position, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Revenue recognition

The District recognizes operating revenues as they are earned. The District's primary revenues are from customer billings. All customers have an automatic meter reader (AMR). AMR is the technology of automatically collecting water usage, diagnostic and status data from water meters and transferring that data to a central database for billing, troubleshooting and analyzing. The unbilled amounts for these customers is also included as part of the water sales total at year end.

Late fees and reconnect charges are recognized as operating revenues as they are earned. The revenue from late fees are penalties collected on customer accounts when monthly billings are not paid by specified dates stated in District policy. The revenue from reconnect charges are penalties collected to reconnect a customer account after service has been discontinued for nonpayment.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(1) Summary of significant accounting policies (continued)

Revenue recognition (continued)

Connection fees are revenues collected from customers requesting water service from the District. The fees collected are generally recognized as operating revenue. Portions of the fees collected are to provide funding for system maintenance, operations and systems development.

Water acquisition fees are revenues collected from customers requesting service from the District. These fees collected are for the purchase of Edwards Aquifer Water Rights as needed to meet system and operational demands for water and are generally recognized as operating revenue.

The District records deposits received from new customers as operating revenue when received, as all deposits are considered to be nonrefundable to the customer.

Capital contributions

Capital contributions consist of reimbursements from developers for the construction and extension of the water system to provide potable water. Capital contributions are recognized in the statements of revenues, expenses, and changes in net position, after total nonoperating revenues (expenses), when the related construction is incurred.

Revenue and expense classification

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations. The principal operating revenues of the District are charges to customers for water usage. Operating expenses include the cost of service, administrative expenses and depreciation of capital items. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates and assumptions

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For the purpose of the statement of cash flows, the District considers as cash and cash equivalents, including restricted, all cash on hand, demand deposits and external investment pools with original maturities of three months or less at the time of purchase with the exception of certificates of deposit (CDs).

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(1) Summary of significant accounting policies (continued)

Accounts receivable and unbilled revenue

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. The accounts receivable balance also includes an accrual related to unbilled revenues, which reflects an estimate of revenues earned prior to year end that have not been billed.

Inventory

Inventory is stated at the lower of cost (average cost) or market (net realizable value). Inventory includes pipes, meters, connectors and materials and supplies.

Capital assets

Property, plant and equipment are stated at cost. The District’s policy is to capitalize purchases of assets if the asset has a useful life of more than one year and an individual value of \$5,000 or greater. Depreciation is calculated on the straight-line method based on the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Land improvements	10
Buildings	8 – 40
Building improvements	25
Machinery and equipment	3 – 20
Plants and distribution system	5 – 50
Right to use asset – leases and SBITA’s	3 – 5

Water allotments

Water allotments are water rights purchased by the District and are recorded at cost. Since water allotments are considered to have no evident limited life, no amortization is recognized.

Compensated absences and GASB 101 implementation

As of January 1, 2024, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 provides guidance on the accounting and financial reporting of compensated absences, such as vacation, sick leave and other leave benefits that employees earn and can accumulate. Key provisions include accrual and recognition of a liability for compensated absences, measurement of the liability and classification of current vs noncurrent liabilities. Governments are required to recognize a liability when employees earn paid leave and are expected to use or be paid for these absences in the future. The liability is reflected in the financial statements as compensated absences and long-term compensated absences.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(1) Summary of significant accounting policies (continued)

Compensated absences and GASB 101 implementation (continued)

GASB 101 required retrospective implementation, meaning the District was required to restate prior period financial statements. However, the change in accounting principle related to compensated absences resulted in an immaterial variance between the previously reported amounts and the amount reported under the new standard. This was due to payroll taxes and pension amounts not being included in the prior year compensated absence liability. This adjustment does not have a significant effect on the financial position or results of the operations in the prior period, therefore the District did not record a prior period adjustment for the implementation of GASB 101 in fiscal year 2024.

The District pays any unused vacation leave time earned at the time an employee terminates employment with the District. The District considers that it is more likely than not that the leave balances at year end will either be taken or paid out. The compensated absence accrual is calculated based on expected future payments including payroll taxes. Based on vacation usage patterns, the District considers half of the accrual to be a current liability (to be paid/used in the next year) and the remaining balance to be a long-term liability. The accrued vacation leave at December 31, 2025 and 2024 totaled \$27,095 and \$33,576, respectively.

Sick and other paid leave allowed per policy, does not vest therefore, terminated employees are not paid for accumulated sick or other paid leave. In addition, based on usage patterns, the District considers that it is less likely than not that sick or other paid leave balances at year end will be taken in the future. Therefore, the District did not recognize a compensated absence liability in relation to sick or other paid leave.

Net position

Net position represents the residual of assets and deferred outflows of resources less liabilities and deferred inflows of resources.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent borrowing proceeds, as applicable.

Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position represents the remaining portion of net position.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(1) Summary of significant accounting policies (continued)

A summary of the net investment in capital assets is as follows:

	December 31,	
	2025	Restated 2024
Total capital assets, net of accumulated depreciation/amortization	\$ 18,250,390	\$ 17,361,225
Total long-term bonds payable and premium	(5,645,195)	(5,831,311)
Notes payable - water rights	(200,000)	-
SBITA liability	(56,170)	(83,668)
Capital lease obligations	(574,324)	(473,476)
Net investment in capital assets	\$ 11,774,701	\$ 10,972,770

Restricted and unrestricted resources

It is the District’s policy to use restricted resources first when an allowable restricted expense is made for purposes for which both restricted and unrestricted resources are available.

Retirement plan – pension

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS), and Agent Plan, and additions to/deductions from TCERS’s fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows of resources/deferred inflows of resources

In addition to assets, the statements of net 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 will not be recognized as an outflow of resources (expenses) until then. The District has two items that qualify for reporting in this category. These items are contributions made to the pension plan during the fiscal year and other pension amounts.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an 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 District has two items that qualify for reporting in this category. These items are changes in the net pension liability that are not immediately recognized in pension expense.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(1) Summary of significant accounting policies (continued)

GASB 100 implementation and error correction

As of January 1, 2024, the District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. The objective of this statement is to establish accounting and financial reporting standards for changes in accounting principles, changes in estimates, and correction of errors in financial statements.

During 2024, the District determined that water allotments in 2023 were not reported. Therefore, capital assets, were understated by \$254,815. In addition, net position was understated by the same amounts. The effect of correcting that error is shown below.

During 2025, the District recognized a SBITA contract initiated in a prior year and subject to GASB 96 reporting. Therefore, capital assets, were understated by \$124,415 and SBITA liability was understated by \$83,668 for a net error correction of \$40,747. The effect of correcting that error is shown below.

Net Position:	
12/31/2023, as previously reported	\$ 13,558,511
Error correction	<u>254,815</u>
12/31/23, as restated	<u>\$ 13,813,326</u>
12/31/2024, as previously reported	\$ 14,314,785
Error correction	<u>40,747</u>
12/31/24, as restated	<u>\$ 14,355,532</u>

(2) Cash and cash equivalents

Cash and cash equivalents

The funds of the District must be deposited under the terms and contents of which are set out in the Texas Water Code No. 49.156. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At December 31, 2025 and 2024, the carrying amount of the District's deposits was \$150,998 and \$29,197, respectively, and the bank balance was \$203,296 and \$205,279, respectively. The District's cash deposits at December 31, 2025 and 2024, were entirely covered by FDIC insurance.

Investments

The District is required by Texas Government Code Chapter 2256, the Public Funds Investment Act (PFIA), to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities and (9) bid solicitation preferences for CDs. The PFIA determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the Treasury, certain United States agencies and the state of Texas; (2) CDs; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) mutual funds; (8) investment pools; (9) guaranteed investment contracts and (10) common trust funds.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(2) Cash and cash equivalents (continued)

Public funds investment pools

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and are subject to the provisions of PFIA, Chapter 2256 of the Texas Government Code. In addition to other provisions of the PFIA designed to promote liquidity and safety of principal, it requires Pools to (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool (2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

Local Government Investment Cooperative (LOGIC) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the PFIA, Chapter 2256 of the Texas Government Code, and operates as a public funds investment pool under the PFIA. The fund is rated AAAM or equivalent rating from at least one nationally recognized rating agency. Class A Units of LOGIC are currently rated "AAAM" by Standard and Poor's. The fund seeks to maintain a dollar-weighted average portfolio maturity that does not exceed 60 days (or fewer days if required to maintain its rating). The fund seeks to maintain a net asset value (NAV) of \$1.00 per unit. The maximum final stated maturity is 397 days. Withdrawals from LOGIC and transfers to another pool may be made on any business day with deadlines and provisions. For liquidity and to respond to unusual market conditions, LOGIC may hold all or most of its total assets in cash for temporary defensive purposes. The District's investments managed through LOGIC are valued and recorded at amortized cost in accordance with GASB Statement No. 70, *Certain External Investment Pools and Pool Participants*. The carrying value of these investments at amortized cost totaled \$3,017,954 in 2025 and \$2,932,000 in 2024 .

TexSTAR is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund is rated AAAM by Standard and Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas PFIA for local government investment pools. The portfolio is a government-repurchase agreement (REFP) pool, utilizing primarily United States Treasury securities, United States agency securities and REPO collateralized obligations, the principal and interest of which are unconditionally guaranteed or insured by the full faith and credit of the United States or its agencies or its instrumentalities.

Consistent with the investment pool, the District values and records these investments at fair value. The values of these investments are at NAV per share and totaled \$119,660 and \$114,718 as of December 31, 2025 and 2024, respectfully.

Fair value measurements: The District categorizes its investments measured at fair value within the hierarchy established by U.S. GAAP. Investments valued at fair value are categorized based on inputs to valuation techniques as follows:

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(2) Cash and cash equivalents (continued)

Public funds investment pools (continued)

Level 1 input: Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input: Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input: Inputs that are unobservable for the asset or liability which are typically based upon the District’s own assumptions as there is little, if any, related market activity.

Hierarchy: The fair value hierarchy gives the highest priority to level 1 inputs and the lowest priority to level 3 inputs.

Inputs: If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by investing in investment pools that have no stated maturity date; therefore, the funds are always available to meet operational needs.

Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the following table that shows the specific investments and their maturity.

Description	Maturity	Days of Maturity	NAV as of December 31,	
			2025	2024
TexSTAR investment fund	N/A	Daily	\$ <u>119,660</u>	\$ <u>114,718</u>

Custodial credit risk for investments: Generally, custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The District’s investments held at TexSTAR and LOGIC are not exposed to custodial credit as of December 31, 2025 and 2024.

Concentration of credit risk: Generally, concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single user. The District did not hold any investments subject to concentration of credit risk.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(2) Cash and cash equivalents (continued)

Public funds investment pools (continued)

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the District's investment policy and the PFIA. The actual rating as of year end for this investment is as follows:

Description	Minimum Legal Rating	Investment Rating	Rating Organization Standard & Poor's	2025		2024	
				NAV	Percent Invested	NAV	Percent Invested
TexSTAR investment fund	AAA	AAAm		\$ 119,660	100.00%	\$ 114,718	100.00%

(3) Restricted cash equivalents

The District's bond agreements require the establishment and maintenance of several reserve funds. A description of these funds is as follows:

Bond interest and sinking fund: The District is required to make monthly deposits into this fund in sufficient amounts to pay the semiannual interest and principal due on the long-term bonds payable. At December 31, 2025 and 2024, the balance of the fund totaled \$222,108 and \$227,824, respectively.

Reserve fund: The District is required to maintain an amount equal to the maximum annual principal and interest requirements on all outstanding bonds. Amounts are to be used only if needed to meet debt service requirements of the long-term bonds payable. At December 31, 2025 and 2024, the balance of the fund totaled \$529,936 and \$507,422, respectively.

Capital improvements fund: Under the 2009 Bonds, the District is required to maintain an amount not less than \$100,000 in the Capital Improvements Fund. Monies in this fund are to be used to pay for costs of improvements, enlargements, extensions, additions, replacements, or other capital expenses of the District for unexpected or extraordinary repairs or replacements and unexpected or extraordinary expenses of operations and maintenance for which other funds are not available. The balance of the fund at December 31, 2025 and 2024, totaled \$100,000.

Components of restricted cash equivalents are as follows:

	December 31,	
	2025	2024
Restricted for debt service		
Bond interest and sinking fund	\$ 222,108	\$ 227,824
Reserve fund	529,936	507,422
	<u>752,044</u>	<u>735,246</u>
Restricted for capital improvements		
Capital improvements fund - 2009 bonds	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Total restricted cash equivalents	<u>\$ 852,044</u>	<u>\$ 835,246</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(4) Capital assets

The following table summarizes the changes in the components of capital assets as of December 31, 2025:

	Restated Balance at <u>January 1, 2025</u>	Additions	Transfers/ Deletions	Balance at December 31, 2025
Capital assets, not being depreciated				
Land	\$ 64,251	\$ -	\$ -	\$ 64,251
Water allotments	3,328,439	1,173,422	-	4,501,861
Water allotment - leased to others	693,975	-	-	693,975
Construction in progress	<u>102,681</u>	<u>-</u>	<u>(102,681)</u>	<u>-</u>
Total capital assets not being depreciated	<u>4,189,346</u>	<u>1,173,422</u>	<u>(102,681)</u>	<u>5,260,087</u>
Capital assets, being depreciated/amortized				
Land improvements	30,261	-	-	30,261
Buildings	358,582	-	-	358,582
Buildings improvements	127,122	-	-	127,122
Machinery and equipment	1,761,650	421,638	(83,636)	2,099,652
Plants and distribution system	22,115,922	157,346	-	22,273,268
Right to use asset - SBITA	<u>168,421</u>	<u>-</u>	<u>-</u>	<u>168,421</u>
Total capital assets being depreciated/amortized	<u>24,561,958</u>	<u>578,984</u>	<u>(83,636)</u>	<u>25,057,306</u>
Less accumulated depreciation/amortization for				
Land improvements	(14,120)	(4,486)	-	(18,606)
Buildings	(229,867)	(8,077)	-	(237,944)
Buildings improvements	(32,081)	(7,760)	-	(39,841)
Machinery and equipment	(953,019)	(157,511)	83,636	(1,026,894)
Plants and distribution system	(10,116,986)	(549,306)	-	(10,666,292)
Right to use asset - SBITA	<u>(44,006)</u>	<u>(33,420)</u>	<u>-</u>	<u>(77,426)</u>
Total accumulated depreciation/amortization	<u>(11,390,079)</u>	<u>(760,560)</u>	<u>83,636</u>	<u>(12,067,003)</u>
Total capital assets, being depreciated/amortized - net	<u>13,171,879</u>	<u>(181,576)</u>	<u>-</u>	<u>12,990,303</u>
Total capital assets - net	<u>\$ 17,361,225</u>	<u>\$ 991,846</u>	<u>\$ (102,681)</u>	<u>\$ 18,250,390</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(4) Capital assets (continued)

The following table summarizes the changes in the components of capital assets as of December 31, 2024:

	Restated Balance at <u>January 1, 2024</u>	Additions Restated	Deletions	Restated Balance at <u>December 31, 2024</u>
Capital assets, not being depreciated				
Land	\$ 64,251	\$ -	\$ -	\$ 64,251
Water allotments	3,328,439	-	-	3,328,439
Water allotment - leased to others	693,975	-	-	693,975
Construction in progress	<u>53,733</u>	<u>142,968</u>	<u>(94,020)</u>	<u>102,681</u>
Total capital assets not being depreciated	<u>4,140,398</u>	<u>142,968</u>	<u>(94,020)</u>	<u>4,189,346</u>
Capital assets, being depreciated				
Land improvements	30,261	-	-	30,261
Buildings	358,582	-	-	358,582
Buildings improvements	118,647	8,475	-	127,122
Machinery and equipment	1,663,669	133,469	(35,488)	1,761,650
Plants and distribution system	21,950,153	165,769	-	22,115,922
Right to use asset - SBITA	<u>168,421</u>	<u>-</u>	<u>-</u>	<u>168,421</u>
Total capital assets being depreciated	<u>24,289,733</u>	<u>307,713</u>	<u>(35,488)</u>	<u>24,561,958</u>
Less accumulated depreciation for				
Land improvements	(10,156)	(3,964)	-	(14,120)
Buildings	(221,793)	(8,074)	-	(229,867)
Buildings improvements	(24,359)	(7,722)	-	(32,081)
Machinery and equipment	(863,263)	(125,244)	35,488	(953,019)
Plants and distribution system	(9,556,500)	(560,486)	-	(10,116,986)
Right to use asset - SBITA	<u>(10,587)</u>	<u>(33,419)</u>	<u>-</u>	<u>(44,006)</u>
Total accumulated depreciation	<u>(10,686,658)</u>	<u>(738,909)</u>	<u>35,488</u>	<u>(11,390,079)</u>
Total capital assets, being depreciated - net	<u>13,603,075</u>	<u>(431,196)</u>	<u>-</u>	<u>13,171,879</u>
Total capital assets - net	<u>\$ 17,743,473</u>	<u>\$ (288,228)</u>	<u>\$ (94,020)</u>	<u>\$ 17,361,225</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(5) Long-term bonds payable

The following is a summary of bond transactions for fiscal year 2025:

Bonds	Original Amount	Interest Rate	Balance at January 1, 2025	Issued	Deductions	Balance at December 31, 2025	Payable Within One Year
Series 2009-R	\$ 975,000	4.38%	\$ 794,000	\$ -	\$ 17,000	\$ 777,000	\$ 18,000
Series 2014	2,250,000	3.25%-4.50%	1,200,000	-	110,000	1,090,000	115,000
Series 2020	3,780,000	2.00%-5.00%	<u>3,655,000</u>	<u>-</u>	<u>50,000</u>	<u>3,605,000</u>	<u>50,000</u>
Totals			<u>\$ 5,649,000</u>	<u>\$ -</u>	<u>\$ 177,000</u>	<u>\$ 5,472,000</u>	<u>\$ 183,000</u>

The following is a summary of bond transactions for fiscal year 2024:

Bonds	Original Amount	Interest Rate	Balance at January 1, 2024	Issued	Deductions	Balance at December 31, 2024	Payable Within One Year
Series 2009-R	\$ 975,000	4.38%	\$ 810,000	\$ -	\$ 16,000	\$ 794,000	\$ 17,000
Series 2014	2,250,000	3.25%-4.50%	1,310,000	-	110,000	1,200,000	110,000
Series 2020	3,780,000	2.00%-5.00%	<u>3,700,000</u>	<u>-</u>	<u>45,000</u>	<u>3,655,000</u>	<u>50,000</u>
Totals			<u>\$ 5,820,000</u>	<u>\$ -</u>	<u>\$ 171,000</u>	<u>\$ 5,649,000</u>	<u>\$ 177,000</u>

Long-term bonds payable is as follows:

	December 31,	
	2025	2024
\$975,000, Series 2009-R Waterworks System Revenue Bonds-serial bonds due in annual installments from \$9,000 to \$52,000 through July 1, 2049; bearing interest at 4.375%.	\$ 777,000	\$ 794,000
\$2,250,000, Series 2014 Waterworks System Revenue Bonds-serial bonds due in annual installments from \$85,000 to \$160,000 through July 1, 2033; bearing interest of 3.250% to 4.500%.	1,090,000	1,200,000
\$3,780,000, Series 2020 Waterworks System Revenue Bonds-serial bonds due in annual installments from \$40,000 to \$295,000 through July 1, 2045; bearing interest of 2.0% to 5.0%.	<u>3,605,000</u>	<u>3,655,000</u>
	5,472,000	5,649,000
Less current maturities	<u>(183,000)</u>	<u>(177,000)</u>
Total	<u>\$ 5,289,000</u>	<u>\$ 5,472,000</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(5) Long-term bonds payable (continued)

In 2009, the District was approved for a Rural Development loan from the United States Department of Agriculture (USDA) Rural Development Office. The USDA Rural Development Office funded the loan through the issuance of direct borrowing in the amount of \$975,000 for the purpose of constructing improvements and extensions to the District's existing waterworks system and to pay costs of issuance related to the bonds. The balance at December 31, 2025 and 2024, totaled \$777,000 and \$794,000.

On January 7, 2014, the District issued a public sale of \$2,250,000 in Waterworks System Revenue Refunding Bonds, Series 2014 with interest rates of 3.25% to 4.50%, with an overall average rate of 4.04%. The balance at December 31, 2025 and 2024, totaled \$1,090,000 and \$1,200,000, respectively.

On December 14, 2020, the District issued a public sale of \$3,780,000 in Waterworks System Revenue Refunding Bonds, Series 2020 with interest rates of 2.00% to 5.00% with an overall average rate of 2.11%. The balance at December 31, 2025 and 2024, totaled \$3,605,000 and \$3,655,000, respectively.

In accordance with the bond resolutions, the collateral for the bonds are the pledged revenues of the system. The District is required, at all times, to fix, maintain, charge and collect for services rendered by the District, rates and charges which will produce gross revenues not less than (i) 1.25 times the amount required to pay all principal and interest requirements for such fiscal year plus (ii) 1.00 times the amount required to pay all budgeted operations and maintenance expenses and to make all other deposits now or hereafter required to be made into the funds created by the bond resolutions. The District is required to adjust its rates if its annual audit shows that these covenants are not met. Additionally, the bonds do not include accelerated payment clauses.

Aggregate maturities of the bonds outstanding at December 31, 2025, are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 183,000	\$ 172,250	\$ 355,250
2027	189,000	164,794	353,794
2028	200,000	157,113	357,113
2029	206,000	148,488	354,488
2030	217,000	139,669	356,669
2031-2035	1,225,000	544,719	1,769,719
2036-2040	1,432,000	336,488	1,768,488
2041-2045	1,624,000	161,684	1,785,684
2046-2049	<u>196,000</u>	<u>21,875</u>	<u>217,875</u>
	<u>\$ 5,472,000</u>	<u>\$ 1,847,080</u>	<u>\$ 7,319,080</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(6) Notes payable

The following is a summary of notes payable transactions for fiscal year 2025:

<u>Notes Payable</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Balance at Janaury 1, 2025</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at December 31, 2025</u>	<u>Payable Within One Year</u>
Water rights - 50 acre ft	0.000%	\$ 250,000	\$ -	\$ 250,000	\$ 50,000	\$ 200,000	\$ 50,000
			\$ -	\$ 250,000	\$ 50,000	\$ 200,000	\$ 50,000

The District acquired water rights for a total purchase price of \$300,000, paying \$50,000 in cash at acquisition and issuing a noninterest bearing note payable for the remaining \$250,000. The note is due in annual installments of \$50,000 over a five-year period beginning January 30, 2025. Imputed interest on the note, calculated at 1.41% would total approximately \$7,248 over the life of the note; this amount is considered immaterial and, therefore, has not been recorded in the financial statements. At December 31, 2025, the carrying value of this note payable is \$200,000.

The future principal payments as of December 31, 2025, are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>
2026	\$ 50,000
2027	50,000
2028	50,000
2029	50,000
Total notes payable	<u>\$ 200,000</u>

(7) Capital leases

The District entered into a Municipal Equipment Lease/Purchase agreement with a bank on June 20, 2019, with a face amount of \$600,000 for the acquisition of water systems equipment. This agreement is recorded as a capitalized lease obligation in the accompanying financial statements. The balance of this capitalized lease obligation is due in monthly installments over a 10-year period beginning July 10, 2019. This obligation is interest-bearing at a rate of 3.31%. At December 31, 2025 and 2024, the carrying value of this obligation is \$226,548 and \$283,219, respectively.

The District entered into a Municipal Equipment Lease/Purchase agreement with a bank on December 19, 2022, with a face amount of \$100,112 for the acquisition of 2 Ford F-250 trucks. This agreement is recorded as a capitalized lease obligation in the accompanying financial statements. The balance of this capitalized lease obligation is due in monthly installments over a 5-year period beginning January 15, 2023. This obligation is interest-bearing at a rate of 5.734%. At December 31, 2025 and 2024, the carrying value of this obligation is \$43,508 and \$63,465, respectively.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(7) Capital leases (continued)

The District entered into a Municipal Equipment Lease/Purchase agreement with a bank on November 25, 2022, with a face amount of \$150,000 for the acquisition of a SCADA system. This agreement is recorded as a capitalized lease obligation in the accompanying financial statements. The balance of this capitalized lease obligation is due in monthly installments over a 6-year period beginning December 15, 2022. This obligation is interest-bearing at a rate of 5.33%. At December 31, 2025 and 2024, the carrying value of this obligation is \$79,051 and \$103,295, respectively.

The District entered into a Municipal Equipment Lease/Purchase agreement with a bank on March 1, 2022, with a face amount of \$49,888 for the acquisition of a mini excavator equipment. This agreement is recorded as a capitalized lease obligation in the accompanying financial statements. The balance of this capitalized lease obligation is due in monthly installments over a 5-year period beginning March 15, 2022. This obligation is interest-bearing at a rate of 3.64%. At December 31, 2025 and 2024, the carrying value of this obligation is \$13,226 and \$23,497, respectively.

The District entered into a Municipal Equipment Lease/Purchase agreement with a bank on May 21, 2025, with a face amount of \$227,106 for the acquisition of a backhoe/loader. This agreement is recorded as a capitalized lease obligation in the accompanying financial statements. The balance of this capitalized lease obligation is due in monthly installments over an 84 month period beginning June 15, 2025. This obligation is interest-bearing at a rate of 6.741%. At December 31, 2025, the carrying value of this obligation is \$211,991.

The following is a summary of leased property under a capital lease, by major class, included in capital assets in the accompanying statements of net position.

	December 31,	
	2025	2024
Equipment	\$ 1,083,399	\$ 826,293
Less accumulated depreciation	(288,270)	(212,246)
Net equipment	\$ 795,129	\$ 614,047

Depreciation on leased equipment under the capital lease is included in depreciation expense in the accompanying statement of revenues, expenses, and changes in net position.

The following is a summary of capital lease transactions for fiscal year 2025:

Lease Obligations	Interest Rates	Original Issue	Balance at January 1, 2025	Additions	Deductions	Balance at December 31, 2025	Payable Within One Year
Automatic Meter Readers	3.310%	\$ 600,000	\$ 283,219	\$ -	\$ 56,671	\$ 226,548	\$ 64,239
Vehicles	5.734%	100,112	63,465	-	19,957	43,508	21,132
SCADA	5.330%	150,000	103,295	-	24,244	79,051	25,682
Mini Excavator	3.640%	49,888	23,497	-	10,271	13,226	10,619
Backhoe/Loader	6.741%	227,106	-	227,106	15,115	211,991	27,331
			\$ 473,476	\$ 227,106	\$ 126,258	\$ 574,324	\$ 149,003

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(7) Capital leases (continued)

The following is a summary of capital lease transactions for fiscal year 2024:

<u>Lease Obligations</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Balance at January 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at December 31, 2024</u>	<u>Payable Within One Year</u>
Automatic Meter Readers	3.310%	\$ 600,000	\$ 343,114	\$ -	\$ 59,895	\$ 283,219	\$ 62,150
Vehicles	5.734%	100,112	82,313	-	18,848	63,465	19,957
SCADA	5.330%	150,000	126,333	-	23,038	103,295	24,352
Mini Excavator	3.640%	49,888	33,401	-	9,904	23,497	10,239
			<u>\$ 585,161</u>	<u>\$ -</u>	<u>\$ 111,685</u>	<u>\$ 473,476</u>	<u>\$ 116,698</u>

The future principal and interest lease payments as of December 31, 2025, are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 149,003	\$ 25,791	\$ 174,794
2027	147,697	18,782	166,479
2028	126,178	12,343	138,521
2029	60,720	7,548	68,268
2030	35,763	5,025	40,788
2031-2032	54,963	2,821	57,784
	<u>\$ 574,324</u>	<u>\$ 72,310</u>	<u>\$ 646,634</u>

(8) Subscription-based information technology arrangements (SBITA)

On September 1, 2023, the District entered into a subscription-based IT arrangement (SBITA) for a cloud-based utility billing system. A one-time implementation fee of \$58,160 was paid, in addition to annual subscription payments of \$28,550 for five years. The SBITA was originally signed in a prior year, and a prior period adjustment (PPA) was recorded in the current year to reflect the District’s right-to-use asset and related liability (see Note 1). In accordance with GASB Statement No. 96, the District recorded a subscription liability at the present value of future payments using a 1.41% interest rate. The right-to-use subscription asset is being amortized over the term of the arrangement, and the liability is reduced as payments are made. At December 31, 2025 and 2024, the carrying value of this obligation is \$56,170 and \$83,668 (restated), respectively. At December 31, 2025 and 2024, the carrying value of the right-to-use asset net of amortization is \$90,995 and \$124,415 (restated), respectively.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(8) Subscription-based information technology arrangements (SBITA) (continued)

The future principal and interest lease payments as of December 31, 2025, are as follows:

Years Ending December 31,	Principal	Interest	Total
2026	\$ 33,419	\$ 663	\$ 34,082
2027	<u>22,751</u>	<u>267</u>	<u>23,018</u>
	<u>\$ 56,170</u>	<u>\$ 930</u>	<u>\$ 57,100</u>

(9) Water allotments held for lease to others

Water allotments leased to others under both long-term and short-term agreements consist of the following at December 31, 2025 and 2024:

	Balance at January 1, 2025	Additions	Deletions	Balance at December 31, 2025
Water allotments leased	<u>\$ 693,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 693,975</u>

	Balance at January 1, 2024	Additions	Deletions	Balance at December 31, 2024
Water allotments leased	<u>\$ 693,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 693,975</u>

The District is the lessor of water rights under agreements expiring in various years through 2029 as follows:

- * A Voluntary Irrigation Suspension Program Option (VISPO) wherein the District is compensated to forbear making withdrawals from the Edwards Aquifer during times of certain droughts: The District agrees to two separate agreements with a forbearance of 150 a/f per annum of unrestricted irrigation groundwater. A VISPO agreement was initiated in 2017 and ends on December 31, 2026. Lease payments received for each of the years ended December 31, 2025 and 2024 totaled \$84,920 and \$84,920 respectively. An additional VISPO agreement was initiated on January 1, 2024, and ends on January 1, 2029, with annual lease payments of \$8,100.
- * The District received a check in the amount of \$10,000 for an annual renewal lease of 100 a/f of water rights to the EAA portion of the San Antonio Water System ASR. This lease will terminate January 1, 2029.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(9) Water allotments held for lease to others (continued)

At December 31, 2025, future minimum lease payments under leases to others are as follows:

<u>Years Ending December 31,</u>	
2026	\$ 18,100
2027	18,100
2028	18,100
2029	18,100
	<u>\$ 72,400</u>

(10) Retirement plan

Texas County and District Retirement System (TCDRS)

The District provides retirement, disability, and death benefits for all its employees through a nontraditional defined benefit pension plan in the statewide TCDRS. The board of trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system, which consists of over 890 participating counties and districts throughout Texas. TCDRS, in the aggregate, issues an Annual Comprehensive Financial Report (ACFR) on a calendar-year basis. The TCDRS ACFR can be downloaded at <http://www.tcdrs.org>.

The plan provisions are adopted and may be amended by the governing body of the District within the options available in the Texas state statutes governing TCDRS (the TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum and who are not eligible to retire are not entitled to any amounts contributed by their employer.

Benefits provided: Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act, so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute.

At retirement or death, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

In addition, the District offers the TCDRS group term life program, which provides a payment equal to the employee’s final annual salary to his/her beneficiary.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(10) Retirement plan (continued)

Employees covered by benefit terms: At December 31, 2024 and 2023, the following employees were covered by the benefit terms:

	<u>2024</u>	<u>2023</u>
Inactive employees or beneficiaries currently receiving benefits	5	3
Inactive employees entitled to, but not yet receiving benefits	17	19
Active employees	<u>16</u>	<u>13</u>
	<u>38</u>	<u>35</u>

Contributions: Plan members and the District are required to contribute at a rate set by statute. The contribution requirements of plan members and the District are established and may be amended. For 2025 and 2024, the contribution rate for the plan members was 5% of gross pay. The District pays a matching portion to the pension plan totaling 8.50% of gross pay for 2025 and 2024, which totaled \$90,759 and \$75,041, respectively.

Net pension liability: The District’s net pension liability was measured as of December 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2024 and 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Various by age and service. 4.7% average over career including inflation
Investment rate of return	7.50%, net of administration and investment expenses, including inflation

Mortality rates were based on the following:

- * Depositing members – 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
- * Service retirees, beneficiaries and non-depositing members – 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
- * Disabled retirees – 160% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(10) Retirement plan (continued)

Long-term expected rate of return on assets for December 31, 2024:

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS investment consultant. The numbers shown are based on January 2025 information for a 10-year time horizon. The valuation assumption for long-term expected return is reassessed at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

Long-term expected rate of return on assets for December 31, 2024 (continued):

Asset Class	Benchmark	Target Allocation ¹	Geometric Real Rate of Return ²
United States Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
International Equities - Developed Markets	MSCI World Ex USA (net)	6.00%	4.75%
International Equities-Emerging Markets	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁴	4.00%	6.80%
REIT Equities	67% FTSE NAREIT Equity REITs Index plus 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁵	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index ³	25.00%	8.15%
Hedge Funds	HFR, Inc. Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day US Treasury	2.00%	1.10%

1 – Target asset allocation adopted at the March 2024 TCDRS board meeting.

2 – Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.2% per investment consultant’s 2024 capital market assumptions.

3 – Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

4 – Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

5 – Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Long-term expected rate of return on assets for December 31, 2023:

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS investment consultant. The numbers shown are based on January 2024 information for a 10-year time horizon. The valuation assumption for long-term expected return is reassessed at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(10) Retirement plan (continued)

Long-term expected rate of return on assets for December 31, 2023 (continued):

United States Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities-Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ³	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index plus 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁴	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity and Venture Capital Index ⁵	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day US Treasury	2.00%	0.60%

1 – Target asset allocation adopted at the March 2022 TCDRS’ board meeting.

2 – Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.00% per investment consultant’s 2022 capital market assumptions.

3 – Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

4 – Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

5 – Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount rate:

The discount rate used to measure the total pension asset/liability was 7.60% (7.60% in 2023). In order to determine the discount rate to be used by the employer, the TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the employer’s funding policy and the legal requirements under the TCDRS Act.

TCDRS has a funding policy where the unfunded actuarial accrued liability shall be amortized as a level percent of pay over 20 year closed layered periods. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy. The employer’s assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost. Any increased cost due to the adoption of a cost of living adjustment (COLA) is required to be funded over a period of 15 years, if applicable, for December 31, 2024 and 2023.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(10) Retirement plan (continued)

Discount rate (continued):

Based on these assumptions, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension asset/liability of the employer is equal to the long-term assumed rate of return on investments.

Sensitivity analysis:

The following presents the net pension asset/liability of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension asset/liability would be if it were calculated using a discount rate that is 1.0 percentage point lower 6.60% or 1.0 percentage point higher 8.60% than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
<u>Discount Rate Sensitivity at December 31, 2024</u>	<u>6.60%</u>	<u>7.60%</u>	<u>8.60%</u>
Net pension liability (asset)	<u>\$ 196,409</u>	<u>\$ 44,182</u>	<u>\$ (85,361)</u>
	1.0% Decrease	Current Discount Rate	1.0% Increase
<u>Discount Rate Sensitivity at December 31, 2023</u>	<u>6.60%</u>	<u>7.60%</u>	<u>8.60%</u>
Net pension liability (asset)	<u>\$ 205,321</u>	<u>\$ 75,442</u>	<u>\$ (35,749)</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(10) Retirement plan (continued)

Changes in net pension liability (asset):

The following represents a schedule of changes in the net pension liability (asset) based on the measurement date of December 31, 2024:

Changes in Net Pension Liability (Asset)			
Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at beginning of the year	\$ 1,092,693	\$ 1,017,251	\$ 75,442
Changes for the year			
Service cost	83,693	-	83,693
Interest on total pension liability ¹	88,182	-	88,182
Effect of plan changes ²	7,461	-	7,461
Effect of economic/demographic (gains) or losses	18,503	-	18,503
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(2,384)	(2,384)	-
Benefit payments	(30,418)	(30,418)	-
Administrative expenses	-	(661)	661
Member contributions	-	44,142	(44,142)
Net investment income	-	105,521	(105,521)
Employer contributions	-	75,041	(75,041)
Other ³	-	5,057	(5,057)
Balances at end of the year	<u>\$ 1,257,730</u>	<u>\$ 1,213,549</u>	<u>\$ 44,182</u>

1 – Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest

2 – Reflects plan changes adopted effective in 2025.

3 – Related to allocation of system-wide items

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(10) Retirement plan (continued)

Changes in net pension liability (asset) (continued):

The following represents a schedule of changes in the net pension liability (asset) based on the measurement date of December 31, 2023:

Changes in Net Pension Liability (Asset)			
	Increase (Decrease)		
Changes in Net Pension Liability (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at beginning of the year	\$ 922,928	\$ 832,458	\$ 90,470
Changes for the year			
Service cost	77,959	-	77,959
Interest on total pension liability ¹	75,237	-	75,237
Effect of plan changes ²	18,793	-	18,793
Effect of economic/demographic (gains) or losses	20,031	-	20,031
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(1,169)	(1,169)	-
Benefit payments	(21,086)	(21,086)	-
Administrative expenses	-	(531)	531
Member contributions	-	38,897	(38,897)
Net investment income	-	92,362	(92,362)
Employer contributions	-	71,571	(71,571)
Other ³	-	4,749	(4,749)
Balances at end of the year	\$ 1,092,693	\$ 1,017,251	\$ 75,442

1 – Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest

2 – No plan changes valued

3 – Related to allocation of system-wide items

Pension expense and deferred inflows and outflows of resources related to pensions:

For the fiscal year December 31, 2025, the District recognized pension expense of \$56,783. At December 31, 2025, the deferred inflows and outflows related to pensions are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 11,276	\$ 20,554
Changes of assumptions	-	-
Net difference between projected and actual earnings	6,598	-
Subtotal	17,874	20,554
Contributions made subsequent to measurement date	-	90,759
Total	\$ 17,874	\$ 111,313

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(10) Retirement plan (continued)

Pension expense and deferred inflows and outflows of resources related to pensions (continued):

For the fiscal year December 31, 2023, the District recognized pension expense of \$63,529. At December 31, 2024, the deferred inflows and outflows related to pensions are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 25,704	\$ 20,907
Changes of assumptions	-	8,960
Net difference between projected and actual earnings	-	11,519
Subtotal	25,704	41,386
Contributions made subsequent to measurement date	-	75,040
Total	\$ 25,704	\$ 116,426

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Years Ended December 31.

2025	\$ (4,991)
2026	18,105
2027	(5,470)
2028	(4,964)
Total	\$ 2,680

(11) 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; natural disasters and worker’s compensation for which the District carries insurance. There have been no significant reductions in insurance coverage for these risks of loss since the prior year, and there have been no settlements in excess of the insurance coverage for any of the past three fiscal years.

The District utilizes TML Intergovernmental Risk Pool to provide for its workers’ compensation, general and auto liability and property insurance coverage.

(12) Grants and capital contributions

In February 2025, the District was awarded a \$2.1 million grant through the Texas Water Development Board (TWDB) Rural Water Assistance Fund for Water Loss Mitigation to construct approximately 7,200 feet of 6-inch water main and interconnect the Plant 5 service area with the Plant 7 (Creekwood) service area. The project is funded 100% through grant proceeds. For the fiscal year December 31, 2025, the District recognized \$88,330 in initial project expenditures and related grant reimbursement revenue. Construction is expected to begin in 2026.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

(12) Grants and capital contributions (continued)

The District was also awarded a \$500,000 Community Development Block Grant for system improvements on CR 5710. The District is required to provide matching funds of \$10,000 toward the project costs. Construction of this project is schedule to begin in 2026.

The District has multiple projects authorized for future funding through the TWDB as 90/10 grants. The total for these projects is approximately \$18 million.

During the year ended December 31, 2025, the District received contributed water rights with an acquisition value of \$121,000, which were recorded as capital contributions.

(13) Subsequent events

The District has evaluated subsequent events through March 17, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)

Years ended December 31,

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total pension liability			
Service cost	\$ 83,693	\$ 77,959	\$ 72,845
Interest on total pension liability	88,182	75,237	69,968
Effect of plan changes	7,461	18,793	-
Effect of assumption changes or inputs	-	-	-
Effect of economic/demographic (gains) or losses	18,503	20,031	(45,101)
Refunds of contributions	(2,384)	(1,169)	(28,922)
Benefit payments	<u>(30,418)</u>	<u>(21,086)</u>	<u>(15,408)</u>
Net change in total pension liability	165,037	169,765	53,382
Total pension liability at beginning of year	<u>1,092,692</u>	<u>922,927</u>	<u>869,546</u>
Total pension liability at end of year (a)	<u>1,257,729</u>	<u>1,092,692</u>	<u>922,927</u>
Plan fiduciary net position			
Employer contributions	75,041	71,571	61,241
Member contributions	44,142	38,897	33,429
Investment income (loss) net of investment expense	105,521	92,361	(52,810)
Benefit payments	(30,418)	(21,086)	(15,408)
Refunds of contributions	(2,384)	(1,169)	(28,922)
Administrative expenses	(660)	(531)	(488)
Other	<u>5,055</u>	<u>4,750</u>	<u>7,779</u>
Net change in fiduciary net position	196,297	184,793	4,821
Fiduciary net position at beginning of year	<u>1,017,250</u>	<u>832,457</u>	<u>827,638</u>
Fiduciary net position at end of year (b)	<u>1,213,547</u>	<u>1,017,250</u>	<u>832,457</u>
Net pension liability (asset) at end of year - (a)-(b)	<u>\$ 44,182</u>	<u>\$ 75,442</u>	<u>\$ 90,470</u>
Fiduciary net position as a percentage of total pension liability	96.49%	93.10%	90.20%
Pensionable covered payroll	<u>\$ 882,833</u>	<u>\$ 777,949</u>	<u>\$ 668,571</u>
Net pension liability as a percentage of payroll	5.00%	9.70%	13.53%

	2022	2021	2020	2019	2018	2017	2016
\$	80,874	\$ 58,194	\$ 49,287	\$ 43,776	\$ 43,338	\$ 43,928	\$ 34,349
	61,052	42,813	34,529	28,000	25,626	19,886	18,284
	-	98,380	-	-	-	-	(7,543)
	906	42,969	-	-	1,136	-	2,146
	7,812	13,721	12,119	5,846	(25,210)	122	(34,803)
	-	-	-	-	-	-	-
	<u>(6,940)</u>	<u>(1,172)</u>	<u>(3,920)</u>	<u>(1,172)</u>	<u>(30,320)</u>	<u>-</u>	<u>-</u>
	143,704	254,905	92,015	76,450	14,570	63,936	12,433
	<u>725,842</u>	<u>470,937</u>	<u>378,922</u>	<u>302,472</u>	<u>287,902</u>	<u>223,966</u>	<u>211,533</u>
	<u>869,546</u>	<u>725,842</u>	<u>470,937</u>	<u>378,922</u>	<u>302,472</u>	<u>287,902</u>	<u>223,966</u>
	59,265	28,824	26,624	25,296	21,492	26,353	24,464
	34,376	33,673	32,628	26,911	23,775	25,340	23,299
	141,217	50,189	60,279	(5,401)	39,132	14,760	(1,044)
	(6,940)	(1,172)	(3,920)	(1,172)	(30,320)	-	-
	(448)	(437)	(369)	(295)	(213)	(161)	(128)
	<u>2,621</u>	<u>1,863</u>	<u>1,962</u>	<u>1,553</u>	<u>198</u>	<u>4,247</u>	<u>(15)</u>
	230,091	112,940	117,204	46,892	54,064	70,539	46,576
	<u>597,547</u>	<u>484,607</u>	<u>367,403</u>	<u>320,511</u>	<u>266,447</u>	<u>195,908</u>	<u>149,332</u>
	<u>827,638</u>	<u>597,547</u>	<u>484,607</u>	<u>367,403</u>	<u>320,511</u>	<u>266,447</u>	<u>195,908</u>
\$	<u>41,908</u>	<u>\$ 128,295</u>	<u>\$ (13,670)</u>	<u>\$ 11,519</u>	<u>\$ (18,039)</u>	<u>\$ 21,455</u>	<u>\$ 28,058</u>
	95.18%	82.32%	102.90%	96.96%	105.96%	92.55%	87.47%
\$	<u>687,527</u>	<u>\$ 673,457</u>	<u>\$ 652,557</u>	<u>\$ 538,225</u>	<u>\$ 475,492</u>	<u>\$ 506,794</u>	<u>\$ 465,974</u>
	6.10%	19.05%	-2.09%	2.14%	-3.79%	4.23%	6.02%

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS

Year ended December 31, 2025

<u>Year Ending December 31,</u>	<u>Actuarially Determined Contribution (1)</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (2)</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2015	\$ 26,353	\$ 26,353	\$ -	\$ 465,974	5.7%
2016	21,492	21,492	-	506,794	4.2%
2017	25,296	25,296	-	475,492	5.3%
2018	26,624	26,624	-	538,225	4.9%
2019	28,824	28,824	-	652,557	4.4%
2020	59,265	59,265	-	673,457	8.8%
2021	61,241	61,241	-	687,527	8.9%
2022	71,571	71,571	-	668,571	10.7%
2023	75,040	75,040	-	777,949	9.6%
2024	90,759	90,759	-	882,833	10.3%

(1) TCDRS calculates actuarially determine contributions on a calendar-year basis. GASB Statement No. 68 indicates the employer should report employer contribution amount on a fiscal year basis.

(2) Payroll is calculated based on contributions as reported to TCDRS.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

Year ended December 31, 2025

Valuation date

Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (December 31, 2022 valuation for 2024 contributions):

Actuarial cost method	Entry age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service; 4.7% average over career including inflation
Investment rate of return	7.50%, gross of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in assumptions and methods reflected in the schedule of employer contributions*	2015: new inflation, mortality and other assumptions were reflected 2017: new mortality assumptions were reflected 2019: new inflation, mortality and other assumptions were reflected 2022: new investment return and inflation assumptions were reflected
Changes in plan provisions reflected in the schedule of employer contributions*	2015: employer contributions reflect that the current service matching rate was increased to 150% for future benefits 2016: no changes in plan provisions were reflected in the schedule 2017: new annuity purchase rates were reflected for benefits earned after 2017 2018: no changes in plan provisions were reflected in the schedule 2019: no changes in plan provisions were reflected in the schedule 2020: no changes in plan provisions were reflected in the schedule 2021: Employer contributions reflect that the current service matching rate was increased to 200% and a 70% CPI COLA was adopted. 2022: no changes in plan provisions were reflected in the schedule 2023: no changes in plan provisions were reflected in the schedule 2024: employer contributions reflect that a 100% CPI COLA was adopted

* only changes that affect the benefit amount and that are effective 2015 and later are shown in the notes to schedule.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

Year ended December 31, 2025

Demographic assumptions

Retirement age

Annual Rates of Service Retirement*					
Age	Active Svs <15	Active Svs 15-24	Active Svs 25-29	Active Svs 30+	Deferred All Svc
40-49	5.3%	6.3%	7.7%	8.8%	0.0%
50	5.6	6.8	8.3	9.4	0.0
51	5.6	6.8	8.3	9.4	0.0
52	6.0	7.2	8.8	10.0	0.0
53	6.0	7.2	8.8	10.0	0.0
54	6.8	8.1	9.9	11.3	0.0
55	6.8	8.1	9.9	11.3	0.0
56	6.8	8.1	9.9	11.3	0.0
57	7.5	9.0	11.0	12.5	0.0
58	7.5	9.0	11.0	12.5	0.0
59	7.5	9.0	11.0	12.5	0.0
60	9.0	10.8	13.2	15.0	12.0
61	9.0	10.8	13.2	15.0	12.0
62	135.0	16.2	19.8	22.5	18.0
63	11.3	13.5	16.5	18.8	15.0
64	11.3	13.5	16.5	18.8	15.0
65	22.5	22.5	27.5	27.5	25.0
66	22.5	22.5	27.5	27.5	25.0
67	21.6	21.6	26.4	26.4	24.0
68	18.9	18.9	23.1	23.1	21.0
69	18.9	18.9	23.1	23.1	21.0
70	20.7	20.7	25.3	25.3	23.0
71	20.7	20.7	25.3	25.3	23.0
72	20.7	20.7	25.3	25.3	23.0
73	20.7	20.7	25.3	25.3	23.0
74	20.7	20.7	25.3	25.3	23.0
75 & above	100.0	100.0	100.0	100.0	100.0

** For all eligible members ages 75 and later, retirement is assumed to occur immediately.

Other terminations of employment: The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

Year ended December 31, 2025

Withdrawals: Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to the plan are shown in the table below. For nondepositing members who are not vested, 100% are assumed to elect a withdrawal.

Probability of Withdrawal			
<u>Years of Service</u>	<u>% Probability</u>	<u>Years of Service</u>	<u>% Probability</u>
0	100	15	26
1	100	16	25
2	100	17	24
3	100	18	23
4	100	19	22
5	100	20	21
6	100	21	20
7	100	22	19
8	100	23	19
9	100	24	18
10	32	25	18
11	31	26	17
12	30	27	17
13	29	28	16
14	27	29*	16

* Members with more than 29 years of service are not assumed to refund.

Mortality rates:

- Depositing members – 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
- Service retirees, beneficiaries and nondepositing members – 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
- Disabled retirees – 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.



**SUPPLEMENTARY SCHEDULES AND OTHER INFORMATION
(UNAUDITED)**



EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

BUDGETARY COMPARISON SCHEDULE – ENTERPRISE FUND (UNAUDITED)

Year ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Water sales, net of bad-debt expense	\$ 3,007,431	\$ 3,007,431	\$ 3,153,201	\$ 145,770
Late fees and reconnection charges	120,000	120,000	173,047	53,047
Customer deposits	28,000	28,000	26,408	(1,592)
Connection fees, net of expense	462,600	462,600	400,666	(61,934)
Water acquisition fees	<u>162,000</u>	<u>162,000</u>	<u>224,505</u>	<u>62,505</u>
Total operating revenues	<u>3,780,031</u>	<u>3,780,031</u>	<u>3,977,827</u>	<u>197,796</u>
Operating expenses:				
Salaries and benefits	1,252,000	1,252,000	1,260,939	(8,939)
Utilities	184,800	184,800	192,874	(8,074)
Repairs and maintenance	300,000	300,000	273,643	26,357
Vehicle expense	100,000	100,000	113,007	(13,007)
Insurance	66,000	106,500	65,113	41,387
Payroll taxes	101,000	101,000	84,185	16,815
Professional services	217,000	217,000	227,873	(10,873)
Retirement plan expense	93,500	93,500	47,713	45,787
Edwards Aquifer Authority management fee	230,000	230,000	158,240	71,760
Other administrative expenses	594,600	594,600	339,158	255,442
Depreciation	<u>689,000</u>	<u>689,000</u>	<u>760,560</u>	<u>(71,560)</u>
Total operating expenses	<u>3,827,900</u>	<u>3,868,400</u>	<u>3,523,304</u>	<u>345,096</u>
Nonoperating revenues (expenses):				
Grants and contributions	-	-	209,330	209,330
Interest income	94,700	94,700	149,539	54,839
Gain on sale of asset	-	-	27,025	27,025
Other income	300,000	300,000	144,886	(155,114)
Lease income	94,500	94,500	94,920	420
Interest expense	<u>(196,400)</u>	<u>(196,400)</u>	<u>(193,426)</u>	<u>2,974</u>
Total nonoperating revenues (expenses), net	<u>292,800</u>	<u>292,800</u>	<u>432,274</u>	<u>139,474</u>
Change in net position	<u>244,931</u>	<u>204,431</u>	<u>886,797</u>	<u>682,366</u>
Net position at beginning of year, restated	<u>14,355,532</u>	<u>14,355,532</u>	<u>14,355,532</u>	<u>-</u>
Net position at end of year	<u>\$ 14,600,463</u>	<u>\$ 14,559,963</u>	<u>\$ 15,242,329</u>	<u>\$ 682,366</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

**SCHEDULE OF SERVICES AND RATES
(UNAUDITED)**

Year ended December 31, 2025

1. Services provided by the District: Retail Water
 2a. Retail rates based on 5/8 meter beginning February 1, 2025:

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 100 Gallons Over Minimum	Usage Levels
Water *	\$ 37.42	N/A	Y	\$ 0.25	0 to 2,000
				0.65	2,001 to 10,000
				0.70	10,001 to 20,000
				0.80	20,001 to 30,000
				0.90	30,001 to 40,000
				1.00	40,001 to 50,000
				1.15	50,001 to 60,000
				1.20	60,001 to 70,000
				1.25	70,001 to 80,000
				1.30	80,001 to 90,000
				1.40	90,001 to 100,000
				1.50	100,001 and over

Edwards Aquifer management fee assessed at \$0.05 per 100 gallons billed

Water rights acquisition fee assessed at \$0.05 per 100 gallons billed

* includes the Texas Commission on Environment Quality 0.5% of 1.0% regulatory fee.

Commercial, industrial and agricultural accounts: \$10.00 extra per month

District employs winter averaging for wastewater usage: N/A

Total water charges per 10,000 gallons usage (including surcharges): N/A

- 2b. Retail service providers: Number of retail water connections withing the District as of year end. Provide actual numbers as noted:

	Active Connections
Single family	3,575
Multi-family	-
Commercial, agricultural, and industrial	102
Other - recreation centers, government and Volunteer Fire Department	-
Total	<u>3,677</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

**SCHEDULE OF SERVICES AND RATES
(UNAUDITED)**

Year ended December 31, 2025

3. Total water consumption during the fiscal year:

Gallons pumped into system: 401,903,000
Gallons billed to customers: 261,216,600
Gallons used for flushing and unmetered water: 2,743,076
Water loss: 130,968,263
Percent of loss: 32.5%
Water accountability ratio: 65.0%

4. Standby fees: Does the District assess standby fees? No

Debt service	Total levy	N/A
	Total collected	N/A
	Percentage collected	N/A
Operating and maintenance	Total levy	N/A
	Total collected	N/A
	Percentage collected	N/A

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property? N/A

5. Location of District:

County in which District is located:	Medina County
Is the District located entirely within one county?	Yes
Is the District located within a city?	No
Is the District located within a city's extraterritorial jurisdiction (ETJ)?	Partially
ETJ's in which the District is located:	Castroville, Devine, La Coste, Lytle and Natalia
Are board members appointed by an office outside the District:	No
If yes, by whom?	N/A
Number of persons employed by the District:	18 full-time; 0 part-time

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

**SCHEDULE OF ENTERPRISE FUND EXPENSES
(UNAUDITED)**

Year ended December 31, 2025

Operating expenses:		
Personnel	\$	1,392,837
Utilities		192,874
Repairs and maintenance		273,643
Vehicle expense		113,007
Insurance		65,113
Professional services:		
Auditing		41,100
Engineering		149,304
Legal		37,469
Edwards Aquifer Authority management fee		158,240
Other administrative expenses		339,158
Depreciation		<u>760,560</u>
 Total operating expenses	\$	<u><u>3,523,304</u></u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT
SCHEDULE OF LONG-TERM DEBT SERVICE REQUIREMENTS
(UNAUDITED)

Year ended December 31, 2025

Due During the Fiscal Years Ending	Series 2009-R		
	Principal Due July 1	Interest Due January 1 and July 1	Total
2026	\$ 18,000	\$ 33,994	\$ 51,994
2027	19,000	33,206	52,206
2028	20,000	32,375	52,375
2029	21,000	31,500	52,500
2030	22,000	30,582	52,582
2031	23,000	29,618	52,618
2032	24,000	28,612	52,612
2033	25,000	27,562	52,562
2034	26,000	26,468	52,468
2035	27,000	25,332	52,332
2036	29,000	24,150	53,150
2037	30,000	22,882	52,882
2038	31,000	21,568	52,568
2039	33,000	20,212	53,212
2040	34,000	18,768	52,768
2041	36,000	17,282	53,282
2042	38,000	15,706	53,706
2043	40,000	14,044	54,044
2044	42,000	12,294	54,294
2045	43,000	10,456	53,456
2046	46,000	8,576	54,576
2047	48,000	6,562	54,562
2048	50,000	4,462	54,462
2049	<u>52,000</u>	<u>2,276</u>	<u>54,276</u>
Totals	<u>\$ 777,000</u>	<u>\$ 498,487</u>	<u>\$ 1,275,487</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT
SCHEDULE OF LONG-TERM DEBT SERVICE REQUIREMENTS
(UNAUDITED)

Year ended December 31, 2025

Due During the Fiscal Years Ending	Series 2014		
	Principal Due July 1	Interest Due January 1 and July 1	Total
2026	\$ 115,000	\$ 44,425	\$ 159,425
2027	120,000	40,256	160,256
2028	125,000	35,906	160,906
2029	135,000	30,906	165,906
2030	140,000	25,506	165,506
2031	145,000	19,906	164,906
2032	150,000	13,563	163,563
2033	<u>160,000</u>	<u>7,000</u>	<u>167,000</u>
Totals	<u>\$ 1,090,000</u>	<u>\$ 217,468</u>	<u>\$ 1,307,468</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT
SCHEDULE OF LONG-TERM DEBT SERVICE REQUIREMENTS
(UNAUDITED)

Year ended December 31, 2025

Due During the Fiscal Years Ending	Series 2020		
	Principal	Interest Due	Total
	Due July 1	January 1 and July 1	
2026	\$ 50,000	\$ 93,829	\$ 143,829
2027	50,000	91,331	141,331
2028	55,000	88,831	143,831
2029	50,000	86,081	136,081
2030	55,000	83,581	138,581
2031	55,000	80,831	135,831
2032	60,000	78,081	138,081
2033	60,000	75,081	135,081
2034	230,000	72,081	302,081
2035	240,000	60,581	300,581
2036	245,000	55,781	300,781
2037	250,000	50,881	300,881
2038	255,000	45,881	300,881
2039	260,000	40,781	300,781
2040	265,000	35,581	300,581
2041	275,000	30,281	305,281
2042	280,000	24,437	304,437
2043	285,000	18,487	303,487
2044	290,000	12,431	302,431
2045	<u>295,000</u>	<u>6,276</u>	<u>301,276</u>
Totals	<u>\$ 3,605,000</u>	<u>\$ 1,131,125</u>	<u>\$ 4,736,125</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT
SCHEDULE OF LONG-TERM DEBT SERVICE REQUIREMENTS
(UNAUDITED)

Year December 31, 2025

Due During the Fiscal Years Ending	All Bonded Debt		
	Principal Due July 1	Interest Due January 1 and July 1	Total
2026	\$ 183,000	\$ 172,248	\$ 355,248
2027	189,000	164,793	353,793
2028	200,000	157,112	357,112
2029	206,000	148,487	354,487
2030	217,000	139,669	356,669
2031	223,000	130,355	353,355
2032	234,000	120,256	354,256
2033	245,000	109,643	354,643
2034	256,000	98,549	354,549
2035	267,000	85,913	352,913
2036	274,000	79,931	353,931
2037	280,000	73,763	353,763
2038	286,000	67,449	353,449
2039	293,000	60,993	353,993
2040	299,000	54,349	353,349
2041	311,000	47,563	358,563
2042	318,000	40,143	358,143
2043	325,000	32,531	357,531
2044	332,000	24,725	356,725
2045	338,000	16,732	354,732
2046	46,000	8,576	54,576
2047	48,000	6,562	54,562
2048	50,000	4,462	54,462
2049	52,000	2,276	54,276
Totals	<u>\$ 5,472,000</u>	<u>\$ 1,847,080</u>	<u>\$ 7,319,080</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT
SCHEDULE OF CHANGES IN LONG-TERM BONDED DEBT
(UNAUDITED)

Year ended December 31, 2025

	Bonds			Total
	Series 2009-R	Series 2014	Series 2020	
Interest rate	4.375%	3.250%-4.500%	2.00%-5.00%	N/A
Dates interest payable	1-1; 7-1	1-1; 7-1	1-1; 7-1	N/A
Maturity dates	7/1/2049	7/1/2033	7/1/2045	N/A
Beginning bonds outstanding	\$ 794,000	\$ 1,200,000	\$ 3,655,000	\$ 5,649,000
Bonds sold during the fiscal year	-	-	-	-
Bonds retired during the fiscal year	<u>17,000</u>	<u>110,000</u>	<u>50,000</u>	<u>177,000</u>
Ending bonds outstanding	<u>\$ 777,000</u>	<u>\$ 1,090,000</u>	<u>\$ 3,605,000</u>	<u>\$ 5,472,000</u>
Interest paid during fiscal year	<u>\$ 34,738</u>	<u>\$ 48,000</u>	<u>\$ 96,331</u>	<u>\$ 179,069</u>

Paying agent's name and City:

Series 2009-R	Wells Fargo Bank, Texas, N.A., Austin Texas
Series 2014	Bank of Texas Corporate Trust, Austin Texas
Series 2020	UMB Bank, N.A., Austin Texas

Bond authority:	<u>Revenue Bonds</u>	<u>Refunding Bonds</u>
Amount authorized	\$ 6,030,000	\$ 975,000
Amount issued	<u>6,030,000</u>	<u>975,000</u>
Remaining to be issued	<u>\$ -</u>	<u>\$ -</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

**COMPARATIVE SCHEDULES OF REVENUES AND EXPENSES
ENTERPRISE FUND – FIVE YEARS
(UNAUDITED)**

Year ended December 31,

	AMOUNTS				
	2025	2024	2023	2022	2021
Operating revenues:					
Water sales, net of bad-debt expense	\$ 3,153,201	\$ 2,961,167	\$ 2,694,511	\$ 2,583,013	\$ 2,038,057
Late fees and reconnection charges	173,047	154,765	141,212	129,242	110,573
Customer deposits	26,408	39,027	61,214	64,271	22,954
Connection fees	495,542	331,543	705,151	604,879	373,137
Connection cost	(94,876)	(94,876)	(121,952)	(169,200)	(179,974)
Water acquisition fees	224,505	121,969	235,224	387,297	341,475
Total operating revenues	<u>3,977,827</u>	<u>3,513,595</u>	<u>3,715,360</u>	<u>3,599,502</u>	<u>2,706,222</u>
Operating expenses:					
Salaries	1,260,939	1,038,281	777,756	680,405	676,471
Utilities	192,874	195,654	193,575	184,453	143,775
Repairs and maintenance	273,643	333,276	238,463	221,528	211,486
Vehicle expense	113,007	86,441	69,582	78,279	36,888
Insurance	65,113	59,443	43,092	41,411	38,707
Payroll taxes	84,185	73,630	59,656	54,081	55,123
Professional services	227,873	146,943	182,657	297,526	136,926
Retirement plan expense	47,713	67,279	40,276	48,126	127,654
Edwards Aquifer Authority management fee	158,240	226,780	216,581	146,532	102,506
Other administrative expenses	339,158	275,982	263,965	282,453	189,135
Depreciation	760,560	705,490	639,660	594,742	498,605
Total operating expenses	<u>3,523,304</u>	<u>3,209,199</u>	<u>2,725,263</u>	<u>2,629,536</u>	<u>2,217,276</u>
Net operating income	<u>454,523</u>	<u>304,396</u>	<u>990,097</u>	<u>969,966</u>	<u>488,946</u>
Nonoperating revenues (expenses):					
Grant income	88,330	-	-	718,715	-
Interest income	149,539	153,158	133,055	49,037	3,598
Gain (loss) on sale of asset	27,025	4,750	-	22,000	-
Other income	144,886	129,084	122,465	28,760	25,964
Lease income	94,920	104,520	9,600	40,930	39,025
Interest expense	(193,426)	(194,449)	(208,522)	(190,700)	(237,400)
Total nonoperating revenues (expenses), net	<u>311,274</u>	<u>197,063</u>	<u>56,598</u>	<u>668,742</u>	<u>(168,813)</u>
Increase in net position, before capital contributions	<u>765,797</u>	<u>501,459</u>	<u>1,046,695</u>	<u>1,638,708</u>	<u>320,133</u>
Capital contributions	<u>121,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 886,797</u>	<u>\$ 501,459</u>	<u>\$ 1,046,695</u>	<u>\$ 1,638,708</u>	<u>\$ 320,133</u>

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

**SCHEDULE OF BOARD MEMBERS, KEY ADMINISTRATIVE PERSONNEL
AND CONSULTANTS (UNAUDITED)**

Year ended December 31, 2025

Complete District mailing address: East Medina County Special Utility District
Post Office Box 628
Devine, Texas 78016

District business telephone number: (830) 709-3879

Submission date for the most recent District registration form (TWC Sections 36.054
April 21, 2024

Limit on fees of office that a director may receive during a fiscal year: Zero
(set by Board resolution-TWC Section 49.060)

<u>Name and Address</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees Fiscal Year Ended December 31, 2025</u>	<u>Expense Reimbursements Fiscal Year Ended December 31, 2025</u>	<u>Title at Year End</u>
<u>Board Members</u>				
Roy J. Tschirhart, Jr. 2710 FM 1343 Devine, Texas 78016	Elected 08/24-08/27	\$ -	\$ -	Member
Hector De La Fuente 165 CR 5705 Devine, Texas 78016	Elected 08/23-08/26	-	-	2nd Vice-President
JoNell M. Tarvin 530 CR 366 Hondo, Texas 78861	Elected 08/23-08/26	-	-	Secretary/ Treasurer
Shawn McGrath 15921 FM 471 South Devine, Texas 78016	Elected 08/24-08/27	-	-	Member
Richard A. Sultenfuss Post Office Box 425 Devine, Texas 78016	Elected 08/25-08/28	-	-	Vice-President
Gina Mangold Post Office Box 735 Castroville, Texas 78009	Elected 08/23-08/26	-	-	President
Brian Sullivan Post Office Box 183 Natalia, Texas 78059	Elected 08/24-08/27	-	-	Member

(continued)

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

**SCHEDULE OF BOARD MEMBERS, KEY ADMINISTRATIVE PERSONNEL
AND CONSULTANTS (UNAUDITED)**

Year ended December 31, 2025

<u>Name and Address</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees Fiscal Year Ended December 31, 2025</u>	<u>Expense Reimbursements Fiscal Year Ended December 31, 2025</u>	<u>Title at Year End</u>
<u>Key Administrative Personnel</u>				
Bruce Alexander 516 Vienna Castroville, Texas 78009	04/08	\$ -	\$ 164	Superintendent
Lauren Evans 1153 27th St Hondo, Texas	02/20	-	857	Business Manager
Ronald Lemmons 100 Sunnyland Drive Castroville, Texas 78009	10/18	-	391	Field Manager
<u>Consultants</u>				
ABIP, PC 7330 San Pedro, Suite 901 San Antonio, Texas 78216	12/2020	41,100	-	Auditors
Patrick Lindner Davidson Troilo Ream & Garza, PC 601 NW Loop 410, Suite 100 San Antonio, Texas 78216	1999	26,066	-	Legal Issues General Counsel
Frost Capital Markets Duncan Morrow Senior Vice-President/Capital Markets 111 West Houston Street, 8th Floor San Antonio, Texas 78205	2014	10,000	-	Financial Advisors
Gostomski and Hecker, PC Ed Hecker 607 Urban Loop San Antonio, Texas 78204	2019	-	-	Legal Counsel
Bickerstaff, Heath, Delgado, Acosta, LLP 3711 S. Mopac Expressway Building One, Suite 300 Austin, Texas 78746	2014	-	-	CCN Attorney
RESPEC Russell Persyn Post Office Box 725 Rapid City, South Dakota 57709	2018	73,465	-	Engineer
McCall, Parkhurst & Horton, LLP Tom Spurgeon 700 N. St. Mary's, Suite 1525 San Antonio, Texas 78205	2020	10,000	-	Bond Counsel
Lloyd Gosselink 816 Congress Ave Suite 1900 Austin, TX 78701	2025	1,463	-	Legal Counsel

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

**U.S. DEPARTMENT OF AGRICULTURE (USDA) NON-DISCRIMINATION STATEMENT
(UNAUDITED)**

Year ended December 31, 2025

USDA requires the District to include the following non-discrimination statement on all materials produced for public information.

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://ascr.usda.gov/complaintfiling_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

- (1) Mail U.S. Department of Agriculture
 Office of the Assistant Secretary for Civil Rights
 1400 Independence Avenue, SW
 Washington, D.C. 20250-9410;
- (2) Fax (20) 690-7442; or
- (3) Email program.intake@usda.gov

USDA is an equal opportunity provider, employer, and lender.

EAST MEDINA COUNTY SPECIAL UTILITY DISTRICT

U.S. DEPARTMENT OF AGRICULTURE (USDA) NON-DISCRIMINATION STATEMENT (UNAUDITED)

Year ended December 31, 2025

Spanish Translation

De acuerdo con la ley federal de derechos civiles y las reglamentaciones y las reglamentaciones y políticas de derechos civiles de! Departamento de Agricultura de Estados Unidos (U.S. Department of Agriculture, USDA), se prohíbe al USDA, sus agencias, oficinas y empleados, e instituciones que participan o administran los programas del USDA, discriminar por motivos de raza, color, origen nacional, religión, género, identidad de género (incluidas las expresiones degenera), orientación sexual, discapacidad, edad, estado civil, estado familiar/parental, ingresos derivados de un programa de asistencia pública, creencias políticas, o represalias por actividades previas sobre derechos civiles, en cualquier programa o actividad llevados a cabo o financiados por el USDA (no todas las bases se aplican a todos los programas). Las fechas límite para la presentación de remedios y denuncias varían según el programa o el incidente.

Las personas con discapacidades que requieran medias alternativas de comunicación para obtener información sobre el programa (por ej., Braille, letra grande, cinta de audio, lenguaje americano de señas, etc.) deberán comunicarse con la Agencia responsable o con el Centro TARGET del USDA al (202) 720-2600 (voz y TTY) o comunicarse con el USDA a través del Servicio Federal de Transmisiones al (800) 877-8339. Asimismo, se puede disponer de información del programa en otros idiomas además de inglés.

Para presentar una denuncia por discriminación en el programa, complete el Formulario de denuncias por discriminación en el programa del USDA, AD-3027, que se encuentra en línea en http://www.ascr.usda.gov/complaintfiling_cust.html, o en cualquier oficina del USDA, o escriba una carta dirigida al USDA e incluya en la carta toda la información solicitada en el formulario. Para solicitar una copia del formulario de denuncias, llame al (866) 632-9992. Envíe su formulario completado o su carta al USDA por las siguientes medias:

- (1) correo: U.S. Department of Agriculture,
Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW
Washington, D.C. 20250-9410;
- (2) fax: (202) 690-7442; o
- (3) correo electrónico: program.intake@usda.gov.

El Departamento de Agricultura de Estados Unidos (USDA) es un proveedor, empleador y prestador que ofrece igualdad de oportunidades.



ANNUAL FILING AFFIDAVIT

STATE OF TEXAS COUNTY OF Medina

I, Lauren Evans of the

(Name of Duly Authorized District Representative)

East Medina County Special Utility District

(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of the Directors of the District on the 17th day of March, 2026 its annual audit report for the fiscal year or period ended December 31, 2025 and those copies of the annual audit report have been filed in the district office, located at:

16313 FM 471 South, Devine, TX 78016

(Address of District)

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.

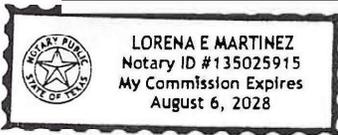
Date: 3/17/2026 By: Lauren Evans
(Signature of District Representative)

Lauren Evans, Business Manager

(Typed Name & Title of above District Representative)

Sworn to and Subscribed to before me by this 17th day of March 2026
(SEAL)

Lorena E. Martinez
(Signature of Notary)



My Commission Expires On: August 6th 2028
Notary Public in the State of Texas.