

**ANTHEM MUNICIPAL  
UTILITY DISTRICT**

**HAYS COUNTY, TEXAS**

**FINANCIAL REPORT**

**September 30, 2025**



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# McGRATH & CO., PLLC

*Certified Public Accountants*

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Houston, Texas 77092

## Independent Auditor's Report

Board of Directors  
Anthem Municipal Utility District  
Hays County, Texas

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Anthem Municipal Utility District (the "District"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied

***Board of Directors  
Anthem Municipal Utility District  
Hays County, Texas***

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 Texas Supplementary Information schedules 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

*W. G. Math & Co, P.C.*

Houston, Texas  
January 14, 2026

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## **Management's Discussion and Analysis**

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***Anthem Municipal Utility District  
Management's Discussion and Analysis  
September 30, 2025***

**Using this Annual Report**

This section of the financial report of Anthem Municipal Utility District (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

**Overview of the Financial Statements**

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

**Government-Wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Anthem Municipal Utility District  
Management's Discussion and Analysis  
September 30, 2025***

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

**Fund Financial Statements**

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

**Financial Analysis of the District as a Whole**

The District's net position at September 30, 2025, was negative \$61,655,740. The District's net position is negative because the District incurs debt to construct water, sewer and drainage facilities and road improvements which it conveys to other governmental entities. A comparative summary of the District's overall financial position, as of September 30, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 1,074,293	\$ 1,202,279
Capital assets	9,952,521	9,989,888
Total assets	<u>11,026,814</u>	<u>11,192,167</u>
Current liabilities	570,029	359,396
Long-term liabilities	72,112,525	61,555,770
Total liabilities	<u>72,682,554</u>	<u>61,915,166</u>
Net position		
Net investment in capital assets	(858,687)	(995,097)
Restricted	580,224	722,900
Unrestricted	(61,377,277)	(50,450,802)
Total net position	<u>\$ (61,655,740)</u>	<u>\$ (50,722,999)</u>

***Anthem Municipal Utility District  
Management's Discussion and Analysis  
September 30, 2025***

The total net position of the District decreased during the current fiscal year by \$10,932,741. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	<u>2025</u>	<u>2024</u>
Revenues		
Property taxes, penalties and interest	\$ 1,545,486	\$ 1,384,368
Other	<u>66,750</u>	<u>69,160</u>
Total revenues	<u>1,612,236</u>	<u>1,453,528</u>
Expenses		
Operating and administrative	828,621	464,092
Debt interest and fees	762,234	697,967
Developer interest		862,417
Debt issuance costs		558,254
Depreciation and amortization	<u>37,367</u>	<u>37,367</u>
Total expenses	<u>1,628,222</u>	<u>2,620,097</u>
Change in net position before other item	(15,986)	(1,166,569)
Other item		
Transfers to other governments	<u>(10,916,755)</u>	<u>(17,021,860)</u>
Change in net position	(10,932,741)	(18,188,429)
Net position, beginning of year	<u>(50,722,999)</u>	<u>(32,534,570)</u>
Net position, end of year	<u><u>\$ (61,655,740)</u></u>	<u><u>\$ (50,722,999)</u></u>

**Financial Analysis of the District's Funds**

The District's combined fund balances, as of September 30, 2025, were \$864,797, which consists of \$160,981 in the General Fund, \$604,783 in the Debt Service Fund and \$99,033 in the Capital Projects Fund.

*General Fund*

A comparative summary of the General Fund's financial position as of September 30, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Total assets	<u>\$ 301,829</u>	<u>\$ 285,124</u>
Total liabilities	\$ 116,822	\$ 45,918
Total deferred inflows	24,026	15,936
Total fund balance	<u>160,981</u>	<u>223,270</u>
Total liabilities, deferred inflows and fund balance	<u><u>\$ 301,829</u></u>	<u><u>\$ 285,124</u></u>

***Anthem Municipal Utility District  
Management's Discussion and Analysis  
September 30, 2025***

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 749,308	\$ 636,409
Total expenditures	(811,597)	(463,287)
Revenues over/(under) expenditures	<u>\$ (62,289)</u>	<u>\$ 173,122</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and because assessed values increased from prior year.

*Debt Service Fund*

A comparative summary of the Debt Service Fund's financial position as of September 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 673,431</u>	<u>\$ 821,378</u>
Total liabilities	\$ 32,609	\$ 37,110
Total deferred inflows	36,039	13,280
Total fund balance	<u>604,783</u>	<u>770,988</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 673,431</u>	<u>\$ 821,378</u>

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 827,754	\$ 781,402
Total expenditures	(993,959)	(745,185)
Revenues over/(under) expenditures	(166,205)	36,217
Other changes in fund balance		329,858
Net change in fund balance	<u>\$ (166,205)</u>	<u>\$ 366,075</u>

The District's financial resources in the Debt Service Fund in the current and prior fiscal years are from property tax revenues. During the prior fiscal year financial resources also included capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in changes in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

***Anthem Municipal Utility District  
Management's Discussion and Analysis  
September 30, 2025***

*Capital Projects Fund*

A comparative summary of the Capital Projects Fund's financial position as of September 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	\$ 99,033	\$ 95,777
Total fund balance	\$ 99,033	\$ 95,777

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 4,325	\$ 6,501
Total expenditures	(1,069)	(5,955,987)
Revenues over/(under) expenditures	3,256	(5,949,486)
Other changes in fund balance		5,990,642
Net change in fund balance	\$ 3,256	\$ 41,156

The District did not have any significant capital asset activity in the current fiscal year. During the prior fiscal year, capital asset activity was financed with proceeds from the issuance of its Series 2023A Unlimited Tax Bonds.

**General Fund Budgetary Highlights**

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$187,529 less than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

**Capital Assets**

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

***Anthem Municipal Utility District  
Management's Discussion and Analysis  
September 30, 2025***

Capital assets held by the District at September 30, 2025 and 2024, are summarized as follows:

	<u>2025</u>	<u>2024</u>
Capital assets not being depreciated		
Land and improvements	<u>\$ 8,672,406</u>	<u>\$ 8,672,406</u>
Capital assets being depreciated/amortized		
Impact fees	1,325,818	1,325,818
Other facilities	111,558	111,558
	<u>1,437,376</u>	<u>1,437,376</u>
Less accumulated depreciation/amortization		
Impact fees	(148,152)	(114,504)
Other facilities	(9,109)	(5,390)
	<u>(157,261)</u>	<u>(119,894)</u>
Depreciable capital assets, net	<u>1,280,115</u>	<u>1,317,482</u>
Capital assets, net	<u>\$ 9,952,521</u>	<u>\$ 9,989,888</u>

The District and the City of Kyle (the “City”) have entered into an agreement which obligates the District to construct certain facilities to serve the District and, when completed, to convey title to the facilities to the City. Additional information is presented in Note 10. Additionally, Hays County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the extraterritorial jurisdiction of the County. Accordingly, these facilities are not considered assets of the District. The value of these assets is recorded as transfers to other governments upon completion of construction and trued-up when the developers are reimbursed. For the year ended September 30, 2025, capital assets in the amount of \$10,916,755 have been recorded as transfers to other governments in the government-wide statements.

**Long-Term Debt and Related Liabilities**

As of September 30, 2025, the District owes approximately \$56,752,525 to developers for completed projects and payments to consultants for engineering and legal fees. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District’s financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of \$2,390,000 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers are trued up when the developers are reimbursed.

***Anthem Municipal Utility District  
Management’s Discussion and Analysis  
September 30, 2025***

At September 30, 2025 and 2024, the District had total bonded debt outstanding as shown below:

Series	2025	2024
2022 Road	\$ 2,640,000	\$ 2,705,000
2023	6,675,000	6,825,000
2023A	6,405,000	6,405,000
	<u>\$ 15,720,000</u>	<u>\$ 15,935,000</u>

At September 30, 2025, the District had \$151,770,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$214,500,000 for the refunding of such bonds; and \$114,230,000 for road improvements and \$152,100,000 for the refunding of such bonds.

**Property Taxes**

The District’s property tax base increased approximately \$75,865,000 for the 2025 tax year from \$147,721,430 to \$223,586,735. This increase was primarily due to new construction in the District and increased property values. For the 2025 tax year, the District has levied a maintenance tax rate of \$0.47 per \$100 of assessed value; a water, sewer and drainage debt service tax rate of \$0.45 per \$100 of assessed value, and a road debt service tax rate of \$0.08 per \$100 of assessed value for a total combined tax rate of \$1.00 per \$100 of assessed value. Tax rates for the 2024 tax year were \$0.48 per \$100 for maintenance and operations, \$0.41 per \$100 for water, sewer and drainage debt service tax and \$0.11 per \$100 for road debt service, for a combined total of \$1.00 per \$100 of assessed value.

**Next Year’s Budget**

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next fiscal year’s budget to current fiscal year actual amounts for the General Fund is as follows:

	2025 Actual	2026 Budget
Total revenues	\$ 749,308	\$ 1,060,800
Total expenditures	<u>(811,597)</u>	<u>(842,462)</u>
Revenues over/(under) expenditures	(62,289)	218,338
Beginning fund balance	223,270	160,981
Ending fund balance	<u>\$ 160,981</u>	<u>\$ 379,319</u>

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## **Basic Financial Statements**

**Anthem Municipal Utility District**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**September 30, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash	\$ 33,259	\$ 18,760	\$ -	\$ 52,019	\$ -	\$ 52,019
Investments	231,983	626,175	100,102	958,260		958,260
Taxes receivable	24,026	36,039		60,065		60,065
Internal balances	8,612	(7,543)	(1,069)			
Prepaid items	3,949			3,949		3,949
Capital assets not being depreciated					8,672,406	8,672,406
Capital assets, net					1,280,115	1,280,115
<b>Total Assets</b>	<b>\$ 301,829</b>	<b>\$ 673,431</b>	<b>\$ 99,033</b>	<b>\$ 1,074,293</b>	<b>9,952,521</b>	<b>11,026,814</b>
<b>Liabilities</b>						
Accounts payable	\$ 96,065	\$ -	\$ -	\$ 96,065		96,065
Other payables	20,757	32,609		53,366		53,366
Accrued interest payable					60,598	60,598
Due to developers					56,752,525	56,752,525
Long-term debt						
Due within one year					360,000	360,000
Due after one year					15,360,000	15,360,000
<b>Total Liabilities</b>	<b>116,822</b>	<b>32,609</b>		<b>149,431</b>	<b>72,533,123</b>	<b>72,682,554</b>
<b>Deferred Inflows of Resources</b>						
Deferred property taxes	24,026	36,039		60,065	(60,065)	
<b>Fund Balances/Net Position</b>						
<b>Fund Balances</b>						
Nonspendable	3,949			3,949	(3,949)	
Restricted		604,783	99,033	703,816	(703,816)	
Unassigned	157,032			157,032	(157,032)	
<b>Total Fund Balances</b>	<b>160,981</b>	<b>604,783</b>	<b>99,033</b>	<b>864,797</b>	<b>(864,797)</b>	
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 301,829</b>	<b>\$ 673,431</b>	<b>\$ 99,033</b>	<b>\$ 1,074,293</b>		
<b>Net Position</b>						
Net investment in capital assets					(858,687)	(858,687)
Restricted for debt service					580,224	580,224
Unrestricted					(61,377,277)	(61,377,277)
<b>Total Net Position</b>					<b>\$ (61,655,740)</b>	<b>\$ (61,655,740)</b>

See notes to basic financial statements.

**Anthem Municipal Utility District**  
**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 717,506	\$ 772,115	\$ -	\$ 1,489,621	\$ 23,534	\$ 1,513,155
Penalties and interest	11,947	13,069		25,016	7,315	32,331
Miscellaneous	9,338	1,415		10,753		10,753
Investment earnings	10,517	41,155	4,325	55,997		55,997
<b>Total Revenues</b>	<b>749,308</b>	<b>827,754</b>	<b>4,325</b>	<b>1,581,387</b>	<b>30,849</b>	<b>1,612,236</b>
<b>Expenditures/Expenses</b>						
Operating and administrative						
Professional fees	308,142		1,069	309,211		309,211
Contracted services	49,431	12,135		61,566		61,566
Repairs and maintenance	413,697			413,697		413,697
Utilities	16,320			16,320		16,320
Administrative	23,719	3,145		26,864		26,864
Other	288	675		963		963
Debt service						
Principal		215,000		215,000	(215,000)	
Interest and fees		763,004		763,004	(770)	762,234
Depreciation and amortization					37,367	37,367
<b>Total Expenditures/Expenses</b>	<b>811,597</b>	<b>993,959</b>	<b>1,069</b>	<b>1,806,625</b>	<b>(178,403)</b>	<b>1,628,222</b>
<b>Revenues Over (Under)</b>						
<b>Expenditures/Expenses</b>	<b>(62,289)</b>	<b>(166,205)</b>	<b>3,256</b>	<b>(225,238)</b>	<b>209,252</b>	<b>(15,986)</b>
<b>Other Items</b>						
Transfers to other governments					(10,916,755)	(10,916,755)
<b>Net Change in Fund Balances</b>	<b>(62,289)</b>	<b>(166,205)</b>	<b>3,256</b>	<b>(225,238)</b>	<b>225,238</b>	
<b>Change in Net Position</b>					<b>(10,932,741)</b>	<b>(10,932,741)</b>
Fund Balance/Net Position						
Beginning of the year	223,270	770,988	95,777	1,090,035	(51,813,034)	(50,722,999)
<b>End of the year</b>	<b>\$ 160,981</b>	<b>\$ 604,783</b>	<b>\$ 99,033</b>	<b>\$ 864,797</b>	<b>\$ (62,520,537)</b>	<b>\$ (61,655,740)</b>

See notes to basic financial statements.

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## **Note 1 – Summary of Significant Accounting Policies**

The accounting policies of Anthem Municipal Utility District (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

### **Creation**

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality, dated July 25, 2016, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The District added additional road powers pursuant to House Bill 4270, 85th (R) Session on June 12, 2017. The Board of Directors held its first meeting on August 16, 2016, and the first bonds were issued on May 15, 2022. The boundaries of the District and prior elections conducted by the District were, among other things, confirmed and validated pursuant to Senate Bill 1167, 87th (R) Session on June 14, 2021.

The District’s primary activities include construction of water, sewer and drainage and road facilities within the District. As further discussed in Note 10, the District transfers water and sewer facilities to the City of Kyle for operation and maintenance upon completion of construction. Additionally, all road facilities constructed by the District are conveyed to the Hays County. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

### **Reporting Entity**

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

### **Government-Wide and Fund Financial Statements**

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

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Notes to Financial Statements  
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Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal source of revenue is property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District’s water, sewer, drainage and road facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

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Notes to Financial Statements  
September 30, 2025*

**Use of Restricted Resources**

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

**Prepaid Items**

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At September 30, 2025, an allowance for uncollectible accounts was not considered necessary.

**Interfund Activity**

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

**Capital Assets**

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is \$50,000. The threshold for subscription-based information technology arrangements (SBITAs) is \$100,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of impact fees to the City of Kyle, are amortized (or depreciated in the case of tangible assets) using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Impact fees	Remaining life of contract
Other facilities	30 years

***Anthem Municipal Utility District  
Notes to Financial Statements  
September 30, 2025***

The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

**Deferred Inflows and Outflows of Financial Resources**

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

**Net Position – Governmental Activities**

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

**Fund Balances – Governmental Funds**

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the

*Anthem Municipal Utility District*  
*Notes to Financial Statements*  
*September 30, 2025*

extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

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

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets transferred to other government entities and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

*Anthem Municipal Utility District*  
*Notes to Financial Statements*  
*September 30, 2025*

**Note 2 – Adjustment from Governmental to Government-wide Basis**

**Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position***

Total fund balance, governmental funds	\$	864,797
--	----	---------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 10,109,782	
Less accumulated depreciation/amortization	<u>(157,261)</u>	
		9,952,521

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:

Accrued interest payable	(60,598)	
Due to developers	(56,752,525)	
Bonds payable	<u>(15,720,000)</u>	
		(72,533,123)

Deferred inflows in the fund statements consist of property taxes receivable and related penalties and interest that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.

60,065

Total net position - governmental activities	\$	<u><u>(61,655,740)</u></u>
--	----	----------------------------

**Anthem Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2025**

**Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities***

Net change in fund balances - total governmental funds \$ (225,238)

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest. 30,849

Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:

Transfers to other governments	\$ (10,916,755)	
Depreciation/amortization expense	<u>(37,367)</u>	
		(10,954,122)

Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:

Principal payments	215,000	
Interest expense accrual	<u>770</u>	
		215,770

Change in net position of governmental activities \$ (10,932,741)

**Note 3 – Deposits and Investments**

**Deposit Custodial Credit Risk**

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository

**Anthem Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2025**

insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.

**Investments**

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers’ acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District’s investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of September 30, 2025, the District’s investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	\$ 231,983	AAAm	44 days
	Debt Service	626,175		
	Capital Projects	100,102		
		<u>\$ 958,260</u>		

**TexPool**

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

***Anthem Municipal Utility District  
Notes to Financial Statements  
September 30, 2025***

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District’s position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

**Investment Credit and Interest Rate Risk**

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

**Note 4 – Interfund Balances and Transactions**

Amounts due to/from other funds at September 30, 2025, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 1,843	Maintenance tax collections not remitted as of year end
General Fund	Debt Service Fund	5,700	Tax appraisal fees paid by the General Fund
General Fund	Capital Projects Fund	1,069	Bond application fees paid by the General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

**Anthem Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2025**

**Note 5 – Capital Assets**

A summary of changes in capital assets, for the year ended September 30, 2025, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 8,672,406	\$ -	\$ 8,672,406
Capital assets being depreciated/amortized			
Impact fees	1,325,818		1,325,818
Other facilities	111,558		111,558
	<u>1,437,376</u>		<u>1,437,376</u>
Less accumulated depreciation/amortization			
Impact fees	(114,504)	(33,648)	(148,152)
Other facilities	(5,390)	(3,719)	(9,109)
	<u>(119,894)</u>	<u>(37,367)</u>	<u>(157,261)</u>
Subtotal depreciable capital assets, net	<u>1,317,482</u>	<u>(37,367)</u>	<u>1,280,115</u>
Capital assets, net	<u>\$ 9,989,888</u>	<u>\$ (37,367)</u>	<u>\$ 9,952,521</u>

Depreciation/amortization expense for the current fiscal year was \$37,367.

**Note 6 – Due to Developers**

The District has entered into a financing agreements with its developers for the financing of the construction of water, sewer and drainage facilities and road improvements. Under the agreements, the developers will construct facilities on behalf of the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developers are reimbursed.

Changes in the estimated amounts due to developers during the fiscal year are as follows:

Due to developers, beginning of year	\$ 45,835,770
Developer funded construction and adjustments	10,916,755
Due to developers, end of year	<u>\$ 56,752,525</u>

**Anthem Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2025**

In addition, the District will owe the developers approximately \$2,390,000, which is included in the schedule of contractual commitments below. The projects in this schedule are in varying stages of completion and, as previously noted, will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developers is not known until approved by the TCEQ and verified by the District’s auditor.

	Contract Amount*
RM 150 roadway improvements	\$ 2,390,000

\* Rounded to the nearest \$10,000

**Note 7 – Long-Term Debt**

Long-term debt is comprised of the following:

Bonds payable	<u>\$ 15,720,000</u>
Due within one year	<u>\$ 360,000</u>

The District’s bonds payable at September 30, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2022 Road	\$ 2,640,000	\$ 2,770,000	3.00% - 4.75%	September 1, 2024/2047	March 1, September 1	September 1, 2031
2023	6,675,000	6,825,000	4.00% - 5.00%	September 1, 2025/2048	March 1, September 1	September 1, 2028
2023A	6,405,000	6,405,000	4.50% - 7.50%	September 1, 2026/2049	March 1, September 1	September 1, 2028
	<u>\$ 15,720,000</u>					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At September 30, 2025, the District had authorized but unissued bonds in the amount of \$151,770,000 for water, sewer and drainage facilities and \$214,500,000 for the refunding of such bonds; and \$114,230,000 for road improvements and \$152,100,000 for the refunding of such bonds.

**Anthem Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2025**

The change in the District’s long-term debt during the year is as follows:

Bonds payable, beginning of year	\$ 15,935,000
Bonds retired	<u>(215,000)</u>
Bonds payable, end of year	<u><u>\$ 15,720,000</u></u>

As of September 30, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	\$ 360,000	\$ 752,257	\$ 1,112,257
2027	380,000	732,524	1,112,524
2028	400,000	711,056	1,111,056
2029	420,000	688,243	1,108,243
2030	440,000	669,944	1,109,944
2031	465,000	650,693	1,115,693
2032	485,000	630,344	1,115,344
2033	515,000	608,982	1,123,982
2034	540,000	586,313	1,126,313
2035	575,000	562,413	1,137,413
2036	600,000	536,325	1,136,325
2037	635,000	509,463	1,144,463
2038	670,000	481,030	1,151,030
2039	705,000	449,838	1,154,838
2040	740,000	417,012	1,157,012
2041	780,000	382,032	1,162,032
2042	820,000	345,163	1,165,163
2043	865,000	305,426	1,170,426
2044	910,000	263,500	1,173,500
2045	965,000	219,388	1,184,388
2046	1,010,000	171,574	1,181,574
2047	1,060,000	121,525	1,181,525
2048	920,000	69,000	989,000
2049	460,000	23,000	483,000
	<u><u>\$ 15,720,000</u></u>	<u><u>\$ 10,887,045</u></u>	<u><u>\$ 26,607,045</u></u>

**Note 8 – Property Taxes**

On November 8, 2016, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.00 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

***Anthem Municipal Utility District  
Notes to Financial Statements  
September 30, 2025***

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

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of \$1.00 per \$100 of assessed value, of which \$0.48 was allocated to maintenance and operations, \$0.41 was allocated to water, sewer and drainage debt service and \$0.11 for road debt service. The resulting tax levy was \$1,477,214 on the adjusted taxable value of \$147,721,430.

Property taxes receivable, at September 30, 2025, consisted of the following:

Current year taxes receivable	\$ 50,053
Penalty and interest receivable	10,012
Property taxes receivable	<u>\$ 60,065</u>

**Note 9 – Transfers to Other Governments**

In accordance with an agreement between the District and the City of Kyle (the “City”), the District transfers all of its water and sewer facilities to the City (see Note 10). Additionally, Hays County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, the District does not record these capital assets in the *Statement of Net Position* but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developers are subsequently reimbursed. For the year ended September 30, 2025, the District reported transfers to other governments in the amount of \$10,916,755 for projects completed and transferred to the City and Hays County.

**Note 10 – Utility Agreement with the City of Kyle**

On November 16, 2016, the District entered into a utility agreement with the City of Kyle (the “City”) for construction and extension of water distribution lines and sanitary sewer collection systems to serve the District. As the system is acquired or constructed, the District shall transfer the system to the City but will reserve a security interest in the system. The agreement entitles the District up to 1,987 living unit equivalents of water and wastewater treatment capacity. The term of the agreement is 45 years.

Water and sewer rates charged by the City to users in the District, shall be those established as rates for outside city limits customers. All revenue derived from these charges belongs to the City.

**Note 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; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

*Anthem Municipal Utility District*  
*Notes to Financial Statements*  
*September 30, 2025*

**Note 12 – Subsequent Event**

On January 15, 2026, the District issued its \$10,260,000 Series 2026 Unlimited Tax Bonds at a net effective rate of 4.625321%. Proceeds from the bonds were used to reimburse the District's developers for infrastructure improvements in the District, water and wastewater impact fees to the City of Kyle and pay twelve months of capitalized interest on the bonds.

## **Required Supplementary Information**

*Anthem Municipal Utility District  
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund  
 For the Year Ended September 30, 2025*

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Property taxes	\$ 710,400	\$ 717,506	\$ 7,106
Penalties and interest		11,947	11,947
Miscellaneous		9,338	9,338
Investment earnings	4,000	10,517	6,517
Total Revenues	<u>714,400</u>	<u>749,308</u>	<u>34,908</u>
<b>Expenditures</b>			
Operating and administrative			
Professional fees	177,000	308,142	(131,142)
Contracted services	64,200	49,431	14,769
Repairs and maintenance	275,000	413,697	(138,697)
Utilities	50,000	16,320	33,680
Administrative	21,960	23,719	(1,759)
Other	1,000	288	712
Total Expenditures	<u>589,160</u>	<u>811,597</u>	<u>(222,437)</u>
<b>Revenues Over (Under) Expenditures</b>	125,240	(62,289)	(187,529)
<b>Fund Balance</b>			
Beginning of the year	<u>223,270</u>	<u>223,270</u>	
<b>End of the year</b>	<u>\$ 348,510</u>	<u>\$ 160,981</u>	<u>\$ (187,529)</u>

*Anthem Municipal Utility District*  
*Notes to Required Supplementary Information*  
*September 30, 2025*

**Budgets and Budgetary Accounting**

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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## **Texas Supplementary Information**

**Anthem Municipal Utility District**  
**TSI-1. Services and Rates**  
**September 30, 2025**

1. Services provided by the District During the Fiscal Year:

- |  |   |  |                                     |
|--|---|--|-------------------------------------|
| <input type="checkbox"/> Retail Water  | <input type="checkbox"/> Wholesale Water      | <input type="checkbox"/> Solid Waste / Garbage | <input type="checkbox"/> Drainage   |
| <input type="checkbox"/> Retail Wastewater   | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Flood Control         | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks / Recreation  | <input type="checkbox"/> Fire Protection      | <input checked="" type="checkbox"/> Roads      | <input type="checkbox"/> Security   |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)    |   |  |                                     |
| <input checked="" type="checkbox"/> Other (Specify): <u>Water and wastewater accepted by City of Kyle for operation and maintenance.</u> |   |  |                                     |

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage?  Yes  No

Total charges per 10,000 gallons usage: Water \_\_\_\_\_ Wastewater \_\_\_\_\_

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.



*Anthem Municipal Utility District  
 TSI-2. General Fund Expenditures  
 For the Year Ended September 30, 2025*

Professional fees	
Legal	\$ 129,073
Audit	14,000
Financial advisor	600
Engineering	164,469
	<u>308,142</u>
Contracted services	
Bookkeeping	26,925
Operator	17,308
Tax collector	5,198
	<u>49,431</u>
Repairs and maintenance	<u>413,697</u>
Utilities	<u>16,320</u>
Administrative	
Directors fees	17,975
Insurance	4,219
Other	1,525
	<u>23,719</u>
Other	<u>288</u>
Total expenditures	<u>\$ 811,597</u>

See accompanying auditor's report.

*Anthem Municipal Utility District*  
*TSI-3. Investments*  
*September 30, 2025*

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	\$ 231,983
Debt Service			
TexPool	Variable	N/A	913
TexPool	Variable	N/A	121,962
TexPool	Variable	N/A	503,300
			<u>626,175</u>
Capital Projects			
TexPool	Variable	N/A	46,282
TexPool	Variable	N/A	13,926
TexPool	Variable	N/A	39,894
			<u>100,102</u>
Total - All Funds			<u>\$ 958,260</u>

See accompanying auditor's report.

**Anthem Municipal Utility District**  
**TSI-4. Taxes Levied and Receivable**  
**September 30, 2025**

	Maintenance Taxes	Road Debt Service Taxes	Utility Debt service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 15,936	\$ 5,326	\$ 5,258	\$ 26,520
Adjustments to Prior Year Tax Levy	16,136	5,262	13,680	35,078
Adjusted Receivable	32,072	10,588	18,938	61,598
2024 Original Tax Levy	707,801	162,204	604,580	1,474,585
Adjustments	1,262	289	1,078	2,629
Adjusted Tax Levy	709,063	162,493	605,658	1,477,214
Total to be accounted for	741,135	173,081	624,596	1,538,812
Tax collections:				
Current year	685,037	156,988	585,136	1,427,161
Prior years	32,072	10,588	18,938	61,598
Total Collections	717,109	167,576	604,074	1,488,759
Taxes Receivable, End of Year	\$ 24,026	\$ 5,505	\$ 20,522	\$ 50,053
Taxes Receivable, By Years				
2024	\$ 24,026	\$ 5,505	\$ 20,522	\$ 50,053
	2024	2023	2022	2021
Property Valuations:				
Land	\$ 58,325,100	\$ 76,173,610	\$ 38,908,000	\$ 11,380,520
Improvements	105,027,056	74,762,140	11,280,136	
Personal Property	166,916	484,299	153,580	
Exemptions	(15,797,642)	(11,781,740)	(9,383,562)	(9,072,730)
Total Property Valuations	\$ 147,721,430	\$ 139,638,309	\$ 40,958,154	\$ 2,307,790
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.48	\$ 0.46	\$ 0.4925	\$ 1.00
Road debt service tax rates	0.11	0.15	0.5075	
Utility debt service tax rates	0.41	0.39		
Total Tax Rates per \$100 Valuation	\$ 1.00	\$ 1.00	\$ 1.0000	\$ 1.00
Adjusted Tax Levy:	\$ 1,477,214	\$ 1,396,383	\$ 409,582	\$ 23,078
Percentage of Taxes Collected to Taxes Levied **	96.61%	100.00%	100.00%	100.00%

\* Maximum Maintenance Tax Rate Approved by Voters: \$1.00 on November 8, 2016

\*\* Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

*Anthem Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2022 Road--by Years*  
*September 30, 2025*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 70,000	\$ 116,819	\$ 186,819
2027	75,000	114,456	189,456
2028	75,000	111,738	186,738
2029	80,000	108,924	188,924
2030	85,000	105,825	190,825
2031	90,000	102,424	192,424
2032	90,000	98,825	188,825
2033	95,000	95,113	190,113
2034	100,000	91,194	191,194
2035	105,000	86,944	191,944
2036	110,000	82,481	192,481
2037	115,000	77,669	192,669
2038	125,000	72,637	197,637
2039	130,000	67,013	197,013
2040	135,000	61,163	196,163
2041	145,000	54,919	199,919
2042	150,000	48,213	198,213
2043	155,000	41,088	196,088
2044	165,000	33,725	198,725
2045	175,000	25,888	200,888
2046	180,000	17,574	197,574
2047	190,000	9,025	199,025
	<u>\$ 2,640,000</u>	<u>\$ 1,623,657</u>	<u>\$ 4,263,657</u>

See accompanying auditor's report.

*Anthem Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2023--by Years*  
*September 30, 2025*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 155,000	\$ 310,875	\$ 465,875
2027	165,000	303,125	468,125
2028	175,000	294,875	469,875
2029	180,000	286,125	466,125
2030	190,000	278,925	468,925
2031	200,000	271,325	471,325
2032	210,000	263,325	473,325
2033	225,000	254,925	479,925
2034	235,000	245,925	480,925
2035	250,000	236,525	486,525
2036	260,000	225,900	485,900
2037	275,000	214,200	489,200
2038	290,000	201,825	491,825
2039	305,000	188,050	493,050
2040	320,000	173,562	493,562
2041	335,000	158,363	493,363
2042	355,000	142,450	497,450
2043	375,000	125,588	500,588
2044	390,000	107,775	497,775
2045	415,000	89,250	504,250
2046	435,000	68,500	503,500
2047	455,000	46,750	501,750
2048	480,000	24,000	504,000
	<u>\$ 6,675,000</u>	<u>\$ 4,512,163</u>	<u>\$ 11,187,163</u>

See accompanying auditor's report.

*Anthem Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2023A--by Years*  
*September 30, 2025*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 135,000	\$ 324,563	\$ 459,563
2027	140,000	314,943	454,943
2028	150,000	304,443	454,443
2029	160,000	293,194	453,194
2030	165,000	285,194	450,194
2031	175,000	276,944	451,944
2032	185,000	268,194	453,194
2033	195,000	258,944	453,944
2034	205,000	249,194	454,194
2035	220,000	238,944	458,944
2036	230,000	227,944	457,944
2037	245,000	217,594	462,594
2038	255,000	206,568	461,568
2039	270,000	194,775	464,775
2040	285,000	182,287	467,287
2041	300,000	168,750	468,750
2042	315,000	154,500	469,500
2043	335,000	138,750	473,750
2044	355,000	122,000	477,000
2045	375,000	104,250	479,250
2046	395,000	85,500	480,500
2047	415,000	65,750	480,750
2048	440,000	45,000	485,000
2049	460,000	23,000	483,000
	<u>\$ 6,405,000</u>	<u>\$ 4,751,225</u>	<u>\$ 11,156,225</u>

See accompanying auditor's report.

*Anthem Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*All Bonded Debt Series--by Years*  
*September 30, 2025*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2026	\$ 360,000	\$ 752,257	\$ 1,112,257
2027	380,000	732,524	1,112,524
2028	400,000	711,056	1,111,056
2029	420,000	688,243	1,108,243
2030	440,000	669,944	1,109,944
2031	465,000	650,693	1,115,693
2032	485,000	630,344	1,115,344
2033	515,000	608,982	1,123,982
2034	540,000	586,313	1,126,313
2035	575,000	562,413	1,137,413
2036	600,000	536,325	1,136,325
2037	635,000	509,463	1,144,463
2038	670,000	481,030	1,151,030
2039	705,000	449,838	1,154,838
2040	740,000	417,012	1,157,012
2041	780,000	382,032	1,162,032
2042	820,000	345,163	1,165,163
2043	865,000	305,426	1,170,426
2044	910,000	263,500	1,173,500
2045	965,000	219,388	1,184,388
2046	1,010,000	171,574	1,181,574
2047	1,060,000	121,525	1,181,525
2048	920,000	69,000	989,000
2049	460,000	23,000	483,000
	<u>\$ 15,720,000</u>	<u>\$ 10,887,045</u>	<u>\$ 26,607,045</u>

See accompanying auditor's report.

**Anthem Municipal Utility District**  
**TSI-6. Change in Long-Term Bonded Debt**  
**September 30, 2025**

	Bond Issue			Totals
	Series 2022 Road	Series 2023	Series 2023A	
Interest rate	3.00% - 4.75%	4.00% - 5.00%	4.50% - 7.50%	
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	
Maturity dates	9/1/24 - 9/1/47	9/1/25 - 9/1/48	9/1/26 - 9/1/49	
Beginning bonds outstanding	\$ 2,705,000	\$ 6,825,000	\$ 6,405,000	\$ 15,935,000
Bonds retired	(65,000)	(150,000)		(215,000)
Ending bonds outstanding	<u>\$ 2,640,000</u>	<u>\$ 6,675,000</u>	<u>\$ 6,405,000</u>	<u>\$ 15,720,000</u>
Interest paid during fiscal year	<u>\$ 118,866</u>	<u>\$ 318,375</u>	<u>\$ 324,563</u>	<u>\$ 761,804</u>
Paying agent's name and city All Series	BOKF, N.A., Dallas, TX			

Bond Authority:	Water, Sewer and Drainage Bonds	Water, Sewer and Drainage Refunding Bonds	Road Bonds	Road Refunding Bonds
	Amount Authorized by Voters	\$ 165,000,000	\$ 214,500,000	\$ 117,000,000
Amount Issued	(13,230,000)		(2,770,000)	
Remaining To Be Issued	<u>\$ 151,770,000</u>	<u>\$ 214,500,000</u>	<u>\$ 114,230,000</u>	<u>\$ 152,100,000</u>

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balance as of September 30, 2025: \$ 644,935

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,108,627

See accompanying auditor's report.

*Anthem Municipal Utility District*  
*TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund*  
*For the Last Five Fiscal Years*

	Amounts				
	2025	2024	2023	2022	2021**
Revenues					
Property taxes	\$ 717,506	\$ 620,014	\$ 223,576	\$ 41,079	\$ 6,388
Penalties and interest	11,947	3,356	242		
Miscellaneous	9,338	30			
Investment earnings	10,517	13,009	3,360		
<b>Total Revenues</b>	<b>749,308</b>	<b>636,409</b>	<b>227,178</b>	<b>41,079</b>	<b>6,388</b>
Expenditures					
Operating and administrative					
Professional fees	308,142	158,910	72,849		
Contracted services	49,431	54,262	49,313	19,354	6,893
Repairs and maintenance	413,697	156,356	117,010	18,233	
Utilities	16,320	10,769			
Administrative	23,719	20,995	14,597	13,726	8,517
Other	288	570	786	662	1,154
Capital outlay		61,425			
<b>Total Expenditures</b>	<b>811,597</b>	<b>463,287</b>	<b>254,555</b>	<b>51,975</b>	<b>16,564</b>
Revenues Over (Under) Expenditures	(62,289)	173,122	(27,377)	(10,896)	(10,176)
<b>Other Financing Sources</b>					
Developer advances			82,000	2,500	10,000
<b>Net Change in Fund Balance</b>	<b>(62,289)</b>	<b>173,122</b>	<b>54,623</b>	<b>(8,396)</b>	<b>(176)</b>
Fund Balance, Beginning of the year	223,270	50,148	(4,475)	3,921	4,097
<b>End of the year</b>	<b>\$ 160,981</b>	<b>\$ 223,270</b>	<b>\$ 50,148</b>	<b>\$ (4,475)</b>	<b>\$ 3,921</b>

\*Percentage is negligible

\*\* Unaudited

See accompanying auditor's report.

Percent of Fund Total Revenues

2025	2024	2023	2022	2021**
96%	97%	99%	100%	100%
2%	1%	*		
1%	*			
1%	2%	1%		
100%	100%	100%	100%	100%
41%	25%	32%		
7%	9%	22%	47%	108%
55%	25%	52%	44%	
2%	2%			
3%	3%	6%	33%	133%
*	*	*	2%	18%
	10%			
108%	74%	112%	126%	259%
(8%)	26%	(12%)	(26%)	(159%)

*Anthem Municipal Utility District  
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund  
For the Last Four Fiscal Years*

	Amounts			
	2025	2024	2023	2022
Revenues				
Property taxes	\$ 772,115	\$ 727,842	\$ 207,864	\$ -
Penalties and interest	13,069	3,940	235	
Miscellaneous	1,415			
Investment earnings	41,155	49,620	20,814	131
Total Revenues	<u>827,754</u>	<u>781,402</u>	<u>228,913</u>	<u>131</u>
Expenditures				
Tax collection services	15,280	6,082	1,293	
Other	675	2,125	650	
Debt service				
Principal	215,000	65,000		
Interest and fees	763,004	671,978	299,751	27,519
Total Expenditures	<u>993,959</u>	<u>745,185</u>	<u>301,694</u>	<u>27,519</u>
Revenues Over (Under) Expenditures	(166,205)	36,217	(72,781)	(27,388)
<b>Other Financing Sources</b>				
Proceeds from sale of bonds		329,858	477,563	27,519
<b>Net Change in Fund Balance</b>	(166,205)	366,075	404,782	131
Fund Balance, Beginning of the year	770,988	404,913	131	-
<b>End of the year</b>	<u>\$ 604,783</u>	<u>\$ 770,988</u>	<u>\$ 404,913</u>	<u>\$ 131</u>

\*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2025	2024	2023	2022
93%	93%	91%	-%
2%	1%	*	-
*			
5%	6%	9%	-
100%	100%	100%	-
2%	1%	1%	-
*	*	*	-
26%	8%		-
92%	86%	131%	-
120%	95%	132%	-
(20%)	5%	(32%)	-%

**Anthem Municipal Utility District**  
**TSI-8. Board Members, Key Personnel and Consultants**  
**For the Year Ended September 30, 2025**

Complete District Mailing Address: 600 W. 5th Street, Suite 900, Austin, Texas 78701  
District Business Telephone Number: (512) 370-2923  
Submission Date of the most recent District Registration Form  
(TWC Sections 36.054 and 49.054): May 1, 2025  
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200  
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
<b>Board Members</b>				
Steven Guzzo	03/24 - 05/28	\$ 4,862	\$ 591	President
Justin Saltrev	03/24 - 05/28	2,652	605	Vice President
Eric B. Storm	05/22 - 05/26	2,921	451	Secretary
Michael A. Garemko, Jr.	04/25 - 05/26	1,547	57	Assistant Secretary/ Treasurer
Ravi DeSantis	04/25 - 05/26	2,210		Assistant Secretary
Brandon Brydson	05/22 - 04/25	1,105		Former Director
Matt Jacobs	05/22 - 04/25	884	85	Former Director
<b>Consultants</b>				
		Amounts Paid		
Andy Barrett & Associates, PLLC	2016	\$ 70,900		Attorney
Winstead PC	2016	60,024		Attorney
Si Environmental LLC	2024	132,333		Operator
Bott & Douhitt, PLLC	2020	26,486		Bookkeeper
Assessments of the Southwest, Inc.	2024	500		Tax Collector
Hays Central Appraisal District	Legislation	10,829		Property Valuation
Atwell, LLC	2019	149,236		Engineer
McGrath & Co., PLLC	2022	14,000		Auditor
The GMS Group, L.L.C.	2022	1,250		Financial Advisor

\* Fees of Office are the amounts actually paid to a director during the District's fiscal year.  
See accompanying auditor's report.