

**CREEDMOOR  
MUNICIPAL UTILITY DISTRICT**

**TRAVIS COUNTY, TEXAS**

**FINANCIAL REPORT**

**September 30, 2025**



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# **McGRATH & CO., PLLC**

*Certified Public Accountants*

2900 North Loop West, Suite 880

Houston, Texas 77092

## **Independent Auditor's Report**

Board of Directors  
Creedmoor Municipal Utility District  
Travis County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and General Fund of Creedmoor 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 General Fund of Creedmoor 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required

***Board of Directors  
Creedmoor Municipal Utility District  
Travis County, Texas***

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.

*McGuath & Co, P.C.*

Houston, Texas  
February 12, 2026

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

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

## **Using this Annual Report**

This section of the financial report of Creedmoor 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 Fund Balance Sheet* and the *Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance*. 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.

***Creedmoor 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 Fund Balance Sheet* and the *Governmental Fund Revenues, Expenditures and Changes in Fund Balance*. 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 \$9,395,668. The District’s net position is negative because the District incurs debt to construct certain facilities which it conveys to other governmental entities. Additionally, the District relies on advances from its developers to fund operating costs. 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	\$ 41,820	\$ 33,761
Capital assets	13,768,159	
Total assets	13,809,979	33,761
Current liabilities	17,932	3,565
Long-term liabilities	23,187,715	40,000
Total liabilities	23,205,647	43,565
Net position		
Net investment in capital assets	(8,835,610)	
Unrestricted	(560,058)	(9,804)
Total net position	\$ (9,395,668)	\$ (9,804)

**Creedmoor 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 \$9,385,864. A comparative summary of the District's *Statement of Activities* for the current and prior fiscal year (unaudited) is as follows:

	<u>2025</u>	<u>2024</u>
Revenues		
Sewer service	\$ 85,757	\$ -
Other		20,000
Total revenues	<u>85,757</u>	<u>20,000</u>
Expenses		
Current service operations	764,103	13,313
Depreciation and amortization	682,548	
Total expenses	<u>1,446,651</u>	<u>13,313</u>
Change in net position before other items	(1,360,894)	6,687
Other items		
Transfers to other governments	<u>(8,024,970)</u>	
Change in net position	(9,385,864)	6,687
Net position, beginning of year	<u>(9,804)</u>	<u>(16,491)</u>
Net position, end of year	<u>\$ (9,395,668)</u>	<u>\$ (9,804)</u>

**Financial Analysis of the District's General Fund**

Fund balance in the District's General Fund, as of September 30, 2025, was \$23,888. 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>\$ 41,820</u>	<u>\$ 33,761</u>
Total liabilities	\$ 17,932	\$ 3,565
Total fund balance	<u>23,888</u>	<u>30,196</u>
Total liabilities and fund balance	<u>\$ 41,820</u>	<u>\$ 33,761</u>

***Creedmoor 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 (unaudited) is as follows:

	<u>2025</u>	<u>2024</u>
Total revenues	\$ 85,757	\$ 20,000
Total expenditures	<u>(700,057)</u>	<u>(13,313)</u>
Revenues over/(under) expenditures	(614,300)	6,687
Other changes in fund balance	<u>607,992</u>	<u>20,000</u>
Net change in fund balance	<u>\$ (6,308)</u>	<u>\$ 26,687</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 the provision of sewer services to customers within the District and developer advances. Financial resources are influenced by a variety of factors each year:

- Sewer service revenues are based on the number of active living unit equivalents in the District and increases as the number of connections increases.
- The District’s developer advance funds to the District as needed to pay operating costs.

**General Fund Budgetary Highlights**

The Board of Directors is required to adopt an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. However, the District did not adopt a budget for the current fiscal year. As a result, the supplementary information required by the generally accepted accounting principles is not included in the financial statements.

**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.

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

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

Capital assets not being depreciated	
Land and improvements	<u>\$ 1,595,243</u>
Capital assets being depreciated/amortized	
Infrastructure	6,361,214
Capital recovery fees	<u>6,494,250</u>
	<u>12,855,464</u>
Less accumulated depreciation/amortization	
Infrastructure	(141,360)
Capital recovery fees	<u>(541,188)</u>
	<u>(682,548)</u>
Depreciable capital assets, net	<u>12,172,916</u>
Capital assets, net	<u><u>\$ 13,768,159</u></u>

Capital asset additions during the current fiscal year include the following:

- Creedmoor 216, Phase 1A – wastewater and drainage facilities
- Creedmoor 216, Phase 2A – wastewater and drainage facilities
- Capital recovery fees

The District did not have any capital assets to report as of September 30, 2024.

In accordance with agreements between the District’s developers and Creedmoor Maha Water Supply Corporation (“CMWSC”), the District transfers all of its water facilities to CMWSC. Additionally, the City of Creedmoor assumes responsibility (after a one-year maintenance period) for road facilities constructed within the City. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developers are reimbursed. For the year ended September 30, 2025, capital assets in the amount of \$8,024,970 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 8.

**Long-Term Debt and Related Liabilities**

As of September 30, 2025, the District owes approximately \$23,187,715 to developers for completed projects and operating advances. 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 5, the District has an additional commitment in the amount of \$7,180,000 for a project under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

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

At September 30, 2025, the District had \$111,900,000 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 \$139,875,000 for the refunding of such bonds; \$6,000,000 for parks and recreational facilities and \$7,500,000 for the refunding of such bonds; and \$51,300,000 for road improvements and \$64,125,000 for the refunding of such bonds.

**Property Taxes**

For the 2025 tax year, the District’s property tax base is \$9,129,124 and has levied a maintenance tax rate of \$0.75 per \$100 of assessed value. The District did not levy a tax during the 2024 tax year.

**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 sewer services and the projected cost of operating the District and providing services to customers. A comparison of next fiscal year’s budget to current fiscal year actual amounts for the General Fund is as follows:

	<u>2025 Actual</u>	<u>2026 Budget</u>
Total revenues	\$ 85,757	\$ 191,967
Total expenditures	<u>(700,057)</u>	<u>(895,703)</u>
Revenues under expenditures	(614,300)	(703,736)
Other changes in fund balance	<u>607,992</u>	<u>706,472</u>
Net change in fund balance	(6,308)	2,736
Beginning fund balance	<u>30,196</u>	<u>23,888</u>
Ending fund balance	<u><u>\$ 23,888</u></u>	<u><u>\$ 26,624</u></u>

## **Basic Financial Statements**

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

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash	\$ 19,596	\$ -	\$ 19,596
Customer service receivables	22,224		22,224
Capital assets not being depreciated		1,595,243	1,595,243
Capital assets, net		12,172,916	12,172,916
Total Assets	<u>\$ 41,820</u>	<u>13,768,159</u>	<u>13,809,979</u>
<b>Liabilities</b>			
Accounts payable	\$ 16,647		16,647
Other payables	1,285		1,285
Due to developer		23,187,715	23,187,715
Total Liabilities	<u>17,932</u>	<u>23,187,715</u>	<u>23,205,647</u>
<b>Fund Balance/Net Position</b>			
<b>Fund Balance</b>			
Unassigned	<u>23,888</u>	<u>(23,888)</u>	
Total Liabilities and Fund Balance	<u>\$ 41,820</u>		
<b>Net Position</b>			
Net investment in capital assets		(8,835,610)	(8,835,610)
Unrestricted		(560,058)	(560,058)
Total Net Position		<u>\$ (9,395,668)</u>	<u>\$ (9,395,668)</u>

See notes to basic financial statements.

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

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Sewer service	\$ 85,757	\$ -	\$ 85,757
<b>Expenditures/Expenses</b>			
Current service operations			
Purchased services	627,081		627,081
Professional fees	5,640	64,046	69,686
Contracted services	18,775		18,775
Repairs and maintenance	17,763		17,763
Administrative	30,586		30,586
Other	212		212
Depreciation and amortization		682,548	682,548
Total Expenditures/Expenses	700,057	746,594	1,446,651
<b>Revenues Under Expenditures/Expenses</b>	(614,300)	(746,594)	(1,360,894)
<b>Other Financing Sources</b>			
Developer advances	607,992	(607,992)	
<b>Other Items</b>			
Transfers to other governments		(8,024,970)	(8,024,970)
<b>Net Change in Fund Balance</b>	(6,308)	6,308	
<b>Change in Net Position</b>		(9,385,864)	(9,385,864)
Fund Balance/Net Position			
Beginning of the year, as reported	30,196	(40,000)	(9,804)
<b>End of the year</b>	<u>\$ 23,888</u>	<u>\$ (9,419,556)</u>	<u>\$ (9,395,668)</u>

See notes to basic financial statements.

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

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

The accounting policies of Creedmoor 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 Houst Bill No. 4646, in the 87<sup>th</sup> Regular Session of the Texas Legislature, codified as Chapter 7951A, Special District Local Laws Code (the “ACT”), effective September 1, 2021, and operates in accordance with Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution, and the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on January 20, 2022.

The District’s primary activities include construction, maintenance and operation of water, sewer and drainage facilities. As further discussed in Note 8, the District transfers certain facilities to other entities for operation and maintenance upon completion of construction. 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*.

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. The District uses only a General Fund to account for its operations. The District’s principal financial resources are sewer service fees

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

and developer advances. Expenditures include costs associated with the daily operations of the District.

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.

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 income from District operations. 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.

**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.

**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.

**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.

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

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 wastewater and drainage facilities, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Capital recovery fees	Remaining life of contract

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

**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 does not have any nonspendable fund balances.

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 does not have any restricted fund balances.

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

**Creedmoor Municipal Utility District**  
**Notes to Required Supplementary Information**  
**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 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.

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

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

Total fund balance, governmental fund	\$	23,888
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$	14,450,707
Less accumulated depreciation/amortization		<u>(682,548)</u>
		13,768,159
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 due to developer.		(23,187,715)
Total net position - governmental activities	<u>\$</u>	<u>(9,395,668)</u>

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

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

Net change in fund balances - total governmental fund \$ (6,308)

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	\$ (8,024,970)	
Depreciation/amortization expense	<u>(682,548)</u>	(8,707,518)

Financial reporting for long-term 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 liabilities are acquired 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:

Developer advances	(607,992)	
Developer funded professional fees	<u>(64,046)</u>	(672,038)

Change in net position of governmental activities \$ (9,385,864)

**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 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.

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

**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.

**Note 4 – 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	\$ -	\$ 1,595,243	\$ 1,595,243
Capital assets being depreciated/amortized			
Infrastructure		6,361,214	6,361,214
Capital recovery fees		6,494,250	6,494,250
		<u>12,855,464</u>	<u>12,855,464</u>
Less accumulated depreciation/amortization			
Infrastructure		(141,360)	(141,360)
Capital recovery fees		(541,188)	(541,188)
		<u>(682,548)</u>	<u>(682,548)</u>
Subtotal depreciable capital assets, net		<u>12,172,916</u>	<u>12,172,916</u>
Capital assets, net	<u>\$ -</u>	<u>\$ 13,768,159</u>	<u>\$ 13,768,159</u>

Depreciation/amortization expense for the current fiscal year was \$682,548.

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

**Note 5 – Due to Developers**

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational 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 developer is reimbursed.

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

Due to developer, beginning of year	\$ 40,000
Developer funded construction	22,475,677
Developer funded professional fees	64,046
Operating advances from developer	607,992
Due to developer, end of year	<u>\$ 23,187,715</u>

In addition, the District will owe the developers approximately \$7,180,000, which is included in the schedule of contractual commitments below. As previously noted, this project will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District’s auditor.

	Contract Amount *
Creedmoor 216, Phase 1B	\$ 7,180,000

\* Rounded to the nearest \$10,000

**Note 6 – Property Taxes**

On May 7, 2022, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.20 per \$100 of assessed value.

All property values and exempt status, if any, are determined by the Travis 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.

**Note 7 – Long-Term Debt**

At September 30, 2025, the District had \$111,900,000 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 \$139,875,000 for the refunding of such bonds; \$6,000,000 for park

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

and recreational facilities and \$7,500,000 for the refunding of such bonds; and \$51,300,000 for road improvements and \$64,125,000 for the refunding of such bonds.

**Note 8 – Transfers to Other Governments**

In accordance with agreements between the District’s developers and Creedmoor-Maha Water Supply Corporation (“CMWSC”), the District transfers its water facilities to CMWSC. See Note 11 for additional information. Additionally, City of Creedmoor assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of City of Creedmoor, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended September 30, 2025, the District recorded transfers to other governments in the amount of \$8,024,970 for road facilities constructed by a developer within the District.

**Note 9 – Wastewater Facilities Construction and Wholesale Services Agreement**

On November 22, 2023, the District and Butler Family Partnership, Ltd (the “Developer”) entered into a Wastewater Facilities Construction and Wholesale Services Agreement with Camino Real Utility Company (the “Utility”) for the purchase of wholesale wastewater service necessary to serve development within the District. The Utility is responsible for the design, construction, and operation of a wastewater treatment plant and related facilities to provide a service commitment of 212,000 gallons per day (“GPD”), which represents 1,409 living unit equivalents (LUEs). The parties entered into a Second Amendment to the Agreement on June 12, 2025, whereby the Utility agreed to provide the service for an additional 341 LUEs for a total of 1,750 LUEs which is equivalent to 262,500 GPD. The term of the Agreement is forty years. The District is required to pay the Utility a monthly charge based on the LUEs and a monthly reservation fee for the remaining balance of the District’s total LUE service commitment not yet activated.

During the current fiscal year, the monthly charge is \$63 per LUE and a monthly reservation fee of \$42 per reserved LUE. For the year ended September 30, 2025, the District paid \$627,081 for purchased wastewater services in accordance with this agreement.

**Note 10 – Agreement with Creedmoor-Maha Water Supply Corporation**

On April 19, 2022, Davaus Three, LP (the “Developer”) entered into a non-standard service agreement with Creedmoor-Maha Water Supply Corporation (“CMWSC”), for the provision of water service in the amount of up to 1,050 living unit equivalents (“LUE”) located in Travis County. On December 10, 2024, CMWSC entered into a First Amendment amended and restated non-standard service agreement to provide retail water service for an additional 200 LUEs. The District shall be vested with ownership in the corresponding capacity of water supply as necessary to serve the 1,250 LUEs. CMWSC has received \$6,494,250 capital recovery fees from the Developer. The Developer on behalf of the District will pay CMWSC \$1,237,000 for the additional LUEs. Additionally, the Developer will pay the prevailing connection fee of \$470 per LUE at the time of meter installation on individual properties.

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

Water rates charged by CMWSC to users in the District, shall be the same rate charged to similar users within CMWSC territory. All revenue derived from these charges belongs to CMWSC.

**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.

**Note 12 – Economic Dependency**

The District is dependent upon its developers for operating advances. The developers continue to own a substantial portion of the taxable property within the District. The developers' willingness to make future operating advances or to pay property taxes will directly affect the District's ability to meet its future obligations.

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## **Texas Supplementary Information**

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

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

- Retail Water       Wholesale Water       Solid Waste / Garbage       Drainage  
 Retail Wastewater       Wholesale Wastewater       Flood Control       Irrigation  
 Parks / Recreation       Fire Protection       Roads       Security  
 Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)  
 Other (Specify): Water supply provided by Creedmoor-Maha Water Supply Corporation

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:	\$ 63.00	N/A	Y	N/A	N/A to N/A
Surcharge:					_____ to _____

District employs winter averaging for wastewater usage?  Yes  No

Total charges per 10,000 gallons usage: Water \_\_\_\_\_ Wastewater \$ 63.00

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.



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

Purchased services	<u>\$ 627,081</u>
Professional fees	
Legal	<u>5,640</u>
Contracted services	
Bookkeeping	10,975
Operator	<u>7,800</u>
	<u>18,775</u>
Repairs and maintenance	<u>17,763</u>
Administrative	
Directors fees	10,829
Insurance	5,764
Other	<u>13,993</u>
	<u>30,586</u>
Other	<u>212</u>
Total expenditures	<u><u>\$ 700,057</u></u>

See accompanying auditor's report.

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**Creedmoor Municipal Utility District**

**TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund  
For the Last Four Fiscal Years**

	Amounts			
	2025	2024	2023	2022
<b>Revenues</b>				
Sewer service	\$ 85,757	\$ -	\$ -	\$ -
Miscellaneous		20,000		
<b>Total Revenues</b>	<b>85,757</b>	<b>20,000</b>		
<b>Expenditures</b>				
Current service operations				
Purchased services	627,081			
Professional fees	5,640			270
Contracted services	18,775	6,975	5,400	3,333
Repairs and maintenance	17,763			
Administrative	30,586	6,193	5,873	1
Other	212	145	1,215	399
<b>Total Expenditures</b>	<b>700,057</b>	<b>13,313</b>	<b>12,488</b>	<b>4,003</b>
<b>Revenues Over/(Under) Expenditures</b>	<b>(614,300)</b>	<b>6,687</b>	<b>(12,488)</b>	<b>(4,003)</b>
<b>Other Financing Sources</b>				
Developer advances	607,992	20,000	15,000	5,000
<b>Net Change in Fund Balance</b>	<b>(6,308)</b>	<b>26,687</b>	<b>2,512</b>	<b>997</b>
Fund Balance, Beginning of the year	30,196	3,509	997	
<b>End of the year</b>	<b>\$ 23,888</b>	<b>\$ 30,196</b>	<b>\$ 3,509</b>	<b>\$ 997</b>
Total Active Retail Water Connections	N/A	N/A	N/A	N/A
Total Active Retail Wastewater Connections	N/A	N/A	N/A	N/A

\*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2025	2024	2023	2022
100%			
	100%		
100%	100%	-%	-%
731%			
7%			-
22%	35%	-	-
21%			
36%	31%	-	-
*	1%	-	-
817%	67%	-%	-%
(717%)	33%	-%	-%

***Creedmoor 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) 217-4956  
 Submission Date of the most recent District Registration Form  
 (TWC Sections 36.054 and 49.054): June 27, 2022  
 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>				
Charles Thompson	01/22 - 05/26	\$ 3,094	\$ 166	President
Bryon Brown	11/24 - 05/26	884		Vice President
Heron Salinas	01/22 - 05/26	2,210	208	Secretary
Michael DeBonis	11/24 - 05/28	1,989	105	Assistant Secretary
Joe Regalado	11/24 - 05/28	2,431	45	Assistant Secretary
David Tuckfield	01/22 - 05/26	221	13	Former Director
<b>Consultants</b>				
		Amounts Paid		
Andy Barrett & Associates, PLLC	2022	\$ -		Attorney
Winstead PC	2022			Attorney
Si Environmental, LLC	2025	18,033		Operator
Bott & Douthitt, PLLC	2022	13,424		Bookkeeper
Travis County Tax Assessor/Collector	2025			Tax Collector
Travis Central Appraisal District	Legislation			Property Valuation
Doucet & Associates, Inc.	2022			Engineer
McGrath & Co., PLLC	2025			Auditor
The GMS Group, LLC	2022			Financial Advisor

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

See accompanying auditor's report.