

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT**

**DALLAS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2025**

**McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC**

Certified Public Accountants

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET	8
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION	9
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	10
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	11
NOTES TO THE FINANCIAL STATEMENTS	12-19
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	21
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	23-24
GENERAL FUND EXPENDITURES	25
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND - ONE YEAR	26
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	27-28

# *McCall Gibson Swedlund Barfoot Ellis PLLC*

*Certified Public Accountants*

*Chris Swedlund  
Noel W. Barfoot  
Joseph Ellis  
Ashlee Martin*

*Mike M. McCall  
(retired)  
Debbie Gibson  
(retired)*

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
University Hills Municipal Management District  
Dallas County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and major fund of University Hills Municipal Management 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 major fund of the District as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

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

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

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

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

### **Required Supplementary Information**

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

Board of Directors  
University Hills Municipal Management District

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*McCall Gibson Swedlund Barfoot Ellis PLLC*

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

February 23, 2026

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Management’s discussion and analysis of University Hills Municipal Management District’s (the “District”) financial performance provides an overview of the District’s financial activities for the year ended September 30, 2025. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for developer advances, operating costs and general expenditures.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**FUND FINANCIAL STATEMENTS** (Continued)

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$119,867 as of September 30, 2025. This is the District's first audit. In future years a comparative analysis of government-wide changes in net position will be presented.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The following table provides a summary of the Statement of Net Position for the year ended September 30, 2025:

	Summary of the Statement of Net Position
	2025
Total Assets	\$ 115,253
Due to Developer	\$ 221,130
Other Liabilities	13,990
Total Liabilities	\$ 235,120
Net Position:	
Unrestricted	\$ (119,867)

The following table provides a summary of the District's operations for the year ended September 30, 2025, which is the initial audit period for the District.

	Summary of the Statement of Activities
	2025
Total Revenues	\$ 55
Expenses for Services	\$ 93,459
Change in Net Position	\$ (93,404)
Net Position, Beginning of Year	(26,463)
Net Position, End of Year	\$ (119,867)

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND**

The District's General Fund fund balance was \$101,263 and increased by \$106,596 primarily due to developer advances exceeding operating costs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the budget during the current year. Actual revenues were \$55 more than budgeted. Actual expenditures were \$56,389 more than budgeted, primarily due to professional costs exceeding estimated budget. Developer advances were \$200,000 more than budgeted. Total budget compared to actual resulted in a positive variance of \$143,666. For more information, refer to the budgetary comparison analysis.

**CAPITAL ASSETS**

The District will convey completed water, wastewater, drainage, and road facilities to the City of Dallas, Texas for ownership and maintenance of the facilities to service the residents of the District. The District is entitled to significant residual interest in the facilities conveyed and will record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94. As of year-end, the District has not recorded any completed assets.

**LONG-TERM DEBT ACTIVITY**

The District does not have any outstanding bonds.

As of September 30, 2025, the District recorded an amount due to Developer of \$221,130, which consists of operating advances.

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to University Hills Municipal Management District, c/o Winstead PC, 2728 N. Harwood Street, Dallas, TX 75012.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUND BALANCE SHEET  
SEPTEMBER 30, 2025**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash	\$ 115,253	\$ - 0 -	\$ 115,253
<b>LIABILITIES</b>			
Accounts Payable	\$ 13,990	\$	\$ 13,990
Due to Developer	<u>                    </u>	<u>221,130</u>	<u>221,130</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 13,990</u>	<u>\$ 221,130</u>	<u>\$ 235,120</u>
<b>FUND BALANCE</b>			
Unassigned	<u>\$ 101,263</u>	<u>\$ (101,263)</u>	<u>\$ - 0 -</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u><u>\$ 115,253</u></u>		
<b>NET POSITION</b>			
Unrestricted		<u>\$ (119,867)</u>	<u>\$ (119,867)</u>

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

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

Total Fund Balance - Governmental Fund \$ 101,263

Amounts reported for governmental activities in the Statement of Net Position are different because:

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Due to Developer (221,130)

Total Net Position - Governmental Activities \$ (119,867)

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

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>REVENUES</b>			
Miscellaneous Revenues	\$ 55	\$ - 0 -	\$ 55
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
Professional Fees	\$ 65,022	\$	\$ 65,022
Contracted Services	21,020		21,020
Other	7,417		7,417
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 93,459</u>	<u>\$ - 0 -</u>	<u>\$ 93,459</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	<u>\$ (93,404)</u>	<u>\$ - 0 -</u>	<u>\$ (93,404)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	\$ 200,000	\$ (200,000)	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	\$ 106,596	\$ (106,596)	\$
<b>CHANGE IN NET POSITION</b>		(93,404)	(93,404)
<b>FUND BALANCE/NET POSITION - OCTOBER 1, 2024</b>	<u>(5,333)</u>	<u>(21,130)</u>	<u>(26,463)</u>
<b>FUND BALANCE/NET POSITION - SEPTEMBER 30, 2025</b>	<u>\$ 101,263</u>	<u>\$ (221,130)</u>	<u>\$ (119,867)</u>

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

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Net Change in Fund Balance - Governmental Fund	\$ 106,596
--	------------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report developer advances as other financing sources. However, in the government-wide financial statements, developer advances, net any amount repaid to the developer, are recorded as a liability.	<u>(200,000)</u>
---	------------------

Change in Net Position - Governmental Activities	<u>\$ (93,404)</u>
--	--------------------

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

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 1. CREATION OF DISTRICT**

University Hills Municipal Management District (the “District”) was created by act of the 85th legislature in 2017 pursuant to Section 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, for the public purposes of developing and diversifying the economy of the state, eliminating unemployment and underemployment, and developing or expanding transportation and commerce. The District operates pursuant to the District Legislation (Special District Local Laws Code, Chapter 3947); Subchapter A, Chapter 372, Texas Local Government Code, as amended; Chapter 375, Texas Local Government Code, as amended (the “MMD Act”); and Chapters 49 and 54, Texas Water Code, as amended. The District is located within the City of Dallas and Dallas County, Texas.

The District may provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service using money available to the District, or contract with a governmental or private entity to provide, design, construct, acquire, improve, relocate, operate, maintain, or finance an improvement project or service authorized under the District Legislation or the MMD Act. The Board of Directors held its first meeting on December 14, 2018.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

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

Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense in the government-wide Statement of Activities.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 2.      SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Financial Statements

As discussed above, the District’s fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Fund Balance Sheet and a Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

Governmental Funds

The District has one governmental fund and considers it to be a major fund.

General Fund - To account for developer advances, operating costs and general expenditures.

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

The District will convey completed water, wastewater, certain drainage facilities, and road facilities to the City of Dallas, Texas for ownership and maintenance of the facilities to service the residents of the District. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

Budgeting

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. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. 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 imposed externally. The District does not have any restricted fund balances.

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

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2025**

**NOTE 3. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. As of September 30, 2025, the carrying amount of the District’s deposits was \$115,253 and the bank balance was \$118,616. The District was not exposed to custodial credit risk at year-end.

	Cash
GENERAL FUND	\$ 115,253

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

The District currently has no investments.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 4. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the last three years.

**NOTE 5. UNREIMBURSED COSTS**

The District has executed Financing Agreements for Construction of Water, Sewer and Drainage Facilities, Construction of Recreational Facilities and Construction of Road Facilities (the “Financing Agreements”) with developers within the District. The financing agreements call for the developer to fund costs associated with water, wastewater and drainage facilities, recreational facilities, and road facilities until such time as the District can sell bonds to reimburse the developer.

In accordance with the terms of other financing agreements, the developers have advanced monies to the District’s General Fund for the District to meet its ongoing financial obligations. To date, the developers have advanced a total of \$221,130 to cover any operating deficits, of which \$200,000 was received in the current fiscal year.

The District recorded a liability of \$221,130 for the above advances.

**NOTE 6. CAPITAL ASSETS**

The District will convey completed water, wastewater, drainage, and road facilities to the City of Dallas, Texas for ownership and maintenance of the facilities to service the residents of the District. The District is entitled to significant residual interest in the facilities conveyed and will record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94. As of year-end, the District has not recorded any completed assets.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**NOTE 7. SERVICE AND ASSESSMENT PLAN**

The District has the power to levy a special assessment to fund public improvements that benefit the District. The District is being developed as an approximately 275-acre master planned mixed use development project expected to contain approximately 573 single-family lots, including 40', 50', and townhome lots; (ii) approximately 72.2 acres (and approximately 1,917 units) of multifamily; (iii) approximately 36.5 acres (200,000 sf) of retail; (iv) approximately 7.7 acres (106,326 sf) of hotel; (v) approximately 19.2 acres (390,000 sf) of mixed use; (vi) approximately 4.9 acres (150,000 sf) of life science; and (vii) approximately 7.5 acres (340,200 sf) of office (the "Development").

The District levied assessments into certain "improvement areas". Improvement Area #1A, Improvement Area #1B, Improvement Area #1C, and Major Improvement Area.

**NOTE 8. SPECIAL ASSESSMENT DEBT**

On June 10, 2025, the District issued special assessment revenue bonds, Series 2025 in the amount of \$20,250,000 for the Major Improvement Area and \$32,734,000 for Improvement Area #1 Project. Proceeds from the bonds were deposited into trust accounts with Computershare Corporate Trust for the purpose of funding improvements. Computershare Corporate Trust also serves as trustee for the bondholders. The bonds are special limited obligations of the District payable solely from assessments levied against parcels in the affected Trust Estate and other pledged funds held under the indenture. The bonds shall never be payable out of funds raised or to be raised by District taxation or from other revenues, properties, or income of the District. Further, the District has no moral or legal obligation for the payment of debt service on the special assessment bonds from any sources other than assessments levied against parcels of the affected Trust Estate. Therefore, this debt has not been recorded as long-term debt of the District. However, for so long any special assessment revenue bonds are outstanding the District has covenanted to pursue all action permissible under applicable law to cause the assessment securing those bonds to be collected and the liens thereof enforced continually, and to cause no reduction, abatement, or exemption in the assessment which constitute the revenues pledged to the outstanding bonds. As of September 30, 2025, the remaining balance outstanding on the bonds is \$52,984,000.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2025**

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Miscellaneous Revenues	\$ - 0 -	\$ 55	\$ 55
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 23,188	\$ 65,022	\$ (41,834)
Contracted Services	10,360	21,020	(10,660)
Other	<u>3,522</u>	<u>7,417</u>	<u>(3,895)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 37,070</u>	<u>\$ 93,459</u>	<u>\$ (56,389)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (37,070)</u>	<u>\$ (93,404)</u>	<u>\$ (56,334)</u>
<b>OTHER FINANCING SOURCES(USES)</b>			
Developer Advances	\$ - 0 -	\$ 200,000	\$ 200,000
<b>NET CHANGE IN FUND BALANCE</b>	\$ (37,070)	\$ 106,596	\$ 143,666
<b>FUND BALANCE-OCTOBER 1, 2024</b>	<u>(5,333)</u>	<u>(5,333)</u>	<u></u>
<b>FUND BALANCE-SEPTEMBER 30, 2025</b>	<u><u>\$ (42,403)</u></u>	<u><u>\$ 101,263</u></u>	<u><u>\$ 143,666</u></u>

See accompanying independent auditor's report.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT**  
**SUPPLEMENTARY INFORMATION REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**SEPTEMBER 30, 2025**



**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes   X              No       

County in which District is located:

Dallas County, Texas

Is the District located within a city?

Entirely   X      Partly           Not at all       

City in which District is located:

City of Dallas, Texas

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

Entirely   X      Partly           Not at all   X  

Are Board Members appointed by an office outside the District?

Yes                   No   X  

See accompanying independent auditor's report.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

PROFESSIONAL FEES:	
Engineering	\$ 9,673
Legal	<u>55,349</u>
TOTAL PROFESSIONAL FEES	<u>\$ 65,022</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 21,020</u>
ADMINISTRATIVE EXPENDITURES:	
Insurance	\$ 1,795
Travel and Meetings	3,963
Other	<u>1,659</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 7,417</u>
TOTAL EXPENDITURES	<u><u>\$ 93,459</u></u>

See accompanying independent auditor's report.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND – ONE YEAR**

	Amounts	Percentage of Total Revenues
	2025	2025
<b>REVENUES</b>		
Miscellaneous Revenues	\$ 55	100.0 %
<b>EXPENDITURES</b>		
Professional Fees	\$ 65,022	118,221.8 %
Contracted Services	21,020	38,218.2
Other	7,417	13,485.5
<b>TOTAL EXPENDITURES</b>	\$ 93,459	169,925.5 %
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ (93,404)	(169,825.5) %
<b>OTHER FINANCING SOURCES (USES)</b>		
Developer Advances	\$ 200,000	
<b>NET CHANGE IN FUND BALANCE</b>	\$ 106,596	
<b>BEGINNING FUND BALANCE</b>	(5,333)	
<b>ENDING FUND BALANCE</b>	\$ 101,263	

See accompanying independent auditor's report.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2025**

District Mailing Address - University Hills Municipal Management District  
c/o Winstead PC  
2728 N. Harwood Street  
Dallas, TX 75012

District Telephone Number - (214) 745-5400

<b>Board Members:</b>	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of office for the year ended September 30, 2025</u>	<u>Expense reimbursements for the year ended September 30, 2025</u>	<u>Title</u>
Alan Michlin	05/2025 05/2029 (Elected)	\$ -0-	\$ 340	President
Michael Warner	05/2023 05/2027 (Elected)	\$ -0-	\$ 2,549	Vice President
Matthew Kay	05/2025 05/2029 (Elected)	\$ -0-	\$ 99	Secretary
Kenneth Medlock	06/2023 06/2027 (Elected)	\$ -0-	\$ 227	Assistant Secretary
Jesse Brinkman	06/2023 06/2027 (Elected)	\$ -0-	\$ 695	Assistant Secretary

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

Submission date of most recent District Registration Form: June 3, 2025

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution (TWC Section 49.060). Fees of Office are the amounts paid to a Director during the District’s current year.

See accompanying independent auditor’s report.

**UNIVERSITY HILLS MUNICIPAL MANAGEMENT DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2025**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees / Compensation for the year ended September 30, 2025</u>	<u>Title</u>
Winstead PC	11/18/22	\$ 55,349	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	06/09/25	\$ -0-	Auditor
Dye & Toverly, LLC	08/10/20	\$ 21,020	Bookkeeper
KFM Engineering & Design	10/17/24	\$ 9,673	Engineer
SAMCO Capital Markets, Inc.	01/28/25	\$ -0-	Financial Advisor
Utility Tax Service, LLC	07/21/25	\$ -0-	Assessment Collector
Kerry Toverly	08/10/20	\$ -0-	Investment Officer

See accompanying independent auditor's report.