



EAST CENTRAL SPECIAL UTILITY DISTRICT

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
DECEMBER 31, 2025**

EAST CENTRAL SPECIAL UTILITY DISTRICT
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2025

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS :

COUNTY OF BEXAR :

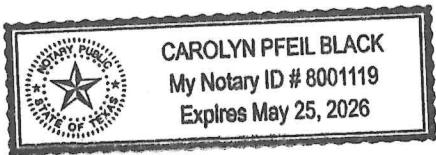
I, Paul S. Bricker of East Central Special Utility District hereby swear, or affirm, that the District named above has reviewed and approved, at a meeting of the District's Board of Directors on the 12th day of March, 2026 its annual audit report of the fiscal period ended December 31, 2025, and that copies of the annual audit report have been filed in the District's office located at 12452 US HWY 87 E, Adkins, TX 78101.

This annual filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of the Texas Water Code Section 49.194.

Date: March 12, 2026 By: Paul S. Bricker
(Signature of District Official)

Paul S. Bricker, President
(Typed Name & Title of District Representative)

Sworn to and subscribed to before me this 12th day of March, 2026.



Carolyn Pfeil Black
(Signature of Notary)

Commission expires on May 25, 2026
Notary Public in the State of Texas



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Central Special Utility District
Adkins, TX

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of East Central Special Utility District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise East Central Special Utility District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of East Central Special Utility District, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of East Central Special Utility District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS and *Government 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of East Central Special Utility District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Central Special Utility 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, budgetary comparison information, and pension schedules (as listed in the table of contents) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

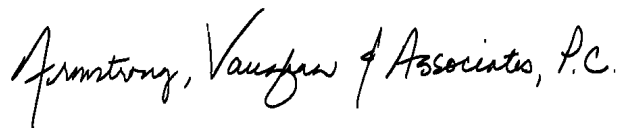
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Central Special Utility District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such 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 supplementary information required by the Texas Commission on Environmental Quality is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2026 on our consideration of East Central Special Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Central Special Utility District's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

March 12, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of East Central Special Utility District’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended December 31, 2025. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s total net position was \$69.3 million at December 31, 2025.
- During the year, the District’s operating revenues were \$2.6 million more than the \$12.7 million in operating expenses.
- Operating revenues increased by 21% from moderate increases in the rate structure and significant growth in the customer base. Operating expenses increased 25% for additional personnel and water purchases to keep up with the growth in the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), *the basic financial statements, required supplementary information*, and *supplementary information required by the Texas Commission on Environmental Quality (TCEQ)*. The basic financial statements consist of the following statements:

- The *Statement of Net Position* shows the financial standing of the District as of the end of the year, including all assets and liabilities.
- The *Statement of Revenues, Expenses and Changes in Net Position* provides information about the activity of the District during the fiscal year. It reports revenues when incurred, regardless of when they are received, and expenses when incurred, regardless of when they are paid.
- The *Statement of Cash Flows* reports the sources and uses of cash during the fiscal year.

The financial statements also include notes that explain information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The final section of supplementary information provides even more information required by TCEQ.

The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

FINANCIAL ANALYSIS OF THE DISTRICT

Net position—the difference between the District’s assets and liabilities—is one way to measure the District’s financial health or *position*.

- Over time, increases or decreases in the District’s net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The District's total net position was \$69.3 million at December 31, 2025. Of this amount, \$18.7 million is unrestricted, representing resources available to fund the operations of the District next year. (See Table A-1).

Table A-1
District's Net Position

	2025	2024	Percentage Change
<i>Assets:</i>			
Cash and Investments	\$ 54,173,401	\$ 37,376,044	45%
Other Current Assets	2,794,375	2,648,170	6%
Other Assets	567,726	980,020	-42%
Capital Assets (Net)	24,854,206	22,286,666	12%
<i>Total Assets</i>	<u>82,389,708</u>	<u>63,290,900</u>	30%
<i>Deferred Outflows</i>	<u>444,276</u>	<u>380,524</u>	17%
<i>Liabilities:</i>			
Current	5,166,532	3,683,867	40%
Long Term	8,322,389	8,858,247	-6%
<i>Total Liabilities</i>	<u>13,488,921</u>	<u>12,542,114</u>	8%
<i>Deferred Inflows</i>	<u>786</u>	<u>983</u>	-20%
<i>Net Position:</i>			
Net Investment in Capital Assets	16,153,709	13,079,285	24%
Restricted	34,516,286	24,058,735	43%
Unrestricted	18,674,282	13,990,307	33%
<i>Total Net Position</i>	<u>\$ 69,344,277</u>	<u>\$ 51,128,327</u>	36%

The District's total operating revenues were \$15.2 million, an increase of 21%. Revenues were higher for 2025 primarily from new customers but also from a modest rate increase. The operating expenses increased 25% to \$12.7 million. Approximately half of the increase was related to water purchases. (See Table A-2)

Table A-2
Changes in District Net Position

	2025	2024	Percentage Change
Operating Revenues	\$ 15,220,429	\$ 12,594,922	21%
Operating Expenses	<u>(12,650,260)</u>	<u>(10,123,948)</u>	25%
Operating Income (Loss)	2,570,169	2,470,974	4%
Nonoperating Income (Expense)	<u>15,645,781</u>	<u>9,701,624</u>	61%
Change in Net Position	18,215,950	12,172,598	50%
Beginning Net Position	51,128,327	38,955,729	31%
Ending Net Position	<u>\$ 69,344,277</u>	<u>\$ 51,128,327</u>	36%

BUDGETARY HIGHLIGHTS

The District's revenues exceeded the budget by \$10.6 million. Growth in the District led to more water sales than expected and significant connection fees (impact, acquisition and installation fees). Expenditures were \$3.6 million under budget as system capital improvements did not move as quickly as expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2025, the District had invested \$38.2 million in a broad range of capital assets, including land, equipment, treatment plants, and distribution systems. (See Table A-3). In 2025, the District started a highway 87 water line replacement and installed meters for a significant number of new customers. More detailed information about the District's capital assets is presented in the notes to the financial statements.

	2025	2024	Percentage Change
Land	\$ 1,552,728	\$ 1,511,868	3%
Building and Improvements	6,202,597	6,202,597	0%
Plant and Distribution System	26,997,939	24,922,844	8%
Machinery and Equipment	1,797,121	1,702,746	6%
Construction in Progress	1,624,747	116,394	1296%
Totals at Historical Cost	<u>38,175,132</u>	<u>34,456,449</u>	<u>11%</u>
Total Accumulated Depreciation	<u>(13,320,926)</u>	<u>(12,169,783)</u>	<u>9%</u>
Net Capital Assets	<u>\$ 24,854,206</u>	<u>\$ 22,286,666</u>	<u>12%</u>

Long-Term Debt

At year-end, the District had \$8.7 million in principal outstanding on bonded debt and notes payable. No new debt was issued in 2025. More detailed information about the District's debt is presented in the notes to the financial statements.

	2025	2024	Percentage Change
Bonds and Notes Payable	<u>\$ 8,700,497</u>	<u>\$ 9,207,381</u>	<u>-6%</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For 2026, the District has conservatively budgeted for operating revenues to remain consistent. Operating expenses are budgeted to increase approximately 11% primarily for increased water purchases to keep up with the anticipated growth. Management is proceeding with an office expansion, expected to begin in 2026. The District is also evaluating a desalination project with Nueces River Authority. The District is pursuing a wastewater CCN to serve portions of the District that are not currently served by any other providers.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at 12452 US HWY 87 E, Adkins, TX 78101 or online at www.eastcentralsud.org.

BASIC FINANCIAL STATEMENTS

The basic financial statements include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

EAST CENTRAL SPECIAL UTILITY DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 54,173,401
Accounts Receivable (net)	2,077,938
Inventory	710,437
Prepaid Expenses	6,000
<i>Total Current Assets</i>	56,967,776

Other Assets:

Restricted Cash for Debt Reserve	567,726
Capital Assets (net)	24,854,206
<i>Total Other Assets</i>	25,421,932

TOTAL ASSETS 82,389,708

DEFERRED OUTFLOWS OF RESOURCES

Deferred Pension Related Outflows	444,276
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LIABILITIES

Current Liabilities:

Accounts Payable	1,934,289
Accrued Wages	43,816
Accrued Compensated Absences	150,729
Accrued Interest	125,449
Customer Deposits	2,391,304
Bonds and Notes Payable - Current	520,945
<i>Total Current Liabilities</i>	5,166,532

Long-term Liabilities:

Bonds and Notes Payable (net of current portion)	8,179,552
Net Pension Liability	142,837
<i>Total Long-term Liabilities</i>	8,322,389
TOTAL LIABILITIES	13,488,921

DEFERRED INFLOWS OF RESOURCES

Deferred Pension Related Inflows	786
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NET POSITION

Net Investment in Capital Assets	16,153,709
Restricted:	
Debt Reserve	567,726
Impact Fees	21,450,580
Water Acquisition Fees	12,497,980
Unrestricted	18,674,282
TOTAL NET POSITION	\$ 69,344,277

See accompanying notes to basic financial statements.

EAST CENTRAL SPECIAL UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

Operating Revenues:	
Water Sales	\$ 14,496,293
Wastewater Billing Fees	181,871
Other Charges	<u>542,265</u>
Total Operating Revenues	<u>15,220,429</u>
 Operating Expenses:	
Water Purchases	6,116,930
Personnel	2,868,252
Plant and Line Maintenance and Operations	1,349,594
Depreciation and Amortization	1,323,689
Administrative and Office Expenses	357,535
Vehicles and Equipment	188,772
Professional Fees	322,056
Utilities	<u>123,432</u>
Total Operating Expenses	<u>12,650,260</u>
 Operating Income (Loss)	 2,570,169
 Non-Operating Revenues (Expenses):	
Impact, Acquisition and Installation Fees	14,143,289
Interest Income	1,678,756
Loss on Sale of Equipment	(6,195)
Interest Expense	<u>(170,069)</u>
Total Non-Operating Revenues (Expenses)	<u>15,645,781</u>
 Change in Net Position	 18,215,950
 Net Position at Beginning of Year	 <u>51,128,327</u>
 Net Position at End of Year	 <u><u>\$ 69,344,277</u></u>

See accompanying notes to basic financial statements.

EAST CENTRAL SPECIAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

Cash Flows from Operating Activities		
Cash Received from Customers		\$ 15,228,456
Cash Payments to Suppliers for Goods and Services		(7,253,314)
Cash Payments to Employees for Services		<u>(2,892,178)</u>
Net Cash Provided (Used) by Operating Activities		<u>5,082,964</u>
Cash Flows from Capital and Related Financing Activities		
Bond Principal Payments		(506,884)
Interest Paid		(115,638)
Impact, Acquisition and Installation Fees		14,143,289
Proceeds from the Sale of Equipment		66,050
Purchase of Property, Plant and Equipment		<u>(3,963,474)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		<u>9,623,343</u>
Cash Flows from Investing Activities		
Interest and Investment Income		<u>1,678,756</u>
Net Cash Provided (Used) by Investing Activities		<u>1,678,756</u>
Net Increase (Decrease) in Cash and Cash Equivalents		16,385,063
Beginning Cash		
Cash and Cash Equivalents	\$37,376,044	
Restricted Cash	<u>980,020</u>	
		<u>38,356,064</u>
Ending Cash		
Cash and Cash Equivalents	54,173,401	
Restricted Cash	<u>567,726</u>	
		<u>\$ 54,741,127</u>

See accompanying notes to basic financial statements.

EAST CENTRAL SPECIAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2025

Reconciliation of Operating Income to Net Cash Provided (Used)	
by Operating Activities	
Operating Income (Loss)	\$ 2,570,169
Adjustments to Reconcile Income from Operations to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	1,323,689
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(319,876)
(Increase) Decrease in Deferred Pension Outflows	(63,752)
(Increase) Decrease in Inventory	173,671
Increase (Decrease) in Accounts Payable	1,031,334
Increase (Decrease) in Accrued Wages	12,099
Increase (Decrease) in Accrued Leave	44,761
Increase (Decrease) in Customer Deposits	327,903
Increase (Decrease) in Net Pension Liability	(16,837)
Increase (Decrease) in Deferred Pension Inflows	(197)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 5,082,964</u></u>

See accompanying notes to basic financial statements.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

East Central Special Utility District (the “District”) was created pursuant to the provisions of the Texas Water Code, Chapters 49 and 65 in 2005. The District was created to purchase, own, hold, lease and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in this state; and to protect, preserve and restore the purity and sanitary condition of water in the area.

The District is governed by a board of directors composed of nine members elected by the public. The directors have the authority to make decisions, appoint managers and significantly influence operations. The directors have primary accountability for fiscal matters.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below:

1. REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, “The Financial Reporting Entity” and GASB Statement 39 “Determining Whether Certain Organizations are Component Units”. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The District has no component units.

2. ENTERPRISE FUND

The District is an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public or other governmental entities. The activities are financed by charges to customers and the measurement of financial activity focuses on net income similar to the private sector. Revenues are recognized when earned, and expenses are recognized when incurred.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Revenues are classified as *operating* and *non-operating*. Operating revenues include charges to customers for water pumpage. Non-operating revenues are primarily connection charges for new customers to cover capital improvements to the system.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. CASH AND INVESTMENTS

State statutes authorize the District to invest in (a) obligations of the United States or its agencies, and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) – (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost, which approximates fair value.

The District reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District considers cash and cash equivalents to be amounts in checking accounts, savings accounts, money market accounts, local government investment pools and certificates of deposit with a maturity date within three months or less from the date of purchase.

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts due from customers. Receivables are reported net of an allowance for uncollectible accounts in the amount of \$165,526. Receivables also include an unbilled component for water consumed by customers but not billed until subsequent periods.

6. INVENTORY

The District maintains parts and supplies on hand to detail with customer connections and repairs. The inventory is valued at the lower of cost or market based on the first in first out method.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. PREPAID EXPENSES

Expenses paid during the year that have a benefit beyond the current fiscal year are recorded on the balance sheet as prepaid expenses.

8. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, water rights, and water plant and distribution systems, are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Purchases in excess of \$5,000 with a useful life in excess of one year are capitalized and depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 years
Equipment	5 to 10 years
Water Plants and Distribution Systems	10 to 50 years

9. DEFERRED INFLOWS AND OUTFLOWS

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Losses on debt refundings arise when advance payments are made to refund outstanding obligations exceed the carrying amount of those obligations. These losses are deferred and amortized over the life of the bond.

10. COMPENSATED ABSENCES

Employees of the District earn vacation and sick leave each pay period. The leave accumulates up to a maximum of seventeen days of vacation and twenty dates of sick leave. The employee forfeits time over these caps at year end for vacation and is paid out amounts over the sick leave cap at year end. Upon termination, employees are paid for both vacation and sick leave up to the maximum accruals. Thus, the District records a liability on these financial statements for accrued but unused time as of the end of the fiscal year.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. LONG-TERM OBLIGATIONS

Bonds and notes are recorded as liabilities on the statement of net position. Bond issue costs are expensed in the period they are incurred and premiums are amortized of the life of the obligation. Bonds payable are reported net of the applicable bond premium or discount.

12. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When expenses qualify for restricted and unrestricted resources, the District's policy is to use restricted resources first.

13. PENSIONS

The net pension liability, deferred inflows, and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County District Retirement System (TCDRS), and additions to and deductions from TCDRS' fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. BUDGET

An operating budget is adopted each fiscal year for the District. Additional budgetary information is provided in the required supplementary information.

15. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

16. RECLASSIFICATIONS

Certain transactions are classified differently on the December 31, 2025 financial statements than previous fiscal years. These reclassifications had no effect on net income.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

NOTE B -- CASH AND INVESTMENTS

1. Cash and Cash Equivalents

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledge securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At December 31, 2025, the District's bank deposits were fully covered by a combination of federal deposit insurance and pledged securities.

2. Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that the District's investment practices, management reports and establishment of appropriate policies adhered to the requirements of the Act.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

As of December 31, 2025, the District had \$40,593,704 in LOGIC, a AAA rated local government investment pool. The pool strives to maintain a \$1 per share net asset value and is included in cash and cash equivalents.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

NOTE C -- CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 was as follows:

	Balances at 1/1/2025	Additions	Transfers/ Disposals	Balances at 12/31/2025
Land	\$ 1,511,868	\$ 40,860	\$ -	\$ 1,552,728
Building and Improvements	6,202,597	-	-	6,202,597
Plant and Distribution System	24,922,844	2,075,095	-	26,997,939
Machinery and Equipment	1,702,746	339,166	(244,791)	1,797,121
Construction in Progress	116,394	1,508,353	-	1,624,747
	<u>34,456,449</u>	<u>3,963,474</u>	<u>(244,791)</u>	<u>38,175,132</u>
<i>Less Accumulated Depreciation</i>				
Building and Improvements	(300,041)	(203,536)	-	(503,577)
Plant and Distribution System	(10,692,606)	(830,724)	-	(11,523,330)
Machinery and Equipment	(1,177,136)	(289,429)	172,546	(1,294,019)
	<u>(12,169,783)</u>	<u>(1,323,689)</u>	<u>172,546</u>	<u>(13,320,926)</u>
Capital Assets, Net	<u>\$ 22,286,666</u>	<u>\$ 2,639,785</u>	<u>\$ (72,245)</u>	<u>\$ 24,854,206</u>

Land and Construction in Progress are not depreciated.

NOTE D -- LONG-TERM DEBT

The District's long-term debt consists of bonds and notes payable as follows:

Series Name	Original Issue		Interest Rate	Maturity Date
	Amount	Date		
<i>Private Placement Debts:</i>				
Revenue Bonds, 2016	\$ 1,345,000	12/1/2016	2.08%	2027
Revenue Bonds, 2023	4,940,000	6/21/2023	2.38%	2062
Note Payable	1,000,000	10/12/2017	3.80%	2027
<i>Bonds Offered to Public:</i>				
Revenue Bonds, 2021	4,200,000	2/1/2021	1-1.75%	2041

The District's 2016 and 2023 bond series and notes payable were directly placed at local banking and other institutions. The bond documents do not contain subjective acceleration clauses, events of default with finance related consequences or termination events with finance-related consequences. The District's bonds and notes require cash to be set aside for debt service and reserves to which the District has complied.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

NOTE D -- LONG-TERM DEBT (Continued)

The District's long-term debt activity as of and for the year ending December 31, 2025 is as follows:

Bonds Payable, Series	Balance Outstanding 1/1/2025	Additions	Retirements	Balance Outstanding 12/31/2025	Due Within One Year
<i>Private Placement Debts:</i>					
Revenue Bonds, 2016	\$ 385,000	\$ -	\$ (125,000)	\$ 260,000	\$ 130,000
Revenue Bonds, 2023	4,865,000	-	(77,000)	4,788,000	79,000
Note Payable	332,381	-	(109,884)	222,497	116,945
<i>Bonds Offered to Public:</i>					
Revenue Bonds, 2021	3,625,000	-	(195,000)	3,430,000	195,000
Total	<u>\$ 9,207,381</u>	<u>\$ -</u>	<u>\$ (506,884)</u>	<u>\$ 8,700,497</u>	<u>\$ 520,945</u>

The annual requirements to amortize outstanding debts as of December 31, 2025, including interest payments, are as follows:

Year End December 31,	Public Offerings		Private Placements		Total
	Principal Payments	Interest Payments	Principal Payments	Interest Payments	
2026	\$ 195,000	\$ 44,565	\$ 325,945	\$ 123,123	\$ 688,633
2027	200,000	42,590	316,552	114,013	673,155
2028	200,000	40,590	82,000	108,941	431,531
2029	200,000	38,590	84,000	106,970	429,560
2030	205,000	36,565	86,000	104,951	432,516
2031-2035	1,055,000	147,469	464,000	495,599	2,162,068
2036-2040	1,135,000	68,143	522,000	434,150	2,159,293
2041-2045	240,000	2,100	588,000	368,291	1,198,391
2046-2050	-	-	662,000	294,215	956,215
2051-2055	-	-	746,000	210,663	956,663
2056-2060	-	-	840,000	116,613	956,613
2061-2063	-	-	554,000	11,068	565,068
Total	<u>\$ 3,430,000</u>	<u>\$ 420,612</u>	<u>\$ 5,270,497</u>	<u>\$ 2,488,597</u>	<u>\$ 11,609,706</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

NOTE E -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Plan Description

The District participates as one of 890 plans in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service or with 20 years regardless of age or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions

The District has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the District is actuarially determined annually. The District contributed using the actuarially determined rate of 12.39% for 2025.

The contribution rate payable by the employee members is 7% and the District matches 250% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the District-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

NOTE E -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)

Benefits Provided (Continued)

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees Receiving Benefits	1
Inactive Employees	9
Active Employees	28
	<hr/>
	38
	<hr/> <hr/>

Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term Investment return	7.50%

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The long-term expected rate of return on pension plan investments is 7.50%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

NOTE E -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return (Geometric)</u>
US Equities	13.00%	5.35%
Global Equities	4.00%	5.15%
International Equities - Developed	6.00%	4.75%
International Equities - Emerging	0.00%	4.75%
Investment-Grade Bonds	3.00%	2.55%
Strategic Credit	9.00%	3.70%
Direct Lending	16.00%	6.85%
Distressed Debt	4.00%	6.80%
REIT Equities	2.00%	3.95%
Master Limited Partnerships (MLPs)	2.00%	4.95%
Commodities	2.00%	1.00%
Private Real Estate Partnerships	6.00%	5.75%
Private Equity	25.00%	8.15%
Hedge Funds	6.00%	3.60%
Cash Equivalents	2.00%	1.10%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following presents the net pension liability of the District calculated using the discount rate of 7.60%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Discount Rate 6.60%</u>	<u>Discount Rate 7.60%</u>	<u>Discount Rate 8.60%</u>
Net Pension Liability (Asset)	\$ 401,212	\$ 142,837	\$ (67,748)

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

NOTE E -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)

Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2024:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2023	\$ 976,482	\$ 816,808	\$ 159,674
Changes for the year:			
Service Cost	264,377	-	264,377
Interest on total pension liability	94,197	-	94,197
Effect of Plan Changes	-	-	-
Economic/Demographic gains or losses	83,761	-	83,761
Changes of Assumptions	-	-	-
Refund of Contributions	-	-	-
Benefit Payments	(2,904)	(2,904)	-
Administrative Expense	-	(693)	693
Member Contributions	-	127,772	(127,772)
Net Investment Income	-	90,612	(90,612)
Employer Contributions	-	222,141	(222,141)
Other	-	19,340	(19,340)
Net Changes	439,431	456,268	(16,837)
Balance at December 31, 2024	\$ 1,415,913	\$ 1,273,076	\$ 142,837

Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCERS financial report. That report may be obtained at www.tcdrs.com.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

NOTE E -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended December 31, 2025, the District recognized pension expense of \$172,685. Also as of December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 183,637	\$ -
Changes in Actuarial Assumptions	3,355	786
Net Difference between Projected and Actual Earnings	3,812	-
Contributions Subsequent to the Measurement Date	253,472	-
	\$ 444,276	\$ 786

Deferred outflows of resources in the amount of \$253,472 result from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,	
2025	\$ 35,584
2026	40,204
2027	27,533
2028	28,072
2029	30,563
Thereafter	28,062
	\$ 190,018

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025

NOTE F -- WATER CONTRACT

The District has contracted to purchase water from San Antonio Water System. The contract requires a commitment to buy water for which the District is billed monthly. The contract is subject to restrictions on pumping from Edwards Aquifer during periods of drought. For the year ending December 31, 2025, the cost of water from the contract was \$1,446,716.

NOTE G -- JOINT VENTURE - CANYON REGIONAL WATER AUTHORITY

The District is a member entity of Canyon Regional Water Authority (CRWA) through a regional water supply contract. CRWA was created to purchase, own, hold, lease and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in Texas; to protect, preserve and restore the purity and sanitary condition of water in the area. The participating entities, of which there are 13, are contractually obligated to purchase water from CRWA's in an amount sufficient to cover the operating expenses, debt service and project costs. The District has pledged its system revenues to fund its share of CRWA costs and debts (approximately 9%). For the fiscal year ended September 30, 2025, CRWA reported assets of \$189 million and liabilities of \$94 million, including bonds payable of \$87 million. Annual required funding payments are recorded as water purchases on the District's financial statements. For the year ending December 31, 2025, the cost of CRWA water was \$4,474,694.

NOTE H -- WASTEWATER BILLING AGREEMENTS

The District does not currently have a wastewater CCN and allows two entities (San Antonio River Authority and Western Trails Water Supply Corporation) to serve certain customers in the District. The District has contracted with these entities to charge for wastewater service on District water bills. The District remits payments to the two providers based on actual collections less a 3% administrative fee.

NOTE I -- PROFIT SHARING PLAN

The District participates in a defined contribution profit sharing plan for eligible employees. The District no longer contributes to the plan, but employees may contribute at their discretion. The plan is administered by Nova 401(k) Associates as a 401K profit sharing plan. Employees who have attained the age of 21 years, have completed one year of service, and have been credited 1,000 hours of service may participate in the plan.

NOTE J -- LITIGATION

Management and legal counsel are not aware of any pending or likely litigation that could have a material impact on these financial statements.

NOTE K -- COMMITMENTS

The District has awarded contracts for engineering and construction services for office expansion and other projects totaling \$6.3 million. As of December 31, 2025, \$1.3 million had been incurred on those projects leaving an estimated commitment of \$5.0 million.

REQUIRED SUPPLEMENTARY INFORMATION

EAST CENTRAL SPECIAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Budget Amounts</u>		Actual	Variance With
	<u>Original</u>	<u>Final</u>	Results (Budgetary Basis)	Final Budget- Positive (Negative)
Revenues:				
Water Sales	\$ 11,773,530	\$ 11,773,530	\$ 14,496,293	\$ 2,722,763
Wastewater Billing Fees	-	-	181,871	181,871
Other Charges	317,411	317,411	542,265	224,854
Impact, Acquisition and Installation Fees	7,710,000	7,710,000	14,143,289	6,433,289
Interest Income	650,000	650,000	1,678,756	1,028,756
Total Revenues	<u>20,450,941</u>	<u>20,450,941</u>	<u>31,042,474</u>	<u>10,591,533</u>
Expenditures:				
Water Purchases	6,143,094	6,143,094	6,116,930	26,164
Personnel	3,117,279	3,117,279	2,868,252	249,027
Plant Maintenance and Improvements	7,979,168	7,979,168	4,973,902	3,005,266
Depreciation and Amortization	1,050,000	1,050,000	1,323,689	(273,689)
Administrative and Office	338,000	338,000	357,535	(19,535)
Vehicles and Equipment	682,400	682,400	527,938	154,462
Professional Fees	697,000	697,000	322,056	374,944
Utilities	143,000	143,000	123,432	19,568
Debt Service	780,000	780,000	676,953	103,047
Total Expenditures:	<u>20,929,941</u>	<u>20,929,941</u>	<u>17,290,687</u>	<u>3,639,254</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (479,000)</u>	<u>\$ (479,000)</u>	<u>\$ 13,751,787</u>	<u>\$ 14,230,787</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-
BUDGET AND ACTUAL (BUDGETARY BASIS)
DECEMBER 31, 2025

Budgetary Information – The budget is prepared on a modified accrual basis of accounting in which capital purchases are typically paid for from current revenue. The District maintains strict budgetary controls. The annually adopted budget is not a legally binding document, but is used as a planning tool. The District does not use encumbrance accounting.

The following schedule reconciles the budgetary basis to generally accepted accounting principles.

Net Income (Budgetary Basis)	\$ 13,751,787
Plant Improvements	3,624,308
Equipment Purchases	339,166
Loss on Sale of Equipment	(6,195)
Loan Principal Payments	<u>506,884</u>
Change in Net Position (GAAP Basis)	<u>\$ 18,215,950</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE PLAN YEARS

	Total Pension Liability				
	2020	2021	2022	2023	2024
Service Cost	\$ (65,852)	\$ 112,068	\$ 145,096	\$ 223,960	\$ 264,377
Interest (on the Total Pension Liability)	(5,334)	17,245	32,756	65,338	94,197
Changes of Benefit Terms	177,352	40,162	75,525	-	83,761
Change of Assumptions	8,950	(1,574)	-	56,975	-
Difference between Expected and Actual Experience	74	5,431	103,796	(7,990)	-
Benefit Payments, Including Refunds of Employee Contributions	-	(721)	(3,870)	(2,905)	(2,904)
Net Change in Total Pension Liability	115,190	172,611	353,303	335,378	439,431
Total Pension Liability - Beginning	-	115,190	287,801	641,104	976,482
Total Pension Liability - Ending	<u>\$ 115,190</u>	<u>\$ 287,801</u>	<u>\$ 641,104</u>	<u>\$ 976,482</u>	<u>\$ 1,415,913</u>
	Plan Fiduciary Net Position				
	2020	2021	2022	2023	2024
Contributions - Employer	\$ 52,674	\$ 85,381	\$ 143,812	\$ 177,010	\$ 222,141
Contributions - Employee	33,338	50,660	78,957	103,852	127,772
Net Investment Income	176	35,030	(34,069)	55,239	90,612
Benefit Payments, Including Refunds of Employee Contributions	-	(721)	(3,870)	(10,895)	(2,904)
Administrative Expense	(65)	(142)	(280)	(427)	(693)
Other	2,545	3,858	31,037	13,708	19,340
Net Change	88,668	174,066	215,587	338,487	456,268
Beginning Plan Fiduciary Net Position	-	88,668	262,734	478,321	816,808
Ending Plan Fiduciary Net Position	<u>\$ 88,668</u>	<u>\$ 262,734</u>	<u>\$ 478,321</u>	<u>\$ 816,808</u>	<u>\$ 1,273,076</u>
Net Pension Liability - Ending	\$ 26,522	\$ 25,067	\$ 162,783	\$ 159,674	\$ 142,837
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.98%	91.29%	74.61%	83.65%	89.91%
Covered Payroll	\$ 666,757	\$ 1,013,199	\$ 1,315,947	\$ 1,483,607	\$ 1,825,318
Net Pension Liability as a Percentage of Covered Payroll	3.98%	2.47%	12.37%	10.76%	7.83%

Information in this schedule is being accumulated until ten years are presented.
See Independent Auditor's Report.

EAST CENTRAL SPECIAL UTILITY DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS- PENSION PLAN
LAST SIX YEARS

Year Ending December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions As Percent of Payroll
2025	\$ 253,472	\$ 253,472	\$ -	\$ 2,045,783	12.39%
2024	\$ 222,141	\$ 222,141	\$ -	\$ 1,825,318	12.17%
2023	\$ 177,125	\$ 177,125	\$ -	\$ 1,483,962	11.94%
2022	\$ 143,175	\$ 143,812	\$ (637)	\$ 1,315,947	10.93%
2021	\$ 79,941	\$ 85,381	\$ (5,440)	\$ 1,013,199	8.43%
2020	\$ 42,139	\$ 52,674	\$ (10,535)	\$ 666,757	7.90%

Valuation Timing:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	16.8 years (based on contribution rate calculated in 12/31/24 valuation)
Asset Valuation Method	5 Year Smoothed Market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.
Changes in Assumptions	2022: New investment return and inflation assumptions were reflected
Changes in Plan Provisions	2023: Member contributions increased to 7%
	2022: Member contributions increased to 6%

Information in this schedule is being accumulated until ten years are presented.
See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

The following Supplementary Information is required to be included as additional information by the Texas Commission on Environmental Quality (TCEQ).

EAST CENTRAL SPECIAL UTILITY DISTRICT
 TSI-1. SERVICES AND RATES
 FISCAL YEAR ENDING DECEMBER 31, 2025

1. Services Provided by the District during the Fiscal Year:

- | | | |
|---|---|-------------------------------------|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input checked="" type="checkbox"/> Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other (specify): _____ | | |

2. Retail Service Providers

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate</u>	Rate per 1,000 <u>Gallons Over Minimum</u>	<u>Usage Level</u>
Water					
Palm Park Service Area	\$ 36.00	N/A	No	\$ 7.62	0-6,999
				\$ 8.09	7,000-9,999
				\$ 8.68	10,000-15,999
				\$ 9.30	16,000-20,999
				\$ 10.46	21000+
All Other Service Areas	\$ 39.00	N/A	No	\$ 6.22	0-8,228
				\$ 7.15	8,229-17,204
				\$ 8.13	17,205-25,432
				\$ 8.63	25,433-33,661
				\$ 9.71	33,662+
Total Charges per 10,000 gallons				\$ 113.61	
		Palm Park		<u>\$ 113.61</u>	
		Others		<u>\$ 102.85</u>	

EAST CENTRAL SPECIAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES (CONTINUED)
FISCAL YEAR ENDING DECEMBER 31, 2025

Water and Wastewater Retail Connections

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	-	-	1.0	-
<=3/4"	12,398	12,398	1.0	12,398
1"	39	39	2.5	98
1 1/2"	14	14	5.0	70
2"	39	39	8.0	312
3"	4	4	15.0	60
4"	1	1	25.0	25
6"	1	1	50.0	50
8"	2	2	80.0	160
10"	1	1	115.0	115
Total Water	<u>12,499</u>	<u>12,499</u>		<u>13,288</u>
Total Wastewater	<u>-</u>	<u>-</u>	1.0	<u>-</u>

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons pumped into system	916,801,583		Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers:	1,048,447,000		87%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby Fees? Yes No

If yes, Date of the most recent Commission Order: _____

Does the District have Operation and Maintenance standby fees? Yes No

If yes, Date of the most recent Commission Order: _____

5. Location of District:

Counties in which the District is located: Guadalupe, Wilson and Bexar

Is the District located entirely within one county? Yes No

Is the District located within a city? Entirely Partly Not at all

Cities in which the District is located: San Antonio, St. Hedwig, New Berlin

Is the District located within a city's extra territorial jurisdiction (ETJ)?
Entirely Partly Not at all

EAST CENTRAL SPECIAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES (CONTINUED)
FISCAL YEAR ENDING DECEMBER 31, 2025

ETJs in which the District is located: San Antonio, St. Hedwig, New Berlin, Elmendorf

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom? _____

EAST CENTRAL SPECIAL UTILITY DISTRICT
 TSI-2. ENTERPRISE FUND EXPENSES
 FISCAL YEAR ENDING DECEMBER 31, 2025

Personnel Expenditures (including benefits)		\$ 2,868,252
Professional Fees:		
Legal		94,919
Engineering		206,588
Accounting and Audit		20,549
Water Purchases		6,116,930
Utilities		123,432
Repairs and Maintenance		1,538,366
Administrative Expenses		357,535
Depreciation and Amortization		1,323,689
Interest		<u>170,069</u>
Total Expenses		<u><u>\$ 12,820,329</u></u>
Total number of persons employed by the District	Full-Time	<u>31</u>
	Part-Time	<u>0</u>

The following sections have been omitted since they do not pertain to this entity:

- TSI-3. Temporary Investments
- TSI-4. Taxes Levied and Receivable

EAST CENTRAL SPECIAL UTILITY DISTRICT
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS
 DECEMBER 31, 2025

Revenue Refunding Bonds Series 2016 (Private Placement)			
Fiscal Year Ending December 31,	Principal Due Each Year	Interest Due Each Year	Total
2026	\$ 130,000	\$ 4,056	\$ 134,056
2027	130,000	1,352	131,352
	\$ 260,000	\$ 5,408	\$ 265,408

EAST CENTRAL SPECIAL UTILITY DISTRICT
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)
 DECEMBER 31, 2025

Revenue Bonds Series 2021 (Public Offering)			
Fiscal Year Ending December 31,	Principal Due Each Year	Interest Due Each Year	Total
2026	\$ 195,000	\$ 44,565	\$ 239,565
2027	200,000	42,590	242,590
2028	200,000	40,590	240,590
2029	200,000	38,590	238,590
2030	205,000	36,565	241,565
2031	205,000	34,515	239,515
2032	210,000	32,309	242,309
2033	210,000	29,763	239,763
2034	215,000	26,946	241,946
2035	215,000	23,936	238,936
2036	220,000	20,728	240,728
2037	225,000	17,334	242,334
2038	225,000	13,790	238,790
2039	230,000	10,093	240,093
2040	235,000	6,198	241,198
2041	240,000	2,100	242,100
	\$ 3,430,000	\$ 420,612	\$ 3,850,612

EAST CENTRAL SPECIAL UTILITY DISTRICT
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)
 DECEMBER 31, 2025

Revenue Bonds Series 2023 (Private Placement)			
Fiscal Year Ending December 31,	Principal Due Each Year	Interest Due Each Year	Total
2026	\$ 79,000	\$ 112,777	\$ 191,777
2027	81,000	110,877	191,877
2028	82,000	108,941	190,941
2029	84,000	106,970	190,970
2030	86,000	104,951	190,951
2031	89,000	102,873	191,873
2032	90,000	100,748	190,748
2033	93,000	98,574	191,574
2034	95,000	96,342	191,342
2035	97,000	94,062	191,062
2036	99,000	91,734	190,734
2037	102,000	89,348	191,348
2038	105,000	86,889	191,889
2039	107,000	84,372	191,372
2040	109,000	81,807	190,807
2041	112,000	79,183	191,183
2042	115,000	76,487	191,487
2043	118,000	73,720	191,720
2044	120,000	70,894	190,894
2045	123,000	68,008	191,008
2046	126,000	65,051	191,051
2047	129,000	62,023	191,023
2048	132,000	58,924	190,924
2049	136,000	55,741	191,741
2050	139,000	52,476	191,476
2051	142,000	49,139	191,139
2052	146,000	45,719	191,719
2053	149,000	42,216	191,216
2054	153,000	38,629	191,629
2055	156,000	34,960	190,960
2056	160,000	31,208	191,208
2057	164,000	27,360	191,360
2058	168,000	23,418	191,418
2059	172,000	19,380	191,380
2060	176,000	15,248	191,248
2061	180,000	6,626	186,626
2062	185,000	2,197	187,197
2063	189,000	2,244	191,244
	\$ 4,788,000	\$ 2,472,114	\$ 7,260,114

EAST CENTRAL SPECIAL UTILITY DISTRICT
 TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)
 DECEMBER 31, 2025

Fiscal Year Ending December 31,	Total Annual Requirements		
	Principal Due Each Year	Interest Due Each Year	Total
2026	\$ 404,000	\$ 161,398	\$ 565,398
2027	411,000	154,819	565,819
2028	282,000	149,531	431,531
2029	284,000	145,560	429,560
2030	291,000	141,516	432,516
2031	294,000	137,388	431,388
2032	300,000	133,057	433,057
2033	303,000	128,337	431,337
2034	310,000	123,288	433,288
2035	312,000	117,998	429,998
2036	319,000	112,462	431,462
2037	327,000	106,682	433,682
2038	330,000	100,679	430,679
2039	337,000	94,465	431,465
2040	344,000	88,005	432,005
2041	352,000	81,283	433,283
2042	115,000	76,487	191,487
2043	118,000	73,720	191,720
2044	120,000	70,894	190,894
2045	123,000	68,008	191,008
2046	126,000	65,051	191,051
2047	129,000	62,023	191,023
2048	132,000	58,924	190,924
2049	136,000	55,741	191,741
2050	139,000	52,476	191,476
2051	142,000	49,139	191,139
2052	146,000	45,719	191,719
2053	149,000	42,216	191,216
2054	153,000	38,629	191,629
2055	156,000	34,960	190,960
2056	160,000	31,208	191,208
2057	164,000	27,360	191,360
2058	168,000	23,418	191,418
2059	172,000	19,380	191,380
2060	176,000	15,248	191,248
2061	180,000	6,626	186,626
2062	185,000	2,197	187,197
2063	189,000	2,244	191,244
	<u>\$ 8,478,000</u>	<u>\$ 2,898,134</u>	<u>\$ 11,376,134</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT
 TSI-6. CHANGES IN LONG-TERM BONDED DEBT
 FISCAL YEAR ENDING DECEMBER 31, 2025

	Revenue Refunding Bonds Series 2016	Revenue Bonds Series 2021	Revenue Bonds Series 2023	Total
Interest Rate	2.08%	1-1.75%	2.38%	
Dates Interest Payable	Feb 1, Aug 1	Feb 1, Aug 1	Feb 1, Aug 1	
Maturity Dates	2/1/2027	2/1/2041	2/1/2062	
Beginning Bonds				
Outstanding	\$ 385,000	\$ 3,625,000	\$ 4,865,000	\$ 8,875,000
Bonds Sold During				
The Fiscal Year	-	-	-	-
Bonds Retired During				
The Fiscal Year	<u>(125,000)</u>	<u>(195,000)</u>	<u>(77,000)</u>	<u>(397,000)</u>
Ending Bonds				
Outstanding	<u>\$ 260,000</u>	<u>\$ 3,430,000</u>	<u>\$ 4,788,000</u>	<u>\$ 8,478,000</u>
Interest Paid During				
The Fiscal Year	<u>\$ 6,708</u>	<u>\$ 46,515</u>	<u>\$ 114,629</u>	<u>\$ 167,852</u>
Paying Agent's	Truist	UMB Bank	USDA	
Name and City	Charlotte, NC	Austin, TX	Seguin, TX	
<i>Bond Authority</i>				
Amount Authorized by				
The Board of Trustees	\$ 1,345,000	\$ 4,200,000	\$ 4,940,000	\$ 10,485,000
Amount Issued	<u>1,345,000</u>	<u>4,200,000</u>	<u>4,940,000</u>	<u>10,485,000</u>
Remaining to be				
Issued	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service Fund Cash and Investments as of Year End				<u>\$ 567,726</u>
Average Annual Debt Service Payment				<u>\$ 349,574</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT
 TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
 FISCAL YEAR ENDING DECEMBER 31, 2025

						Percent of Fund Total Revenues				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Operating Revenues:										
Water Sales	\$ 8,031,007	\$ 9,776,142	\$ 10,506,890	\$ 12,051,803	\$ 14,496,293	94.1%	96.2%	95.9%	95.7%	95.2%
Wastewater Billing Fees	85,321	98,159	100,636	167,449	181,871	1.0%	1.0%	0.9%	1.3%	1.2%
Other Charges	413,708	292,424	344,564	375,670	542,265	4.9%	2.9%	3.1%	3.0%	3.6%
Total Operating Revenues	8,530,036	10,166,725	10,952,090	12,594,922	15,220,429	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Expenses:										
Water Purchases	3,353,592	3,972,337	4,354,575	4,787,730	6,116,930	39.3%	39.1%	39.8%	38.0%	40.2%
Personnel	1,303,311	1,771,534	2,038,307	2,485,935	2,868,252	15.3%	17.4%	18.6%	19.7%	18.8%
Plant and Line Maintenance and Operations	456,982	603,871	833,425	728,048	1,349,594	5.4%	5.9%	7.6%	5.8%	8.9%
Depreciation and Amortization	506,386	567,610	639,962	940,227	1,323,689	5.9%	5.6%	5.8%	7.5%	8.7%
Administrative and Office Expenses	436,869	418,284	532,976	494,313	357,535	5.1%	4.1%	4.9%	3.9%	2.3%
Vehicles and Equipment	96,096	223,387	214,281	260,287	188,772	1.1%	2.2%	2.0%	2.1%	1.2%
Professional Fees	65,075	154,709	225,530	301,973	322,056	0.8%	1.5%	2.1%	2.4%	2.1%
Utilities	48,152	95,656	103,257	125,435	123,432	0.6%	0.9%	0.9%	1.0%	0.8%
Total Operating Expenses	6,266,463	7,807,388	8,942,313	10,123,948	12,650,260	73.5%	76.8%	81.6%	80.4%	83.1%
Operating Income (Loss)	2,263,573	2,359,337	2,009,777	2,470,974	2,570,169	26.5%	23.2%	18.4%	19.6%	16.9%
Non-Operating Revenues (Expenses):										
Impact, Acquisition and Installation Fees	4,564,039	4,819,448	8,887,148	8,522,554	14,143,289	53.5%	47.4%	81.1%	67.7%	92.9%
Interest Income	21,275	123,094	764,839	1,346,468	1,678,756	0.2%	1.2%	7.0%	10.7%	11.0%
Gain (Loss) on Sale of Assets	6,676	21,000	1,104	-	(6,195)	0.1%	0.2%	0.0%	0.0%	0.0%
Interest Expense	(96,724)	(92,157)	(94,062)	(167,398)	(170,069)	-1.1%	-0.9%	-0.9%	-1.3%	-1.1%
Total Non-Operating Revenues (Expenses)	4,495,266	4,871,385	9,559,029	9,701,624	15,645,781	52.7%	47.9%	87.3%	77.0%	102.8%
Change in Net Position	\$ 6,758,839	\$ 7,230,722	\$ 11,568,806	\$ 12,172,598	\$ 18,215,950	79.2%	71.1%	105.6%	96.6%	119.7%

EAST CENTRAL SPECIAL UTILITY DISTRICT
 TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
 FISCAL YEAR ENDING DECEMBER 31, 2025

Complete Entity Mailing Address: PO Box 570, Adkins, TX 78101

Entity Business Telephone Number: 210-649-2383

Submission Date of the most recent Registration Form: May, 2025

Limit of Fees of Office that a Trustee may receive during a fiscal year: \$7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid* 12/31/25	Expense Reimbursements 12/31/25	Title at Year End
Board of Directors:				
Paul Bricker	5/05-5/26	\$ 3,971	\$ 22	President
Mark Davis	5/05-5/28	\$ 4,221	---	Vice President
Milton Lowak	5/10-5/26	\$ 4,221	---	Sec /Treasurer
Melvin Strey	5/05-5/26	\$ 1,875	---	Director
Shirley Owen	5/13-5/27	\$ 2,125	---	Director
Randolph Schwenn	5/19-5/28	\$ 6,500	---	Director
David Padalecki	5/20-5/27	\$ 1,750	---	Director
Tom Dupnick	5/20-5/28	\$ 2,125	\$ 25	Director
James Pederson	5/24-5/27	\$ 2,250	\$ 120	Director
Administrative Personnel:				
Brandon Rohan	03/03	\$ 194,276	\$ -	Gen. Manager
Consultants:				
Barcom Technology Solutions		\$ 53,955		IT Provider
Gallegos Engineering		\$ 288,923		Engineer
Utility Engineering Group, PLLC		\$ 15,875		Engineer
Armstrong, Vaughan & Associates, PC		\$ 18,300		Auditor
Bryant Law PC		\$ 43,437		Attorney
Davidson Troilo Ream & Garza		\$ 55,457		Attorney
Hierholzer Engineering		\$ 44,641		Engineer
Texas Land & Right of Way Company		\$ 10,170		ROW Agent

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

COMPLIANCE SECTION



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
East Central Special Utility District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of East Central Special Utility District as of December 31, 2025 and for the year then ended, and the related notes to the financial statements, which collectively comprise East Central Special Utility District's basic financial statements, and have issued our report thereon dated March 12, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Armstrong, Vaughan & Associates, P.C." The signature is written in a cursive, flowing style.

Armstrong, Vaughan & Associates, P.C.

March 12, 2026



EAST CENTRAL SPECIAL UTILITY DISTRICT