

The City of San Marcos, Texas

Report on Applying Agreed-Upon Procedures
Water and Wastewater Impact Fees

For the Period of April 17, 2018, through September 30, 2025





JMS CPAs, PLLC

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and Members of City Council
City of San Marcos, Texas

We have performed the procedures below set forth in Texas Local Government Code 395.059, as amended, including the requirements enacted by Senate Bill 1883 of the City of San Marcos, Texas ("the City") for the period of April 17, 2018, through September 30, 2025. The management of the City is responsible for administering and recording impact fee funds in accordance with all applicable provisions of Texas Local Government Code Chapter 395.

Management of the City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose. This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. To determine the amount of funds collected from any impact fee imposed by the City for the period of April 17, 2018, through September 30, 2025, we compared the amount of impact fees assessed by fee type for permits issued to each impact fees collected.

FYE	Total
2018	\$ 3,062,378
2019	3,895,917
2020	4,185,516
2021	8,691,612
2022	8,882,127
2023	5,307,977
2024	4,462,534
2025	6,026,113
	<u>\$ 44,514,174</u>

2. To determine the amount of interest accumulated under Section 395.025 on impact fees collected by the City, we compared the interest earned per the City's financial records to the supporting bank statements and investment statements for the period of April 17, 2018, through September 30, 2025.

FYE	Water	Wastewater	Total
2018	\$ 24,645	\$ 39,809	\$ 64,454
2019	163,270	216,002	379,272
2020	161,471	155,615	317,086
2021	3,814	3,120	6,934
2022	85,492	56,387	141,879
2023	444,352	338,490	782,842
2024	931,225	710,638	1,641,863
2025	983,691	770,948	1,754,639
	<u>\$ 2,797,960</u>	<u>\$ 2,291,009</u>	<u>\$ 5,088,969</u>

3. To determine any proposed capital improvement or facility expansions to be financed from an impact fee collected by the City that were not constructed, as described in Section 395.025, we obtained all City approved Capital Improvements Plans and compared project status information in the City's financial records to identify capital improvements or facility expansions intended to be financed with impact fees that were not constructed as of September 30, 2025.

Water Impact Fee Unconstructed Capital Improvement Projects

Project ID	Project Name	Amount Budgeted
575	Gary Job Corp Lift Station (LS #46) Decommissioning and Water main extension	\$ 2,000,000
706	Old Bastrop Hwy Water Centerpoint to Horace Howard	1,150,000
664	Trails End Water Line Extension to Kissing Tree	1,200,000
665	Trunk Hill Pumps	2,500,000
		<u>\$ 6,850,000</u>

Wastewater Impact Fee Unconstructed Capital Improvement Projects

Project ID	Project Name	Amount Budgeted
575	Gary Job Corp Lift Station (LS #46) Decommissioning and Water main extension	\$ 5,000,000
59	East IH35 WW Oversize	1,000,000
564	Hemphill Creek 12-inch, 24-inch, 27-inch Wastewater Main	18,000,000
572	Highway 80 Lift Station Expansion	1,900,000
427	Main Lift Station (LS #1) Replacement	9,800,000
573	Upper Blanco River 24-Inch Wastewater Transfer Interceptor	18,700,000
		<u>\$ 54,400,000</u>

4. To determine the amount of funds collected from impact fees by the City that were not spent during the period of April 17, 2018, to September 30, 2025, we determined the amount of impact fees collected (Procedure 1), the amount of interest earned (Procedure 2), the amount of refunds issued (Procedure 7), and the amount spent on capital improvement projects. The results of the procedure performed are presented in Table 1 located in the Appendix.

5. To determine each Impact fee collected by the City and the allocation of each impact fee made by the City, we compared the amount of each impact fee collected to the amount assessed and collected by fee type for permits issued for of the period April 17, 2018, through September 30, 2025.

FYE	Water	Wastewater	Total
2018	\$ 1,187,395	\$ 1,874,983	\$ 3,062,378
2019	1,678,470	2,217,447	3,895,917
2020	2,125,965	2,059,551	4,185,516
2021	4,813,446	3,878,166	8,691,612
2022	5,352,105	3,530,022	8,882,127
2023	3,014,465	2,293,512	5,307,977
2024	2,584,900	1,877,634	4,462,534
2025	3,380,883	2,645,230	6,026,113
	<u>\$ 24,137,629</u>	<u>\$ 20,376,545</u>	<u>\$ 44,514,174</u>

6. To determine the amount of impact fees waived under Section 395.016(g) for the period of April 17, 2018, through September 30, 2025, we obtained a listing of impact fees waived by permit number. For each waiver identified, we compared the waived amount to the corresponding written approval for waiver from the City.

FYE	Water	Wastewater	Total
2018	\$ 363	\$ 527	\$ 890
2019	36,560	28,048	64,608
2020	2,178	3,162	5,340
2021	-	-	-
2022	121,742	70,472	192,214
2023	4,527	3,738	8,265
2024	45,187	65,975	111,162
2025	-	-	-
	<u>\$ 210,557</u>	<u>\$ 171,922</u>	<u>\$ 382,479</u>

7. To determine the amount of any requested refunds of impact fees we obtained permit reports identifying requested refunds of impact fee for the period of April 17, 2018, to September 30, 2025.

FYE	Water	Wastewater	Total
2018	\$ 126,764	\$ 296,929	\$ 423,693
2019	2,727	1,054	3,781
2020	19,159	3,506	22,665
2021	33,961	3,689	37,650
2022	15,204	10,736	25,940
2023	26,987	5,319	32,306
2024	161,543	5,368	166,911
2025	5,702	-	5,702
	<u>\$ 392,046</u>	<u>\$ 326,601</u>	<u>\$ 718,647</u>

8. To determine the amount of impact fees refunded under Section 395.025 for the period of April 17, 2018, through September 30, 2025, we obtained a listing of all recorded refunds from the City's accounting records and permit reports. For each refund identified, we compared the amount of impact fees originally paid per the Utility Permit Forms to the proof of payment.

All requested refunds of impact fees, in Procedure 7 above, were refunded without exception.

9. To determine any errors or omissions of credits in impact fee calculations for permits issued during the period of April 17, 2018, through September 30, 2025, we compared the amount of impact fees assessed per the City's permit issuance system to the amount recorded in the City's accounting records.

No exceptions were identified.

We were engaged by the management of the City of San Marcos, Texas to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accounting. We were not engaged to and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the reporting requirements set forth in Texas Local Government Code 395.059. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of San Marcos, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management of the City of San Marcos, Texas and is not intended to be and should not be used by anyone other than these specified parties.

JMS CPAs, PLLC

San Antonio, Texas

February 24, 2026

Appendix

Table 1

Water Impact Fees						
FYE	Impact Fees Collected (Procedure 1)	Earned Interest (Procedure 2)	Refunds Issued (Procedure 7)	CIP Expenditures	Unspent Impact Fees	Accumulated Unspent Impact Fees
2018	\$ 1,187,395	\$ 24,645	\$ (126,764)	\$ (120,647)	\$ 964,629	\$ 964,629
2019	1,678,470	163,270	(2,727)	(92,385)	1,746,628	2,711,257
2020	2,125,965	161,471	(19,159)	-	2,268,277	4,979,534
2021	4,813,446	3,814	(33,961)	(3,283,642)	1,499,658	6,479,192
2022	5,352,105	85,492	(15,204)	(548,133)	4,874,260	11,353,452
2023	3,014,465	444,352	(26,987)	(2,875,588)	556,242	11,909,694
2024	2,584,900	931,225	(161,543)	(1,181,309)	2,173,274	14,082,967
2025	3,380,883	983,691	(5,702)	(2,601,466)	1,757,407	15,840,374
Total	\$ 24,137,629	\$ 2,797,960	\$ (392,046)	\$ (10,703,170)	\$ 15,840,374	

Wastewater Impact Fees						
FYE	Impact Fees Collected (Procedure 1)	Earned Interest (Procedure 2)	Refunds Issued (Procedure 7)	CIP Expenditures	Unspent Impact Fees	Accumulated Unspent Impact Fees
2018	\$ 1,874,983	\$ 39,809	\$ (296,929)	\$ (1,051,330)	\$ 566,533	\$ 566,533
2019	2,217,447	216,002	(1,054)	(212,111)	2,220,284	2,786,817
2020	2,059,551	155,615	(3,506)	(507,373)	1,704,287	4,491,104
2021	3,878,166	3,120	(3,689)	(16,264)	3,861,333	8,352,437
2022	3,530,022	56,387	(10,736)	(742,893)	2,832,780	11,185,217
2023	2,293,512	338,490	(5,319)	(2,498,922)	127,761	11,312,978
2024	1,877,634	710,638	(5,368)	(3,091,140)	(508,236)	10,804,742
2025	2,645,230	770,948	-	(3,437,061)	(20,883)	10,783,859
Total	\$ 20,376,545	\$ 2,291,009	\$ (326,601)	\$ (11,557,094)	\$ 10,783,859	