

**KAUFMAN COUNTY FRESH WATER  
SUPPLY DISTRICT NO. 1-A**

**KAUFMAN COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MARCH 31, 2019**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
Certified Public Accountants



**KAUFMAN COUNTY FRESH WATER  
SUPPLY DISTRICT NO. 1-A**

**KAUFMAN COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MARCH 31, 2019**



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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Kaufman County Fresh Water Supply District No. 1-A  
Kaufman County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Kaufman County Fresh Water Supply District No. 1-A (the "District"), as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of March 31, 2019, 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.

## Other Matters

### *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 and the Special Revenue Fund 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the basic 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 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 PLLC  
Certified Public Accountants  
Houston, Texas

July 11, 2019



**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2019**

Management's discussion and analysis of Kaufman County Fresh Water Supply District No. 1-A's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended March 31, 2019. 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 Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. 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 similar to 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 of the District's assets and liabilities, 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 fiscal 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 two governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Special Revenue Fund accounts for financial resources collected and administered by the District for the operations of the joint water and wastewater treatment facilities.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2019**

**FUND FINANCIAL STATEMENTS (Continued)**

Governmental funds are reported in each of the financial statements. The focus in the fund 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 the year. 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 Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances 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"). Budgetary comparison schedules are included as RSI for both the General Fund and Special Revenue 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 \$2,420,366 as of March 31, 2019. The following is a comparative analysis of government-wide changes in net position:

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2019**

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

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	\$ 783,619	\$ 302,934	\$ 480,685
Capital Assets (Net of Accumulated Depreciation)	5,477,214	5,813,808	(336,594)
Total Assets	\$ 6,260,833	\$ 6,116,742	\$ 144,091
Due to Developer	\$ 7,906,616	\$ 7,772,853	\$ (133,763)
Other Liabilities	774,583	266,173	(508,410)
Total Liabilities	\$ 8,681,199	\$ 8,039,026	\$ (642,173)
Net Position:			
Net Investment in Capital Assets	\$ (1,808,217)	\$ (1,471,623)	\$ (336,594)
Unrestricted	(612,149)	(450,661)	(161,488)
Total Net Position	\$ (2,420,366)	\$ (1,922,284)	\$ (498,082)

The following table provides a summary of the District's operations for the years ended March 31, 2019, and March 31, 2018. The District's net position decreased by \$498,082 during the current fiscal year.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Charges for Services	\$ 1,444,288	\$ 1,339,692	\$ 104,596
Other Revenues	2,710	816	1,894
Total Revenues	\$ 1,446,998	\$ 1,340,508	\$ 106,490
Expenses for Services	1,945,080	1,812,767	(132,313)
Change in Net Position	\$ (498,082)	\$ (472,259)	\$ (25,823)
Net Position, Beginning of Year	(1,922,284)	(1,450,025)	(472,259)
Net Position, End of Year	\$ (2,420,366)	\$ (1,922,284)	\$ (498,082)

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

The District's General Fund fund balance as of March 31, 2019, was \$9,036, a decrease of \$17,056 from the prior year.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2019**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the General Fund budget during the current fiscal year. Actual excess revenues were \$17,052 less than budgeted excess revenues.

**CAPITAL ASSETS**

The District's capital assets as of March 31, 2019, amount to \$5,477,214 (net of accumulated depreciation). These capital assets include water and wastewater systems used to supply water and wastewater service to other districts.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 12,069	\$ 12,069	\$
Capital Assets, Net of Accumulated Depreciation:			
Water System	4,800,633	5,097,291	(296,658)
Wastewater System	664,512	704,448	(39,936)
Total Net Capital Assets	\$ 5,477,214	\$ 5,813,808	\$ (336,594)

Additional information on the District's capital assets can be found in Note 4 of this report.

**LONG-TERM DEBT ACTIVITY**

The District has not issued any long-term debt as of March 31, 2019. The District has recorded an amount due to developer of \$7,906,616 for completed projects and developer advances. See also Note 8.

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Kaufman County Fresh Water Supply District No. 1-A, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

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**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MARCH 31, 2019**

	General Fund	Special Revenue Fund
<b>ASSETS</b>		
Cash	\$ 3,078	\$ 225,241
Due from Developer		304,550
Due from Other Funds	46,338	
Prepaid Costs		87,585
Due from Other Governmental Units		163,165
Land		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 49,416</b>	<b>\$ 780,541</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 40,380	\$ 709,203
Due to Developers		
Due to Other Funds		46,338
Advance for Operations		25,000
<b>TOTAL LIABILITIES</b>	<b>\$ 40,380</b>	<b>\$ 780,541</b>
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 9,036	\$ 87,585
Unassigned		(87,585)
<b>TOTAL FUND BALANCES</b>	<b>\$ 9,036</b>	<b>\$ - 0 -</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 49,416</b>	<b>\$ 780,541</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 228,319	\$	\$ 228,319
304,550		304,550
46,338	(46,338)	
87,585		87,585
163,165		163,165
	12,069	12,069
	<u>5,465,145</u>	<u>5,465,145</u>
<u>\$ 829,957</u>	<u>\$ 5,430,876</u>	<u>\$ 6,260,833</u>
\$ 749,583	\$	\$ 749,583
	7,906,616	7,906,616
46,338	(46,338)	
<u>25,000</u>		<u>25,000</u>
<u>\$ 820,921</u>	<u>\$ 7,860,278</u>	<u>\$ 8,681,199</u>
\$ 87,585	\$ (87,585)	\$
<u>(78,549)</u>	<u>78,549</u>	
<u>\$ 9,036</u>	<u>\$ (9,036)</u>	<u>\$ - 0 -</u>
<u>\$ 829,957</u>		
	\$ (1,808,217)	\$ (1,808,217)
	<u>(612,149)</u>	<u>(612,149)</u>
	<u>\$ (2,420,366)</u>	<u>\$ (2,420,366)</u>

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

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
MARCH 31, 2019**

Total Fund Balances - Governmental Funds	\$	9,036
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets are not financial resources and, therefore, are not reported as assets in governmental funds.		5,477,214
Governmental funds do not record a long-term liability to the Developer for completed projects and operating advances. However, in the Statement of Net Position, the liability for completed projects and operating advances is recorded.		<u>(7,906,616)</u>
Total Net Position - Governmental Activities	\$	<u>(2,420,366)</u>

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

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**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2019**

	General Fund	Special Revenue Fund
<b>REVENUES</b>		
Service Billing Revenues	\$	\$ 1,444,288
Franchise Fees		2,566
Investment Revenues	20	124
<b>TOTAL REVENUES</b>	<b>\$ 20</b>	<b>\$ 1,446,978</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 131,843	\$ 125,390
Contracted Services	10,739	72,797
Purchased Water Service		855,551
Utilities		82,463
Repairs and Maintenance		132,766
Depreciation		
Other	18,926	178,011
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 161,508</b>	<b>\$ 1,446,978</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	<b>\$ (161,488)</b>	<b>\$ -0-</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Developer Advances	\$ 144,432	\$ -0-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (17,056)</b>	<b>\$ -0-</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - APRIL 1, 2018</b>	26,092	
<b>FUND BALANCES/NET POSITION - MARCH 31, 2019</b>	<b>\$ 9,036</b>	<b>\$ -0-</b>

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

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 1,444,288	\$	\$ 1,444,288
2,566		2,566
144		144
\$ 1,446,998	\$ -0-	\$ 1,446,998
\$ 257,233	\$	\$ 257,233
83,536		83,536
855,551		855,551
82,463		82,463
132,766		132,766
	336,594	336,594
196,937		196,937
\$ 1,608,486	\$ 336,594	\$ 1,945,080
\$ (161,488)	\$ (336,594)	\$ (498,082)
\$ 144,432	\$ (144,432)	\$ -0-
\$ (17,056)	\$ 17,056	\$
	(498,082)	(498,082)
26,092	(1,948,376)	(1,922,284)
\$ 9,036	\$ (2,429,402)	\$ (2,420,366)

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

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2019**

Net Change in Fund Balances - Governmental Funds	\$ (17,056)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(336,594)
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Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances, net any amount paid to the developer, are recorded as a liability.	<u>(144,432)</u>
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Change in Net Position - Governmental Activities	<u>\$ (498,082)</u>
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The accompanying notes to the financial statements are an integral part of this report.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 1. CREATION OF DISTRICT**

On January 8, 2001, the Kaufman County Commissioners Court approved the order creating Kaufman County Fresh Water Supply District No. 1 (District No. 1), and voters of District No. 1 confirmed the creation at an election held on January 20, 2001. In another election held on May 5, 2001, the voters approved District No. 1's assumption of the rights, authority, privileges and functions of a road district and authorized District No. 1 to purchase, construct, acquire, own, operate, repair, improve and extend a sanitary sewer system. On May 10, 2001, following a hearing, the governing board of District No. 1 approved the conversion of the District to a water control and improvement district operating under Chapter 51 of the Texas Water Code and specifically reserved certain rights under Sections 53.029, 53.030 through 53.034, 53.040 through 53.041, 53.112, 53.121, and 53.125 of the Texas Water Code.

At an election held within the boundaries of District No. 1 on August 11, 2001, voters approved the division of District No. 1 into two new districts: Kaufman County Fresh Water Supply District No. 1-A (Original District No. 1-A) and Kaufman County Fresh Water Supply District No. 1-B (District No. 1-B). At an election held within the boundaries of Original District No. 1-A on September 14, 2002, voters approved the division of Original District No. 1-A into a second resulting Kaufman County Fresh Water Supply District No. 1-A ("Second District No. 1-A") and Kaufman County Fresh Water Supply District No. 1-C (District No. 1-C). At an election held within the boundaries of Second District No. 1-A on May 12, 2007, voters approved the division of Second District No. 1-A into a third resulting Kaufman County Fresh Water Supply District No. 1-A (the "District") and Kaufman County Fresh Water Supply District No. 1-D (District No. 1-D). At an election held within the boundaries of Second District 1-A on May 4, 2019, voters approved the division of Second Division 1-A into three Districts, resulting the District, Kaufman County Fresh Water Supply District 1-E ("District No. 1-E") and Kaufman County Fresh Water Supply No. 1-F ("District No. 1-F"). Pursuant to the provisions of Chapters 49, 51 and 53 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, roads, solid waste collection and disposal, including recycling, and parks and recreational facilities for the residents of the District. The District also has the power to acquire, construct, operate and maintain road facilities and is empowered to contract for or employ its own peace officers with powers to make arrests, and subject to certain regulatory and voter approvals, to contract for fire-protection services or establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The District held its first meeting on May 17, 2007.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**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 Texas Commission on Environmental Quality (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 or not 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”).

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.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

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

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 of the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Funds

The District has two governmental funds and considers each to be a major fund.

General Fund – To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

Special Revenue Fund – To account for financial activities of the joint water and wastewater treatment facilities.

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 revenue

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

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

Basis of Accounting (Continued)

reported in governmental funds to be available if they are collectable with sixty (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.

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. As of March 31, 2019, the Special Revenue Fund had recorded a payable in the amount of \$46,338 to the General Fund for joint facilities costs paid by the General Fund.

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 expenditures 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. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$10,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
Roads	10-50
All Other Equipment	3-20

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

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

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts unappropriated budgets for the General Fund and Special Revenue Fund. The budgets were not amended during the current fiscal 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 considered to be 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 and liabilities associated with the activities are reported. Fund equity is classified as net position.

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 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 balance in the 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.

*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.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

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

Measurement Focus (Continued)

*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.

**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. At fiscal year end, the carrying amount of the District's deposits was \$228,319 and the bank balance was \$111,953. The bank balance was fully covered by federal depository insurance.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2019, as listed below:

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 3. DEPOSITS AND INVESTMENTS (Continued)**

Deposits (Continued)

	Cash
GENERAL FUND	\$ 3,078
SPECIAL REVENUE FUND	225,241
TOTAL DEPOSITS	\$ 228,319

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.

During the fiscal year ending March 31, 2019, the District had no investment activities.

Restrictions

All cash and investments of the Special Revenue Fund are restricted for operations of the joint water and wastewater treatment facilities.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2019:

	April 1, 2018	Increases	Decreases	March 31, 2019
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 12,069	\$ - 0 -	\$ - 0 -	\$ 12,069
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 7,304,436	\$	\$	\$ 7,304,436
Wastewater System	1,145,190			1,145,190
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 8,449,626</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 8,449,626</u>
<b>Less Accumulated Depreciation</b>				
Water System	\$ 2,207,145	\$ 296,658	\$	\$ 2,503,803
Wastewater System	440,742	39,936		480,678
<b>Total Accumulated Depreciation</b>	<u>\$ 2,647,887</u>	<u>\$ 336,594</u>	<u>\$ - 0 -</u>	<u>\$ 2,984,481</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 5,801,739</u>	<u>\$ (336,594)</u>	<u>\$ - 0 -</u>	<u>\$ 5,465,145</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 5,813,808</u>	<u>\$ (336,594)</u>	<u>\$ - 0 -</u>	<u>\$ 5,477,214</u>

See Note 8 for the funding source of the District's current capital assets.

**NOTE 5. MAINTENANCE TAX**

As of March 31, 2019, voters of the District have not approved the levy and collection of a maintenance tax.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 6. WATER AND WASTEWATER OPERATING AGREEMENT AND JOINT UTILITY AND WHOLESALE ALLOCATION AGREEMENT**

On March 29, 2004, and as amended on July 7, 2004, and August 30, 2004, the District entered into a Water and Wastewater Agreement with District No. 1-B, District No. 1-C and Kaufman County Development District No. 1 (KCDD). Such agreement was by its terms effective June 1, 2004. KCDD had been operating a water treatment, production and distribution system and wastewater collection and treatment facility providing services to the area within the District, District No. 1-B and District No. 1-C. KCDD also had been collecting fees and charges for such services and paying the costs of operating the system. Under the terms of the Water and Wastewater Agreement, the operations of the system were transferred to the District. In accordance with the amendments, the District will also operate certain roadway facilities and each district will now collect the revenues from the customers in its own service area.

The District and Kaufman County Fresh Water Supply District No. 1-D (District No. 1-D) have entered into a Water and Wastewater Operating Agreement (the "Operating Agreement"), dated June 28, 2007, under which the District has agreed to (i) supply and deliver water to District No. 1-D for commercial and domestic uses, (ii) collect, transport and treat wastewater generated within District No. 1-D, and (iii) operate certain water distribution and wastewater collection facilities on behalf of District No. 1-D. Under the Operating Agreement, the District is to collect all revenues from the operation of District No. 1-D's water and wastewater system and use such revenues to pay for all maintenance and operating costs reasonably attributable to providing service within District No. 1-D's service area.

As of August 1, 2008, and amended on October 28, 2010, the District entered into the Joint Utility and Wholesale Allocation Agreement (Joint Agreement) with District No. 1-B, District No. 1-C and District No. 1-D. This Joint Agreement sets forth the procedures under which the District will bill the other districts for their respective shares of administration, maintenance, and operations costs relating to the water supply facilities and wastewater treatment plant operated by the District. Each district will pay its share of fixed costs and variable costs based upon the procedures and allocation shares outlined in the agreement. The Joint Agreement also allocates among the districts the cost of wholesale water purchased by the District from the City of Forney for distribution to District No. 1-B, District No. 1-C and District No. 1-D. The Joint Agreement provides that in the event of conflicting provisions relating to cost-sharing, the provisions contained in the Joint Agreement will prevail over those of any prior cost-sharing arrangement, agreement or understanding among these districts.

During the current fiscal year, the District billed \$1,444,288 for operating the system. As of March 31, 2019, the District has recorded a receivable in the amount of \$163,165 for the unpaid balance of the operating costs of the system. During a prior fiscal year, District No. 1-C advanced the District \$20,000 and District No. 1-D advanced the District \$5,000 to allow the District to have sufficient operating funds. This amount has been recorded as a liability as of March 31, 2019.

During the 2017 fiscal year, the first amendment to the Joint Agreement was terminated.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 7. WHOLESALE WATER CONTRACT**

On August 28, 2004, the District approved a Wholesale Water Contract with the City of Forney, Texas (the “City”). The Amended Wholesale Water Contract was approved on October 5, 2004, and the 2<sup>nd</sup> Amended Wholesale Water Contract was approved on January 4, 2005. The Amended and Restated Wholesale Water Contract was approved on December 7, 2017. In accordance with the contract, the City will provide the District with treated water. The water will be received by the District through a point of delivery as established by the contract. Upon completion of the initial point of delivery, the City was obligated to supply the District with treated water not to exceed 1,500 gallons per minute. The contract allows for a future second point of delivery. Upon completion of the second point of delivery, the City will supply the District with treated water not to exceed 4,500 gallons per minute. The District was responsible for the construction of the connection facilities necessary to transport the treated water from the delivery point to the District’s system. The construction of the connection facilities was completed in September 2006.

The City receives its treated water from the North Texas Municipal Water District (“NTMWD”). The rate the District pays for water under this contract is \$0.61 per 1,000 gallons above the rate charged the City by the NTMWD. At March 31, 2019, the District was paying \$3.53 per 1,000 gallons pursuant to such provision. The rate is subject to review and adjustment by the City each year during the term of the contract. Under the contract, the annual minimum amount of water the District will be deemed to have taken and used, regardless of whether or not such amount was taken or used and which the District will be required to purchase and pay for will be calculated as the greater of: (1) 146,000,000 gallons or (2) the maximum number of gallons actually taken by the District during any previous water year during the term of the agreement. Based on usage in prior water years, the annual minimum amount deemed taken and used under such provision as of March 31, 2019, was 246,622,000 gallons. In accordance with the contract, water year means the period from August 1 of each calendar year through July 31 of the next following calendar year. The minimum volume of water the District will be required to purchase will be calculated annually for the following annual payment period. The amount of water to be purchased during the following annual payment period will be calculated as discussed above. In accordance with the contract, annual payment period means October 1 of each year through September 30 of the next following calendar year. Payment for the water will be made annually by the District to the City in 12 equal monthly installments, each due and payable on or before the 10<sup>th</sup> day of the following month. Beginning in October 2018, the District began paying \$72,548 per month based upon the prior usage.

The term of contract is 30 years from its effective date. The effective date of the contract is August 26, 2004, the date the contract was approved by the NTMWD. After the initial term of the contract, either party can withdraw from the contract after giving two years’ written notice. The minimum amount of water established by the District must be able to be transferred to the NTMWD upon termination of the contract.

During the current fiscal year, the District recorded purchased water in the amount of \$855,551 in relation to this agreement.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 8. UNREIMBURSED DEVELOPER COST**

On January 25, 2001, the District entered into the Agreement for the Construction and Purchase of Facilities and Advances. On September 14, 2005, this agreement was amended and restated. This agreement calls for the Developer to fund costs associated with water and wastewater facilities until such time as the District can reimburse the Developer. As of March 31, 2019, the District has recorded a liability in the amount of \$7,285,431 in the Statement of Net Position related to these costs. The District only records those assets that have been completed and placed in service and that the District has accepted for maintenance. Any reimbursement is contingent upon a future bond sale, including receiving approval from the Commission (as to bonds issued for utility facilities) and Texas State Attorney General, or the availability of future revenues from other sources.

In prior fiscal years, the Developer has been required to advance monies to the District's General Fund in order for the District to meet its ongoing financial obligations. Through March 31, 2019, the Developer advanced directly to the District a total of \$621,185 to help cover the operating deficits of the District; of which \$144,432 were made during the current fiscal year.

The District has recorded a total amount due to developer of \$7,906,616 in the Statement of Net Position at March 31, 2019.

**NOTE 9. RISK MANAGEMENT**

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

**NOTE 10. ECONOMIC DEPENDENCY**

The District is dependent upon the Developer for operating advances to meet its financial obligations. The Developer's ability to make full and timely payments of operating advances could directly affect the District's ability to meet its financial obligations.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 11. COST-SHARING AGREEMENT**

On December 20, 2012, the District and District No. 1-C entered into a cost sharing agreement relating to the construction and maintenance of a shared sanitary sewer collection line. In this agreement, the districts agreed to fund their respective pro-rata shares of the construction costs of the shared sanitary sewer collection line. District No. 1-C will maintain physical ownership of the line and the District will have a beneficial ownership interest. Both districts agree to pay for the cost of operating, maintaining and repairing the collection line based on their respective pro-rata shares. During a prior fiscal year, the District transferred \$52,441 for its pro-rata share of the construction costs. Construction of this sewer line was completed during a prior fiscal year.

During a prior fiscal year, District No. 1-C consented to an assignment of all of District No. 1-A's rights and obligations under this cost-sharing agreement to Kaufman County Fresh Water Supply District No. 1-D.

**NOTE 12. OPERATING LEASE**

On January 12, 2017, the District entered into a lease agreement with AUC Group to finance an aeration basin designed to treat 125,000 gpd sewage treatment plant. Payments in the amount of \$2,200 are due the first day of each month. The initial term of this lease is 60 months. The monthly payments will be \$1,300 per month for any additional after the initial term. The District has the option to purchase the aeration basin at any time per the schedule in the agreement. As of the date of this report, the District has not made a decision to purchase the aeration basin at the end of the initial term. Monthly lease payments of \$26,400 were recorded in the current fiscal year.

The following is a schedule of future minimum lease payments under the operating lease during the initial term as of March 31, 2019.

<u>Fiscal Year</u>	<u>Total</u>
2020	\$ 26,400
2021	26,400
2022	19,800
	<u>\$ 72,600</u>

On February 1, 2018, the District entered into a lease agreement with AUC Group to finance an aeration basin designed to treat 240,000 gpd sewage treatment plant. Payments in the amount of \$35,700 are due the first day of each month. The initial term of this lease is 60 months. The monthly payments will be \$24,400 per month for any additional after the initial term. The District has the option to purchase the aeration basin at any time per the schedule in the agreement. During the current fiscal year, the District sent AUC Group a payment for \$71,400 in relation to this agreement. This payment was for the first and last month's lease payments.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**

**REQUIRED SUPPLEMENTARY INFORMATION**

**MARCH 31, 2019**



**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Service Billing Revenues	\$	\$	\$
Investment Revenues		20	20
<b>TOTAL REVENUES</b>	<u>\$ -0-</u>	<u>\$ 20</u>	<u>\$ 20</u>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 86,450	\$ 131,843	\$ (45,393)
Contracted Services	7,200	10,739	(3,539)
Other	16,867	18,926	(2,059)
<b>TOTAL EXPENDITURES</b>	<u>\$ 110,517</u>	<u>\$ 161,508</u>	<u>\$ (50,991)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (110,517)</u>	<u>\$ (161,488)</u>	<u>\$ (50,971)</u>
<b>OTHER FINANCING SOURCES(USES)</b>			
Developer Advances	<u>\$ 110,513</u>	<u>\$ 144,432</u>	<u>\$ 33,919</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (4)	\$ (17,056)	\$ (17,052)
<b>FUND BALANCE - APRIL 1, 2018</b>	<u>26,092</u>	<u>26,092</u>	
<b>FUND BALANCE - MARCH 31, 2019</b>	<u><u>\$ 26,088</u></u>	<u><u>\$ 9,036</u></u>	<u><u>\$ (17,052)</u></u>

See accompanying independent auditor's report.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL – SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Service Billing Revenues	\$ 1,538,804	\$ 1,444,288	\$ (94,516)
Franchise Fees	740	2,566	1,826
Investment Revenues		124	124
<b>TOTAL REVENUES</b>	<u>\$ 1,539,544</u>	<u>\$ 1,446,978</u>	<u>\$ (92,566)</u>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 131,050	\$ 125,390	\$ 5,660
Contracted Services	69,600	72,797	(3,197)
Purchased Water Service	762,513	855,551	(93,038)
Utilities	85,560	82,463	3,097
Repairs and Maintenance	319,000	132,766	186,234
Other	171,821	178,011	(6,190)
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,539,544</u>	<u>\$ 1,446,978</u>	<u>\$ 92,566</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ -0-	\$ -0-	\$ -0-
<b>FUND BALANCE - APRIL 1, 2018</b>	_____	_____	_____
<b>FUND BALANCE - MARCH 31, 2019</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**SUPPLEMENTARY INFORMATION REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**MARCH 31, 2019**



**KAUFMAN COUNTY FRESH WATER  
SUPPLY DISTRICT NO. 1-A  
SERVICES AND RATES  
FOR THE YEAR ENDED MARCH 31, 2019**

**1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:**

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

**2. RETAIL SERVICE PROVIDERS**

**a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):**

Based on the rate order approved May 20, 2007.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:			N	\$ 2.50 \$ 3.50 \$ 4.50	1 to 5,000 5,001 to 10,000 10,001 and up
WASTEWATER:			N	\$ 2.50 \$ 3.50 \$ 4.50	1 to 5,000 5,001 to 10,000 10,001 and up
SERVICE CHARGE:	\$ 35.00		Y		
SURCHARGE:					
Commission	0.5% of				
Regulatory Assessments	actual water and sewer bill				

District employs winter averaging for wastewater usage?   X    
Yes                              
No

Total monthly charges per 10,000 gallons usage: Water: \$30.00 Wastewater: \$30.00 Service Charge \$35.00  
Surcharge: \$0.48 Total: \$95.48

See accompanying independent auditor's report.



**KAUFMAN COUNTY FRESH WATER  
SUPPLY DISTRICT NO. 1-A  
SERVICES AND RATES  
FOR THE YEAR ENDED MARCH 31, 2019**

**4. STANDBY FEES** (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County in which District is located:

Kaufman County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

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

Entirely  Partly  Not at all

ETJ's in which District is located:

City of Forney, Texas

Are Board Members appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.

**KAUFMAN COUNTY FRESH WATER  
SUPPLY DISTRICT NO. 1-A  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED MARCH 31, 2019**

PROFESSIONAL FEES:	
Auditing	\$ 1,475
Legal	<u>130,368</u>
TOTAL PROFESSIONAL FEES	<u>\$ 131,843</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 10,739</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 11,100
Insurance	1,794
Office Supplies and Postage	12
Payroll Taxes	849
Travel and Meetings	3,838
Other	<u>1,333</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 18,926</u>
TOTAL EXPENDITURES	<u><u>\$ 161,508</u></u>

See accompanying independent auditor's report.

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**KAUFMAN COUNTY FRESH WATER  
SUPPLY DISTRICT NO. 1-A  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND - FIVE YEARS**

	Amounts		
	2019	2018	2017
<b>REVENUES</b>			
Service Billing Revenues	\$	\$	\$ 52,140
Investment Revenues	<u>20</u>	<u>6</u>	<u>7</u>
<b>TOTAL REVENUES</b>	<u>\$ 20</u>	<u>\$ 6</u>	<u>\$ 52,147</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 131,843	\$ 113,317	\$ 51,431
Contracted Services	10,739	7,352	6,933
Other	<u>18,926</u>	<u>15,002</u>	<u>17,957</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 161,508</u>	<u>\$ 135,671</u>	<u>\$ 76,321</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (161,488)</u>	<u>\$ (135,665)</u>	<u>\$ (24,174)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In/(Out)	\$	\$	\$
Developer Advances	<u>144,432</u>	<u>129,174</u>	<u>5,287</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 144,432</u>	<u>\$ 129,174</u>	<u>\$ 5,287</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (17,056)	\$ (6,491)	\$ (18,887)
<b>BEGINNING FUND BALANCE</b>	<u>26,092</u>	<u>32,583</u>	<u>51,470</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 9,036</u>	<u>\$ 26,092</u>	<u>\$ 32,583</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2016</u>	<u>2015</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 65,756 <u>5</u>	\$ 64,704 <u>3</u>	100.0	100.0	100.0 %	100.0 %	100.0 %
\$ 65,761	\$ 64,707	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$ 45,920 8,117 <u>14,565</u>	\$ 42,425 8,169 <u>19,013</u>	659,215.0 53,695.0 <u>94,630.0</u>	1,888,616.7 122,533.3 <u>250,033.3</u>	98.6 % 13.3 <u>34.4</u>	69.8 % 12.3 <u>22.1</u>	65.6 % 12.6 <u>29.4</u>
\$ 68,602	\$ 69,607	807,540.0 %	2,261,183.3 %	146.3 %	104.2 %	107.6 %
\$ (2,841)	\$ (4,900)	(807,440.0) %	(2,261,083.3) %	(46.3) %	(4.2) %	(7.6) %
\$ 7,436	\$ 3,745					
\$ 7,436	\$ 3,745					
\$ 4,595	\$ (1,155)					
46,875	48,030					
\$ 51,470	\$ 46,875					

See accompanying independent auditor's report.

**KAUFMAN COUNTY FRESH WATER  
SUPPLY DISTRICT NO. 1-A  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
MARCH 31, 2019**

District Mailing Address - Kaufman County Fresh Water Supply District No. 1-A  
Winstead PC  
2728 N. Harwood Street, Suite 500  
Dallas, TX 75201

District Telephone Number - (214) 745-5400

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of office for the year ended March 31, 2019	Expense reimbursements for the year ended March 31, 2019	Title
Greg Leveling	05/18 05/22 (Elected)	\$ 2,550	\$ 744	President
Steve Mitchell	05/16 05/20 (Elected)	\$ 2,850	\$ 1,437	Vice President
Will Rogers	05/16 05/20 (Elected)	\$ 2,850	\$ 1,010	Secretary
Ronald Sorenson	05/18 05/22 (Elected)	\$ 1,350	\$ 328	Assistant Secretary
Michael Regan	05/18 05/22 (Elected)	\$ 1,500	\$ 318	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: May 21, 2018

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on May 25, 2005. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**KAUFMAN COUNTY FRESH WATER  
SUPPLY DISTRICT NO. 1-A  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
MARCH 31, 2019**

<b>Consultants:</b>	<u>Date Hired</u>	<u>General Fund Fees for the fiscal year ended March 31, 2019</u>	<u>Special Revenue Fund Fees for the fiscal year ended March 31, 2019</u>	<u>Title</u>
Winstead PC	01/28/16	\$ 131,050	\$ 23,601	Attorney
McCall Gibson Swedlund Barfoot PLLC	03/29/05	\$ 1,475	\$ 13,275	Auditor
Dye & Toverly, LLC	06/28/07	\$ 10,751	\$ 12,797	Bookkeeper
BGE, Inc.	11/5/13	\$ -0-	\$ 1,097,116	Engineer
Inframark	05/27/04	\$ -0-	\$ 180,208	Operator
Kathi Dye	07/07/16	\$ -0-	\$ -0-	Investment Officer

See accompanying independent auditor's report.

